



Rapport Annuel 2010, Invitation et Document D'Information

Geschäftsbericht 2010, Einladung und Informationsmaterial

2010 Annual Report, Invitation and Proxy Statement



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 2008 through 2010 and the section titled "Operating and Financial Review and Prospects," in our annual reports for Fiscal Years 2006 through 2007.

Fiscal Year	2006 ¹	2007	2008	2009	2010
(in thousands of U.S. dollars, except per share amounts)					
Net sales	\$ 1,796,715	\$ 2,066,569	\$ 2,370,496	\$ 2,208,832	\$ 1,966,748
Gross margin	32.0%	34.3%	35.8%	31.3%	31.9%
Operating income	\$ 198,911	\$ 230,862	\$ 286,680	\$ 109,654	\$ 78,364
Operating margin	11.1%	11.2%	12.1%	5.0%	4.0%
Net income	\$ 181,105	\$ 229,848	\$ 231,026	\$ 107,032	\$ 64,957
Earnings per diluted share	\$ 0.92	\$ 1.20	\$ 1.23	\$ 0.59	\$ 0.36
Diluted number of shares (in millions)	198,769	190,991	187,942	182,911	179,340
Cash flow from operations	\$ 152,217	\$ 303,825	\$ 393,079	\$ 200,587	\$ 365,259
Capital expenditures	\$ 54,102	\$ 47,246	\$ 57,900	\$ 48,263	\$ 39,834
Cash and cash equivalents and short-term investments, net of short-term debt	\$ 230,943	\$ 398,966	\$ 486,292	\$ 494,396	\$ 319,944
Shareholders' equity	\$ 685,176	\$ 844,524	\$ 960,044	\$ 997,708	\$ 999,715

¹ Operating income, Operating margin, Net income and Earnings per diluted share for Fiscal Year 2006 do not include the effect of share-based compensation expense because Logitech changed its method of accounting for share-based compensation expense effective April 1, 2006.

This document contains forward-looking statements, including the statements regarding being positioned for a return to double-digit growth in Fiscal Year 2011 and beyond, our long-term growth strategy, our product introduction plans, our belief that we can create a seamless video experience across screens, our plan for China to become one of our top three markets, and our plans for developing products for open eco-systems. 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 timing and strength of the improvement in 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; if we fail to execute upon our long-term strategic plans and opportunities; if our investments in our strategic priorities do not result in the growth we expect; consumer reaction to our new products; 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 effect of pricing, product, marketing and other initiatives by our competitors, and our reaction to them, on our sales, gross margins and profitability; our product introductions and marketing activities not resulting in the product or category growth we expect, or when we expect it; competition in the video conferencing and communications industry, including from companies with significantly greater resources, sales and marketing organizations, installed base and name recognition; as well as those additional factors set forth in Logitech's periodic filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the Fiscal Year ended March 31, 2010, and our subsequent Quarterly Reports on Form 10-Q available at www.sec.gov. Logitech does not undertake to update any forward-looking statements.

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A nos actionnaires

L'exercice fiscal 2010 a été critique a bien des égards pour Logitech.

Sans conteste, 2010 a été l'une des années les plus exigeantes de toute l'histoire de notre société. Dans le sillage de la récession mondiale qui avait débuté en septembre 2008, l'affaiblissement de la demande des consommateurs a généré des résultats financiers décevants. Dans un contexte économique défavorable, nous avons toutefois terminé l'exercice sur un trimestre très solide, qui nous a donné l'élan nécessaire pour entamer 2011 sur de bonnes bases. Autre point positif, l'évolution du comportement des consommateurs et une nouvelle orientation stratégique nous offrent des opportunités uniques. et nous placent dans une position idéale pour renouer avec une croissance à deux chiffres en 2011 et au-delà.

Nous avons pris des mesures pour une amélioration immédiate

Suite à la restructuration de notre entreprise à la fin de l'exercice 2009, nous avons pu démarrer 2010 avec une structure de coûts réduite qui nous a permis de surmonter la crise économique mondiale. Nous avons aidé nos partenaires commerciaux à réduire leurs stocks afin de les aligner avec une demande relativement faible

Sehr geehrte Aktionärin, sehr geehrter Aktionär

Das Geschäftsjahr 2010 war für Logitech in jeder Hinsicht wegweisend.

Einerseits stellten sich dem Unternehmen enorme Herausforderungen. Die weltweite Rezession, die im September 2008 begonnen hatte, belastete die Nachfrage und führte zu enttäuschenden Finanzergebnissen. Trotz des wirtschaftlichen Umfelds gelang es uns jedoch, im letzten Quartal des Geschäftsjahres ein äußerst solides Ergebnis zu erzielen und das Geschäftsjahr 2011 unter guten Vorzeichen zu beginnen. Andererseits boten sich dank neuer Konsumenten einmalige Chancen. Wir leiteten eine strategische Neuorientierung ein, um diese Chancen voll zu nutzen. Wir rechnen darum für das Geschäftsjahr 2011 und auch danach erneut mit einem Wachstum im zweistelligen Bereich.

Wir trafen Massnahmen mit sofortiger Wirkung.

Dank der Umstrukturierungen zu Ende des Geschäftsjahres 2009 begannen wir das neue Geschäftsjahr mit einer schlanken Kostenstruktur und waren gegen die globalen wirtschaftlichen Turbulenzen besser gewappnet. Wir unterstützten

To our shareholders

Fiscal Year 2010 was pivotal for Logitech in every sense.

On one hand, it was among the most challenging in our company's history. In the wake of the global recession that began in September 2008, weak consumer demand led to disappointing financial results. However, in spite of the economic environment, we succeeded in finishing the fiscal year with a very solid quarter and with strong momentum entering FY 2011. On the other hand, changing consumers delivered unique new opportunities, and we began a strategic transformation to take full advantage of these opportunities. This transformation positions us for a return to double-digit growth in FY 2011 and beyond.

We took action for immediate improvement.

As a result of our restructuring at the end of FY 2009, we began FY 2010 with a reduced cost structure, which better positioned us to weather the global economic storm. We worked with our channel partners to help them lower their inventory levels to align with the relatively weak consumer demand

Gerald P. Quindlen
President and
Chief Executive Officer

Guerrino De Luca
Chairman of the Board



In spite of the economic environment, we succeeded in finishing the fiscal year with a very solid quarter and with strong momentum.

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des consommateurs et préparer la reprise. Nous avons également restreint nos frais opérationnels, amélioré l'efficacité de notre appareil de production et de nos canaux d'approvisionnement, tout en renforçant la recherche et le développement afin de stimuler l'innovation et permettre le lancement de nouveaux produits attrayants sur le marché.

Ces efforts nous ont permis de retrouver un niveau de croissance rentable au cours de l'exercice, lorsque la demande des consommateurs est répartie. Au quatrième trimestre, nous avons enregistré une croissance des ventes à deux chiffres tant dans l'ensemble des catégories de produits que dans les régions géographiques, générant un niveau de marge brute exceptionnel de 35,8%.

Nous avons également élaboré une stratégie visant la croissance à long terme et débuté sa mise en œuvre.

Cette stratégie repose sur quatre piliers:

1. Cibler les quatre écrans
2. Exploiter la croissance de la vidéo
3. Investir sur la Chine
4. S'engager dans les écosystèmes ouverts

Logitech croit en l'amélioration de l'interaction entre les consommateurs et les quatre écrans du monde numérique connecté, à savoir l'écran d'ordinateur, l'écran de télévision, l'écran du smartphone et l'écran de la salle de réunion. Les habitudes des

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unsere Handelspartner beim Abbau ihrer Lagerbestände, um sie der relativ schwachen Nachfrage anzupassen. Daneben reduzierten wir unsere Kosten deutlich, steigerten die Effizienz in der Produktion und Beschaffung und nutzten unsere Innovationskraft, um weiterhin neue, attraktive Produkte auf den Markt zu bringen.

Es gelang uns damit, uns für die Rückkehr zu profitablen Wachstum und eine im weiteren Verlauf des Geschäftsjahres anziehende Nachfrage zu positionieren. Im 4. Quartal wiesen wir ein doppelstelliges Umsatzwachstum aus. Sämtliche Produktkategorien und geografischen Regionen legten zu, und die Bruttomarge erreichte bemerkenswerte 35,8 Prozent.

Unsere Strategie zielt ebenfalls auf langfristiges Wachstum ab, ihre Implementierung läuft bereits.

Die Strategie konzentriert sich auf vier Schwerpunkte:

1. die vier Bildschirme
2. die Video-Welle
3. China
4. offene Plattformen („open eco systems“)

Wir sehen Chancen in der Verbesserung der Interaktion zwischen den Kunden und den vier Bildschirmtypen: dem Computer-Bildschirm, dem TV-Bildschirm im Wohnzimmer, dem Smartphone-Display und dem Bildschirm im Konferenzsaal.

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environment. We also tightly controlled our expenses, improved our efficiencies in manufacturing and supply chain, and used our innovation engine to continue to bring new, appealing products to market.

With these efforts, we positioned ourselves for a return to profitable growth as consumer demand began to improve. In the fourth quarter, we achieved double-digit sales growth, with growth in all product categories and geographic regions, and an outstanding 35.8 percent gross margin.

We also built a strategy for achieving long-term growth and began to implement it.

The strategy is based on four tenets:

1. Focusing on the four screens
2. Ride the video wave
3. China
4. Embrace open eco-systems

We see an opportunity to improve the interaction consumers have with four screens: the computer screen, the TV screen in the living room, the smartphone screen and the meeting room screen. Consumer behavior has changed: interaction is no longer solely focused on the PC screen that's been so successful for us. The other three screens represent key emerging platforms that are joining the PC screen at the center of how

The global PC installed base, at an estimated 1.4 billion units (Gartner, April 2010), continues to provide Logitech with a significant growth opportunity. As a leader in peripherals for personal computing, we're as focused as ever on delivering market-leading innovations in categories such as mice, keyboards, webcams and PC speakers.



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consommateurs ont évolué: l'interaction par le biais d'interfaces ne concerne plus uniquement l'écran du PC qui nous a valu tant de succès. Les trois autres écrans représentent des plateformes émergentes clés qui, au même titre que le PC, se retrouvent au centre de la communication et de l'interaction avec le monde numérique. Logitech est idéalement positionnée pour créer des périphériques et des logiciels permettant une forte interaction avec chacun de ces écrans.

Au cours de l'exercice 2010, nous nous sommes lancés dans un projet de grande envergure avec Google et Intel afin de transformer l'écran de télévision en une plateforme intelligente qui intègre des applications internet à la TV standard. Nous collaborons étroitement avec ces sociétés et d'autres entreprises afin de créer les produits et technologies qui permettront de trouver et de regarder des contenus TV et vidéo internet en toute simplicité. La contribution de Logitech est d'offrir à la fois le «companion box» qui amène Google TV dans le salon ainsi qu'une gamme d'accessoires qui servira à interagir avec Google TV.

Nous avons introduit des pilotes pour l'écran du smartphone en lançant Logitech Touch Mouse, une application iPhone permettant de contrôler son PC à distance. Par ailleurs, nous créerons des applications capables de transformer les smartphones

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Das Verhalten der Konsumenten hat sich verändert: Die Interaktion beschränkt sich nicht mehr auf den PC-Bildschirm, mit dem wir so erfolgreich waren. Neben dem PC werden die anderen drei Bildschirme zu immer beliebteren Plattformen für die zwischenmenschliche Kommunikation und die Interaktion mit der digitalen Welt. Wir sehen Logitech als einmalig positioniertes Unternehmen in der Entwicklung von Hardware- und Softwareprodukten, welche die Interaktion mit jedem Bildschirmtyp zum Erlebnis machen.

Das Geschäftsjahr 2010 war der Auftakt für ein Grossprojekt mit Google und Intel, um den TV-Bildschirm zu einer Smart Plattform im digitalen Wohnzimmer umzuwandeln. Wir arbeiten eng mit diesen und anderen Unternehmen zusammen, um das Finden und den Konsum von TV- und Video-Inhalten zur positiven Erfahrung zu machen. Wir möchten die Companion Box, die Google TV ins Wohnzimmer bringt, und eine Reihe weiterer Zusatzgeräte im Hinblick auf die Interaktion mit Google TV anbieten.

Erste Tests mit dem Smartphone Display laufen bereits. Wir haben die Logitech Touch Mouse, ein iPhone-App für die PC-Steuerung, lanciert. Wir werden auch Apps entwickeln, die Smartphones zur Harmony-Fernsteuerung für unsere Google-TV-Companion-Box machen.

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people communicate and interact with the digital world. We believe that Logitech is uniquely positioned to create hardware and software products that enable great experiences for interacting with each of the screens.

In FY 2010, we began a major project with Google and Intel to transform the TV screen into a smarter platform for the digital living room. We are working closely with these companies and others to create a seamless experience for finding and watching TV and video content. Our plan is to offer both the companion box that brings Google TV into the living room as well as a collection of accessories that people will use to interact with Google TV.

We've begun pilots on the smartphone screen. We launched the Logitech Touch Mouse — an iPhone app for PC control. And we will create apps that turn smartphones into Harmony remote controls for our Google TV companion box.

For the meeting room screen, we acquired LifeSize Communications, an innovation leader in high-definition (HD) video conferencing. The acquisition gives us a competitive advantage and further positions us to realize a vision for video communication that is as natural and

More entertainment and communication activities are moving to what is typically the best screen in the house — the living room screen. Logitech is well positioned to benefit from this trend. In the second half of Fiscal Year 2010, our Harmony Remotes posted 50% growth over the prior year and we expect Remotes to be our fastest growing retail category in FY 2011. In recent months, we launched several new remotes priced below \$100 which are designed to bring the functionality and ease of use of Harmony to an even broader market.



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en télécommandes Harmony pour le companion box de Google TV.

Le rachat de LifeSize Communications, société leader dans les systèmes de vidéoconférence haute définition (HD) nous donne accès à l'écran de la salle de conférence et nous permet de proposer une communication vidéo aussi naturelle et fluide que le sont aujourd'hui les communications vocales. Notre ambition est de promouvoir la communication vidéo HD à tout moment et partout, que ce soit dans une salle de conférence, au bureau, à la maison ou en déplacement.

Ceci nous amène au second pilier: l'opportunité que nous offre l'adoption de la vidéo comme moyen de communication par les consommateurs. La vidéo est une application clé sur les quatre écrans. Elle est l'une de nos compétences de base et s'est renforcée avec l'acquisition de SightSpeed l'an dernier et de LifeSize cette année. Grâce à l'expertise que nous avons acquise dans les webcams et les services de vidéoconférence, nous sommes remarquablement placés pour créer une expérience vidéo intégrée sur tous les écrans.

Durant l'exercice fiscal 2010, nous avons également lancé la phase initiale de notre troisième pilier stratégique, la Chine. Au fil des ans, nous avons développé une connaissance plus approfondie du consommateur chinois et créé des produits qui répondent spécifiquement à ses

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Für den Bildschirm im Konferenzsaal erwarben wir LifeSize Communications, ein führendes Unternehmen für Innovationen im Bereich für hochauflösende (HD)-Videokonferenzen. Dank dieser Übernahme verfügen wir über einen Wettbewerbsvorteil und können verstärkt auf die Realisierung unserer Vision der Video-Kommunikation hinarbeiten, die so natürlich und bequem wie heute die Sprachkommunikation werden soll. Wir möchten es möglich machen, dass HD-Video-Kommunikation jederzeit und überall stattfinden kann, sowohl im Konferenzsaal als auch im Büro, zuhause und unterwegs.

Und damit kommen wir zum zweiten Schwerpunkt, zur Chance, dass die Konsumenten Video als Kommunikationstool einsetzen. Video wird für alle vier Bildschirmtypen zur entscheidenden Anwendung. Und Video ist für uns ein Kernbereich, den wir im letzten Jahr mit dem Erwerb von SightSpeed und heuer mit dem Kauf von LifeSize verstärkt haben. Wir sind zuversichtlich, dass es uns mit unserem Know-how mit Webcams und im Video-Calling gelingen wird, eine über verschiedene Bildschirme nahtlose Video-Erfahrung zu entwickeln.

Im Geschäftsjahr 2010 begannen wir auch mit der Implementierung unseres dritten strategischen Schwerpunkts: China. Wir lernten das Konsumverhalten der

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seamless as voice communication is today. We expect to deliver HD video communication to people anytime, anywhere, whether they are in a conference room, in their office, at home or on the go.

Which brings us to the second tenet — the opportunity brought by consumer adoption of video as a communication tool. Video is becoming a key application across all four screens. And video is a core competency for us that has strengthened with last year's acquisition of SightSpeed and this year's acquisition of LifeSize. With our expertise in webcams and video calling services, we believe that we can create a seamless video experience across the screens.

During FY 2010, we also started initial implementation of our third strategic tenet — China. We began to develop deeper insights into Chinese consumers and create products specifically for them. China is a key growth area for Logitech, with an increasing number of consumers who closely match the profile of the target customer for our brand. Our goal is for China to become one of our top three markets, and we will continue to position our investment in China as one of the



In December 2009, Logitech acquired LifeSize Communications, an innovator and leader in HD-quality video communications in the enterprise channel. The company was the first to introduce HD-quality videoconferencing solutions in 2005 and has been bringing disruptive price/performance products to market ever since. The acquisition enables significant technology synergies that we've just begun to leverage as we bring videoconferencing to an even broader audience, including the largely untapped small and medium business segment.

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besoins. Dans la mesure où les consommateurs qui correspondent de près au profil des clients cibles de notre marque sont de plus en plus nombreux, la Chine est un secteur de croissance clé pour Logitech. A terme, notre objectif est de faire de la Chine l'un de nos trois principaux marchés. Nos investissements dans ce pays resteront donc l'une de nos grandes priorités pour les années à venir.

Si nous associons les domaines dans lesquels nous avons le mieux réussi et l'orientation du marché, il est tout naturel que notre quatrième pilier stratégique se concentre sur le développement de produits liés à des écosystèmes ouverts. L'industrie des PC est un exemple d'écosystème ouvert où l'innovation illimitée sur la plateforme est accessible à une multitude de participants et progresse donc plus rapidement qu'un écosystème fermé. Logitech a su prospérer au sein d'un écosystème PC et nous mettrons tout en œuvre pour mener à bien la définition et le développement de standards ouverts pour les trois autres écrans.

Par exemple, Google TV se base sur le système d'exploitation Android, un nouvel écosystème ouvert prometteur. De plus, depuis le rachat de LifeSize, nous avons commencé à travailler avec des leaders du secteur de la communication vidéo en vue de créer des standards ouverts une

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Chinesen genauer kennen und entwickeln auf sie zugeschnittene Produkte. China ist für Logitech eine entscheidende Wachstumsregion. Die Zahl der Konsumenten, die dem Profil des Zielkunden unserer Marke entspricht, wächst stetig. Gemäss den Vorgaben soll China einer unserer drei führenden Märkte werden. Für unser Unternehmen gehören die Investitionen in China in den kommenden Jahren zu den obersten Prioritäten.

Wenn wir auf vergangene Erfolge zurückblicken und gleichzeitig die Entwicklung des Marktes betrachten, überrascht unser vierter Schwerpunkt, die Entwicklung von Produkten für offene Plattformen, nicht. Die PC-Branche ist ein gutes Beispiel für eine offene Plattform. Die uneingeschränkte Innovation auf der Plattform steht einer Vielzahl von Teilnehmern offen und kann sich deshalb schneller entfalten als in einer geschlossenen Plattform. Logitech konnte innerhalb der PC-Plattform florieren. Wir engagieren uns für die Definition und Entwicklung offener Standards für die drei zusätzlichen Bildschirme.

Das Android-Betriebssystem von Google TV ist als vielversprechendes neues und offenes Plattform beispielhaft. Seit dem Erwerb von LifeSize arbeiten wir mit führenden Unternehmen der Video-Kommunikation zusammen, um offene

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company's top priorities in the years to come.

When we look at where we've had the strongest historical success as a company, and where the market is going, it's no surprise that our fourth strategic tenet is developing products for open eco-systems. The PC industry is an example of an open eco-system, where unrestricted innovation on the platform is open to a multitude of participants and therefore scales more quickly than a closed eco-system. Logitech has been able to thrive within the PC eco-system. We are committed to driving the definition and development of open standards for the three additional screens.

For example, Google TV is based on the Android operating system, which is an example of a promising new open eco-system. And since our acquisition of LifeSize, we have begun to work with industry leaders in video communication to create open standards that enable a seamless experience across platforms.

Finally, in our letter to you last year, we committed to you that Logitech would emerge from the crisis as a stronger

Logitech is focused on capitalizing on the growth opportunities in key emerging countries, especially China. Our strategy for growing China into one of our three largest markets includes penetrating more high population centers, securing new channel partners, and strengthening relationships with existing partners. We will also prioritize company-wide resources to facilitate an expanded sales force and local investments in product development and marketing initiatives.



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interconnexion fluide entre plateformes différentes.

Dans la lettre que nous vous adressons l'année dernière, nous nous étions engagés à ce que Logitech sorte renforcée de la crise. Nous pouvons aujourd'hui affirmer avec confiance que c'est une réalité !

Nous sommes très fiers de la façon dont nos collaborateurs ont prouvé leur attachement à notre société, ses clients et ses produits. Ils ont su garder le cap et relever les nombreux défis inhérents à la récession. Et nous sommes très heureux de voir comment l'organisation s'est appropriée notre stratégie, qui se base sur ce que nous faisons le mieux — faciliter l'accès au monde numérique, et recèle de nouvelles perspectives de leadership et de croissance.

Dans un environnement difficile, nous avons pu compter sur nos partenaires et clients, avec qui nous avons travaillé en étroite collaboration pour atteindre des objectifs communs. Nous leur sommes très reconnaissants de leur engagement et de leur soutien. Nous souhaitons également remercier les membres du conseil d'administration pour leurs précieux conseils.

Pour conclure, nous tenons à vous remercier vous, chers actionnaires, qui croyez en la capacité de Logitech à sortir renforcée de la crise, à se transformer et à reprendre le chemin de la croissance.

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Standards zu entwickeln, die eine plattformübergreifende Erfahrung erlauben.

In unserem letztjährigen Brief versprochen wir Ihnen, dass Logitech gestärkt aus der Krise hervorgehen würde. Heute können wir sagen, dass wir Wort gehalten haben.

Wir sind mehr als stolz auf unsere Mitarbeitenden, die sich mit Leidenschaft für unsere Marke, unsere Kunden und unsere Produkte einsetzten und sich zielstrebig einen Weg durch die Rezession bahnten. Es freut uns auch sehr, wie positiv die strategische Neuorientierung aufgenommen wurde. Sie verspricht erneutes Wachstum und eine führende Position dank unserer Kernkompetenzen: Menschen mit der digitalen Welt, Inhalten und Erfahrungen zu verknüpfen, die ihnen wichtig sind.

Dank der engen Zusammenarbeit mit Partnern und Kunden im Laufe des Jahres konnten wir unsere gemeinsamen Ziele erreichen, und wir danken ihnen sehr dafür. Grösste Anerkennung geht auch an die Mitglieder des Verwaltungsrates für ihren wertvollen Input. Und ein besonderer Dank geht an Sie, liebe Aktionäre, für Ihr Vertrauen, dass wir die Herausforderungen erfolgreich bewältigen und unser Unternehmen für die Zukunft positionieren werden.

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company — and we can say with absolute confidence that this is indeed the case.

We could not be more proud of how our employees demonstrated their passion for our brand, our customers and our products as they steadfastly navigated through the challenges of the recession. And we're very pleased with how the organization has embraced our strategic transformation, which holds new promise for leadership and growth by doing what we do best: connecting people to the digital experiences that they care about.

Our partners and customers have worked very closely with us this year to achieve our mutual goals, and we are very appreciative. We also wish to thank our Board of Directors for their valuable counsel. And we thank you, our shareholders, for your belief in our ability to emerge stronger from a challenging environment and transform our company for the future.



Gerald P. Quindlen
President and Chief Executive Officer



Guerrino De Luca
Chairman of the Board

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* Se référer s'il vous plaît à la version anglaise

** Bitte beziehen Sie sich auf die englische Version



27 juillet 2010

A nos actionnaires,

Vous êtes cordialement invités à participer à l'Assemblée générale ordinaire 2010 de Logitech. L'Assemblée aura lieu mercredi 8 septembre 2010 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****Mercredi 8 septembre 2010****14h30 (l'enregistrement débute à 13h30)****Palais de Beaulieu – Lausanne, Suisse**

ORDRE DU JOUR**A. Rapport**

Rapport d'activité pour l'exercice se terminant au 31 mars 2010

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 2010
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. Modification des statuts afin de mettre en œuvre la Loi suisse sur les titres intermédiés
5. Décharge des membres du Conseil d'administration et de la Direction pour leur activité pendant l'exercice 2010
6. Elections au Conseil d'administration
 - 6.1. Re-élection de Daniel Borel
 - 6.2. Re-élection de Sally Davis
 - 6.3. Re-élection de Guerrino De Luca
 - 6.4. Election de Neil Hunt
 - 6.5. Re-élection de Monika Ribar
7. Re-élection de PricewaterhouseCoopers S.A. en qualité d'organe de révision

Apples, Suisse, le 27 juillet 2010

Le Conseil d'administration

QUESTIONS ET REPONSES
CONCERNANT L'ASSEMBLEE GENERALE ORDINAIRE 2010 DE LOGITECH

INFORMATIONS GENERALES CONCERNANT TOUS LES ACTIONNAIRES

Pourquoi ai-je reçu cette "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 27 juillet 2010.

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 2 septembre 2010, peuvent voter à l'Assemblée. Aucun actionnaire ne pourra être inscrit au Registre des Actions entre le 3 septembre 2010 et le jour suivant celui de l'Assemblée. Au 30 juin 2010, 86'137'698 actions étaient inscrites et conféraient le droit de vote sur un total de 175'691'987 actions Logitech en circulation. 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 2010 et le 2 septembre 2010.

Pour obtenir 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 cette 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 cette 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 à la Rue du Sablon 2-4, à 1110 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 2010, de cette Invitation et Document d'Information ainsi que notre rapport annuel établi sur la base du formulaire 10-K pour l'exercice 2010 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 dans 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 entendons également annoncer les résultats dans un communiqué établi sur le Formulaire 8-K de la *U.S. Securities and Exchange Commission* au plus tard mardi 14 septembre 2010. Un exemplaire du Formulaire 8-K sera disponible sur notre site internet à l'adresse suivante: <http://ir.logitech.com>.

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 2 septembre 2010 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 en qualité d'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 via lequel 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 Béatrice 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 27 août 2010. 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 2 septembre 2010, 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 27 août 2010. 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 2 septembre 2010 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 propositions 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 figurent 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 épargnerez 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 16 juillet 2010 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 16 juillet 2010 et le 25 août 2010, 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 16 juillet 2010 donne des instructions de vote, mais vend ses actions par la suite jusqu'au 25 août 2010, les instructions de vote données seront annulées. Si une personne qui était un ayant droit économique d'actions au 16 juillet 2010 et qui avait donné des instructions de vote augmente ou réduit ultérieurement sa participation, mais est toujours un ayant droit économique au 25 août 2010, le nombre de droits de vote attribué à cette personne sera augmenté ou réduit pour refléter sa participation au 25 août 2010.

Si vous devenez un ayant droit économique d'actions après le 16 juillet 2010 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 2 septembre 2010.

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), Point 4 (modification des statuts afin de mettre en œuvre la Loi suisse sur les titres intermédiés) et Point 6 (élections au conseil d'administration). 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 3 septembre 2010 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 COMPLEMENTAIRES POUR LES ACTIONNAIRES QUI DETIENNENT LEURS ACTIONS PAR L'INTERMEDIAIRE D'UNE BANQUE OU D'UN NEGOCIANT (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 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 propositions 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 2010

Nos Statuts permettent à un ou plusieurs actionnaires qui représentent au moins (i) un pour-cent 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 8 septembre 2010 a expiré le 9 juillet 2010. 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 2010.

Propositions d'actionnaires pour l'Assemblée générale ordinaire 2011

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 2011 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 8 juillet 2011 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 2011 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 29 mars 2011 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 2011.

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. RAPPORT

Rapport d'activité pour l'exercice se terminant le 31 mars 2010

La direction de Logitech International S.A. donnera un rapport sur les opérations de la Société pour l'exercice 2010 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 2010

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 2010.

Explication

Les comptes consolidés de Logitech et les comptes statutaires de Logitech International S.A. pour l'exercice 2010 sont inclus dans le rapport annuel de Logitech qui a été distribué à tous les actionnaires inscrits avec cette 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 cette 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 2010.

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 2010 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 2010.

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 2010.

Explication

Lors de l'Assemblée générale ordinaire 2009, le Conseil d'administration a demandé aux actionnaires d'approuver les principes, la politique et les pratiques de rémunération de Logitech. Les actionnaires ont approuvé la proposition qui leur a été soumise en 2009 et le Conseil d'administration demande de nouveau aux actionnaires de se prononcer sur une base consultative. 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 2010 de Logitech, Logitech a établi un programme de rémunération pour attirer, retenir et motiver les directeurs, cadres et employés ayant les talents qui sont essentiels au succès de son 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 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, tout en évitant les prises de risque inappropriées;
- 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.

Le Comité de rémunération du Conseil a établi un programme de rémunération décrit plus précisément dans le rapport de rémunération annexé à la version anglaise de cette Invitation et Document d'Information. Le 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, les principes directeurs et les risques liés au programme de rémunération, ainsi que la rémunération versée pour l'exercice 2010.

En raison des incertitudes économiques et des conditions de marché durant l'exercice 2010, les salaires de base des directeurs sont restés inchangés par rapport à l'exercice 2009, et le programme de bonus de Logitech a donné davantage d'importance à la gestion et à la rétention des liquidités et des parts du marché, ainsi qu'à la profitabilité.

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.

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 2010."

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 une base consultative, en faveur de l'approbation des principes, de la politique et des pratiques de rémunération de Logitech tels qu'exposés dans la section "Discussion et Analyse de la rémunération" du rapport de rémunération pour l'exercice 2010.

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 2010 et que le bénéfice de CHF 349'312'000 (US \$321'877'000 au taux de change du 30 juin 2010) soit reporté à nouveau.

(les chiffres sont indiqués en milliers)

Bénéfice reporté au début de l'exercice 2010	CHF 354'924
Report à nouveau du bénéfice décidé par l'Assemblée générale ordinaire 2009 – dividende	CHF —
Attribution à la réserve pour actions propres.....	CHF (30'122)
Bénéfice net pour l'exercice 2010.....	<u>CHF 24'510</u>
Bénéfice à disposition de l'Assemblée générale ordinaire à la fin de l'exercice 2010.....	<u>CHF 349'312</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 2010 est le bénéfice de Logitech International S.A., la société faîtière 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, 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

Modification des statuts afin de mettre en œuvre la Loi suisse sur les titres intermédiés

Proposition

Le Conseil d'administration propose aux actionnaires d'autoriser une modification de l'article 4 des Statuts de Logitech International S.A. afin de mettre en œuvre la Loi suisse sur les titres intermédiés.

Explication

Cette proposition concerne une modification technique de nos Statuts. Le Conseil d'administration propose d'adapter les Statuts à la Loi suisse sur les titres intermédiés, qui est entrée en vigueur le 1^{er} janvier 2010. Selon le texte proposé, les actionnaires ne pourront plus exiger que la Société délivre des certificats d'actions, mais la Société conservera le droit d'émettre de tels certificats. Les détenteurs d'actions nominatives pourront à tout moment exiger que la Société imprime et délivre une attestation concernant les titres qu'ils détiennent. Cette proposition correspond à une pratique courante des sociétés cotées suisses et traduit le fait que, après l'entrée en vigueur de la Loi suisse sur les titres intermédiés, les certificats ne présentent plus d'avantages juridiques par rapport aux droits-valeurs non incorporés dans des titres. Ces modifications ne restreindront pas le transfert des actions Logitech.

Le Conseil d'administration propose aux actionnaires d'approuver les modifications suivantes aux Statuts:

Version actuelle

Article 4

Les actions sont nominatives. Elles sont numérotées et portent les signatures en fac-similé de deux administrateurs.

L'assemblée générale a la faculté de convertir les actions nominatives en actions au porteur par le biais d'une modification des statuts.

La société peut émettre en lieu et place de titres unitaires des certificats représentant les actions.

La société peut renoncer à l'impression des actions nominatives et à la délivrance des titres. L'actionnaire peut cependant exiger en tout temps et sans frais, que la so-

Version proposée

Article 4

Les actions sont nominatives.

L'assemblée générale a la faculté de convertir les actions nominatives en actions au porteur par le biais d'une modification des statuts.

[supprimer]

Conformément au paragraphe ci-dessous, les actions nominatives de la Société seront émises sous la forme de droits-valeurs (au sens du Code des obligations) et de

ciété imprime et délivre les titres. Le conseil d'administration fixe dans un règlement les détails et les prescriptions d'exécution.

titres intermédiés (au sens de la Loi suisse sur les titres intermédiés).

Un actionnaire inscrit au registre des actions de la société peut exiger en tout temps de la Société qu'elle établisse une attestation des titres inscrits à son compte.

Les actionnaires n'ont pas droit à l'impression ou à la délivrance de certificats d'actions. La société peut cependant imprimer et délivrer des certificats en tout temps à son gré. La société peut également à son gré retirer des droits-valeurs du système de dépôt auprès duquel ils auront été enregistrés et, avec l'accord de l'actionnaire, annuler les certificats émis qui auront été retournés à la société.

Majorité requise

L'approbation de cette proposition requiert la majorité des voix exprimées par les personnes présentes ou représentées à l'Assemblée générale ordinaire.

Recommandation du Conseil

Le Conseil d'administration recommande de voter en faveur de la modification de l'article 4 des Statuts de Logitech International S.A. afin de mettre en œuvre la Loi suisse sur les titres intermédiés.

Point 5

Décharge des membres du Conseil d'administration et de la Direction pour leur activité durant l'exercice 2010

Proposition

Le Conseil d'administration propose aux actionnaires de donner décharge aux membres du Conseil d'administration et de la Direction pour leur activité durant l'exercice 2010.

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 2010. 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 2010 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 2010.

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 cinq personnes mentionnées ci-dessous en qualité d'administrateur pour une période de trois ans commençant lors de l'Assemblée générale ordinaire du 8 septembre 2010. Quatre de ces personnes sont actuellement membres du Conseil d'administration. Leur mandat viendra à échéance le jour de l'Assemblée générale ordinaire, soit le 8 septembre 2010.

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 Daniel Borel

Proposition: Le Conseil d'administration propose de re-élire Daniel Borel au Conseil d'administration pour une nouvelle période de trois ans.

M. Daniel Borel, l'un des fondateurs de la société, a été le président du Conseil d'administration depuis mai 1988. De juillet 1992 à février 1998, M. Borel a également assumé la fonction de Chief Executive Officer. Il a assumé diverses autres fonctions auprès de la société et de ses prédécesseurs depuis sa fondation. M. Borel est titulaire d'un M.S. Degree in Computer Sciences de l'Université de Stanford et d'une licence en physique de l'Ecole Polytechnique Fédérale de Lausanne. M. Borel est administrateur de Nestlé S.A. M. Borel siège également au Conseil de fondation de la Fondation Defitech, une fondation suisse dont le but est de contribuer à la recherche et au développement de produits technologiques destinés à venir en aide aux personnes handicapées. Il est également le président du Conseil de SwissUp, une fondation suisse destinée à promouvoir l'éducation, et président d'EPFL Plus, une fondation suisse qui récolte et gère des fonds au profit de l'Ecole Polytechnique Fédérale de Lausanne. M. Borel est de nationalité suisse.

En tant que co-fondateur de Logitech, ancien président et CEO, M. Borel a une connaissance profonde et une passion pour Logitech, ses employés et ses produits, mais aussi des qualités de dirigeant et une expérience globale de l'industrie. En tant que membre du Conseil d'administration de Nestlé, M. Borel amène une expérience complète à la Société.

6.2 Re-élection de Sally Davis

Proposition: Le Conseil d'administration propose de re-élire Sally Davis au Conseil d'administration pour une nouvelle période de trois ans.

Mme Sally Davis est Chief Executive de BT Wholesale, poste qu'elle occupe depuis 2007. Elle a été le Chief Portfolio Officer de British Telecom de 2005 à 2007. Depuis qu'elle a rejoint BT en 1999, elle a occupé plusieurs postes de direction au sein de la société, y compris celui de President, Global Products, Global Services de 2002 à 2005, President, BT Ignite Applications Hosting de 2001 à 2002, et Director, Groupe Internet et Multimedia de 1999 à 2001. Avant de rejoindre BT, Mme Davis a occupé des postes dirigeants dans plusieurs sociétés de communication importantes, dont notamment Bell Atlantic aux Etats-Unis et Mercury Communications au Royaume-Uni. Mme Davis est également membre du Conseil d'administration et présidente de l'Audit Committee de Henderson Smaller Companies Investment Trust plc, un investment trust géré au Royaume-Uni, et membre du Conseil d'administration de I.Net S.p.A, un fournisseur d'applications d'infrastructure basé en Italie et membre du groupe BT. Elle est titulaire d'un Bachelor of Arts de l'University College de Londres. Elle est citoyenne britannique.

Grâce à son expérience en tant que CEO d'une importante société de télécommunications européenne et à ses connaissances étendues dans le domaine de la stratégie de produits technologiques et de la gestion de portefeuille, Mme Davis apporte au Conseil ses qualités de dirigeante ainsi qu'une expertise dans le domaine des technologies, de la stratégie des produits et de gestion financière.

Mme Davis est membre de l'Audit Committee du Conseil d'administration de Logitech et du Nomination Committee du Conseil. Le Conseil d'administration la considère comme étant une administratrice indépendante.

6.3 Re-élection de Guerrino De Luca

Proposition: Le Conseil d'administration propose de re-élire Guerrino De Luca au Conseil d'administration pour une nouvelle période de trois ans.

Guerrino De Luca assume la fonction de Président du Conseil de Logitech depuis janvier 2008. Auparavant, M. De Luca a été Président et CEO de février 1998, moment où il a rejoint la Société, à janvier 2008. Il est membre du Conseil d'administration depuis 1998. Avant de rejoindre Logitech, M. De Luca a assumé la fonction d'Executive Vice President du Worldwide Marketing d'Apple Computer Inc. de février 1997 à septembre 1997, et celle de President de Claris Corporation, un distributeur de programmes pour ordinateurs personnels, de février 1995 à février 1997. Auparavant, M. de Luca a assumé diverses fonctions pour Apple aux Etats-Unis et en Europe. M. De Luca est

titulaire d'un B.S. degree en Electronic Engineering de l'Université de Rome, en Italie. M. De Luca est de nationalité italienne.

En tant que Président et ancien CEO de Logitech, M. De Luca apporte au Conseil ses qualités de dirigeant, son expérience dans le domaine de l'industrie, la stratégie et le marketing. Comme M. Borel, il a une profonde passion et un engagement important pour Logitech, ses employés et ses produits.

Outre sa fonction de Président du Conseil d'administration, M. De Luca est Président du Comité de nomination et du Comité de rémunération de membres du Conseil.

6.4 Election de Neil Hunt

Proposition: Le Conseil d'administration propose d'élire Neil Hunt au Conseil d'administration pour une période de trois ans.

Neil Hunt est le Chief Product Officer de Netflix, Inc., une société basée en Californie qui est le plus grand fournisseur de services de streaming de films et de télévision par internet et d'envoi de DVD par courrier. Il a rejoint Netflix en 1999. Il y a assumé la fonction de Vice Président, Internet Engineering dès 1999, jusqu'à occuper son poste actuel dès 2002. De 1997 à 1999, M. Hunt était Director of Engineering de Rational Software, un fabricant d'outils de développement de logiciels basé en Californie. Il a occupé des postes d'ingénieur dans d'autres sociétés de 1991 à 1997. M. Hunt a un Doctorat en informatique de l'Université d'Aberdeen, au Royaume-Uni, et un Bachelors degree de l'Université de Durham, au Royaume-Uni. Il a 48 ans et est citoyen britannique et américain.

De par son expérience importante dans le domaine des technologies, de la direction et du développement des produits, de la stratégie, ainsi que par l'expérience acquise au sein d'une importante société de distribution digitale, M. Hunt apporte au Conseil ses qualités de dirigeant ainsi qu'une expertise dans le domaine des technologies et de la stratégie des produits.

Le Conseil d'administration a déterminé que M. Hunt serait un administrateur indépendant s'il était élu.

6.5 Re-élection de Monika Ribar

Proposition: Le Conseil d'administration propose de re-élire Mme Monika Ribar au Conseil d'administration pour une nouvelle période de trois ans.

Monika Ribar est la Présidente et CEO du groupe Panalpina, une société suisse de transports et de services logistiques. Elle a fait partie de la direction de Panalpina depuis février 2000, a assumé la fonction de Chief Financial Officer de Panalpina de juin 2005 à octobre 2006, et de Chief Information Officer de février 2000 à juin 2005. De juin 1995 à février 2000, Mme Ribar a assumé le rôle de Corporate Controller de Panalpina. De 1991 à 1995, elle a collaboré à plusieurs projets pour cette société. Avant de rejoindre Panalpina, Mme Ribar était responsable de la planification stratégique du groupe Fides (aujourd'hui KPMG suisse), une société de révision, et a été employée par le groupe BASF. Mme Ribar est titulaire d'une licence en sciences économiques et de gestion (lic. oec.) de l'Université de St Gall, en Suisse. Elle est de nationalité suisse.

Mme Ribar a une expérience importante dans les domaines financier, stratégique et opérationnel. Elle apporte au Conseil ses qualités de dirigeante ainsi que son expérience dans les domaines de la logistique industrielle et de la finance. En tant qu'ancienne membre du conseil d'une société cotée, Mme Ribar amène une expérience complète au Conseil.

Mme Ribar est actuellement Présidente du Comité d'Audit du Conseil d'administration. Le Conseil d'administration la considère comme étant une administratrice indépendante.

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 7**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 payés 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 2011.

**INFORMATIONS CONCERNANT LE CONSEIL D'ADMINISTRATION ET LE RAPPORT L 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 2010. La version anglaise de cette Invitation et Document d'Information fait foi en cas de divergence avec les autres versions.

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27. Juli 2010

An unsere Aktionärinnen und Aktionäre:

Sie sind herzlich eingeladen, an der ordentlichen Generalversammlung 2010 der Logitech International S.A. teilzunehmen. Die Versammlung findet am Mittwoch, 8. September 2010 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 Traktandenliste und der Erläuterung der zur Abstimmung kommenden Vorlagen sowie, die notwendigen Informationen 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

Mittwoch, 8. September 2010

14:30 Uhr (Türöffnung um 13:30 Uhr)

Palais de Beaulieu – Lausanne, Schweiz

TRAKTANDENLISTE

A. Berichte

Geschäftsbericht für das am 31. März 2010 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 2010
2. Konsultative Abstimmung über die Entschädigungsphilosophie, -politik und -praktiken
3. Vortrag des Bilanzgewinns des Geschäftsjahres 2010 ohne Ausschüttung einer Dividende
4. Änderung der Statuten zur Anpassung an das schweizerische Bucheffektengesetz
5. Entlastung des Verwaltungsrates und der Geschäftsleitung für das Geschäftsjahr 2010
6. Wahlen in den Verwaltungsrat
 - 6.1. Wiederwahl von Herrn Daniel Borel
 - 6.2. Wiederwahl von Frau Sally Davis
 - 6.3. Wiederwahl von Herrn Guerrino De Luca
 - 6.4. Wahl von Herrn Neil Hunt
 - 6.5. Wiederwahl von Frau Monika Ribar
7. Wiederwahl von PricewaterhouseCoopers AG als Revisionsstelle

Apples, Schweiz, 27. Juli 2010

Der Verwaltungsrat

FRAGEN UND ANTWORTEN BETREFFEND DIE ORDENTLICHE GENERALVERSAMMLUNG 2010 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 von Amerika 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 dieser Einladung ist die massgebliche Version. Die Einladung steht den Aktionären ab dem 27. Juli 2010 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, 2. September 2010, eingetragen sind, geniessen das Stimmrecht. Zwischen dem 3. September 2010 und dem auf die Versammlung folgenden Tag werden keine Aktionäre ins Aktienregister eingetragen. Am 30. Juni 2010 waren 86'137'698 Aktien als stimmberechtigt eingetragen, bei 175'691'987 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 2010 und dem 2. September 2010 im Aktienregister ein- oder ausgetragen 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 begehrt 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 für die auf Ihrem Konto stehenden Aktien zu stimmen ist.

Warum ist es für mich wichtig an den Abstimmungen teilzunehmen?

Logitech ist eine börsenkotierte Gesellschaft und die wichtigsten Entscheide können nur von den Aktionären getroffen werden. Ihre Stimme ist wichtig, ob Sie an der Versammlung teilnehmen wollen oder nicht. Wir bitten Sie deshalb, 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 solches Quorum vorsieht.

Wo sind die wichtigsten Verwaltungssitze der Logitech?

Logitechs schweizerischer Verwaltungssitz ist in 1110 Morges, Rue du Sablon 2-4, und unser Verwaltungssitz in den Vereinigten Staaten von Amerika 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 von Amerika ist +510-795-8500.

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

Unser Jahresbericht 2010 zuhanden der Aktionäre, die Einladung und unser Jahresbericht auf Formular 10-K für das Geschäftsjahr 2010, wie es bei der *Securities and Exchange Commission* der Vereinigten Staaten von Amerika hinterlegt wurde, können auf unserer Webseite unter <http://ir.logitech.com> eingesehen werden. Aktionäre können auch kostenlose Kopien dieser Dokumente an unseren Verwaltungssitzen in der Schweiz und den Vereinigten Staaten von Amerika 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 umgehend eine Pressemitteilung veröffentlichen. Wir werden zudem die Abstimmungsergebnisse auf einem *Current Report* Formular 8-K am Dienstag, 14. September 2010, an die *Securities and Exchange Commission* der Vereinigten Staaten von Amerika übermitteln. Eine Kopie des Formulars 8-K wird auf unserer Website unter <http://ir.logitech.com> einsehbar sein.

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 2. September 2010 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 oder nicht kanadischen Effektenhändler, *trustee oder nominee* halten, können Sie ins Aktienregister eingetragen werden. In diesem Fall nehmen Sie bitte mit unserem Aktienregisterführer 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 begehrt 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 beiliegenden, entsprechend adressierten 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 27. August 2010 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 2. September 2010 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 vor dem 27. August 2010 mittels beiliegendem Briefumschlag an Logitech zurück. 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 wird, werden Ihre Stimminstruktionen nicht befolgt. Wer Aktien nach der Schliessung des Registers am Donnerstag, 2. September 2010 erwirbt, wird frühestens an dem auf die Versammlung folgenden Tag eingetragen und kann deshalb nicht an der Generalversammlung 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 bei uns eine neue Antwortkarte bestellen und Ihre Instruktionen widerrufen. Diesfalls werden wir Ihre frühere Antwortkarte annullieren. Wenn Sie erneut Instruktionen geben möchten, füllen Sie bitte die neue Antwortkarte aus und senden Sie diese uns zurück. Sie können auch an der Generalversammlung teilnehmen und persönlich abstimmen. Allerdings wird durch Ihre persönliche Teilnahme Ihre Antwortkarte nicht automatisch widerrufen, es sei denn Sie üben Ihr Stimmrecht an der Versammlung aus oder verlangen ausdrücklich schriftlich, dass Ihre vorhergehende Antwortkarte annulliert werden soll.

Was geschieht, wenn ich die Antwortkarte ausfülle und keine spezifischen Stimminstruktionen gebe?

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 benötigen, rufen Sie uns bitte an unter der 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 eine Informationsnotiz mit der Post 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, anfordern das Stimmmaterial laufend in gedruckter Form oder elektronisch per Email zu erhalten.

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 Auswirkungen 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 sowie einen Link für Stimminstruktionen enthält. Ihre Anweisung, das Stimmmaterial per Email zu erhalten, bleibt bis zum Ihrem Widerruf in Kraft.

Wer darf Stimminstruktionen für die Generalversammlung erteilen?

Wirtschaftlich berechnigte Aktionäre, die ihre Titel über amerikanische oder kanadische Effekthändler, *trustees* oder *nominees* am 16. Juli 2010 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 16. Juli und dem 25. August 2010 durchgeführt wird. Der 25. August 2010 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 16. Juli 2010 wirtschaftlich berechtigter Aktionär ist, seine Stimme abgibt aber nachträglich seine Titel vor dem 25. August 2010 verkauft, werden die Stimminstruktionen annulliert. Wenn ein amerikanischer oder kanadischer Halter, der am 16. Juli 2010 wirtschaftlich berechtigter Aktionäre ist, seine Stimme abgibt und wirtschaftlich berechtigter Aktionär bleibt, aber in der entsprechenden Periode einen Teil seiner Titel verkauft oder weitere Titel zugekauft, so findet eine entsprechende Reduktion oder Erhöhung der Stimmen statt, wie sie sich am 25. August 2010 widerspiegeln.

Wenn Sie nach dem 16. Juli 2010 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 2. September 2010, 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, 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 von Amerika oder in Kanada sind und Ihre Aktien über einen Effektenhändler, *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 des Geschäftsjahres 2010 ohne Ausschüttung einer Dividende), Antrag 4 (Änderung der Statuten zur Anpassung an das schweizerische Bucheffektengesetz), und Antrag 6 (Wahlen in den Verwaltungsrat). Alle anderen Anträge erachten wir als Routine. Sämtliche Stimmhaltungen 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 3. September 2010, 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, welche vor der Generalversammlung übermittelt wird, ist massgebend).
- 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 EFFEKTEHÄNDLER HALTEN (AUSSERHALB DER VEREINIGTEN STAATEN VON AMERIKA ODER KANADAS)

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

Ihre Bank oder Ihr Effektenhändler 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 Effektenhändler in Verbindung setzen.

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

Üblicherweise setzen Banken und Effektenhändler Fristen für den Erhalt der Stimminstruktionen. Ausserhalb der Vereinigten Staaten von Amerika und Kanadas wird diese Frist normalerweise zwei bis drei Tage vor dem Ablauf der Frist der Gesellschaft, welche die Generalversammlung abhält, angesetzt. Dies erlaubt es den Instituten, die Stimminstruktionen zu sammeln und der Gesellschaft weiterzugeben. Wenn Sie Ihre Logitech Aktien über eine Bank oder einen Effektenhändler ausserhalb der Vereinigten Staaten von Amerika oder Kanadas halten, klären Sie bitte mit Ihrer Bank oder Ihrem Effektenhändler die anwendbare Frist ab und erteilen 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, noch hat er Gründe vorzusehen, dass Aktionäre zusätzliche Anträge stellen werden. Sollten andere Anträge rechtmässig gestellt werden und Ihre Stimminstruktionen auf der Antwortkarte offen bleiben, wird mit Ihren 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 für eine Gebühr von \$15,000 zuzüglich angemessener Spesen. Einzelne unserer Verwaltungsräte, Geschäftsleitungsmitglieder und andere Mitarbeiter dürfen Sie auch anfragen, 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 zuzüglich angemessener Spesen. In den Vereinigten Staaten von Amerika 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 dafür 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 Aktienregisterführer die vor der Generalversammlung abgegebenen Instruktionen ins elektronische System einspeisen.

Aktionärsanträge und *nominees*

Aktionärsanträge für die Generalversammlung 2010

Gemäss unseren Statuten haben ein 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 8. September 2010 am 9. Juli 2010 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 2011

Bis spätestens am 8. Juli 2011 kann ein eingetragener Aktionär, der die obgenannten Mindestzahlen von Aktien hält, verlangen, dass ein Punkt für die Generalversammlung 2011 traktandiert wird. Ein solcher Antrag muss schriftlich gestellt und erläutert werden.. Der Antrag ist beim Sekretär des Verwaltungsrates der Logitech am Verwaltungssitz in der Schweiz oder in den Vereinigten Staaten von Amerika zeitgerecht einzureichen. 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 2011 einreichen. Solche Vorschläge sind bis zum 29. März 2011 schriftlich mit beiliegender Erläuterung des Vorschlages dem Sekretär des Verwaltungsrates an unseren Verwaltungssitzen in der Schweiz oder in den Vereinigten Staaten von 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 Traktandumsvorschlüge unterbreiten.

Kandidaturen für den Verwaltungsrat

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

Statutenbestimmungen

Die obgenannten Statutenbestimmungen, nach denen ein 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 unter <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 von Amerika kontaktieren und eine Kopie der relevanten Bestimmungen der Statuten anfordern.

TRAKTANDEN UND ERLÄUTERUNGEN

A. BERICHTE

Bericht über den Geschäftsverlauf im Geschäftsjahr bis 31. März 2010

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 2010

Antrag

Der Verwaltungsrat beantragt die Genehmigung des Jahresberichtes, des Entschädigungsberichtes, der Konzernrechnung und der Jahresrechnung der Logitech International S.A. für das Geschäftsjahr 2010.

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 <http://ir.logitech.com> abrufbar.

Nach schweizerischem Recht ist der Geschäftsbericht einschliesslich Jahresrechnung und Konzernrechnung schweizerischer Gesellschaften jährlich der Generalversammlung zur Genehmigung vorzulegen. Das Einschliessen des Entschädigungsberichtes in die Genehmigung des Geschäftsberichtes ist eine vorgeschlagene *best practice* Empfehlung, angeregt durch den „*Swiss Code of Best Practice for Corporate Governance*“ der "economiesuisse", dem führenden Wirtschaftsverband der Schweiz. 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 2010 aufgeführten Punkte.

PricewaterhouseCoopers AG, die Revisionsstelle der Logitech, empfiehlt den Aktionären ohne Vorbehalt, die Konzernrechnung und die Jahresrechnung 2010 zu genehmigen. PricewaterhouseCoopers AG ist der Ansicht, "dass die Konzernrechnung für das am 31. März 2010 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 Jahresbericht, den Entschädigungsbericht, die Konzernrechnung und die Jahresrechnung der Logitech International S.A. für das Geschäftsjahr 2010 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 2010 erläutert werden, genehmigen.

Erläuterungen

Anlässlich der ordentlichen Generalversammlung 2009 von Logitech beantragte der Verwaltungsrat den Aktionären die Entschädigungsphilosophie, -politik und -praktiken der Logitech zu genehmigen. Dies geschah vor dem Hintergrund der sich zunehmend bewährenden "best practices in Corporate Governance" in der Schweiz und den Vereinigten Staaten von Amerika. Die Aktionäre genehmigten 2009 den Antrag und der Verwaltungsrat beantragt den Aktionären erneut eine konsultative Abstimmung durchzuführen. Diese konsultative Abstimmung ist nicht verbindlich, der Verwaltungsrat und dessen Entschädigungsausschuss werden allerdings das Abstimmungsresultat berücksichtigen und im Falle eines negativen Abstimmungsresultats versuchen, dessen Ursachen festzustellen.

Wie im Kapitel "Compensation Discussion and Analysis" des Entschädigungsberichts 2010 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 anzuwerben und für die Gesellschaft zu gewinnen;
- einen Ausgleich zwischen festem und variablem Lohnbestandteil sicherzustellen und einen Grossteil der Gesamtentschädigung von Logitech's Geschäftsergebnis abhängig zu machen, jedoch unter Aufrechterhaltung eines Kontrollsystems zur Vermeidung des Eingehens unangebrachter Risiken;
- 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.

Der Entschädigungsausschuss des Verwaltungsrates hat einen Entschädigungsplan ausgearbeitet, der ausführlicher im Entschädigungsbericht, welcher dieser Einladung beiliegt, erläutert wird. Weitere Einzelheiten zu Entschädigungsphilosophie, Entschädigungsbestandteile für Angestellte unterhalb der Geschäftsführungsstufe, Risiken und Ausgestaltung des Entschädigungsplans von Logitech sowie der Entschädigungen, welche im Geschäftsjahr 2010 ausbezahlt wurden, sind ebenfalls im Entschädigungsbericht dargelegt.

In Anbetracht der ungewissen Entwicklung der ökonomischen bzw. Marktbedingungen im Geschäftsjahr 2010, wurden die Grundgehälter der Geschäftsführer im Geschäftsjahr 2010 im Vergleich zum Geschäftsjahr 2009 nicht angehoben und in der Ausgestaltung von Logitech's Bonusplan wurde ein grösseres Gewicht auf die Generierung und Beibehaltung von Barmitteln, Marktanteilen sowie Rentabilität gelegt.

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 leitende 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.

Das Kapitel "Compensation Discussion and Analysis" erstreckt sich vom Anfang des Entschädigungsberichts bis vor das Kapitel "Summary Compensation Table for Fiscal Year 2010."

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 Entschädigungsphilosophie, -politik und -praktiken wie sie im Kapitel "Compensation Discussion and Analysis" des Entschädigungsberichts 2010 erläutert werden, genehmigt.

Antrag 3

Vortrag des Bilanzgewinns des Geschäftsjahres 2010 ohne Ausschüttung einer Dividende

Antrag

Der Verwaltungsrat beantragt, auf die Ausschüttung einer Dividende zu verzichten und den Betrag von CHF 349,312,000 (US \$321,877,000 zum Wechselkurs vom 30. Juni 2010) auf die neue Rechnung vorzutragen.

	(in KCHF)
Gewinnvortrag zu Beginn des Geschäftsjahres 2010	CHF 354,924
Verwendung des Gewinnvortrages gemäss Beschluss der Generalversammlung 2009 – Dividende	CHF —
Zuweisung an die Reserve für eigene Aktien	CHF (30,122)
Nettogewinn des Geschäftsjahres 2010	<u>CHF 24,510</u>
 Gewinnvortrag zur Verfügung der Generalversammlung zum Ende des Geschäftsjahres 2010	 <u>CHF 349,312</u>

Erläuterungen

Nach schweizerischem Recht ist die Verwendung des verfügbaren Gewinns jährlich dem Beschluss der

Generalversammlung zu unterbreiten. Der zur Verfügung der Generalversammlung 2010 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 die 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 des Geschäftsjahres 2010 ohne Dividendenausschüttung zuzustimmen.

Antrag 4

Änderung der Statuten zur Anpassung an das schweizerische Bucheffektengesetz

Antrag

Der Verwaltungsrat beantragt der Generalversammlung, Artikel 4 der Statuten der Gesellschaft zu ändern, um das schweizerische Bucheffektengesetz zu berücksichtigen.

Erläuterung

Dieser Antrag betrifft eine technische Änderung unserer Statuten. Der Verwaltungsrat beantragt die Anpassung der Statuten an das schweizerische Bucheffektengesetz, welches am 1. Januar 2010 in Kraft getreten ist. Gemäss der beantragten Änderung werden die Aktionäre nicht länger berechtigt sein, von der Gesellschaft die Ausstellung von Aktienzertifikaten zu verlangen, wobei die Gesellschaft selber weiterhin das Recht hat, dies zu tun. Eingetragene Aktionäre können jedoch jederzeit die Ausstellung einer schriftlichen Bescheinigung für ihre Aktien verlangen. Die beantragte Änderung entspricht der derzeitigen Praxis in schweizerischen Publikumsgesellschaften und hält fest, dass gemäss schweizerischem Bucheffektengesetz verbrieft Wertrechte nicht länger einen juristischen Vorteil, abgesehen von einigen Ausnahmefällen, gegenüber unverbrieften Wertrechten haben. Die Änderungen werden keinen Einfluss auf die Übertragbarkeit der Aktien von Logitech haben.

Der Verwaltungsrat beantragt die Genehmigung der folgenden Änderungen der Statuten:

Derzeitige Version

Artikel 4

Die Gesellschaft hat Namenaktien. Diese sind zu nummerieren und von zwei Mitgliedern des Verwaltungsrates zu unterschreiben.

Die Generalversammlung hat die Befugnis durch Statutenänderung Namenaktien in Inhaberaktien

Vorgeschlagene neue Version

Artikel 4

Die Gesellschaft hat Namenaktien.

Die Generalversammlung hat die Befugnis durch Statutenänderung Namenaktien in Inhaberaktien

umzuwandeln.

Die Gesellschaft hat die Befugnis Aktienzertifikate über mehrere Aktien auszustellen.

Die Gesellschaft kann auf die Ausstellung von Namenaktien und Wertrechten verzichten. Jeder Aktionär hat das Recht von der Gesellschaft jederzeit und unentgeltlich zu verlangen, dass Aktienzertifikate ausgestellt werden. Der Verwaltungsrat wird die Details und Anforderungen für die diesbezügliche Durchführung in einem Reglement festlegen.

umzuwandeln.

[gelöscht]

Vorbehältlich nachstehenden Abschnitts werden die Namenaktien der Gesellschaft nicht in Wertrechten verbrieft (im Sinne des schweizerischen Obligationenrechts) und gelten als Effekten (im Sinne des schweizerischen Bucheffektengesetzes). Ein im Aktienbuch der Gesellschaft registrierter Aktionär kann jederzeit die Ausstellung einer Bescheinigung über seine Namenaktien verlangen. Aktionäre haben jedoch keinen Anspruch auf die Ausstellung und Lieferung von Aktienzertifikaten. Die Gesellschaft kann jedoch jederzeit nach eigenem Ermessen Aktienzertifikate ausstellen und liefern. Die Gesellschaft kann zudem nach eigenem Ermessen nichtverbriefte Aktien von der Verwahrungsstelle, bei der sie registriert wurden, zurückziehen und, mit dem Einverständnis des Aktionärs, ausgegebene Zertifikate, die der Gesellschaft zurückgegeben werden, annullieren.

Bitte beachten Sie, dass einzig die französische Version der Statuten der Logitech Gültigkeit hat.

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.

Empfehlung

Der Verwaltungsrat empfiehlt die Annahme des Antrags zur Änderung von Artikel 4 der Statuten der Gesellschaft, um das schweizerische Bucheffektengesetz zu berücksichtigen.

Antrag 5

Entlastung des Verwaltungsrates und der Geschäftsleitung für das Geschäftsjahr 2010

Antrag

Der Verwaltungsrat beantragt der Generalversammlung der Entlastung seiner Mitglieder sowie der Geschäftsleitung für deren Tätigkeiten im Geschäftsjahr 2010 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 2010. Die Entlastung schliesst Verantwortlichkeitsklagen der Gesellschaft oder von Aktionären gegen die Mitglieder des Verwaltungsrates und der Geschäftsleitung aus, sofern sie die Geschäftstätigkeit im Geschäftsjahr 2010 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 2010.

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 fünf Personen zur Wahl vorgeschlagen für eine Amtszeit von drei Jahren, die an der Generalversammlung vom 8. September 2010 beginnt. Vier der vorgeschlagenen Personen sind aktuelle Mitglieder des Verwaltungsrates. Ihre Mandatszeit endet zum Zeitpunkt der Generalversammlung vom 8. September 2010.

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 Herrn Daniel Borel

Antrag: Der Verwaltungsrat beantragt die Wiederwahl in den Verwaltungsrat von Herrn Daniel Borel für drei weitere Jahre.

Daniel Borel ist einer der Gründer der Gesellschaft und war von Mai 1988 bis zum 1. Januar 2008 Präsident des Verwaltungsrates. Von Juli 1992 bis Februar 1998 präsierte Herr Borel auch die Konzernleitung. Er hielt verschiedene weitere exekutive Positionen mit der Gesellschaft und ihren Vorgängerunternehmen. Herr Borel ist Mitglied des Verwaltungsrates der Nestlé S.A. Im Weiteren ist Herr Borel Mitglied des Stiftungsrates der Defitech Stiftung, einer schweizerischen Stiftung zur Förderung von Forschung und Entwicklung für Behinderte, er ist Vorsitzender des Stiftungsrates der SwissUp, einer schweizerischen Stiftung zur Förderung der Fortbildung und er ist Präsident der EPFL Plus, einer schweizerischen Stiftung, die Geldmittel für die Eidgenössische Technische Hochschule in Lausanne sammelt und verwaltet. Herr Borel hat einen Master of Science in Computerwissenschaft der Stanford University und ist diplomierter Physiker der Eidgenössischen Technischen Hochschule, Lausanne, Schweiz. Herr Borel ist 60 Jahre alt und Schweizer.

Als einer der Gründer von Logitech und ehemaliger Vorsitzender und CEO besitzt Herr Borel fundiertes Wissen über und eine Leidenschaft für Logitech, seine Angestellten und Produkte sowie weitreichende Erfahrungen in industriellen, technischen, globalen und Führungsangelegenheiten. Als Mitglied des Verwaltungsrates der Nestlé besitzt Herr Borel zudem gesellschaftsübergreifende Erfahrung.

6.2 Wiederwahl von Frau Sally Davis

Antrag: Der Verwaltungsrat beantragt die Wiederwahl in den Verwaltungsrat von Frau Sally Davis für drei weitere Jahre.

Sally Davis ist seit 2007 Geschäftsführerin von BT Wholesale. Sie war zudem von 2005 bis 2007 Chief Portfolio Officer der British Telecom. Vorher hielt sie verschiedene exekutive Funktionen innerhalb BT inne, in welche sie im Jahre 1999 eintrat. Ihre Funktionen umfassten die Direktion der Abteilung Globale Produkte, Globale Dienstleistungen (2002-2005), der Abteilung BT Ignite Applications Hosting (2001-2002) und der Abteilung Internet und Multimedia (1999-2001). Vor ihrer Tätigkeit bei British Telecom war Frau Davis in leitenden Stellungen in verschiedenen grossen Kommunikationsunternehmen tätig, einschliesslich Bell Atlantic in den Vereinigten Staaten von Amerika und Mercury Communications in Grossbritannien. Sie ist Mitglied des Verwaltungsrates und Vorsitzende des Audit Committees der Henderson Smaller Companies Investment Trust plc, einem in Grossbritannien verwalteten Investment Fonds und sie ist Mitglied des Verwaltungsrates der I.Net S.p.A, einer italienischen Gesellschaft, die Applikationsinfrastrukturdienstleistungen innerhalb der British Telecom erbringt. Sie erwarb einen Bachelor of Arts des University College, London. Sie ist 56 Jahre alt und britische Staatsangehörige.

Frau Davis' Erfahrung als CEO einer bedeutenden europäischen Telekommunikationsgesellschaft sowie ihre ausgesprochene Kenntnis in Bezug auf technologische Produktstrategien und Produktpaletten, bereichert den Verwaltungsrat mit Fachwissen über Unternehmensführung, Technologie, Produktstrategie und Finanzmanagement.

Zurzeit ist Frau Davis im Verwaltungsrat Mitglied des Prüfungs- sowie des Nominationsausschusses. Der Verwaltungsrat hat entschieden, dass sie als unabhängiges Verwaltungsratsmitglied gilt.

6.3 Wiederwahl von Herrn Guerrino De Luca

Antrag: Der Verwaltungsrat beantragt die Wiederwahl in den Verwaltungsrat von Herrn Guerrino De Luca für drei weitere Jahre.

Guerrino De Luca amtierte als Verwaltungsratspräsident von Logitech seit Januar 2008. Zuvor war Herr De Luca von Februar 1998, als er zur Gesellschaft kam, bis Januar 2008 als Vorsitzender und CEO aktiv. Seit Juni 1998 ist er als exekutives Mitglied des Verwaltungsrates tätig. Vor seiner Anstellung bei Logitech war Herr De Luca verantwortlich für das weltweite Marketing der Apple Inc. (Februar 1997 bis September 1997) und Präsident der Claris Corporation, einer amerikanischen Computer Software Verkaufsgesellschaft (Februar 1995 bis Februar 1997). Davor war Herr De Luca in verschiedenen Positionen bei Apple in den Vereinigten Staaten von Amerika und in Europa tätig. Herr De Luca hat einen Bachelor of Science in Electronic Engineering der Universität Rom, Italien. Er ist 57 Jahre alt und italienischer und amerikanischer Staatsbürger.

Als Logitech's Vorsitzender und ehemaliger CEO bringt Herr De Luca bedeutende Erfahrungen in Unternehmensführung, Industrie, Strategie und Marketing in den Verwaltungsrat ein und besitzt, wie Herr Borel, eine ausgesprochene Leidenschaft für und Bindung an Logitech, seine Angestellten und Produkte.

Zusätzlich zu seiner Funktion als Verwaltungsratspräsident amtiert Herr De Luca auch als Vorsitzender des Nominations- sowie des Entschädigungsausschusses.

6.4 Wahl von Herrn Neil Hunt

Antrag: Der Verwaltungsrat beantragt die Wiederwahl in den Verwaltungsrat von Herrn Neil Hunt für drei Jahre.

Neil Hunt ist Chief Product Officer von Netflix, Inc., einer in Kalifornien ansässigen Gesellschaft, die den weltgrössten Abonnementservice für Filme und Fernsehserien via Internet sowie das Versenden von DVDs via Post anbietet. Ab 1999 arbeitete er bei Netflix als Vizepräsident, Internet Engineering, bis er 2002 in seine aktuelle Stellung befördert wurde. Von 1997 bis 1999 war Herr Hunt Direktor für Entwicklung bei Rational Software, einem in Kalifornien ansässigen Hersteller von Softwareentwicklungsprogrammen, und von 1991 bis 1997 war er für Entwicklungsaufgaben bei den Vorgängergesellschaften tätig. Herr Hunt hat einen Dokortitel in Computer Science der University of Aberdeen, Grossbritannien sowie einen Bachelor der University of Durham, Grossbritannien. Er ist 48 Jahre alt und englischer sowie amerikanischer Staatsbürger.

Herr Hunt's bedeutende Kenntnis in Technologie, Produktentwicklung, Unternehmensführung und Strategie sowie seine Erfahrung als Mitglied der Führungsebene einer führenden Gesellschaft für digitale Zustellungen bereichern den Verwaltungsrat mit Kenntnis in Technologie, Produktstrategie und Unternehmensführung.

6.5 Wiederwahl von Frau Monika Ribar

Antrag: Der Verwaltungsrat beantragt die Wiederwahl in den Verwaltungsrat von Frau Monika Ribar für drei weitere Jahre.

Monika Ribar ist Präsidentin und CEO der Panalpina Group, einem schweizerischen Anbieter von Speditions- und Logistikdienstleistungen. Sie war Mitglied der Konzernleitung der Panalpina seit Februar 2000, war Chief Financial Officer von Juni 2005 bis Oktober 2006 sowie Chief Information Officer von Februar 2000 bis Juni 2005. Von Juni 1995 bis Februar 2000 war sie Panalpina Corporate Controller und von 1991 bis 1995 Projektleiterin für Panalpina. Vor ihrer Aktivität für Panalpina war Frau Ribar bei der Fides Gruppe (heute KPMG Schweiz), einer Dienstleistungsunternehmung, wo sie Vorsitzende der strategischen Planung war. Zudem war sie für die BASF Gruppe tätig. Frau Ribar hat einen Hochschulabschluss in Volkswirtschaft und Betriebswirtschaft der Universität St. Gallen, Schweiz. Frau Ribar ist 50 Jahre alt und Schweizerin.

Frau Ribar hat bedeutende Führungserfahrung betreffend strategischen, finanziellen und operationellen Anforderungen von global tätigen Gesellschaften und bereichert unseren Verwaltungsrat mit Erfahrung in Unternehmensführung, Logistik sowie globalen und finanziellen Angelegenheiten. Als ehemaliges Verwaltungsratsmitglied einer Publikumsgesellschaft besitzt Frau Ribar zudem gesellschaftsübergreifende Erfahrung.

Frau Ribar amtiert zurzeit als Vorsitzende des Prüfungsausschusses des Verwaltungsrats. Der Verwaltungsrat hat entschieden, dass sie als unabhängiges Verwaltungsratsmitglied 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 obgenannten 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. für ein weiteres Jahr wiederzuwählen.

Empfehlung

Auf Empfehlung des Prüfungsausschusses 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, die Möglichkeit haben sich zu 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 2011 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 massgebliche Version dieser Einladung.

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July 27, 2010

To our shareholders:

You are cordially invited to attend Logitech's 2010 Annual General Meeting. The meeting will be held on Wednesday, September 8, 2010 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
Wednesday, September 8, 2010
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, 2010

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 2010
2. Advisory vote on compensation philosophy, policies and practices
3. Appropriation of retained earnings without payment of a dividend
4. Amendments to articles of incorporation to implement the Swiss Book Entry Securities Act
5. Release of the Board of Directors and Executive Officers for activities during fiscal year 2010
6. Elections to the Board of Directors
 - 6.1. Re-election of Mr. Daniel Borel
 - 6.2. Re-election of Ms. Sally Davis
 - 6.3. Re-election of Mr. Guerrino De Luca
 - 6.4. Election of Mr. Neil Hunt
 - 6.5. Re-election of Ms. Monika Ribar
7. Re-election of PricewaterhouseCoopers S.A. as auditors

Apples, Switzerland, July 27, 2010

The Board of Directors

QUESTIONS AND ANSWERS ABOUT THE LOGITECH 2010 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 27, 2010.

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, September 2, 2010 have the right to vote. No shareholders will be entered in the Share Register between September 3, 2010 and the day following the meeting. As of June 30, 2010 there were 86,137,698 shares registered and entitled to vote out of a total of 175,691,987 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, 2010 and September 2, 2010.

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 Rue du Sablon 2-4, 1110 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 2010 Annual Report to Shareholders, this Invitation and Proxy Statement and our Annual Report on Form 10-K for fiscal year 2010 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 file the results on a Current Report on Form 8-K with the U.S. Securities and Exchange Commission by Tuesday, September 14, 2010. A copy of the Form 8-K will be available on our website at <http://ir.logitech.com>.

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 September 2, 2010 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 27, 2010. We will send you an admission coupon for the meeting. If an admission card is not received by you prior to the meeting and you are a registered shareholder as of September 2, 2010, 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 27, 2010. 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, September 2, 2010 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 LogitechIR@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 16, 2010 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 16, 2010 and August 25, 2010, 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 16, 2010 votes but subsequently sells their shares before August 25, 2010, their votes will be cancelled. A U.S. or Canadian "street name" beneficial owner as of July 16, 2010 that has voted and subsequently increases or decreases their shareholdings but remains a beneficial owner as of August 25, 2010 will have their votes increased or decreased to reflect their shareholdings as of August 25, 2010.

If you acquire Logitech shares in "street name" after July 16, 2010 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 September 2, 2010 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), Proposal 4 (Amendments to articles of incorporation to implement the Swiss Book Entry Securities Act) and Proposal 6 (Elections to the Board of Directors). 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 September 3, 2010 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 Depository 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 2010 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 8, 2010 Annual General Meeting was July 9, 2010. However, under Swiss law registered shareholders, or persons holding a valid proxy from a registered shareholder, may propose alternatives to items on the 2010 Annual General Meeting agenda before or at the meeting.

Shareholder Proposals for 2011 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 2011 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 8, 2011. 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 2011 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 March 29, 2011. 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 2011 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, 2010

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 2010.

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 2010

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 2010 be approved.

Explanation

The Logitech consolidated financial statements and the statutory financial statements of Logitech International S.A. for fiscal year 2010 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 2010.

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, 2010 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 2010.

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 2010.

Explanation

At Logitech’s 2009 Annual General Meeting the Logitech Board of Directors asked shareholders to approve Logitech’s compensation philosophy, policies and practices, as a reflection of evolving best practices in corporate governance in Switzerland and in the United States. The shareholders approved the proposal in 2009, and the Board of Directors is again asking shareholders for their advisory vote. 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 2010 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, while maintaining controls over inappropriate risk-taking;
- 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 incentives, and his or her potential for future contribution to Logitech through long-term equity incentive awards.

The Compensation Committee of the Board has developed a compensation program that is described more fully in the Compensation Report included in this Invitation and Proxy Statement. Logitech’s compensation philosophy, compensation components for employees below the executive level, compensation program risks and design, and compensation paid during fiscal year 2010 are also set out in the Compensation Report.

In recognition of the uncertain economic and market conditions in fiscal year 2010, the base salaries of executives did not increase in fiscal year 2010 over those of fiscal year 2009, and the design of Logitech's bonus program placed a greater importance on the generation and retention of cash, market share, and profitability.

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 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 2010."

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 2010.

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 2010 and that CHF 349,312,000 (US \$321,877,000 based on exchange rates on June 30, 2010) of retained earnings be carried forward.

(all numbers in thousands)

Retained earnings at beginning of fiscal year 2010	CHF 354,924
Appropriation of retained earnings resolved by the 2009 Annual General Meeting-Dividend	CHF —
Attribution to reserve for treasury shares	CHF (30,122)
Net income for fiscal year 2010	<u>CHF 24,510</u>
 Retained earnings at the disposal of the Annual General Meeting at the end of fiscal year 2010	 <u>CHF 349,312</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 2010 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

Amendments to articles of incorporation to implement the Swiss Book Entry Securities Act

Proposal

The Board of Directors proposes shareholders approve an amendment to Article 4 of the Company's Articles of Incorporation to implement the Swiss Book Entry Securities Act.

Explanation

This proposal concerns a technical amendment to our Articles of Incorporation. The Board of Directors proposes to adapt the Articles of Incorporation to the Swiss Book Entry Securities Act, which came into effect on January 1, 2010. Under the proposed amendment, shareholders will no longer be entitled to require the Company to issue share certificates, but the Company retains the right to do so. Registered shareholders may at any time request the issue of a written statement of their shares. This proposed amendment corresponds to current practice in Swiss public companies and reflects that under the Swiss Book Entry Securities Act certificated securities no longer have legal advantages, in some exceptional circumstances, over uncertificated securities. The amendments will not restrict the transferability of Logitech's shares.

The Board of Directors proposes approval of the following amendments (the French version of which is definitive) to the Articles of Incorporation:

Current version

Article 4

The shares shall be registered. They shall be numbered and shall bear the facsimile signatures of two members of the Board of Directors.

The general meeting of shareholders shall have the authority to convert the registered shares into bearer shares by means of an amendment to the Articles of Incorporation.

The Company shall have the authority to issue certificates representing blocks of shares.

The Company may forego the printing of registered shares and issuing of securities. However, any shareholder may require that the Company print and issue stock certificates at any time and free of charge. The Board of Directors shall set forth in regulations the details and the requirements for the execution thereof.

Proposed new version

Article 4

The shares shall be registered.

The general meeting of shareholders shall have the authority to convert the registered shares into bearer shares by means of an amendment to the Articles of Incorporation.

[deleted]

Subject to the paragraph below, the registered shares of the Company will be uncertificated securities (in terms of the Swiss Code of Obligations) and book entry securities (in terms of the Swiss Book Entry Securities Act).

A shareholder registered in the Company's shareholders' register may request from the Company a statement of the shareholder's registered shares at any time. Shareholders do not have a right to the printing and delivery of share certificates. The Company may, however, print and deliver certificates for shares at any time at its option. The Company may also, at its option, withdraw uncertificated shares from the custodian system where they have been registered and, with the consent of the shareholder, cancel issued certificates that are returned to the Company.

Voting Requirement to Approve Proposal

The affirmative "FOR" vote of a majority of the votes present in person or by proxy at the Annual General Meeting.

Recommendation of the Board

The Board of Directors recommends a vote "FOR" approval to amend Article 4 of the Company's Articles of Incorporation to implement the Swiss Book Entry Securities Act.

Proposal 5

Release of the Board of Directors and Executive Officers for Activities During Fiscal Year 2010

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 2010.

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 2010. 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 2010 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 2010.

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 five individuals below to serve as directors for the three-year term beginning as of the Annual General Meeting on September 8, 2010. Four of the nominees currently serve as a member of the Board of Directors. Their current terms expire on the date of the Annual General Meeting on September 8, 2010.

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. Daniel Borel

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

Daniel Borel 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 and manages funds for the Ecole Polytechnique Fédérale de Lausanne. He is 60 years old, and is a Swiss citizen.

As a Logitech co-founder, and its former Chairman and CEO, Mr. Borel brings deep knowledge of and a passion for Logitech, its people and its products, as well as senior leadership, industry, technical, and global experience. As a director for Nestlé, Mr. Borel also provides cross-board experience.

6.2 Re-election of Ms. Sally Davis

Proposal: The Board of Directors proposes that Ms. Sally Davis be re-elected to the Board for a further three-year term.

Sally Davis 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. She is 56 years old and is a United Kingdom citizen.

Ms. Davis's experience as a CEO of a leading European telecommunications company, and her significant technology product strategy and product portfolio knowledge, provides the Board with expertise in senior leadership, technology, product strategy, and financial management.

Ms. Davis currently serves on the Audit Committee and the Nominating Committee of the Board. The Board of Directors has determined that she is an independent Director.

6.3 Re-election of Mr. Guerrino De Luca

Proposal: The Board of Directors proposes that Mr. Guerrino De Luca be re-elected to the Board for a further three-year term.

Guerrino De Luca has served as Chairman of the Logitech Board of Directors since January 2008. Previously, Mr. De Luca served as Logitech's President and Chief Executive Officer from February 1998, when he joined the Company, to January 2008. He has been an executive member of the Board of Directors 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. He is 57 years old and is an Italian and U.S. citizen.

As Logitech's Chairman and former CEO, Mr. De Luca brings significant senior leadership, industry, strategy, marketing and global experience to the Board and, like Mr. Borel, has a deep passion for and commitment to Logitech, its people and its products.

In addition to serving as Chairman of the Board of Directors, Mr. De Luca also serves as Chairman of the Nominating Committee and of the Committee for Board Compensation.

6.4 Election of Mr. Neil Hunt

Proposal: The Board of Directors proposes that Mr. Neil Hunt be elected to the Board for a three-year term.

Neil Hunt is the Chief Product Officer of Netflix, Inc., a California-based company offering the world's largest subscription service streaming movies and TV episodes over the Internet and sending DVDs by mail. He has been with Netflix since 1999, and served as its Vice President, Internet Engineering from 1999 until being promoted to his current position in 2002. From 1997 to 1999, Mr. Hunt was Director of Engineering for Rational Software, a California-based maker of software development tools, and he served in engineering roles at predecessor companies from 1991 to 1997. Mr. Hunt holds a Doctorate in Computer Science from the University of Aberdeen, U.K. and a Bachelors degree from the University of Durham, U.K. He is 48 years old and is a U.K. and U.S. citizen.

Mr. Hunt's significant expertise in technology, product development leadership and strategy, and his experience as a member of the senior leadership of a leading digital delivery company, provides the Board with expertise in technology, product strategy, and senior leadership.

The Board of Directors has determined that Mr. Hunt would be an independent Director if elected.

6.5 Re-election of Ms. Monika Ribar

Proposal: The Board of Directors proposes that Ms. Monika Ribar be re-elected to the Board for a further three-year term.

Monika Ribar 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 served as a Director of Julius Baer Group Ltd., a Swiss private bank, until May 2010. She is 50 years old and is a Swiss citizen.

Ms. Ribar has significant executive experience with the strategic, financial, and operational requirements of companies with global operations, and brings to our Board senior leadership, logistics industry, global and financial experience. As a former director of a public company board, Ms. Ribar also provides cross-board experience.

Ms. Ribar currently serves as Chairman of the Audit Committee of the Board. The Board of Directors has determined that she 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 reelection 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, 2011.

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, 2010. 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 the following director nominees standing for election or reelection at the 2010 Annual General Meeting qualifies as independent: Sally Davis, Neil Hunt and Monika Ribar. 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 \$450 thousand for these services in fiscal year 2010. 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, including their principal occupation, business experience, and qualifications, are set out below.

Daniel Borel *Daniel Borel* 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 and manages funds for the Ecole Polytechnique Fédérale de Lausanne.

As a Logitech co-founder, and its former Chairman and CEO, Mr. Borel brings deep knowledge of and a passion for Logitech, its people and its products, as well as senior leadership, industry, technical, and global experience. As a director for Nestlé, Mr. Borel also provides cross-board experience.

Matthew Bousquette *Matthew Bousquette* 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.

Mr. Bousquette brings senior leadership, strategic, financial and marketing expertise to the Board from his current position as chairman of a consumer products company, and his prior work as a senior executive at Mattel.

Erh-Hsun Chang
61 Years Old
Director since 2006
Former Senior Vice President,
Worldwide Operations and
General Manager, Far East,
Logitech
Taiwan national

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, 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.

Having had an extensive career in operations, manufacturing, and sales and marketing, particularly in Taiwan and China, Mr. Chang brings senior leadership, manufacturing and operations experience, and substantial expertise in doing business in Taiwan and China.

Kee-Lock Chua
49 Years Old
Director since 2000
President and Chief Executive Officer,
Vertex Group
Singapore national

Kee-Lock 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, SHC Capital Ltd. and Yongmao Holdings Limited (where he is lead independent director), all publicly traded companies in Singapore, and on the board of directors of a number of private companies, including as chairman of CrimsonLogic Pte. Ltd., a Singapore-based e-government solution provider.

Mr. Chua has extensive investment and senior leadership experience, as a venture capitalist in Asia and the United States, and also as the former CEO of publicly-traded companies in Asia. He brings to the Board senior leadership, and financial and global expertise. As a director of public companies in Asia, and of private companies, he also provides cross-board experience.

Sally Davis
56 Years Old
Director since 2007
CEO, BT Wholesale
British national

Sally Davis 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.

Ms. Davis's experience as a CEO of a leading European telecommunications company, and her significant technology product strategy and product portfolio knowledge, provides the Board with expertise in senior leadership, technology, product strategy, and financial management.

Guerrino De Luca
57 Years Old
Director since 1998
Chairman of the Board of Directors of Logitech International S.A.
Italian and U.S. national

Guerrino De Luca 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.

As Logitech's Chairman and former CEO, Mr. De Luca brings significant senior leadership, industry, strategy, marketing and global experience to the Board, and, like Mr. Borel, a deep passion for and commitment to Logitech, its people and its products.

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

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.

As a senior executive at one of the world’s best-known consumer products companies, with significant experience in business strategy and marketing, Mr. Laube brings senior leadership, brand marketing and global experience to the Board.

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

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.

Having an extensive career in marketing at world-class consumer products companies, Mr. Malcolm brings to the Board significant brand marketing, global and senior leadership experience.

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

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.

As our CEO and a senior executive, Mr. Quindlen brings to the Board significant senior leadership, sales and marketing, consumer products and global experience. As CEO, Mr. Quindlen has direct responsibility for Logitech’s strategy and operations.

Monika Ribar
50 Years Old
Director since 2004
President and CEO, Panalpina Group
Swiss national

Monika Ribar 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 served as a Director of Julius Baer Group Ltd., a Swiss private bank, until May 2010.

Ms. Ribar has significant executive experience with the strategic, financial, and operational requirements of companies with global operations, and brings to our Board senior leadership, logistics industry, global and financial experience. As a former director of a public company board, Ms. Ribar also provides cross-board experience.

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., Rue du Sablon 2-4, 1110 Morges, 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 2010 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.

Board Composition

The Nominating Committee is responsible for reviewing and assessing with the Board the appropriate skills, experience, and background sought of Board members in the context of our business and the then-current membership on the Board. 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. Similarly, the Nominating Committee does not have a formal policy on considering diversity in identifying candidates for election or re-election to the Board of Directors. However, we do not expect or intend that each director will have the same background, skills, and experience; we expect that Board members will have a diverse portfolio of backgrounds, skills, and experiences. One goal of this diversity is to assist the Board as a whole in its oversight and advice concerning our business and operations.

The review and assessment of Board candidates and the current membership of the Board by the Nominating Committee and the Board includes numerous diverse factors, such as independence; understanding of and experience in technology, finance, and marketing; international experience; age; and gender and ethnic diversity. The priorities and emphasis of the Nominating Committee and of the Board with regard to these factors change from time to time to take into account changes in Logitech's business and other trends, as well as the portfolio of skills and experience of current and prospective Board members.

Listed below are key skills and experience that we currently consider important for our directors to have in light of our current business and structure. We do not expect each director to possess every attribute. The directors' biographies note each director's relevant experience, qualifications, and skills relative to this list.

- *Senior Leadership Experience.* Directors who have served in senior leadership positions are important to Logitech, because they bring experience and perspective in analyzing, shaping, and overseeing the execution of important operational and policy issues at a senior level.
- *Financial Expertise.* Knowledge of financial markets, financing and funding operations, and accounting and financial reporting processes is important because it assists our directors in understanding, advising, and overseeing Logitech's structure, financial reporting, and internal control of such activities.
- *Industry and Technical Expertise.* Because we develop and manufacture hardware and software products, ship them worldwide, and sell to both major computer manufacturers and consumer electronics distributors and retailers, expertise in hardware and software, and experience in supply chain, manufacturing and consumer products is useful in understanding the opportunities and challenges of our business and in providing insight and oversight of management.
- *Brand Marketing Expertise.* Because we are a consumer products company, directors who have brand marketing experience can provide expertise and guidance as we seek to maintain and expand brand and product awareness and a positive reputation.
- *Global Expertise.* Because we are a global organization with research and development, and sales and other offices in many countries, directors with global expertise, particularly in Europe and Asia, can provide a useful business and cultural perspective regarding many significant aspects of our business.

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. Neil Hunt, one of the nominees for election to the Board at the September 2010 Annual General Meeting, was identified as a potential nominee to the Board by a third party executive search firm retained by the Company at the direction of the Nominating Committee.

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, 2010 for each Director are as follows:

<u>Name</u>	<u>Year First Appointed</u>	<u>Year Current Term Expires</u>
Daniel Borel ⁽¹⁾⁽³⁾	1988	Annual General Meeting 2010
Matthew Bousquette ⁽¹⁾	2005	Annual General Meeting 2011
Erh-Hsun Chang ⁽¹⁾	2006	Annual General Meeting 2012
Kee-Lock Chua ⁽¹⁾	2000	Annual General Meeting 2012
Sally Davis ⁽¹⁾⁽³⁾	2007	Annual General Meeting 2010
Guerrino De Luca ⁽²⁾⁽³⁾	1998	Annual General Meeting 2010
Richard Laube ⁽¹⁾	2008	Annual General Meeting 2011
Robert Malcolm ⁽¹⁾⁽³⁾	2007	Annual General Meeting 2010
Gerald Quindlen ⁽²⁾	2008	Annual General Meeting 2011
Monika Ribar ⁽¹⁾⁽³⁾	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. Borel, Ms. Davis, Mr. De Luca and Ms. Ribar expires at the 2010 Annual General Meeting, and each is being presented for re-election to the Board of Directors at that meeting. Mr. Malcolm's term also expires at the 2010 Annual General Meeting and he will be retiring from the Board at that meeting.

BOARD RESPONSIBILITIES AND STRUCTURE

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

Board Leadership Structure

The Board has since 1997 had a general practice that the positions of Chairman of the Board and CEO should be held by separate persons as an aid in the Board's oversight of management. Since 1997, the Chairman has been a former CEO of the Company and has served as a full-time senior executive. Logitech believes that there are advantages to having a former CEO as Chairman, for matters such as leadership continuity; day-to-day assistance to and oversight of the CEO and other executive officers; and facilitating communications and relations between the Board, the CEO, and other senior management.

Mr. De Luca, the Company's former CEO and current Chairman, has served in that role since January 2008. The Chairman of the Board is appointed on an annual basis, at the Board meeting coinciding with the Annual General Meeting of Shareholders. The Secretary of the Board of Directors is also appointed at the same meeting. As of June 30, 2010, the Secretary was Ms. Catherine Valentine, the Company's Vice President, Legal and General Counsel.

Role of the Chairman and of the Chief Executive Officer

Guerrino De Luca 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.

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.

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.

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, led by the Lead Independent Director, 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.

The Board’s Role in Risk Oversight

One of the Board’s functions is oversight of risk management at Logitech. “Risk” is inherent in business, and the Board seeks to understand and advise on risk in conjunction with the activities of the Board and the Board’s committees.

The largest risk in any business typically is that the products and services it offers will not be met by customer demand, because of poor strategy, poor execution, lack of competitiveness, or some combination of these or other factors. The Board implements its risk oversight responsibilities, at the highest level, through regular reviews of the Company’s business, product strategy and competitive position, and through management and organizational reviews, evaluations and succession planning.

Within the broad strategic framework established by the Board, management is responsible for identifying risk and risk controls related to significant business activities; mapping the risks to company strategy; and developing programs and recommendations to determine the sufficiency of risk identification, the balance of potential risk to potential reward and the appropriate manner in which to control risk.

The Board’s risk oversight role is implemented at the full Board level, and also in individual Board Committees. The full Board receives specific reports on enterprise risk management, in which the identification and control of risk are the primary topics of the discussion. Presentations and other information for the Board and Board committees generally identify and discuss relevant risk and risk control; and the Board members assess and oversee the risks as a part of their review of the related business, financial, or other activity of the Company. The Compensation Committee oversees issues related to the design and risk controls of compensation programs. The Audit Committee oversees issues related to internal control over financial reporting and Logitech’s risk tolerance in cash-management investments.

Board Meetings

The Chairman sets the agenda for Board meetings, in coordination with the CEO. 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 2010.

Independent Director Sessions

The Board of Directors has adopted a policy of regularly scheduled sessions of Board meetings where the independent directors meet to consider matters without management or non-independent directors present. During fiscal year 2010, separate sessions of the independent directors were held five 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	X			
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 2010 the Board met seven times, five of which were regularly scheduled quarterly meetings and two of which were special meetings. In addition, the Audit Committee met ten times, the Compensation Committee met six times, the Nominating Committee met two times and the Committee for Board Compensation met once. 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 2009 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 2010 is as follows:

	<u>Board of Directors</u>	<u>Audit Committee</u>	<u>Compensation Committee</u>	<u>Nominating Committee</u>	<u>Committee For Board Compensation</u>
Number of meetings held	7	10	6	2	1
Daniel Borel	7	n/a	n/a	n/a	n/a
Matthew Bousquette	7	10	6	n/a	n/a
Erh-Hsun Chang	6	4 ⁽¹⁾	n/a	n/a	n/a
Kee-Lock Chua	7	n/a	6	2	n/a
Sally Davis	7	10	n/a	2	n/a
Guerrino De Luca	7	n/a	n/a	2	1
Richard Laube	7	n/a	6	n/a	n/a
Robert Malcom	7	n/a	6	n/a	n/a
Gerald Quindlen	7	n/a	n/a	n/a	1
Monika Ribar	7	10	n/a	n/a	n/a

(1) Member after September 1, 2009

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), Mr. Bousquette, Mr. Chang and Ms. Davis. 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 ten times in fiscal year 2010. Four meetings were held in person on the day prior to the regularly scheduled quarterly Board meeting, for two to three hours, and six were held by telephone, 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 or Acting Chief Financial Officer, Corporate Controller, Vice President of Internal Audit and General Counsel or Associate General Counsel attended each meeting, and representatives from the Company's independent auditors, PricewaterhouseCoopers, also attended each meeting. Other members of management also participated in certain meetings. Four meetings also included separate sessions with representatives of the independent auditors, and two meetings 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. Laube and Mr. Malcolm. The Board of Directors has determined that each member of the Committee meets the independence requirements of the Nasdaq Stock Market listing standards.

The Compensation Committee met six times in fiscal year 2010. At the Committee's invitation, the Company's Vice President of Worldwide Human Resources attended each meeting, and the Senior Director of Worldwide Compensation & Benefits attended four meetings. The Company's General Counsel attended two meetings. Four meetings were held in person and two by teleconference and each meeting lasted approximately one hour and a half. In addition to its meetings, the Committee took three actions for approval by consent during fiscal year 2010.

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 once in fiscal year 2010. The meeting was held in person and lasted approximately one hour. At the Committee's invitation, the Company's Senior Director of Worldwide Compensation and Benefits attended the 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. The Board of Directors has determined that Mr. Chua and Ms. Davis meet the independence requirements of the Nasdaq Stock Market listing standards. 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 2010. Both meetings were held in person and each meeting lasted approximately one hour.

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
Rue du Sablon 2-4
1110 Morges, Switzerland

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT
AS OF JUNE 30, 2010**

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, 2010 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, 2010;
- 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 current executive officers as a group.

Beneficial Owner	Number of Shares Owned ⁽¹⁾	Shares that May be Acquired Within 60 Days ⁽²⁾	Total Beneficial Ownership	Total as a Percentage of Shares Outstanding ⁽³⁾
5% Shareholders:				
Entities affiliated with Fidelity ⁽⁴⁾	10,568,978	—	10,568,978	6.0%
Thornburg Investment Management ⁽⁵⁾	11,922,284	—	11,922,284	6.8%
Directors/Nominees, not including the Chairman or the CEO:				
Daniel Borel	11,203,158	—	11,203,158	6.4%
Matthew Bousquette	10,000	65,000	75,000	*
Erh-Hsun Chang	148,000	330,000	478,000	*
Kee-Lock Chua	18,484	55,000	73,484	*
Sally Davis	7,202	30,000	37,202	*
Richard Laube	57,490	10,000	67,490	*
Robert Malcolm	8,460	30,000	38,460	*
Neil Hunt	—	—	—	—
Monika Ribar	5,000	95,000	100,000	*
Named Executive Officers:				
Guerrino De Luca	164,018	1,019,288	1,183,306	0.7%
Gerald Quindlen	2,803	545,000	547,803	*
Erik Bardman	—	—	—	—
Tom Fergoda	158	47,500	47,658	*
Mark J. Hawkins	—	—	—	—
Werner Heid	6,056	53,750	59,806	*
David Henry	12,555	483,750	496,305	*
Junien Labrousse	27,383	583,750	611,133	*
Current Directors and Executive Officers, as a Group ⁽¹⁵⁾	11,677,111	3,431,788	15,108,899	8.6%

* 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, 2010 and options and restricted stock units that are expected to vest within 60 days after June 30, 2010. 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 175,691,987 shares outstanding on June 30, 2010.
- (4) Based on information set forth in a Schedule 13G filed with the SEC on February 16, 2010 by FMR LLC reporting ownership of Logitech's shares as of December 31, 2009. According to the notification direct and indirect subsidiaries of FMR LLC hold 10,568,978 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.

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, 2010, 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, 2010, 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 2010 that require disclosure. Since April 1, 2009, 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 2010: 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 AUDITORS

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 independent 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 auditors at the Annual General Meeting in September 2009. 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 2010, PwC representatives attended all ten Audit Committee meetings. The Committee met separately four times 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 control 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.

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, 2010 and 2009 (in thousands):

	2010	2009
Audit fees ⁽¹⁾	\$2,795	\$2,655
Audit-related fees ⁽²⁾	406	109
Tax fees ⁽³⁾	617	420
All other fees ⁽⁴⁾	7	8
Total	\$3,825	\$3,192

(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 government grant audits and database licenses.

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, including Pricewaterhouse Coopers LLP, San Jose, California, its independent registered public accounting firm for purposes of U.S. securities law reporting, 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.”

The Audit Committee has discussed with the independent auditors the matters required to be discussed by the Statement of Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Audit Committee has received the written disclosures and the letter from the independent accountant required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant’s communications with the Audit Committee concerning independence, and has discussed with the independent accountant the independent 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, 2010.

Submitted by the Audit Committee of the Board

Monika Ribar, Chairman
Matthew Bousquette
Erh-Hsun Chang
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 2010.



COMPENSATION REPORT 2010

INTRODUCTION

This Compensation Report contains information on Logitech compensation philosophy and practices, the background for decisions, and the results of decisions with respect to Logitech's named executive officers and its Board members.

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 2010 Annual General Meeting.

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, while maintaining controls over inappropriate risk-taking;
- 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 other companies 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.

TERM USED IN THIS COMPENSATION REPORT

In this Compensation Report, we refer to our "named executive officers" in many places. This term includes the following individuals:

- Gerald Quindlen, our Chief Executive Officer.
- Erik Bardman, our Chief Financial Officer starting October 2009.

- Guerrino De Luca, our Chairman.
- Tom Fergoda, our acting Principal Financial Officer from April 2009 to October 2009. Mr. Fergoda is not otherwise considered a Logitech executive officer.
- Mark J. Hawkins, our Chief Financial Officer during part of April 2009.
- The three other most highly compensated individuals who were serving as executive officers of Logitech at the end of fiscal year 2010.

DETERMINING TOTAL EXECUTIVE COMPENSATION

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. 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. The Committee consulted Fred Cook with respect to general executive compensation issues in fiscal year 2010. The Committee has determined it will engage Fred Cook every two years to develop specific executive compensation analyses and recommendations. In the other years the Committee will review analyses and recommendations prepared by management using the same survey data for Logitech's peer group as used by Fred Cook.

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.

Management's fiscal year 2010 executive officer compensation proposals to the Compensation Committee were primarily developed by Logitech's Vice President of Worldwide Human Resources and its compensation department, 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 2010 were developed by Logitech's Vice President of Worldwide Human Resources and its compensation department, in consultation with Gerald Quindlen. The proposed base salary, bonus targets and equity incentive award recommendation for Mr. Quindlen for fiscal year 2010 were developed by Logitech's Vice President of Worldwide Human Resources and its compensation department, 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 management, it made all decisions regarding executive officer fiscal year 2010 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.

Overview of Factors Considered by Committee

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. Both peer group and broader industry compensation survey data is used by our Compensation Committee to develop Logitech’s executive compensation, as well as to assist the Compensation Committee in the evaluation of the design of bonus plan and equity compensation programs.

The companies in Logitech’s peer group were selected in March 2008 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. Based on the most recent completed four fiscal quarters as of March 2010, Logitech ranked at approximately the 25th percentile among the peer group for revenues, operating income and market capitalization.

Fred Cook reviewed the peer group composition in March 2010 and recommended, and the Committee determined, that it remains appropriate for Logitech.

The peer group consists of the following companies:

3Com Corporation	Cypress Semiconductor Corporation	NVIDIA Corporation
Activision Blizzard, Inc.	Electronic Arts, Inc.	Polycom, Inc.
Agilent Technologies, Inc.	Intuit Inc.	SanDisk Corporation
Advanced Micro Devices, Inc.	Lexmark International, Inc.	Sybase, Inc.
Autodesk, Inc.	McAfee, Inc.	Symantec Corporation
BMC Software, Inc.	NCR Corporation	Teradata Corporation
Brocade Communications Systems, Inc.	NetApp, Inc.	Verisign, Inc.
Cadence Design Systems, Inc.	Novell, Inc.	Western Digital Corporation

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 consists primarily of U.S. public technology companies.

In addition, to assist the Committee in its review of executive compensation, Logitech’s compensation department provides compensation data compiled from widely recognized high-technology executive compensation surveys.

We generally seek to be at the median for total compensation, and for each of the elements of compensation, for our executives against the companies with whom we compete for executive talent, based on peer group and survey data.

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, based on peer group and survey data reviewed in prior fiscal years, 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.

Other factors

For newly hired executives, in addition to market compensation for the position, 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 2010 compensation the Compensation Committee reviewed and considered the same data as for other named executive officers, as discussed above, but also considered the following:

- Mr. De Luca's and Mr. Quindlen's fiscal year 2009 base salary, target bonus and equity incentive compensation; and
- Mr. De Luca's and Mr. Quindlen's total equity incentive position and the total intrinsic value of vested and unvested equity incentives held by them.

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 typically are largely dependent upon relative pay rates for the industry and Company and individual performance. However, in fiscal year 2010 base salary and target bonus opportunities for named executive officers were frozen over those in fiscal year 2009 due to economic and market conditions. At the March meeting the Committee typically considers the equity incentive award grant for the Chairman and the CEO, although the Committee has recently determined that, for fiscal year 2011, the Committee will consider equity incentive awards for the Chairman and the CEO at the same time as those for other executive officers, as part of the Company's annual employee equity incentive grant cycle. 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.

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 prerequisites, as described below.

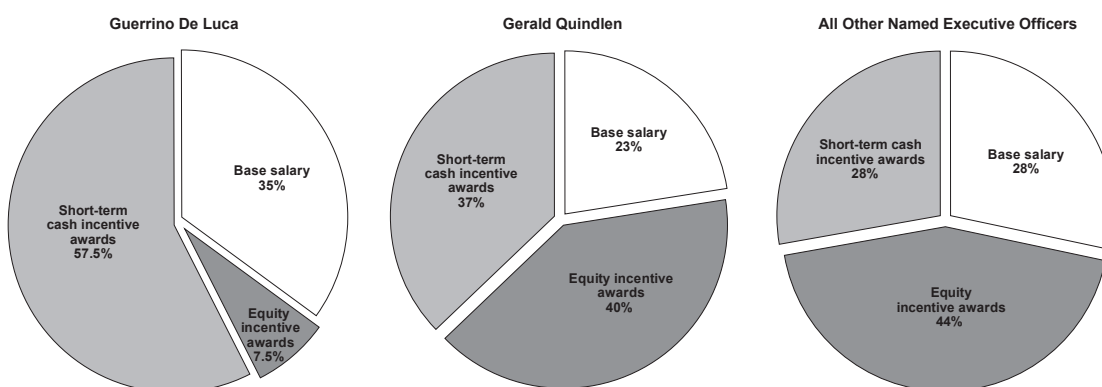
The following table outlines our objectives for each of the principal components of executive compensation.

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

Pay Mix

In determining how we allocate an executive's total compensation package among base salary, short-term cash incentives and long-term equity incentives, 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 the majority of our 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.

The charts below indicate the percentage of total compensation costs in fiscal year 2010 represented by base salary, short-term cash incentives (bonus payments), and long-term equity incentive awards for 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 2010, the Compensation Committee primarily considered the uncertain economic and market conditions, particularly at the beginning of the fiscal year, and the executive's fiscal year 2009 base salary, in leaving base salaries for named executive officers unchanged over those in fiscal year 2009.

In aggregate, base salaries for the named executive officers for fiscal year 2010 are at or above the median of the peer group, based on peer group data available in March 2010. However, the base salaries for Mr. Quindlen and Mr. Bardman are below the median.

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 2010 Logitech named executive officers were eligible for short-term cash incentive awards under a program 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 2010 target performance measures.

Performance measures for fiscal year 2010 bonus program

In fiscal year 2010 the bonus program was based on the following performance measures:

<u>Performance Measure</u>	<u>Why It is Used</u>	<u>Measurement Basis</u>
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 restructuring expenses.
Cash Flow from Operations	Strong cash flow provides more financial flexibility, particularly in periods of economic uncertainty.	Generally Accepted Accounting Principles (GAAP), excluding any foreign currency exchange gains or losses.
Market Share	To prioritize progress against competitors, particularly amidst economic uncertainty. Market share increases demonstrate continued appeal of products to consumers, and positions for continued growth once economic uncertainty passes. Also used because net sales, as a practical matter, were difficult to project beyond the very short term at the beginning of the fiscal year, when the bonus program design was approved.	Weighted sales in Logitech product categories in eight key countries, based on available sales data, based on a 12-month trailing average.

The Compensation Committee's adoption of cash flow and market share performance measures, in addition to operating income, was a change from prior fiscal years, in which net sales and operating income were the performance measures. The changes to the performance measures were primarily driven by economic and market conditions at the beginning of the fiscal year, when the program was designed and approved by the Compensation Committee.

The bonus program in fiscal year 2010 for named executive officers was measured on a semi-annual basis, although for the Chairman and the CEO the payout under the program was on an annual, and not semi-annual, basis. For all named executive officers the operating income and cash flow from operations goals in the 2010 bonus program were set equal to Logitech's semi-annual business plans for fiscal year 2010 as approved by the Board in May and October, 2009, except that part of the goals for Junien Labrousse were based on the performance of the product group and part of the goals for Werner Heid were based on the performance of the sales and marketing function. The market share goal was determined by the Committee in May 2009 based on a review of historical market share data and expected product performance and introductions. Please see further details below under the heading "Bonus Plan performance targets and results for fiscal year 2010."

Timing of bonus payments

If earned, the 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. Bonus amounts were earned and paid to the named executive officers as set out in the Summary Compensation Table and the Grants of Plan-Based Awards Table below.

Formula used

The formula for determining the bonus awards in fiscal year 2010 was as follows:

Executive's eligible wages	X	Executive's target bonus percentage ⁽¹⁾	X	Bonus Plan funding percentage ⁽²⁾	=	Annual or semi-annual bonus award
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- (1) Expressed as a percentage of base salary.
- (2) Based on achievement against target performance measures.

The target performance measures under the Bonus Plans for fiscal year 2010 are disclosed in the table below under the heading "Bonus Plans performance targets and results for fiscal year 2010."

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 2010 bonus program. The maximum possible bonus for both Mr. De Luca and Mr. Quindlen was 269% of base salary.

All of Logitech's other named executive officers were eligible for annual target bonuses ranging from 40% to 75% of their base salaries, depending on their positions, with a maximum possible bonus of 300% of their base salaries in the first performance period and 238% in the second performance period. In each case, the annual target bonus was divided into semi-annual bonus targets.

The minimum performance required before any bonus payment is made under the fiscal year 2010 bonus program was generally 80% of the target performance, except that the minimum performance for Logitech operating income in the first half of fiscal year 2010 was 85% of the target performance, and the minimum performance for Logitech market share in fiscal year 2010 was 97% of the target performance. In addition, it was a minimum performance condition for the payout of any bonus to Mr. De Luca or Mr. Quindlen that Logitech have positive operating income in at least two of the four fiscal quarters during fiscal year 2010. For all other named executive officers, it was a minimum performance condition for the payout of any bonus in respect of a six-month performance period that Logitech have positive operating income in one of the two fiscal quarters during the performance period.

The target bonus opportunities for named executive officers in fiscal year 2010 are in aggregate below the median of the peer group, based on peer group data available in March 2010.

Bonus Plan performance targets and results for fiscal year 2010

The performance targets and actual results from the Bonus Plan in fiscal year 2010 for our named executive officers are set out in the following table:

Participant	FY10 Measurement Period	Performance Measure ⁽¹⁾	Minimum Performance Target (\$s in millions)	Performance Target (\$s in millions)	Maximum Performance Target (\$s in millions)	Actual Achievement (\$s in millions)	Performance/Funding
Guerrino De Luca, Gerald Quindlen	1st half FY 2010	Operating Income (37.5%)	(29.6)	(25.2)	(11.4)	(7.8)	188.0%
		Market Share (25%)	43.7%	45.1%	46.9%	44.3%	88.2%
		Cash Flow (37.5%)	20.0	25.0	50.0	129.1	300.0%
	2nd half FY 2010	Operating Income (37.5%)	59.8	74.8	134.6	86.4	119.0%
		Market Share (37.5%)	43.7%	45.0%	46.8%	43.8%	80.0%
		Cash Flow (25%)	51.7	64.6	129.2	232.4	200.0%
							164.8%
Erik Bardman	2nd half FY 2010	Operating Income (37.5%)	58.1	72.6	130.6	86.4	119.0%
		Market Share (37.5%)	43.7%	45.0%	46.8%	43.8%	80.0%
		Cash Flow (25%)	51.7	64.6	129.2	232.4	200.0%
Tom Fergoda, David Henry	1st half FY 2010	Operating Income (37.5%)	(29.6)	(25.2)	(11.4)	(7.8)	188.0%
		Market Share (25%)	43.7%	45.1%	46.9%	44.3%	88.2%
		Cash Flow (37.5%)	20.0	25.0	50.0	129.1	300.0%
	2nd half FY 2010	Operating Income (37.5%)	58.1	72.6	130.6	86.4	119.0%
		Market Share (37.5%)	43.7%	45.0%	46.8%	43.8%	80.0%
		Cash Flow (25%)	51.7	64.6	129.2	232.4	200.0%
						124.6%	
Werner Heid	1st half FY 2010	Operating Income (20%)	(29.6)	(25.2)	(11.4)	(7.8)	188.0%
		Market Share (35%)	43.7%	45.1%	46.9%	44.3%	88.2%
		Cash Flow (20%)	20.0	25.0	50.0	129.1	300.0%
		Sales Contribution Margin (25%) ⁽²⁾	105.8	132.3	264.6	153.3	116.0%
	2nd half FY 2010	Market Share (37.5%)	43.7%	45.1%	46.9%	43.8%	80.0%
		Cash Flow (25%)	51.7	64.6	129.2	232.4	200.0%
		Sales Contribution Margin (37.5%) ⁽²⁾	189.5	236.9	308.0	284.3	150.0%
						136.3%	
Junien Labrousse	1st half FY 2010	Operating Income (20%)	(29.6)	(25.2)	(11.4)	(7.8)	188.0%
		Market Share (35%)	43.7%	45.1%	46.9%	44.3%	88.2%
		Cash Flow (20%)	20.0	25.0	50.0	129.1	300.0%
		PG Contribution Margin (25%) ⁽³⁾	103.9	129.9	259.7	149.5	115.1%
	2nd half FY 2010	Market Share (37.5%)	43.7%	45.1%	46.9%	43.8%	80.0%
		Cash Flow (25%)	51.7	64.6	129.2	232.4	200.0%
		PG Contribution Margin (37.5%) ⁽³⁾	193.8	242.2	314.9	295.4	162.0%
						140.8%	

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- (1) Operating income excludes restructuring expense.
 - (2) Sales Group Contribution Margin consists of Logitech gross profit less sales operating expenses and a capital charge.
 - (3) Product Group Contribution Margin, which consists of Logitech gross profit less Product Group operating expenses.

The cash bonus awards earned and paid in respect of fiscal year 2010 were based solely on the formula funding results prescribed by the above measures.

Long-term equity incentive awards

During fiscal year 2010 the Compensation Committee granted our named executive officers long-term equity incentive awards in the form of stock options, performance-based restricted stock units, or PRSUs, and, for the first time, time-based restricted stock units, or RSUs, in order to align their incentives with the long-term interests of our shareholders, to support retention of the executives, to provide competitive total compensation packages, and to provide a direct incentive for future performance.

Stock Options. 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.

PRSUs. The performance-based restricted stock units, or PRSUs, 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.

The Compensation Committee has determined that PRSUs granted in the future will vest over a three-year period.

RSUs. Time-based restricted stock units, or RSUs, provide for the issuance of shares at a future date upon vesting of the RSUs. RSUs issued to executive officers and other employees have a four-year vesting period, with the RSUs vesting in four equal annual increments. The Committee adopted the use of RSUs to increase the retention value of Logitech's equity incentives, to remain competitive, as RSUs are increasingly used by other high-technology companies, and to be less dilutive to shareholders than stock options.

The Committee anticipates that performance-based awards such as stock options and PRSUs will represent the majority of equity incentive awards granted to executive officers in the future, with RSUs being a smaller portion, in order to prioritize pay-for-performance over retention.

Determination of long-term equity incentive awards

The Compensation Committee is responsible for approving 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.

Long-term equity incentive awards granted in fiscal year 2010

During fiscal year 2010 the number of shares subject to equity incentive awards granted to Logitech's named executive officers was determined by the Compensation Committee based on the accrued and unrealized gains from past equity incentive grants, prior grant practices, peer group and broader industry survey data on annual and cumulative delivered value of grants to executive officers, anticipated compensation expense and shareholder dilution, and review of trends in equity incentive compensation design and practices among high technology companies. The Committee considered trends data as well as the relatively low accrued value of past grants in particular in adopting the use of RSUs for executive officers, including the named executive officers, in fiscal year 2010.

Grants to Mr. Quindlen. Mr. Quindlen received a stock option grant for 100,000 shares on April 1, 2009 as part of his fiscal year 2010 annual compensation as CEO. Mr. Quindlen received a performance restricted stock unit grant for 40,000 shares, assuming 100% target performance, and a restricted stock unit grant for 20,000 shares, on June 29, 2009, as part of the annual stock focal process. Slightly less than half of Mr. Quindlen's total target compensation in fiscal year 2010 was provided through long-term equity incentive awards. The total number of equity incentives granted to Mr. Quindlen 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, 2009 as part of his fiscal year 2010 compensation as Chairman. Mr. De Luca did not receive a grant of PRSUs, RSUs or any other equity incentive grants during fiscal year 2010.

Grants to Other Named Executive Officers. The equity incentive award grants made to all Logitech named executive officers during fiscal year 2010 are set out in the Grants of Plan-Based Awards in Fiscal Year 2010 table below. The value of long-term equity incentive awards in the form of stock options, PRSUs and RSUs granted during fiscal year 2010 was in aggregate below the peer group, based on March 2010 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. On limited occasions, grants may be made at an interim meeting of the Compensation Committee or by consent, for the purpose of approving the hiring and compensation package for newly hired or promoted executives. The Committee approved a new hire grant to Erik Bardman, the Company's Chief Financial Officer, by consent in October 2009. The timing of interim meetings or consents, if they occur, is based on the activity which generated the need for the meeting or the consent, not Logitech's share price. In fiscal year 2010 grants were made to new hires and promoted employees below the executive officer level at regularly scheduled meetings of the Compensation Committee, by consent in October 2009, and by consent in December 2009, in connection with our acquisition of LifeSize.

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 not 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 or, in the case of grants made to newly-hired employees in connection with their hiring, the grants vest on each annual anniversary of the employee hire date.

Restricted stock unit vesting

RSUs issued to executive officers and other employees have a four-year vesting period, with the RSUs vesting in four equal annual increments.

PRSU Performance Measure

The performance measure for the performance-based restricted stock units granted in fiscal year 2009 and 2010 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:

Percentile Rank of Logitech TSR against Nasdaq 100 Index TSR	Vested percentage of shares subject to PRSU
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 two-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, to assist in the retention of key talent, or for other reasons. Werner Heid, the Company's Senior Vice President, Sales and Marketing, was awarded a discretionary award of \$40,467 in fiscal year 2010 to enable him to purchase a value of Logitech shares equal to what he would have purchased under the Logitech Employee Share Purchase Plan for the February 1 - July 31, 2009 offering period but for his employment start date being after the offering start date.

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 up to 80% of their base salary and up to 90% of their 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 intended to be 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 2010 table and the accompanying narrative.

Because the listed officers do not receive preferential or above-market rates of return under the deferred compensation plan, earnings under the plan are not included in the Summary Compensation table, but are included in the Non-Qualified Deferred Compensation table.

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 - meaning that there has been both a change of control, and the executive is terminated without cause or resigns for good reason within 12 months thereafter - 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 CEOs at the time the agreement was approved.

In addition, under Mr. Quindlen's employment agreement and Mr. Heid's offer letter, if their employment is involuntarily terminated without cause they are entitled to their base salary and target bonus as described in "Potential Payments Upon Termination or Change in Control." The 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. The term in Mr. Heid's offer letter was the result of negotiations of the terms of his employment when he joined Logitech.

The PRSU and RSU award agreements for named executive officers other than Tom Fergoda provide for the acceleration of vesting of the RSUs and PRSUs subject to the award agreements 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:

- All shares subject to the RSUs will vest.
- 100% of the shares subject to the PRSUs will vest if the change of control occurs within 1 year after the grant date of the PRSUs. If the change of control occurs 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.

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

On June 8, 2010, after the end of fiscal year 2010, we entered into a resignation and severance agreement with David Henry in connection with his resignation from the Company, which is expected to be effective October 1, 2010 or within 60 days thereafter. Under the agreement, subject to Mr. Henry's execution of a general release of claims, and that release becoming irrevocable, Mr. Henry will be entitled to receive on his resignation a lump-sum payment of \$460,000, a pro-rated half-year bonus up to \$149,500, outplacement services in an amount of up to \$15,000, health insurance coverage premium payments for a period of up to one year, and, if the effective date of his resignation is October 1, 2010 or later, he will be entitled to receive an additional lump-sum payment of \$508,000, in all cases less applicable withholdings.

The terms of the agreement with Mr. Henry are a result of individual negotiations with him in consideration for his service to Logitech, to incent him to remain with Logitech to lead the marketing department for a reasonable period until his successor is found, and as consideration for the potential length of time until subsequent employment is secured. No amounts are payable to Mr. Henry if he is terminated for cause.

After the end of fiscal year 2010, we entered into a severance agreement effective July 1, 2010 with Tom Fergoda in connection with his resignation from the Company. Under the agreement, subject to Mr. Fergoda's execution of a general release of claims, and that release becoming irrevocable, Mr. Fergoda will be entitled to receive the equivalent of two months' of his fiscal year 2010 salary in a lump sum, and continuation of health insurance coverage premiums for two months.

Perquisites

Logitech's executive officer benefit programs are substantially the same as for all other eligible employees. Mr. Quindlen was provided with personal tax preparation services in fiscal year 2010. Expenses related to these services are imputed as income to Mr. Quindlen and the additional tax liabilities are paid by Logitech as 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

In June 2010 the Compensation Committee adopted a policy regarding the recovery of compensation paid to an executive officer or the principal accounting officer of the Company. Under the terms of the policy we may recover bonus amounts, equity awards or other incentive compensation awarded or paid within the prior three years to a covered officer if the Compensation Committee determines the compensation was based on any performance goals that were met or exceeded as a result, in whole or in part, of the officer's fraud or misconduct, or the officer knew at the time of the existence of fraud or misconduct that resulted in performance goals being met or exceeded, and a lower amount would otherwise have been awarded or paid to the officer. In addition, under the policy Logitech may recover gains realized on the exercise of stock options or on the sale of vested shares by an executive officer or the principal accounting officer if, within three years after the date of the gains or sales, Logitech discloses the need for a significant financial restatement, other than a financial restatement solely because of revisions to US GAAP, and the Compensation Committee determines that the officer's fraud or misconduct caused or partially caused the need for the restatement, or the covered officer knew at the time of the existence of fraud or misconduct that resulted in the need for such restatement.

In addition, our 2006 Stock Incentive Plan and our Management Performance Bonus Plan provide that awards under the plans are suspended or forfeited if the plan participant, whether or not an executive officer:

- 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 under the 2006 Stock Incentive Plan or the Management Performance Bonus Plan 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 may similarly qualify under Section 162(m). However, the bonuses earned in fiscal year 2010 did not qualify under Section 162(m) because the general economic uncertainty led to a delay in setting performance targets. 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 Accounting Standards Codification Section 718, on 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 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 or required severance benefits 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.

Compensation Risks Assessment

The Compensation Committee conducted a review, with the assistance of Fred W. Cook & Co., Inc., the Committee's independent compensation consultant, of Logitech's compensation programs in March 2010 to assess the risks associated with their design. The Committee reviewed in particular the following compensation programs and associated practices:

- 2006 Stock Incentive Plan.
- Management Performance Bonus Plan.
- Profit Sharing Plan.
- Sales commissions plans.
- Change of Control Severance Agreements in place with executive officers.

The review included a consideration of Logitech's enterprise risk areas developed as part of its enterprise risk management process, compensation risk areas associated with Logitech's current compensation programs, and risk controls. Based on this review, we have concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

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 2010 Invitation and Proxy Statement and Annual Report.

Compensation Committee

MATTHEW BOUSQUETTE, *Chairman*

KEE-LOCK CHUA

RICHARD LAUBE

ROBERT MALCOLM

SUMMARY COMPENSATION TABLE

The following table provides information regarding the compensation and benefits earned during fiscal years 2010, 2009 and 2008 by our named executive officers. For more information, please refer to “Compensation Disclosure and Analysis,” as well as “Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table.”

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards(\$) ⁽¹⁾	Option Awards (\$) ⁽¹⁾	Non-equity Incentive Plan Compensation (\$) ⁽²⁾	Changes in		Total (\$)
							Nonqualified Deferred Compensation Earnings(\$)	All Other Compensation (\$) ⁽³⁾	
Gerald Quindlen	FY10	787,500		1,007,600	394,000	1,299,000	—	26,498	3,514,598
President and Chief	FY09	787,500	—	697,500	1,151,000	—	—	9,626	2,645,626
Executive Officer	FY08	516,154	—	—	3,999,000	518,215	—	8,697	5,042,066
Erik Bardman	FY10	184,615	—	—	620,000	162,000	—	3,257	969,872
Sr. Vice President, Finance and Chief Financial Officer									
Guerrino De Luca	FY10	550,000	—	—	118,200	907,000	—	12,168	1,587,368
Chairman of	FY09	550,000	—	—	223,200	—	—	18,128	791,328
the Board	FY08	719,231	—	—	950,000	754,074	—	42,178	2,465,483
Tom Fergoda	FY10	224,425	10,000	14,020	109,200	148,343	—	10,328	516,316
Former Controller, Acting Principal Financial Officer									
Mark J. Hawkins	FY10	44,231	—	—	—	—	—	481	44,712
Former Sr. Vice	FY09	460,000	—	279,000	272,400	145,314	—	8,559	1,165,273
President, Finance and Information Technology, and Chief Financial Officer	FY08	430,000	150,000	—	541,800	311,552	—	8,346	1,441,698
Werner Heid.	FY10	550,000	40,467 ⁽⁴⁾	362,520	450,450	607,000	—	9,648	2,020,085
Sr. Vice President, Sales and Marketing									
David Henry	FY10	460,000	—	362,520	354,900	494,000	—	9,151	1,680,571
Sr. Vice President,	FY09	460,000	—	348,750	503,300	134,136	—	9,201	1,455,387
Customer Experience and Chief Marketing Officer	FY08	440,000	—	—	926,500	294,275	—	9,595	1,670,370
Junien Labrousse	FY10	680,000	—	545,860	491,400	680,000	—	12,271	2,409,532
Executive Vice-	FY09	680,000	—	523,125	754,950	222,333	—	10,415	2,190,823
President, Products	FY08	660,000	—	—	1,781,500	469,534	—	11,048	2,922,082

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- (1) Under SEC rules, the values reported in the “Stock Awards” and “Option Awards” columns reflected the aggregate grant date fair value of grants of stock options and stock awards to each of the listed officers in the fiscal years shown. The key assumptions and methodology of valuation of stock options and stock awards 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 2010 filed with the SEC on May 27, 2010.

For FY10: Assuming the highest level of performance is achieved under the applicable performance criteria, the maximum possible value of the performance-based restricted stock unit awards allocated to our named executive officers in FY10, using the market value of our shares on the date of grant of the PRSUs, is: (a) in the case of Mr. Quindlen; \$1,121,600; (b) in the case of Mr. Heid, \$364,520; (c) in the case of Mr. Henry, \$364,520; and (d) in the case of Mr. Labrousse, \$560,800.

For FY09: Assuming the highest level of performance is achieved under the applicable performance criteria, the maximum possible value of the performance-based restricted stock unit awards allocated to our named executive officers in FY09, using the market value of our shares on the date of grant of the PRSUs, is: (a) in the case of Mr. Quindlen; \$1,129,500; (b) in the case of Mr. Henry, \$564,750; and (c) in the case of Mr. Labrousse, \$847,125.

- (2) Reflects amounts earned under the Logitech Management Performance Bonus Plan, and a predecessor plan. In Fiscal Year 2009 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.
- (3) Details regarding the various amounts included in this column are provided in the following table entitled “All Other Compensation.”
- (4) The Compensation Committee approved the payment of this bonus to Mr. Heid to enable him to purchase a value of Logitech shares equal to what he would have purchased under the Logitech Employee Share Purchase Plan for the February 1 - July 31, 2009 offering period but for his employment start date being after the offering start date.

All Other Compensation Table

Name	Year	Car and Driver (\$) ⁽¹⁾	Tax Preparation Services (\$) ⁽²⁾	401(k) Plan (\$) ⁽³⁾	Group Term Life Insurance (\$)	Premium for Deferred Compensation Insurance (\$) ⁽⁴⁾	Total (\$)
Gerald Quindlen	FY10	—	19,563	2,726	4,209	—	26,498
	FY09	—	3,954	2,594	3,078	—	9,626
	FY08	—	—	6,929	1,768	—	8,697
Erik Bardman	FY10	—	—	2,841	415	—	3,257
Guerrino De Luca	FY10	—	—	6,750	5,418	—	12,168
	FY09	5,906	—	6,804	5,418	—	18,128
	FY08	28,348	—	6,665	7,165	—	42,178
Tom Fergoda	FY10	—	—	6,496	3,832	—	10,328
Mark J. Hawkins	FY10	—	—	250	231	—	481
	FY09	—	—	6,804	1,755	—	8,559
	FY08	—	—	6,888	1,458	—	8,346
Werner Heid	FY10	—	—	6,750	2,898	—	9,648
David Henry	FY10	—	—	6,750	2,401	—	9,151
	FY09	—	—	6,804	2,397	—	9,201
	FY08	—	—	7,304	2,291	—	9,595
Junien Labrousse	FY10	—	—	6,750	3,616	1,906	12,271
	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 \$12,925 and \$2,625 in fiscal years 2010 and 2009, respectively, related to these services, and tax gross-up payments, of \$6,638 and \$1,329, respectively, 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.
- (4) Represents imputed income to Mr. Labrousse from an insurance policy held to fund, in part, the Logitech Inc. Deferred Compensation Plan.

GRANTS OF PLAN-BASED AWARDS IN FISCAL YEAR 2010

The following table sets forth certain information regarding grants of plan-based awards to each of our named executive officers during fiscal year 2010. 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 ⁽⁴⁾ (#)	Number of Securities Underlying Options (#) ⁽⁵⁾	Exercise Price of Option Awards (\$/Share)	Grant Date Fair Value (\$) ⁽⁶⁾
				Threshold (\$)	Target (\$)	Maximum (\$)		Threshold (#)	Target (#)	Maximum (#)				
Gerald Quindlen . . .	Option	04/01/09	03/31/09	—	—	—	—	—	—	—	—	100,000	10.64	394,000
	PRSU	06/29/09	06/23/09	—	—	—	—	20,000	40,000	80,000	—	—	—	727,200
	RSU	06/29/09	06/23/09	—	—	—	—	—	—	—	20,000	—	—	280,400
	FY 10 Bonus	N/A	N/A	430,664	787,500	2,116,406	1,299,000	—	—	—	—	—	—	—
Erik Bardman	Option	10/23/09	10/22/09	—	—	—	—	—	—	—	—	100,000	18.76	620,000
	2H Bonus	N/A	N/A	73,500	120,000	285,000	162,000	—	—	—	—	—	—	—
Guerrino De Luca. . .	Option	04/01/09	03/31/09	—	—	—	—	—	—	—	—	30,000	10.64	118,200
	FY 10 Bonus	N/A	N/A	300,781	550,000	1,478,125	907,000	—	—	—	—	—	—	—
Tom Fergoda.	Option	06/29/09	06/22/09	—	—	—	—	—	—	—	—	20,000	14.02	109,200
	RSU	06/29/09	06/23/09	—	—	—	—	—	—	—	1,000	—	—	14,020
	1H Bonus	N/A	N/A	21,601	44,885	134,655	92,951	—	—	—	—	—	—	—
	2H Bonus	N/A	N/A	27,492	44,885	106,602	56,092	—	—	—	—	—	—	—
Mark J. Hawkins. . .	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Werner Heid	Option	06/29/09	06/22/09	—	—	—	—	—	—	—	—	65,000	14.02	354,900
	PRSU	06/29/09	06/22/09	—	—	—	—	6,500	13,000	26,000	—	—	—	236,340
	RSU	06/29/09	06/22/09	—	—	—	—	—	—	—	9,000	—	—	126,180
	Option	09/01/09	09/01/09	—	—	—	—	—	—	—	—	17,500	17.44	95,550
	1H Bonus	N/A	N/A	129,938	206,250	618,750	325,000	—	—	—	—	—	—	—
David Henry	Option	06/29/09	06/22/09	—	—	—	—	—	—	—	—	65,000	14.02	354,900
	PRSU	06/29/09	06/22/09	—	—	—	—	6,500	13,000	26,000	—	—	—	236,340
	RSU	06/29/09	06/22/09	—	—	—	—	—	—	—	9,000	—	—	126,180
	1H Bonus	N/A	N/A	71,947	149,500	448,500	307,000	—	—	—	—	—	—	—
	2H Bonus	N/A	N/A	91,569	149,500	355,063	187,000	—	—	—	—	—	—	—
Junien Labrousse . .	Option	06/29/09	06/22/09	—	—	—	—	—	—	—	—	90,000	14.02	491,400
	PRSU	06/29/09	06/22/09	—	—	—	—	10,000	20,000	40,000	—	—	—	363,600
	RSU	06/29/09	06/22/09	—	—	—	—	—	—	—	13,000	—	—	182,260
	1H Bonus	N/A	N/A	143,514	227,800	683,400	359,000	—	—	—	—	—	—	—
	2H Bonus	N/A	N/A	160,884	227,800	541,025	321,000	—	—	—	—	—	—	—

(1) The amounts in these columns reflect possible payouts with respect to each applicable performance period under the fiscal year 2010 bonus programs under the Bonus Plan.

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- (2) The amounts in this column reflect actual payouts with respect to each applicable performance period under the fiscal year 2010 bonus programs under the Bonus Plan. The actual payout amounts are reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table for fiscal year 2010.
- (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 June 29, 2011.
- (4) Represents time-based restricted stock units that vest at a rate of 25% per year over four years, on each yearly anniversary of the grant date.
- (5) 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.
- (6) Amounts in this column represent the grant date fair value of stock options, performance-based restricted stock units and time-based restricted stock units calculated in accordance with FASB ASC Topic 718 but does not include a reduction for forfeitures. 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. For time-based restricted stock units, that number is equal to the closing price of Logitech shares on the grant date multiplied by the 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 2010 filed with the SEC on May 27, 2010.

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

Employment Agreements and Offer Letters

We have entered into employment agreements or offer letters with each of our named executive officers other than Tom Fergoda. The employment agreements and offer letters generally provide that the compensation of the named executive officer is subject to the sole discretion of the Compensation Committee or the Board of Directors. The compensation earned by the named executive officers in fiscal year 2010 was not the result of any terms of their employment agreements or offer letters, except that Werner Heid received an additional option grant for 17,500 options for Logitech shares on September 1, 2009 as a negotiated term of his offer letter when he joined Logitech.

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 the performance measures applicable to the Bonus Plan during fiscal year 2010. 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 2010.

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, 2010. 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 on the trading day immediately preceding the grant date. The U.S. Dollar exercise price for such options as of March 31, 2010, the last day of Logitech's fiscal year 2010, are presented in the footnotes to the table based on a Swiss Franc to U.S. Dollar exchange rate on March 31, 2010 of 1.0642 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 (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽²⁾
Gerald Quindlen	11/02/05	200,000	—	20.25	10/17/15	—	—
	10/02/06	45,000	15,000	21.61	10/02/16	—	—
	10/02/07	50,000	50,000	30.09	10/02/17	—	—
	10/19/07	150,000	150,000	34.39	10/19/17	—	—
	04/01/08	25,000	75,000	26.67	04/01/18	—	—
	10/01/08	—	—	—	—	25,000 ⁽³⁾	408,500
	12/12/08	25,000	75,000	13.48	12/12/18	—	—
	04/01/09	—	100,000	10.64	04/01/19	—	—
	06/29/09	—	—	—	—	20,000 ⁽⁴⁾	326,800
	06/29/09	—	—	—	—	40,000 ⁽⁵⁾	653,600
Total		495,000	465,000			85,000	1,388,900
Erik Bardman	10/23/09	—	100,000	18.76	10/23/19	—	—
	Total	—	100,000				
Guerrino De Luca	10/18/00	133,524	—	5.94 ⁽⁶⁾	10/18/10	—	—
	09/24/01	70,538	—	5.11 ⁽⁷⁾	04/01/12	—	—
	10/16/02	400,000	—	6.84 ⁽⁸⁾	04/16/13	—	—
	04/08/04	200,000	—	11.91 ⁽⁹⁾	04/08/14	—	—
	04/01/05	200,000	—	15.51 ⁽¹⁰⁾	04/01/15	—	—
	04/01/06	75,000	25,000	20.05	04/01/16	—	—
	04/02/07	25,000	25,000	27.95	04/02/17	—	—
	04/01/08	3,750	11,250	26.67	04/01/18	—	—
	04/01/09	—	15,000	10.64	04/01/19	—	—
	Total		1,107,812	76,250			
Tom Fergoda	06/15/06	22,500	7,500	19.30	06/15/16	—	—
	10/02/07	7,500	7,500	30.09	10/02/17	—	—
	10/01/08	5,000	15,000	22.59	10/01/18	—	—
	06/29/09	—	20,000	14.02	06/29/19	—	—
	06/29/09	—	—	—	—	1,000 ⁽⁴⁾	16,340
	Total		35,000	50,000			1,000
Mark Hawkins	—	—	—	—	—	—	—
Werner Heid	03/06/09	37,500	112,500	8.01	03/06/19	—	—
	06/29/09	—	65,000	14.02	06/29/19	—	—
	06/29/09	—	—	—	—	9,000 ⁽⁴⁾	147,060
	06/29/09	—	—	—	—	13,000 ⁽⁵⁾	212,420
	09/01/09	—	17,500	17.44	09/01/19	—	—
	Total		37,500	195,000			22,000

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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 (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽²⁾
David Henry	09/12/03	85,000	—	7.76	04/01/14	—	—
	07/12/04	160,000	—	11.44	07/12/14	—	—
	09/26/05	100,000	—	20.25	09/26/15	—	—
	10/02/06	37,500	12,500	21.61	10/02/16	—	—
	04/02/07	25,000	25,000	27.95	04/02/17	—	—
	10/02/07	25,000	25,000	30.09	10/02/17	—	—
	10/01/08	12,500	37,500	22.59	10/01/18	—	—
	10/01/08	—	—	—	—	12,500 ⁽³⁾	204,250
	12/12/08	10,000	30,000	13.48	12/12/18	—	—
	06/29/09	—	65,000	14.02	06/29/19	—	—
	06/29/09	—	—	—	—	9,000 ⁽⁴⁾	147,060
	06/29/09	—	—	—	—	13,000 ⁽⁵⁾	212,420
	Total		455,000	195,000			34,500
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	100,000	—	20.25	09/26/15	—	—
	10/02/06	37,500	12,500	21.61	10/02/16	—	—
	04/02/07	70,000	70,000	27.95	04/02/17	—	—
	10/02/07	25,000	25,000	30.09	10/02/17	—	—
	10/01/08	18,750	56,250	22.59	10/01/18	—	—
	10/01/08	—	—	—	—	18,750 ⁽³⁾	306,375
	12/12/08	15,000	45,000	13.48	12/12/18	—	—
	06/29/09	—	90,000	14.02	06/29/19	—	—
	06/29/09	—	—	—	—	13,000 ⁽⁴⁾	212,420
	06/29/09	—	—	—	—	20,000 ⁽⁵⁾	326,800
	Total		526,250	298,750			51,750

- (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) The market value of unvested RSUs and PRSUs is calculated by multiplying the number of unvested RSUs and PRSUs held by the applicable named executive officer by the closing price of our shares on March 31, 2010, which was \$16.34. PRSUs are shown at their target amount. The actual conversion of PRSUs into Logitech shares following the conclusion of the performance period (24 months following the grant date) will range between 50% and 200% of that target amount, depending upon Logitech's TSR performance versus the TSR benchmark over the applicable two-year performance period.
- (3) 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.
- (4) These are time-based restricted stock units. The remaining shares subject to these RSU vest at a rate of 25% per year over four years from the grant date, on each yearly anniversary of the grant date.

- (5) 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 June 29, 2011. Amounts in the table assume the shares will vest at 100% of the target.
- (6) 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, 2010 is \$9.87 per share.
- (7) 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, 2010 is \$7.66 per share.
- (8) 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, 2010 is \$9.63 per share.
- (9) 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, 2010 is \$14.29 per share.
- (10) 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, 2010 is \$17.43 per share.

OPTION EXERCISES AND STOCK VESTED FOR FISCAL YEAR 2010

The following table sets forth the number of shares acquired and the value realized upon exercise of stock options during fiscal year 2010 by each of our named executive officers. No performance-based or time-based restricted stock units vested during fiscal year 2010.

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 (\$)
Gerald Quindlen	—	—	—	—
Erik Bardman	—	—	—	—
Guerrino De Luca	250,000	1,711,453	—	—
Tom Fergoda	—	—	—	—
Mark J. Hawkins	—	—	—	—
Werner Heid	—	—	—	—
David Henry	104,548	931,440	—	—
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 2010

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 2010

The following table sets forth information regarding the participation by our named executive officers in the Logitech Inc. Deferred Compensation Plan during fiscal year 2010 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 (\$)
Gerald Quindlen	—	—	—	—	—
Erik Bardman	—	—	—	—	—
Guerrino De Luca	—	—	—	—	—
Tom Fergoda	—	—	—	—	—
Mark J. Hawkins	—	—	21,431	79,371	—
David Henry	—	—	—	—	—
Junien Labrousse	439,250	—	488,820	—	1,787,840

(1) Amounts included in the Summary Compensation table in the “Salary” and “Non-Equity Incentive Plan Compensation” columns. All contributions were made under the Logitech Inc. Deferred Compensation Plan.

(2) These amounts are not included in the Summary Compensation Table because plan earnings were not preferential or above market.

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 periodically 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.

PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

We have entered into agreements that provide for payments under certain circumstances in the event of termination of employment of our executive officers. These agreements include:

- Change of control severance agreements, under which the executive officers may receive certain benefits if they are 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.
- PRSU and RSU award agreements, that provide for the accelerated vesting of the shares subject to the award agreements under the same circumstances as under the change of control agreements.

- An employment agreement with Gerald Quindlen and an offer letter with Werner Heid, under which each is entitled to severance benefits if we terminate his employment without cause.
- A resignation and severance agreement with David Henry and a severance agreement with Tom Fergoda.

These agreements are described in more detail below.

Other than the agreements above, there are no agreements or arrangements for the payment of severance to a named executive officer in the event of his involuntary termination with or without cause.

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.

Change of Control Severance Agreements

Each of our named executive officers has executed a change of control severance agreement with Logitech, with the exception of Tom Fergoda. The change of control agreements with each of Mr. Quindlen and Mr. De Luca are slightly different than those of the other executive officers. 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 of 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.

The change of control agreement with Mr. Quindlen is the same as for the other executive officers, except that Mr. Quindlen’s agreement provides for 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.

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.

PRSU and RSU Award Agreements

The PRSU and RSU award agreements for named executive officers other than Tom Fergoda provide for the acceleration of vesting of the RSUs and PRSUs subject to the award agreements 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:

- All shares subject to the RSUs will vest.
- 100% of the shares subject to the PRSUs will vest if the change of control occurs within one year after the grant date of the PRSUs. If the change of control occurs more than one 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.

Gerald Quindlen Employment Agreement

Mr. Quindlen is subject to an employment agreement effective December 3, 2008. Under his 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.

Werner Heid Offer Letter

We entered into an offer letter with Werner Heid dated December 24, 2008. Under his offer letter, in the event he is terminated without “cause” other than after a change of control he is entitled to:

- an amount equal to 75% of his current annual base salary; plus
- an amount equal to 75% of his current annual targeted bonus amount.

“Cause” in Mr. Heid’s offer letter is defined substantially the same as in Mr. Quindlen’s employment agreement, described above. If any amounts become payable to Mr. Heid under his change of control agreement, or any successor agreement, the aggregate amount of any amounts payable to Mr. Heid under his offer letter will be reduced to the extent necessary so as to prevent the duplication of severance payments to him.

Other Severance Arrangements

Please refer to “Compensation Disclosure and Analysis—Other Compensation Elements / Severance and related benefits” for a discussion of the severance agreement with Tom Fergoda and the resignation and severance agreement with David Henry, both of which were entered into after the end of fiscal year 2010.

Tables of Potential Payments Upon Termination or Change in Control

The table below estimates the amount of compensation that would be paid in the event of an involuntary termination of a listed named executive officer without cause after a change in control, assuming that each of the terminations was effective as of March 31, 2010, subject to the terms of the change of control agreement and the terms of the PRSU and RSU award agreements with each of the listed named executive officers.

For Mr. Quindlen and Mr. Heid, the additional table below estimates the amount of compensation that would be paid in the event of an involuntary termination without cause, assuming that each of the terminations was effective as of March 31, 2010, subject to the terms of the agreements with them. As of March 31, 2010, no compensation amounts were payable to any named executive officer in the event of a mutual agreement to terminate employment, whether upon retirement or otherwise.

The amounts payable to Mr. Henry under his resignation and severance agreement are described above under the heading “Compensation Disclosure and Analysis—Other Compensation Elements / Severance and related benefits.” Because the agreement was entered into after March 31, 2010, the amounts are not reflected in the tables below.

Mr. Fergoda is not included in the tables because as of March 31, 2010 he was not entitled to severance or other benefits in the event of his termination of employment. Mr. Hawkins is not included in the tables because he was not serving as a named executive officer at the end of fiscal year 2010.

The price used for determining the value of accelerated equity in the tables below was the closing price of Logitech’s shares on Nasdaq on March 31, 2010, the last business day of the fiscal year, of \$16.34. 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, 2010 were calculated based on a Swiss Franc to U.S. Dollar exchange rate on March 31, 2010 of 1.0642 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
Gerald Quindlen	\$ 787,500	\$ 1,299,000	\$ 56,195	\$ 1,764,900	\$ 1,273,711	\$5,181,306
Erik Bardman	400,000	162,000	24,542	—	—	586,542
Guerrino De Luca	550,000	907,000	33,629	85,500	—	1,576,129
Werner Heid	550,000	607,000	59,079	1,447,405	—	2,663,484
David Henry	460,000	494,000	54,387	596,080	—	1,604,467
Junien Labrousse	680,000	680,000	55,602	876,720	—	2,292,322

(1) Represents fiscal year 2010 annual base salary in effect March 31, 2010.

- (2) Represents aggregate actual bonus earned or paid in fiscal year 2010.
- (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, as of March 31, 2010, the aggregate intrinsic value (market value less exercise price) of unvested options, the aggregate market value of shares underlying all unvested RSUs, and 100% of the shares subject to PRSUs granted June 29, 2009, in each case held by the named executive officer as of March 31, 2010. The minimum performance condition under the terms of the PRSUs granted October 1, 2008 was not met as of March 31, 2010, and so no value is attributed to the shares subject to such PRSUs.
- (5) Under the Change of Control agreements for all 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. The 280G cut-back in the Change of Control agreements for named executive officers other than Mr. Quindlen is not applicable based on the assumptions in the table. 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. The amount disclosed for Mr. Quindlen reflects the cost to Logitech of this tax gross-up, based on the assumptions in the table.

Involuntary Termination

Name	Base Salary ⁽¹⁾	Bonus ⁽²⁾	Other Benefits ⁽³⁾	Total
Gerald Quindlen	\$ 787,500	\$ 787,500	\$46,986	\$1,621,986
Werner Heid	412,500	309,375	—	721,875

- (1) For Mr. Quindlen, represents 100% and, for Mr. Heid, 75%, of his fiscal year 2010 annual base salary in effect March 31, 2010.
- (2) For Mr. Quindlen, represents 100% and, for Mr. Heid, 75%, of his fiscal year 2010 target bonus in effect March 31, 2010.
- (3) 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.

Directors who are Logitech employees do not receive any compensation for their service on the Board of Directors. Non-executive director compensation consists of the following elements:

- An annual retainer of CHF 40,000.
- A meeting attendance fee of CHF 2,500 for each Board and Board committee meeting attended.
- Compensation for the number of travel days, or part of a travel day, spent traveling to attend Board and committee meetings, at the rate of CHF 2,500 per day or part of a day of travel.
- An additional annual retainer of CHF 15,000 for the chair of the audit committee.
- An additional annual retainer of CHF 15,000 for the lead independent director.
- An additional annual retainer of CHF 10,000 for the chair of the compensation committee.
- A grant of 6,000 RSUs, vesting in one increment on the one-year anniversary of the date of grant.
- Reimbursement of reasonable expenses for non-local travel (business class).
- Non-executive Board members may elect to receive their Board fees in shares, net of withholdings. Any such shares are to be issued under the 2006 Stock Incentive Plan.

Annual service is measured between the dates of the Company's Annual General Meetings.

The following table summarizes the total compensation earned or paid by Logitech during fiscal year 2010 to continuing members of the Board of Directors who were not executive officers as of March 31, 2010. 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, 2010, is presented in the Summary Compensation Table.

Non-Executive Director Summary Compensation for Fiscal Year 2010

Name	Fees Earned In	Stock Awards	Total (\$)
	Cash (\$)	(\$) ⁽¹⁾	
Daniel Borel	72,974	110,580	183,554
Matthew Bousquette	124,762	109,680	234,442
Erh-Hsun Chang	87,098	127,960	215,058
Kee-Lock Chua	108,284	127,960	236,244
Sally Davis	101,222	110,580	211,802
Richard Laube	87,098	110,580	197,678
Robert Malcolm	87,098	109,680	196,778
Monika Ribar	110,638	110,580	221,218

- (1) Under SEC rules, the values reported reflect the grant date fair value of 7,000 RSUs granted to each of Mr. Chang and Mr. Chua, and 6,000 RSUs granted to each other non-executive director, on August 31, 2009. The slight differences in values reported for those directors granted 6,000 RSUs reflect differences in the closing price of Logitech shares between the SIX Swiss Exchange and Nasdaq on the grant date, as stock awards are granted and valued using either price depending on the principal residence of the director. The methodology of the valuation of RSUs is 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 2010 filed with the SEC on May 27, 2010.

The following table presents additional information with respect to the option and stock awards held as of March 31, 2010 by members of the Board of Directors who were not executive officers as of fiscal year-end.

In 2010, Logitech began granting RSUs instead of stock options to continuing non-employee directors. The RSUs granted in fiscal year 2010 vest in one equal increment on the one-year grant date anniversary.

Information regarding the option and stock awards held as of March 31, 2010 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 in the table below for such options are based on the Swiss Franc to U.S. Dollar exchange rate on the trading day immediately preceding the grant date. The U.S. Dollar exercise price as of March 31, 2010, the last day of Logitech's fiscal year 2010, for such options are presented in the footnotes to the table based on a Swiss Franc to U.S. Dollar exchange rate on March 31, 2010 of 1.0642 to 1.

Outstanding Equity Awards for Non-Executive Directors at Fiscal 2010 Year-End

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 (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽²⁾
Daniel Borel	08/31/09	—	—	—	—	6,000	98,040
	Total	—	—			6,000	98,040
Matthew Bousquette. . .	06/16/05	60,000	—	15.41	06/16/15	—	—
	09/10/08	5,000	10,000	23.29	09/10/18	—	—
	08/31/09	—	—	—	—	6,000	98,040
	Total	65,000	10,000			6,000	98,040
Erh-Hsun Chang ⁽³⁾	09/12/03	120,000	—	7.76	09/12/13	—	—
	07/12/04	120,000	—	11.44	07/12/14	—	—
	09/26/05	60,000	—	20.25	09/26/15	—	—
	06/16/06	30,000	—	19.43	06/16/16	—	—
	08/31/09	—	—	—	—	7,000	114,380
	Total	330,000	—			7,000	114,380
Kee-Lock Chua.	06/29/00	40,000	—	7.92 ⁽⁴⁾	06/29/10	—	—
	06/26/03	40,000	—	10.78 ⁽⁵⁾	06/26/13	—	—
	06/16/06	15,000	—	19.43	06/16/16	—	—
	08/31/09	—	—	—	—	7,000	114,380
	Total	95,000	—			7,000	114,380
Sally Davis	06/20/07	20,000	10,000	27.76 ⁽⁶⁾	06/20/17	—	—
	08/31/09	—	—	—	—	6,000	98,040
	Total	20,000	10,000			6,000	98,040
Richard Laube.	09/10/08	10,000	20,000	23.27 ⁽⁷⁾	09/10/18	—	—
	08/31/09	—	—	—	—	6,000	98,040
	Total	10,000	20,000			6,000	98,040
Robert Malcolm	06/20/07	20,000	10,000	27.35	06/20/17	—	—
	08/31/09	—	—	—	—	6,000	98,040
	Total	20,000	10,000			6,000	98,040
Monika Ribar	06/24/04	80,000	—	11.71 ⁽⁸⁾	06/24/14	—	—
	06/20/07	10,000	5,000	27.76 ⁽⁹⁾	06/20/17	—	—
	08/31/09	—	—	—	—	6,000	98,040
	Total	90,000	5,000			6,000	98,040

- (1) Unless otherwise indicated, the shares subject to these options vest and become exercisable at a rate of 33% per year over three years from the grant date, on each yearly anniversary of the grant date.
- (2) The market value of unvested RSUs is calculated by multiplying the number of unvested RSUs held by the applicable director by the closing price of our shares on March 31, 2010, which was \$16.34.
- (3) Options granted to Mr. Chang before 2006 were in respect of his role as a Logitech executive officer at such time. Mr. Chang served as a Logitech executive officer until April 2006.
- (4) The exercise price of the option as granted (as split-adjusted) is 13.00 Swiss Francs per share. The U.S. Dollar exercise price as of March 31, 2010 is \$12.22 per share.
- (5) The exercise price of the option as granted (as split-adjusted) is 14.29 Swiss Francs per share. The U.S. Dollar exercise price as of March 31, 2010 is \$13.43 per share.
- (6) The exercise price of the option as granted is 34.45 Swiss Francs per share. The U.S. Dollar exercise price as of March 31, 2010 is \$32.37 per share.
- (7) The exercise price of the option as granted is 26.18 Swiss Francs per share. The U.S. Dollar exercise price as of March 31, 2010 is \$24.60 per share.
- (8) The exercise price of the option as granted (as split-adjusted) is 14.68 Swiss Francs per share. The U.S. Dollar exercise price as of March 31, 2010 is \$13.79 per share.
- (9) The exercise price of the option as granted is 34.45 Swiss Francs per share. The U.S. Dollar exercise price as of March 31, 2010 is \$32.37 per share.

EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes the shares that may be issued upon the exercise of options, RSUs, PRSUs and other rights under our employee equity compensation plans as of March 31, 2010. Information is included for equity compensation plans approved by our shareholders and equity compensation plans not approved by our shareholders. We will not grant equity awards in the future under the equity compensation plans not approved by our shareholders included in the table below.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of 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 . . .	19,540,021 ⁽²⁾	\$ 17	8,436,680
Equity Compensation Plans Not			
Approved by Security Holders . . .	<u>1,010,627⁽³⁾</u>	<u>5</u>	<u>—</u>
Total	<u>20,550,648</u>	<u>\$ 17</u>	<u>8,436,680</u>

- (1) The weighted average exercise price is calculated based solely on outstanding options.
- (2) Includes options and rights to acquire shares outstanding under our 1996 Employee Share Purchase Plan (U.S.), 2006 Employee Share Purchase Plan (Non-U.S.), 2006 Stock Incentive Plan, and 1996 Stock Plan (which plan terminated in 2006).
- (3) Includes options and restricted stock outstanding under the LifeSize Communications, Inc. 2003 Stock Option Plan, which we assumed in fiscal year 2010 as a result of our acquisition of LifeSize in December 2009.

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, 2010, Logitech has granted stock options, RSUs and PRSUs 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 17,500,000 shares is reserved for issuance under the 2006 Plan. As of March 31, 2010, a total of 5,664,605 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, 2010, a total of 2,772,075 shares were available for issuance under these plans.

**MANAGEMENT DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS
OF OPERATIONS**

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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 above in Item 1A "Risk Factors," and below in Item 7A "Quantitative and Qualitative Disclosures about Market Risk."

Overview of Our Company

Logitech is a world leader in personal peripherals for computers and other digital platforms. We develop and market innovative products in PC navigation, Internet communications, digital music, home-entertainment control, gaming and wireless devices. With our acquisition of LifeSize Communications, Inc. in December 2009, we entered the market for enterprise video conferencing products and services. Our products combine essential core technologies, continuing innovation, and award-winning industrial design.

Logitech operates in two industry segments, personal peripherals and video conferencing.

Our personal peripherals segment encompasses 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 (original equipment manufacturer) sales and marketing groups. Our retail sales and marketing activities are organized into three geographic regions: Americas (including North and South America), Europe-Middle East-Africa ("EMEA"), and Asia Pacific. Our OEM sales team is a worldwide organization with representatives in each of our three regions. Our OEM customers include the majority of the world's largest PC manufacturers.

Our video conferencing segment encompasses the design, manufacturing and marketing of LifeSize video conferencing products and services for the enterprise and small-to-medium business markets. The LifeSize segment maintains a separate marketing and sales organizations. The LifeSize product development and product management organizations are separate, but coordinated with our personal peripherals business, particularly our webcam and video communications groups. Based on the financial measurements for the fiscal year ended March 31, 2010 as evaluated by Logitech's Chief Executive Officer, the LifeSize operating segment does not meet the quantitative threshold for separate disclosure of financial information required by generally accepted accounting principles in the United States.

For the PC, our products include mice, trackballs, keyboards, interactive gaming controllers, multimedia speakers, headsets, webcams, 3D control devices and lapdesks. Our Internet communications products include webcams, headsets, video communications services, and digital video security systems for a home or small business. Our LifeSize division offers scalable high-definition ("HD") video communication products, support and services. Our digital music products include speakers, earphones, and custom in-ear monitors. For home entertainment systems, we offer the Harmony line of advanced remote controls and the Squeezebox and Transporter wireless music solutions for the home. For gaming consoles, we offer a range of gaming controllers, including racing wheels, wireless guitar and drum controllers, and microphones, as well as other accessories.

We sell our peripheral products to a network of retail distributors and resellers and to OEMs. Our worldwide retail network for our peripherals 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 for our peripherals were 89% and 85% of our net sales for the fiscal years ended March 31, 2010 and 2009. The large majority of our revenues have historically been derived from sales of our personal peripheral products for use by consumers.

We sell our LifeSize products and services to distributors, value-added resellers, OEMs and direct enterprise customers. The large majority of LifeSize revenues have historically been derived from sales to large enterprises, small-to-medium businesses, and public healthcare, education and government organizations.

Our markets are extremely competitive. The personal peripherals market is 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 global economic downturn has further increased competition in our markets, as competitors with larger financial resources, such as Microsoft Corporation, Sony Corporation and others, 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.

The video conferencing market is characterized by continual performance enhancements and increasing consolidation. There is heightened interest in the video conferencing market by large, well-financed competitors, such as Cisco Systems, Inc. and Hewlett-Packard Company, and as a result, we expect competition in the market to further intensify.

We believe continued investment in product research and development is critical to creating the innovation required to strengthen our competitive advantage and to drive future sales growth. 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.

The broadening of our product lines has been primarily organic. However we also seek to acquire, when appropriate, companies that have products, personnel, and technologies that complement our strategic direction. As access to digital information expands beyond the PC platform, we are also extending our vision to other platforms, such as the living room, meeting room and other platforms as access points to the Internet and the digital world. For example, with our acquisition of LifeSize in December 2009, we entered the video conferencing market. Together, Logitech and LifeSize plan to pursue existing and new relationships with unified communications, collaboration and voice-over Internet protocol (“VoIP”) industry partners and competitors to drive the development of an open eco-system for interoperable video communications. In addition, as part of our corporate strategy, we plan to increase investments in and realign resources to focus on certain market adjacencies, geographic markets or new categories, including video communications and the China market. We also plan to increase our investment in applications and peripherals for open platforms, which do not require direct collaboration and agreement with the platform owner.

We continually evaluate our product offerings and our strategic direction in light of current global economic conditions, changing consumer trends, and the evolving nature of the interface between the consumer and the digital world.

Summary of Financial Results

Our total net sales for the fiscal year ended March 31, 2010 decreased 11% compared with the fiscal year ended March 31, 2009. Net sales in the second half of fiscal year 2010 increased 10% over the same period in 2009, after decreasing 30% in the first six months of the year. While not yet resuming the sales levels in fiscal year 2008, the improvement in net sales in the last six months of fiscal year 2010 reflects more stable global economic conditions.

Retail sales in fiscal year 2010 decreased 8% compared with 2009. Retail unit sales decreased 2%, less than the decrease in sales dollars, reflecting the shift by consumers towards value-priced products as a result of the economic downturn.

Retail sales in our Asia Pacific and EMEA regions decreased 16% and 11% in fiscal year 2010 compared with fiscal year 2009. Retail sales in our Americas region increased 1% in the same period. Retail sales in the last six months of fiscal year 2010 increased in the EMEA and Americas region, and decreased slightly in the Asia Pacific region, indicating an improvement in the sales trend.

OEM sales decreased 38% in fiscal year 2010 compared with fiscal year 2009. OEM units sold decreased 25% in the same period. The substantial decline in OEM sales was related to console microphones, which sold well in the prior fiscal year, but have reached the latter stages of the typical gaming sales cycle in fiscal year 2010.

The sales of LifeSize Communications, Inc., which we acquired on December 11, 2009, are included in our financial results from the date of acquisition to the end of the fiscal year.

Our gross margin for fiscal year 2010 was 31.9% compared with 31.3% in the prior fiscal year, primarily due to the impact of operational efficiencies across our supply chain and a favorable shift in product mix towards products with higher margins.

Net income for the year ended March 31, 2010 was \$65.0 million, compared with net income of \$107.0 million in fiscal year 2009. The decline in net income in 2010 resulted primarily from the decline in net sales. Net income also included the negative impact of \$1.8 million in fiscal year 2010 and \$20.5 million in fiscal year 2009 of costs related to the restructuring plan initiated in January 2009 in response to deteriorating global economic conditions.

Trends in Our Business

We have a large and varied portfolio of product lines for personal peripherals, grouped in several product families. In addition to changes resulting from general economic trends, we believe that normal increases or decreases in the retail sales level of a product family reflect 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, competitive activity in the product family, and the prices at which products are available. Historically, sales of individual product lines rise and fall over time, causing our overall product mix to shift both between and within product lines, 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, smartphones, tablets 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. The increasing popularity of notebook PCs and mobile devices may result in decreased demand by consumers for personal peripherals, which could negatively affect our business. The increasing popularity of mobile devices has coincided with a steadily decreasing average sales price for computing devices, including for desktop and notebook PCs. As a result, there is a risk that the demand for those of our products that have a relatively high average sales price in relation to the price of a desktop or notebook PC will decline. We believe our future sales growth will be significantly affected by our ability to develop sales and innovations in our current products for notebook PCs and other mobile devices, as well as for emerging product categories which are not PC-dependent.

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. Our OEM sales accounted for 10% and 15% of total revenues during fiscal years 2010 and 2009. We expect the trend of slowing OEM mice sales to continue.

Most of our revenue comes from sales to our retail channels, which resell to consumers and other retailers. As a result, our customers' demand for our products depends in substantial part on trends in consumer confidence and consumer spending, as well as the levels of inventory which our customers choose to maintain. We use sell-through data, which represents sales of our products by our retailer customers to consumers and by our distributor customers to retailers, along with other metrics to indicate consumer demand for our products. Sell-through data is subject to limitations due to collection methods and the third-party nature of the data and thus may not be an entirely accurate indicator of actual consumer demand for our products. In addition, the customers supplying sell-through data vary by geographic region and from period to period, but typically represent a majority of our retail sales.

The acquisition of LifeSize in December 2009 expands our video communication product portfolio beyond webcams and video calling into the enterprise meeting room. We believe our video conferencing segment offers significant growth opportunities for our business. However, the segment currently represents a small part of our net sales and will require continuing investments in product development and sales and marketing.

We will continue to evaluate potential acquisitions to enhance the breadth and depth of our expertise in engineering and other functional areas, our technologies and our product offerings. We also intend to continue to invest in video communications, in products for the digital home, and in growing our sales in China by increasing hiring in related engineering and sales and marketing functions.

Although our financial results are reported in U.S. dollars, approximately half of our sales are made in currencies other than the U.S. dollar, such as the euro, British pound, Japanese yen, Chinese renminbi and Canadian dollar. Our product costs are primarily in U.S. dollars and Chinese renminbi. Our operating expenses are incurred in U.S. dollars, euros, Chinese renminbi, Swiss francs, Taiwanese dollars, and, to a lesser extent, 25 other currencies. To the extent that the U.S. dollar significantly increases or decreases in value relative to the currencies in which our sales and operating expenses are denominated, the reported dollar amounts of our sales and expenses may decrease or increase. In fiscal year 2010 the impact of foreign currency exchange rates on our operating income was not material.

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 for the fiscal year ended March 31, 2010 were 31.9%, compared with 31.3% in fiscal year 2009, primarily due to the impact of operational efficiencies across our supply chain and a favorable shift in product mix towards products with higher margins. We currently anticipate our gross margins to be higher in fiscal year 2011 compared with 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 income tax rate depends on the amount of profits generated in each of the various tax jurisdictions in which we operate. For fiscal years 2010 and 2009, the income tax provision was \$18.7 million and \$19.8 million based on effective income tax rates of 22.3% and 15.6%. The change in effective income tax rate between fiscal years 2010 and 2009 is primarily due to the mix of income and losses in the various tax jurisdictions in which the Company operates. We expect future effective income tax rates to fluctuate for similar reasons.

In the fiscal quarter ended March 31, 2009, we implemented a restructuring plan which included a reduction in Logitech's salaried workforce and other actions aimed at reducing operating expenses. We incurred \$20.5 million in pre-tax restructuring charges in the fourth quarter of fiscal year 2009 and \$1.8 million in the twelve months ended March 31, 2010 related to employee termination costs, contract termination costs and other associated costs. The restructuring plan was 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 cost savings realized from the restructuring are partially offset in the operating results of fiscal year 2010 by the addition of LifeSize's operating expenses and by increased spending to support the return to revenue growth.

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 pricing programs. 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 pricing programs. 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.

Investment Securities

Our investment securities portfolio as of March 31, 2010 and 2009 consisted of auction rate securities collateralized by residential and commercial mortgages. The estimated fair value of our investment securities was \$1.0 million and \$1.6 million at March 31, 2010 and 2009. Estimated fair value was determined by estimating values of the underlying collateral using analogous published indices or by estimating future cash flows, either through discounted cash flow or option pricing methods, incorporating assumptions of default and other future conditions. The investments are classified as available-for-sale, and were reclassified from current to non-current assets as of April 1, 2009, as sale or realization of proceeds from sale is not expected within our normal operating cycle of one year.

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, 2010, one customer represented 14% of total accounts receivable. The customers comprising the ten highest outstanding trade receivable balances accounted for approximately 58% of total accounts receivable as of March 31, 2010. 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. The grant date fair value for stock options and stock purchase rights is estimated using the Black-Scholes-Merton option-pricing valuation model. The grant date fair value of restricted stock units ("RSUs") which vest upon meeting certain market conditions is estimated using the Monte-Carlo simulation method. The grant date fair value of time-based RSUs is calculated based on the share market price on the date of grant. For stock options and restricted stock assumed by Logitech when LifeSize was acquired, the grant date used to estimate fair value is deemed to be December 11, 2009, the date of acquisition. Compensation expense for awards granted or assumed after April 1, 2006 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 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 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 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 income 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 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 make certain estimates and judgments about the application of tax law, the expected resolution of uncertain tax positions and other matters surrounding the recognition and measurement of uncertain tax benefits. 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.

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. We continue to maintain discrete financial information for 3Dconnexion and LifeSize, and accordingly determine impairment for the goodwill acquired with these acquisitions 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 October 2009, the Financial Accounting Standards Board ("FASB") published Accounting Standards Update ("ASU") 2009-13, *Multiple Deliverable Revenue Arrangements*, which addresses the accounting for multiple-deliverable arrangements to enable vendors to account for products or services separately rather than as a combined unit. This guidance amends the criteria in ASC Subtopic 605-25, *Revenue Recognition—Multiple-Element Arrangements*, to establish a selling price hierarchy for determining the selling price of a deliverable, based on vendor specific objective evidence, acceptable third party evidence, or estimates. This guidance also eliminates the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. In addition, the disclosures required for multiple-deliverable revenue arrangements are expanded. ASU 2009-13 is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. We are currently evaluating the appropriate timing for the adoption of ASU 2009-13 and its potential impact on the Company's consolidated financial statements and disclosures.

In October 2009, the FASB published ASU 2009-14, *Certain Revenue Arrangements That Include Software Elements*, to provide guidance for revenue arrangements that include both tangible products and software elements. Under this guidance, tangible products containing software components and non-software components that function together to deliver the product's essential functionality are excluded from the software revenue guidance in Accounting Standards Codification ("ASC") Subtopic 985-605, *Software-Revenue Recognition*. In addition, hardware components of a tangible product containing software components are always excluded from the software revenue guidance. ASU 2009-14 is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. We are currently evaluating the appropriate timing for the adoption of ASU 2009-14 and its potential impact on the Company's consolidated financial statements and disclosures.

In January 2010, the FASB published ASU 2010-06, *Improving Disclosures about Fair Value Measurement*, which requires additional disclosures regarding the activity in fair value measurements classified as Level 3 in the fair value hierarchy. Disclosure of activity in Level 3 fair value measurements is required for fiscal years beginning after December 15, 2010. Early adoption is permitted. We will provide these disclosures beginning in the first quarter of fiscal year 2011, when such activity occurs.

In April 2010, the FASB published ASU 2010-13, *Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades*. The ASU provides that a share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity shares trades should not be considered to contain a condition that is not a

market, performance, or service condition. Therefore, an entity would not classify such an award as a liability if it otherwise qualifies as equity. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. Earlier adoption is permitted. Our adoption of ASU 2010-13 in the first quarter of fiscal year 2011 will not impact the Company's consolidated financial statements.

Results of Operations

Net Sales

Net sales by channel for fiscal years 2010, 2009 and 2008 were as follows (in thousands):

	Year Ended March 31,			Change %	
	2010	2009	2008	2010 vs 2009	2009 vs 2008
	Net sales by channel:				
Retail	\$ 1,745,152	\$ 1,887,343	\$ 2,067,288	(8)%	(9)%
OEM	198,364	321,489	303,208	(38)%	6%
LifeSize	23,232	—	—	0%	0%
Total net sales	<u>\$ 1,966,748</u>	<u>\$ 2,208,832</u>	<u>\$ 2,370,496</u>	(11)%	(7)%

The decreases in retail sales in fiscal years 2009 and 2010 reflected the global economic downturn. The impact began in the third quarter of fiscal year 2009 and continued through the second quarter of fiscal year 2010. During this period, our retail sales were affected by consumers' reluctance to spend, their buying preference for lower-price products and their strong response to promotions, as well as our customers' alignment of inventory levels with the declining consumer demand. Sales of products priced below \$40 represented 57% of retail sales in fiscal year 2010, compared with 50% in fiscal year 2009 and 49% in fiscal year 2008. Retail units decreased 2% in fiscal year 2010, compared with a 5% decrease in 2009, indicating the beginnings of economic stabilization. Foreign currency exchange rates did not affect the retail sales decline.

The significant decline in OEM sales for fiscal year 2010 compared with 2009 was attributable to the popularity of our console microphones in fiscal year 2008 and the first three quarters of fiscal year 2009. These products reached the latter stages of the typical gaming sales cycle in the fourth quarter of fiscal year 2009. OEM units sold decreased 25% during fiscal year 2010 and increased 2% in fiscal year 2009, compared with the prior fiscal years. Foreign currency exchange rates did not significantly affect the OEM sales decline.

LifeSize net sales represent sales of video conferencing units and related software and services for the period from December 11, 2009, the date of acquisition, to the end of the fiscal year. Although we consider LifeSize a separate operating segment, based on financial measurements for the fiscal year ended March 31, 2010 and our near-term expectations, the LifeSize segment does not meet the quantitative threshold for separate disclosure of financial information required by generally accepted accounting principles in the United States.

Approximately 51%, 46% and 45% of the Company's total net sales were denominated in currencies other than the U.S. dollar in fiscal years 2010, 2009 and 2008. If foreign currency exchange rates had been the same in fiscal years 2010 and 2009, our constant dollar sales decline would have been 12%. If foreign currency exchange rates had been the same in fiscal years 2009 and 2008, our constant dollar sales decrease would have been 6%.

We refer to our net sales excluding the impact of foreign currency exchange rates as constant dollar sales. Constant dollar sales are a non-GAAP financial measure, which is information derived from consolidated financial information but not presented in our financial statements prepared in accordance with U.S. GAAP. Our management uses these non-GAAP measures in its financial and operational decision-making, and believes these non-GAAP measures, when considered in conjunction with the corresponding GAAP measures, facilitate a better understanding of changes in net sales. Constant dollar sales are calculated by translating prior period sales in each local currency at the current period's average exchange rate for that currency.

Retail Sales by Region

The following table presents the change in retail sales by region for fiscal year 2010 compared with fiscal year 2009, and fiscal year 2009 compared with fiscal year 2008:

	Year Ended March 31,	
	<u>2010 vs 2009</u>	<u>2009 vs 2008</u>
Change in retail sales by region:		
EMEA	(11)%	(11)%
Americas	1%	(15)%
Asia Pacific	(16)%	16%
Total retail sales	(8)%	(9)%

Sales in the EMEA region decreased in all product families except audio in fiscal year 2010 compared with 2009, reflecting the effects of the global economic downturn. For the same reason in fiscal year 2009, the EMEA region experienced sales decreases in all product families compared with the prior year. Retail units sold declined 5% and 8% in fiscal years 2010 and 2009 compared with the prior year. In both fiscal years 2010 and 2009, sales in Eastern Europe and other emerging markets were depressed, reflecting the economic downturn, customers' lack of available credit to finance purchases of inventory, and currency volatility. The percentage decline in retail sell-through in the EMEA region for fiscal year 2010 was less than the decline in sell-in, which indicates comparatively stronger consumer demand for our products than our sales results reflected, as well as a continuance of the realignment of our channel partners' weeks of supply levels. If foreign currency exchange rates had been the same in fiscal years 2010 and 2009, our EMEA constant dollar retail sales decline would have been 12%. If foreign currency exchange rates had been the same in fiscal years 2009 and 2008, our EMEA constant dollar retail sales decrease would have been 8%.

Retail sales were essentially flat in the Americas region in fiscal year 2010 compared with 2009, reflecting modest economic stability in the region. Sales of pointing devices, keyboards and desktops, and remotes increased. The 15% decrease in sales in fiscal year 2009 compared with 2008 was driven by declines in all product families except video. Total retail units sold in the Americas region in fiscal year 2010 increased 7% over the prior year, an indication of consumers' preference for value-segment products, compared with a 5% decrease in fiscal year 2009. Retail sell-through in fiscal year 2010 was also essentially flat compared with the prior year, as our channel partners, during the first half of the year, completed the realignment of their weeks of supply levels. Foreign currency exchange rates had no significant effect on retail sales in the Americas region in either fiscal year 2010 or fiscal year 2009.

Retail sales in the Asia Pacific region declined in all product families during fiscal year 2010 compared with 2009, as our channel partners completed their alignment of inventory levels with consumer demand. This alignment activity was also reflected by positive sell-through compared with the sell-in decline. In fiscal year 2009, before the economic downturn affected the region, retail sales increased in all product families compared with the prior year. Correspondingly, total retail units sold in the Asia Pacific region declined 10% in fiscal year 2010 and increased 11% in fiscal year 2009 compared with the prior years. If foreign currency exchange rates had been the same in fiscal years 2010 and 2009, our Asia Pacific constant dollar retail sales decline would have been 17%. If foreign currency exchange rates had been the same in fiscal years 2009 and 2008, our Asia Pacific constant dollar retail sales increase would have been 12%.

Net Retail Sales by Product Family

Net retail sales by product family for fiscal years 2010, 2009 and 2008 were as follows (in thousands):

	Year Ended March 31,			Change %	
	2010	2009	2008	2010 vs 2009	2009 vs 2008
Retail — Pointing Devices	\$ 528,236	\$ 579,775	\$ 615,524	(9)%	(6)%
Retail — Keyboards & Desktops	329,038	384,809	464,984	(14)%	(17)%
Retail — Audio	454,957	445,362	478,455	2%	(7)%
Retail — Video	228,344	248,339	238,728	(8)%	4%
Retail — Gaming	107,595	127,052	146,016	(15)%	(13)%
Retail — Remotes	96,982	102,006	123,581	(5)%	(17)%
Total net retail sales	<u>\$ 1,745,152</u>	<u>\$ 1,887,343</u>	<u>\$ 2,067,288</u>	(8)%	(9)%

Logitech's Pointing Devices product family includes our mice, trackballs and other pointing devices. Keyboards and desktops (mouse and keyboard combined) 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. The Remotes product family is comprised of our advanced remote controls. Net sales reflect accruals for product returns, cooperative marketing arrangements, customer incentive programs and pricing programs.

Retail — Pointing Devices

Retail unit sales of our pointing devices decreased 2% in both fiscal years 2010 and 2009 compared with the prior fiscal years. Sales of corded mice declined 19% in fiscal year 2010 and 13% in fiscal year 2009, with units decreasing 11% and 8%. Sales of cordless mice decreased 3% in fiscal year 2010 and increased 4% in fiscal year 2009. Unit sales of cordless mice increased 15% in fiscal year 2010 and 10% in fiscal year 2009, driven by sales of our notebook mice, including in 2010 the Performance Mouse MX and the Anywhere Mouse MX, both with Darkfield Laser Tracking, and in 2009 the V450 Nano Cordless Mouse and the V220 Cordless Optical 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

Retail unit sales of keyboards and desktops decreased 11% and 10% during fiscal years 2010 and 2009. Sales of corded keyboards and desktops decreased 11% and 5% in fiscal years 2010 and 2009, while units decreased 17% and 7%. In fiscal year 2010, cordless keyboards and desktops decreased 20% in sales and 5% in units. Sales of the MK300 wireless desktop and the EX 100 cordless desktop were strong, but were offset by declines in sales of the EX 110 cordless desktop. In fiscal year 2009, sales of cordless keyboards and desktops decreased 21%, with a 17% decline in units. Strong sales of our cordless desktops EX 100 and MX 5500 were offset by declines in sales of the MX5000 Laser and EX 110 cordless desktops.

Retail Audio

Retail audio unit sales increased 11% in fiscal year 2010 and decreased 2% in fiscal year 2009. PC speaker sales decreased 7% in dollars, but increased 7% in units in fiscal year 2010, following a decline of 20% in dollars and 8% in units in fiscal year 2009. The decline in PC speaker sales was primarily attributable to product transitions and the weak demand environment. Sales of our iPod speakers increased 1% in dollars and 8% in units in fiscal year 2010 compared with increases of 22% and 8% in fiscal year 2009. Sales of our PureFi Anywhere 2 speakers made strong contributions to the increases in both fiscal years 2010 and 2009. In fiscal year 2010, the S315i Rechargeable Speaker and the S215i Portable Speaker also made positive contributions to sales. PC headset sales grew 23% in fiscal year 2010 and 9% in fiscal year 2009, with units increasing 22% and 3%. Ultimate Ears products also provided positive contributions to retail audio sales in both fiscal years 2010 and 2009.

Retail Video

Video sales decreased 8% in fiscal year 2010 after increasing 4% in fiscal year 2009, compared with the previous years. Units sold increased 2% and 3% in fiscal years 2010 and 2009. The sales fluctuations were primarily attributable to our WiLife video security products, which sold well in fiscal year 2009, and were negatively affected in fiscal year 2010 by a planned future product transition. Strong sellers in our webcam family included the value-priced C250 and C200 webcams in fiscal year 2010, and our Communicate MP and QuickCam Connect webcams in fiscal year 2009.

Retail Gaming

Retail unit sales of our gaming peripherals decreased 26% in fiscal year 2010, compared with a decrease of 22% in fiscal year 2009. PC gaming sales decreased 12% and 13% in fiscal years 2010 and 2009 compared with the previous year. Unit sales of PC gaming peripherals decreased 25% and 18% in fiscal years 2010 and 2009. In the cyclical manner typical of gaming peripherals, sales of our G25 Racing Wheel, popular in fiscal year 2009, were replaced by our G27 Racing Wheel, with lower sales of the G15 Gaming Keyboard in both years. Console gaming sales declined 27% and 12%, with unit declines of 27% and 28% in fiscal years 2010 and 2009.

Retail Remotes

Retail remote sales decreased 5% in fiscal year 2010 compared with the decline of 17% in fiscal year 2009. Unit sales decreased 14% in fiscal year 2010 compared with an 8% increase in fiscal year 2009, reflecting strong sales of our lower-priced Harmony One remote control and increased promotional activity in both years, and our newer Harmony 900 and Harmony 700 Advanced Universal Remote in fiscal year 2010.

Gross Profit

Gross profit for fiscal years 2010, 2009 and 2008 was as follows (in thousands):

	Year Ended March 31,			Change %	
	2010	2009	2008	2010 vs 2009	2009 vs 2008
Net sales	\$ 1,966,748	\$ 2,208,832	\$ 2,370,496	(11)%	(7)%
Cost of goods sold.	1,339,852	1,517,606	1,521,378	(12)%	0%
Gross profit.	<u>\$ 626,896</u>	<u>\$ 691,226</u>	<u>\$ 849,118</u>	(9)%	(19)%
Gross margin	31.9%	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.

The improvement in the gross margin percentage in fiscal year 2010 over fiscal year 2009 was primarily due to operational efficiencies across our supply chain, including lower product costs as well as faster inventory turnover, and a favorable shift in product mix towards products with higher margins. Gross profit in fiscal year 2009 decreased 19% in dollars and declined as a percentage of revenue compared with fiscal year 2008 primarily due to the decline in net sales, an increasingly promotional environment, the mix of products sold, and higher freight and intangible amortization costs.

Operating Expenses

Operating expenses for fiscal years 2010, 2009 and 2008 were as follows (in thousands):

	Year Ended March 31,			Change %	
	2010	2009	2008	2010 vs 2009	2009 vs 2008
Marketing and selling	\$ 304,788	\$ 319,167	\$ 324,451	(5)%	(2)%
% of net sales	15.5%	14.4%	13.7%		
Research and development	135,813	128,755	124,544	5%	3%
% of net sales	6.9%	5.8%	5.3%		
General and administrative	106,147	113,103	113,443	(6)%	0%
% of net sales	5.4%	5.1%	4.8%		
Restructuring charges	1,784	20,547	—	(91)%	0%
% of net sales	0.1%	0.9%	0.0%		
Total operating expenses	<u>\$ 548,532</u>	<u>\$ 581,572</u>	<u>\$ 562,438</u>	(6)%	3%
% of net sales	27.9%	26.3%	23.7%		

Total operating expenses for fiscal year 2009, excluding the impact of restructuring charges, were comparable to fiscal year 2008. In fiscal year 2010, operating expenses declined less than net sales declined, as the Company continued to invest in product development and other areas to help ensure we were positioned for the resumption of revenue growth when economic conditions improved. We expect to limit future growth in operating expenses below the growth rate in revenues, restraining or reducing non-critical expenses while investing in activities that will sustain and drive revenue growth.

We refer to our operating expenses excluding the impact of foreign currency exchange rates as constant dollar operating expenses. Constant dollar operating expenses are a non-GAAP financial measure, which is information derived from consolidated financial information but not presented in our financial statements prepared in accordance with U.S. GAAP. Our management uses these non-GAAP measures in its financial and operational decision-making, and believes these non-GAAP measures, when considered in conjunction with the corresponding GAAP measures, facilitate a better understanding of changes in operating expenses. Constant dollar operating expenses are calculated by translating prior period operating expenses in each local currency at the current period's average exchange rate for that currency.

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.

The decline in marketing and selling expenses in fiscal year 2010 compared with fiscal year 2009 resulted primarily from lower spending in marketing development funds, travel expenses and consulting fees. The decrease in spending between fiscal years 2009 and 2008 was the result of lower spending in advertising, marketing development funds, and travel expenses. These decreases in marketing costs related to the alignment of promotional expenditures with current sales levels and targeted product promotion activities which occurred in fiscal year 2008.

Personnel costs increased in fiscal years 2010 and 2009 over the preceding fiscal years partially due to the addition of LifeSize sales and marketing personnel in fiscal year 2010 and the WiLife product marketing group in fiscal year 2009, and partially relating to the comparison of periods in which discretionary personnel costs were reduced. Bad debt expense declined significantly in fiscal year 2010 as economic conditions stabilized, after increasing significantly in fiscal year 2009 as a result of customers' financial difficulties related to the economic downturn.

If foreign currency exchange rates had been the same in fiscal years 2010 and 2009, the percentage decrease in constant dollar marketing and selling expense for fiscal year 2010 would not have changed. 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 in fiscal year 2009 compared with fiscal year 2008.

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.

The increases in research and development expenses in fiscal years 2010 and 2009 resulted from the addition of research and development costs of companies acquired in fiscal years 2010, 2009 and 2008. Personnel costs were approximately the same in fiscal years 2009 and 2008, but increased in fiscal year 2010 in comparison with fiscal year 2009, when discretionary personnel costs were reduced.

If foreign currency exchange rates had been the same in fiscal years 2010 and 2009, the change in constant dollar research and development expense would have been 5%, the same as the change in U.S. dollars. In fiscal year 2009, exchange rate changes, particularly from the stronger Swiss franc and Taiwanese dollar relative to the U.S. dollar, contributed to the increase in research and development expense.

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, and declined in fiscal year 2010. The decline in fiscal year 2010 was primarily due to a decrease of 5% in personnel costs, as headcount was reduced, although the headcount reduction was offset by the addition of LifeSize personnel in the fourth fiscal quarter. Personnel costs increased 2% during fiscal year 2009 primarily due to an increase in share-based compensation expense. Decreases in travel and infrastructure expenses in fiscal year 2010 were partially offset by \$6.6 million in transaction costs related to the acquisition of LifeSize. Consulting fees and travel expenses decreased in fiscal year 2009 compared with fiscal year 2008 as a result of cost containment efforts.

If foreign currency exchange rates had been the same in fiscal years 2010 and 2009, the percentage decrease in constant dollar general and administrative expense for fiscal year 2010 would have been 7%. Exchange rate changes, particularly from the stronger Swiss franc relative to the U.S. dollar, contributed to the increase in general and administrative expense 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. In the period from January 2009 to March 31, 2010, we incurred pre-tax restructuring charges of \$22.3 million.

The restructuring plan reduced our salaried workforce by approximately 500 employees, resulting in \$17.8 million in termination benefits to those employees. Termination benefits were calculated based on regional benefit practices and local statutory requirements. An additional \$3.4 million in pension plan curtailment and settlement costs were incurred in fiscal year 2009 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 were not placed in service due to the abandonment of the related projects.

The restructuring was completed as of March 31, 2010. The cost savings realized from the restructuring are partially offset in the operating results of fiscal year 2010 by the addition of LifeSize's operating expenses and by increased spending to support the return to revenue growth.

The following table summarizes restructuring-related activities during fiscal years 2010 and 2009 (in thousands). No restructuring costs were incurred in fiscal year 2008.

	<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	16,427	556	200	3,364
Cash payments	(12,764)	(12,579)	—	(185)	—
Charges against assets	(556)	—	(556)	—	—
Other	(3,485)	(121)	—	—	(3,364)
Foreign exchange	52	52	—	—	—
Balance at March 31, 2009	<u>\$ 3,794</u>	<u>\$ 3,779</u>	<u>\$ —</u>	<u>\$ 15</u>	<u>\$ —</u>
Charges	1,784	1,318	—	419	47
Cash payments	(5,194)	(5,098)	—	(96)	—
Charges against assets	—	—	—	—	—
Other	(86)	53	—	(4)	(135)
Foreign exchange	101	106	—	—	(5)
Balance at March 31, 2010	<u>\$ 399</u>	<u>\$ 158</u>	<u>\$ —</u>	<u>\$ 334</u>	<u>\$ (93)</u>

Interest Income, Net

Interest income and expense for fiscal years 2010, 2009 and 2008 were as follows (in thousands):

	<u>Year Ended March 31,</u>			<u>Change %</u>	
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2010 vs 2009</u>	<u>vs 2008</u>
Interest income	\$ 2,406	\$ 8,648	\$ 15,752	(72)%	(45)%
Interest expense	(286)	(20)	(244)	1330%	(92)%
Interest income, net	<u>\$ 2,120</u>	<u>\$ 8,628</u>	<u>\$ 15,508</u>	(75)%	(44)%

Interest income declined in fiscal years 2010 and 2009 compared with 2008 due to lower invested balances and significantly lower interest rates.

Other Income (Expense), Net

Other income and expense for fiscal years 2010, 2009 and 2008 were as follows (in thousands):

	<u>Year Ended March 31,</u>			<u>Change %</u>	
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2010 vs 2009</u>	<u>2009 vs 2008</u>
Foreign currency exchange gains, net	\$ 1,720	\$ 13,680	\$ 10,616	(87)%	29%
Write-down of investments	(643)	(2,727)	(79,823)	(76)%	(97)%
Gain on sale of investments, net	—	—	27,761	0%	(100)%
Insurance investment income (loss)	1,221	(2,883)	710	(142)%	(506)%
Other, net	841	441	1,362	91%	(68)%
Other income (expense), net	<u>\$ 3,139</u>	<u>\$ 8,511</u>	<u>\$ (39,374)</u>	(63)%	(122)%

Foreign currency exchange gains or losses relate to balances denominated in currencies other than the functional currency of a particular subsidiary, to the sale of currencies, and to gains or losses recognized on foreign exchange forward contracts. The higher foreign exchange gains during fiscal year 2009 were due to gains on sales of euros for U.S. dollars. The gains on currency sales in fiscal year 2010 were offset by losses on foreign exchange forward contracts intended to reduce the short-term effects of foreign currency fluctuations on foreign currency receivables or payables. We do not speculate in currency positions, but we are alert to opportunities to maximize foreign exchange gains.

We recorded write-downs of \$0.6 million, \$2.7 million and \$79.8 million in fiscal years 2010, 2009 and 2008 related to other-than-temporary declines in the estimated fair value of our investment securities. During fiscal year 2008, we also recorded a realized gain of \$33.7 million on investments sold as part of a confidential settlement agreement, and a realized loss of \$6.0 million on the sale of investments collateralized by corporate debt.

Insurance investment income or loss represents changes in the cash surrender value of Company-owned life insurance contracts related to a management deferred compensation plan offered by one of our subsidiaries.

Other income in fiscal year 2008 also includes a gain of \$1.0 million on the sale of our ioPen retail product line.

Provision for Income Taxes

The provision for income taxes and effective income tax rate for fiscal years 2010, 2009 and 2008 were as follows (in thousands):

	<u>Year Ended March 31,</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Provision for income taxes	\$ 18,666	\$ 19,761	\$ 31,788
Effective income tax rate	22.3%	15.6%	12.1%

The provision for income taxes consists of income and withholding taxes. Logitech operates in multiple jurisdictions and its profits are taxed pursuant to the tax laws of these jurisdictions. The Company's effective income 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 change in management's assessment of matters such as the ability to realize deferred tax. The increase in the effective income tax rate to 22.3% compared with 15.6% in fiscal year 2009 is due to the mix of income and losses in the various tax jurisdictions in which we operate. The increase in the effective income tax rate to 15.6% in fiscal year 2009 compared with 12.1% in fiscal year 2008 is primarily due to the mix of income and losses in the various tax jurisdictions in which we operate and the decrease in income before income taxes.

The U.S. Federal research tax credit expired as of December 31, 2009. The U.S. House of Representatives in December 2009 and the U.S. Senate in March 2010 passed different draft legislation which would extend the tax credit for an additional year, however the extension has not yet passed into law as of March 31, 2010. Accordingly, our income tax provision for fiscal year 2010 includes a tax benefit for the Federal research tax credit of \$0.9 million calculated through December 31, 2009.

The U.S. state of California has enacted legislation affecting the methodology which must be used by corporate taxpayers to apportion income to California. These changes will become effective for our fiscal year ending March 31, 2012. Although the Company has significant operations in California, we believe these changes will not have a material impact on our results of operations or financial condition.

Liquidity and Capital Resources

Cash Balances, Available Borrowings, and Capital Resources

At March 31, 2010, our working capital was \$353.4 million, compared with \$709.4 million at March 31, 2009. The decrease in working capital over the prior year was due to the cash paid for the acquisition of LifeSize, offset by decreases in accounts receivable and inventories, and increases in accounts payable and accrued liabilities.

During fiscal year 2010, operating activities provided net cash of \$365.3 million, generated from cash collections on accounts receivable, inventory management efforts, and increases in short-term liabilities. We used \$427.8 million in investing activities, including \$378.6 million for the acquisition of LifeSize, net of cash acquired of \$3.7 million, \$10.0 million for certain assets of TV Compass, and \$39.8 million for investments in tooling, computer hardware, and software. Net cash used in financing activities was \$108.2 million, primarily for the repurchase of shares under our share buyback programs and the repayment of short and long-term debt assumed in the LifeSize acquisition, partially offset by proceeds from employee stock purchases and the exercise of stock options.

At March 31, 2010, we had cash and cash equivalents of \$319.9 million, comprised of bank demand deposits and short-term time deposits. Cash and cash equivalents are carried at cost, which is equivalent to fair value. In addition, we hold investments consisting of auction rate securities with an estimated fair value of \$1.0 million, which are carried in non-current assets, as sale or realization of proceeds from the sale of these securities is not expected within our normal operating cycle of one year. The fair value of these securities at March 31, 2010 was determined by estimating future cash flows, either through discounted cash flow or option pricing methods, incorporating assumptions of default and other future conditions. During fiscal year 2010, we recorded an impairment loss of \$0.6 million related to the other-than-temporary decline in the fair value of these securities. Further changes in the fair value of our investment securities would not materially affect our liquidity or capital resources.

The Company has credit lines with several European and Asian banks totaling \$151.9 million as of March 31, 2010. 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, 2010, there were no outstanding borrowings under these lines of credit. There are no financial covenants under these facilities.

We provide various third parties with irrevocable letters of credit in the normal course of business to secure our obligations to pay or perform pursuant to the requirements of an underlying agreement or the provision of goods and services. These standby letters of credit are cancelable only at the option of the beneficiary who is authorized to draw drafts on the issuing bank up to the face amount of the standby letter of credit in accordance with its terms. At March 31, 2010, we had \$3.4 million of letters of credit in place, of which \$0.3 million was outstanding. These letters of credit related primarily to equipment purchases by a subsidiary in China, and expire between April and June 2010.

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 our 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.

Cash Flow from Operating Activities

The following table presents selected financial information and statistics for fiscal years 2010, 2009 and 2008 (dollars in thousands):

	Year Ended March 31,		
	2010	2009	2008
Accounts receivable, net	\$ 195,247	\$ 213,929	\$ 373,619
Inventories	\$ 219,593	\$ 233,467	\$ 245,737
Working capital	\$ 353,370	\$ 709,382	\$ 723,221
Days sales in accounts receivable (DSO) ⁽¹⁾	33 days	47 days	56 days
Inventory turnover (ITO) ⁽²⁾	6.1x	5.2x	6.3x
Net cash provided by operating activities	\$ 365,259	\$ 200,587	\$ 393,079

(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 2010, the Company's operating activities generated net cash of \$365.3 million, compared with \$200.6 million in 2009 and \$393.1 million in 2008. The increase in 2010 was due primarily to targeted management of working capital, reflected in the lower DSO and higher ITO.

DSO for fiscal year 2010 improved by 14 days compared with fiscal year 2009 and 23 days over fiscal year 2008, due to improved cash collections and increased order and shipment linearity. 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 for fiscal year 2010 increased compared with 2009. Inventory turnover declined between fiscal years 2009 and 2008 because sales decreased at a faster rate than inventory was reduced.

Cash Flow from Investing Activities

Cash flows from investing activities during fiscal years 2010, 2009 and 2008 were as follows (in thousands):

	Year Ended March 31,		
	2010	2009	2008
Acquisitions and investments, net of cash acquired.	<u>\$(388,809)</u>	<u>\$ (64,430)</u>	<u>\$ (59,722)</u>
Purchases of property, plant and equipment	(39,834)	(48,263)	(57,900)
Purchases of investment securities.	—	—	(379,793)
Sales of investment securities.	—	—	538,479
Sale of investment.	—	—	13,308
Proceeds from cash surrender of life insurance policies	813	—	—
Premiums paid on cash surrender value life insurance policies	—	(427)	(1,151)
Net cash provided by (used in) investing activities	<u><u>\$ (427,830)</u></u>	<u><u>\$ (113,120)</u></u>	<u><u>\$ 53,221</u></u>

In fiscal year 2010, we acquired LifeSize Communications for \$378.6 million, net of cash acquired of \$3.7 million, and certain assets of TV Compass for \$10 million. In fiscal year 2009, we acquired the Ultimate Ears companies for \$32.3 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 was recorded as a liability in the consolidated financial statements. We also acquired SightSpeed in fiscal year 2009 for \$30.9 million in cash including transaction costs of \$0.8 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. In fiscal year 2008, we acquired WiLife, Inc. for \$22.0 million, net of cash acquired of \$0.1 million and including \$0.5 million in transaction costs. We also paid a deferred payment in fiscal year 2008 of \$37.7 million to the former shareholders of Intrigue Technologies, Inc., which we acquired in May 2004.

Our purchases of plant and equipment during fiscal years 2010 and 2009 were principally for computer hardware and software purchases, machinery and equipment and normal expenditures for tooling. In fiscal year 2008, we also purchased machinery and equipment for two new production and manufacturing facilities, including a new surface mount technology factory in China, and leasehold improvements for a new office facility in Switzerland. Purchasing activity was lower in fiscal years 2010 and 2009 as we focused our cash outlays on critical capital needs.

During the third quarter of fiscal year 2008, we sold 50% of our investment securities as part of a confidential settlement agreement and received \$84.3 million in cash. In addition, we sold our remaining 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 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 fiscal year 2007 of the balance of our investment in Anoto Group A.B. We also received \$2.0 million from the sale of our ioPen retail product line in fiscal year 2008.

The proceeds from cash surrender and the premiums paid on life insurance relate to investments of a management deferred compensation plan offered by one of the Company's subsidiaries.

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 2010, 2009 and 2008 (in thousands except per share amounts):

	Year Ended March 31,		
	2010	2009	2008
Purchases of treasury shares	\$(126,301)	\$ (78,870)	\$(219,742)
Proceeds from sale of shares upon exercise of options and purchase rights	28,917	31,119	50,603
Repayments of debt	(13,630)	—	(11,739)
Excess tax benefits from share-based compensation	2,814	6,592	15,231
Net cash used in financing activities	<u>\$(108,200)</u>	<u>\$ (41,159)</u>	<u>\$(165,647)</u>

	Year Ended March 31,		
	2010	2009	2008
Number of shares repurchased	7,425	2,803	7,784
Value of shares repurchased	\$ 126,301	\$ 78,870	\$ 219,742
Average price per share	\$ 17.01	\$ 28.14	\$ 28.23

During fiscal year 2010 and 2009, we repurchased 7.4 million and 2.8 million shares for \$126.3 million and \$78.9 million under our buyback program announced in June 2007. In fiscal year 2008, we repurchased 7.8 million shares for \$219.7 million under buyback programs announced in June 2007 and May 2006. The June 2007 buyback program, which was completed in March 2010, and the May 2006 buyback program, which was completed in February 2008, each authorized the purchase of up to \$250.0 million in Logitech shares.

In fiscal years 2010, 2009 and 2008, we received proceeds from the sale of 3.1 million, 3.1 million and 4.7 million shares upon exercise of employee stock options and share purchases under our stock plans. In addition, cash was provided in each of those fiscal years from tax benefits on the exercise of share-based payment awards.

In fiscal year 2010, we repaid \$13.6 million of short and long-term debt assumed when we acquired LifeSize Communications. During fiscal year 2008, we repaid in full our short-term debt borrowings of \$11.7 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 also require the use of cash. In addition, future deterioration of global economic conditions could adversely affect our operations and require the use of cash.

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 completion of our current share buyback program of \$250 million, which occurred in March 2010. As of May 27, 2010, we have not started repurchases under the September 2008 program.

In the fiscal quarter ended March 31, 2009, we initiated a restructuring plan in order to reduce operating expenses and improve financial results in response to deteriorating global economic conditions. We incurred pre-tax restructuring charges of \$20.5 million in the three months ended March 31, 2009 and \$1.8 million in the fiscal year ended March 31, 2010 related to employee termination costs, contract termination costs, and other associated costs. The restructuring was completed as of March 31, 2010. The cost savings realized from the restructuring are partially offset in the operating results of fiscal year 2010 by the addition of LifeSize's operating expenses and by increased spending to support the return to revenue growth.

In December 2009, we acquired LifeSize Communications, Inc., a privately held company specializing in high definition video communication products and services. In connection with the merger, Logitech agreed to establish a cash and stock option retention and incentive plan for certain LifeSize employees, linked to the achievement of LifeSize performance targets. The duration of the plan's performance period is two years, from January 1, 2010 to December 31, 2011. The total available cash incentive is \$9.0 million over the two year performance period. In December 2009, options to purchase 850,000 Logitech shares were issued in connection with the retention and incentive plan.

In November 2007, we acquired WiLife, Inc., a privately held company providing PC-based video cameras for self-monitoring a home or 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. As of March 31, 2010, no amounts were payable towards performance-based payments under our WiLife acquisition agreement.

The U.S. state of California has enacted legislation affecting the methodology which must be used by corporate taxpayers to apportion income to California. These changes will become effective for our fiscal year ending March 31, 2012. Although the Company has significant operations in California, we believe these changes will not have a material impact on our results of operations or financial condition.

The U.S. Internal Revenue Service has initiated an examination of the Company's U.S. subsidiary for fiscal years 2006 and 2007. The Company is also under examination in other foreign jurisdictions. As of March 31, 2010, we are not able to estimate the potential future liability, if any, which may result from these examinations.

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, including cash from operations of \$365.3 million in fiscal year 2010. Despite the uncertain 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, 2010, 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, 2010 (in thousands):

	Total	Payments Due by Period ⁽¹⁾			
		Less than 1 year	1-3 years	4-5 years	More than 5 years
Operating leases	\$ 46,696	\$ 13,679	\$17,870	\$7,644	\$7,503
Purchase commitments — inventory	183,560	183,560	—	—	—
Purchase obligations — capital expenditures	12,925	12,925	—	—	—
Purchase obligations — operating expenses	33,324	33,324	—	—	—
Other liabilities ⁽²⁾	164,825	—	—	—	—
Total contractual obligations and commitments	<u>\$ 441,330</u>	<u>\$243,488</u>	<u>\$17,870</u>	<u>\$7,644</u>	<u>\$7,503</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, 2010 included \$118.9 million related to our income tax liability for uncertain tax positions, \$22.1 million in pension liabilities related to our defined benefit pension plans and non-retirement post-employment benefit obligations, of which \$0.6 million is payable in the next 12 months, \$10.3 million related to a management deferred compensation plan, \$5.7 million of royalties payable, \$4.4 million in deferred service revenue, and \$3.4 million related to various other obligations. As the specific payment dates for most of 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 2028. Our asset retirement obligations on these leases as of March 31, 2010 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, 2010, fixed purchase commitments for capital expenditures amounted to \$12.9 million, and primarily relate 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, 2010, fixed purchase commitments for inventory amounted to \$183.6 million, which are expected to be fulfilled by December 31, 2010. We also had other commitments of \$33.3 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, 2010, we had \$116.5 million in non-current income taxes payable and \$2.4 million in current income taxes payable, including interest and penalties, related to our income tax liability for recognized uncertain tax positions. Although we have adequately provided for uncertain tax positions, the provisions on these positions may change as revised estimates are made or the underlying matters are settled or otherwise resolved. Within the next 12 months, we anticipate that it is reasonably possible that unrecognized tax benefits may decrease due to the resolution of income tax audits with foreign governments. However, an estimate of such decreases cannot reasonably be made as of March 31, 2010.

Defined Benefit Pension Plan Obligations

At March 31, 2010, we had \$22.1 million in pension liability related to our defined benefit pension plans and non-retirement post-employment benefit obligations, of which \$0.6 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, 2010, there were no outstanding guaranteed purchase obligations. The maximum potential future payments for three of the five guarantee arrangements is limited to \$30.8 million in total. The remaining two

guarantees are limited to purchases of specified components from the named suppliers. 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 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 \$8.2 million as of March 31, 2010. As of March 31, 2010, \$7.6 million was outstanding under these guarantees. The parent holding company has also guaranteed the purchases of one of its subsidiaries under two guarantee arrangements. These guarantees do not specify a maximum amount. As of March 31, 2010, \$8.7 million was outstanding under these guarantees.

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, 2010. 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.

Letters of Credit

We provide various third parties with irrevocable letters of credit in the normal course of business to secure our obligations to pay or perform pursuant to the requirements of an underlying agreement or the provision of goods and services. These standby letters of credit are cancelable only at the option of the beneficiary who is authorized to draw drafts on the issuing bank up to the face amount of the standby letter of credit in accordance with its terms. At March 31, 2010, we had \$3.4 million of letters of credit in place, of which \$0.3 million was outstanding. These letters of credit relate primarily to equipment purchases by a subsidiary in China, and expire between April and June 2010.

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,		
	2010	2009	2008
EMEA	\$ 882,635	\$ 1,001,337	\$ 1,117,060
Americas	729,473	785,862	888,529
Asia Pacific	354,640	421,633	364,907
Total net sales	<u>\$1,966,748</u>	<u>\$2,208,832</u>	<u>\$2,370,496</u>

Revenues from sales to customers in Switzerland, our home domicile, represented a small portion of our total consolidated net sales in fiscal years 2010, 2009 and 2008. The United States and Germany each represented more than 10% of our total consolidated net sales for fiscal year 2010. In fiscal years 2009 and 2008, no single country other than the United States represented more than 10% of our total consolidated net sales.

In fiscal year 2010, Ingram Micro Inc. and its affiliated entities together accounted for 13% of our net sales; in fiscal years 2009 and 2008, the same customer represented 14% of net sales. No other customer individually accounted for more than 10% of our net sales during fiscal years 2010, 2009 and 2008. The material terms of our distribution agreements with Ingram Micro 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 its personal peripherals 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 Ingram Micro, Tech Data Corporation and D&H Distributing. In Europe, pan-European distributors include Ingram Micro, Tech Data and Gem Distribution. We also sell to many regional distributors such as Actebis GmbH in Germany, Copaco Dc B.V. in the Netherlands, Vinzeo Informatica, SLU in Spain and Channel Distribution in the United Arab Emirates.

Logitech's products can be purchased in most major retail chains, where we 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 Metro Group (MediaMarkt and Saturn), Carrefour Group, Kesa Electricals, Fnac, Dixons Stores Group PLC and most key national consumer electronics chains. Logitech products can also be purchased at the top online e-tailers, which include Amazon.com, TigerDirect.com, Buy.com, CDW, Insight Enterprises, Inc., 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.

Our Life Size division maintains a separate marketing and sales organization that sells LifeSize products and services to distributors, value-added resellers, OEMs and direct enterprise customers. The large majority of LifeSize revenues are derived from sales of products for use by large enterprises, small-to-medium businesses and public healthcare, education and government organizations.

Through our operating subsidiaries, we maintain sales offices or sales representatives in 38 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 3, 2010, there were 191,606,620 shares issued (including 16,148,138 shares held as treasury stock) held by 20,527 holders of record, and the closing price of our shares was CHF 17.83 (\$16.45 based on exchange rates on such date) per share on the SIX Swiss Exchange and \$16.44 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 share on the SIX Swiss Exchange			
	High	Low	High	Low
	CHF	CHF	\$	\$
Quarterly Highs and Lows:				
Fiscal year 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
Fiscal year 2010:				
First quarter	16.80	11.94	14.85	10.41
Second quarter	20.10	14.30	19.21	13.17
Third quarter	19.21	16.44	18.95	15.87
Fourth quarter	19.23	16.40	18.40	15.10

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 year 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
Fiscal year 2010:		
First quarter	15.19	10.64
Second quarter	19.15	13.32
Third quarter	18.95	15.85
Fourth quarter	18.49	15.40

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 per share amounts):

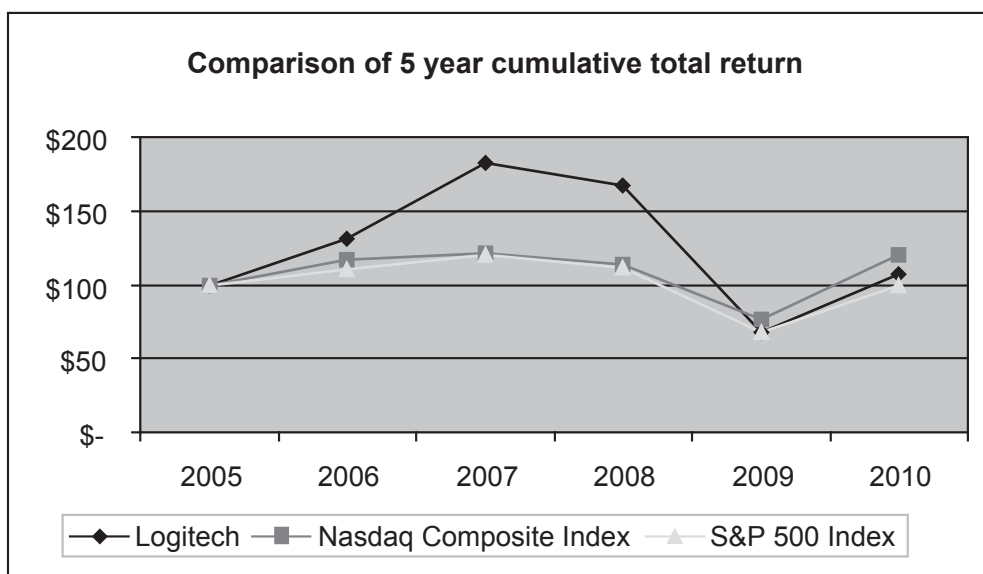
Period	Total Number of Shares Purchased	Average Price Paid Per Share		Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program
		in USD	in CHF	
April 2009	—	—	—	\$ 125,746
May 2009	—	—	—	125,746
June 2009	—	—	—	125,746
July 2009	—	—	—	125,746
August 2009	3,325	16.82	17.99	69,820
September 2009	2,513	18.04	19.09	24,479
October 2009	—	—	—	24,479
November 2009	—	—	—	24,479
December 2009	—	—	—	24,479
January 2010	—	—	—	24,479
February 2010	230	15.58	16.21	20,896
March 2010	1,357	15.81	17.14	—
Total	<u>7,425</u>			

In fiscal year 2010, we repurchased shares pursuant to our buyback program announced in June 2007 authorizing the purchase of \$250 million of our shares. The June 2007 program was completed in March 2010. All share repurchases by the Company during fiscal year 2010 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. As of May 27, 2010, we have not started repurchases under the September 2008 program.

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, 2005, and calculates the annual return through March 31, 2010. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



	March 31,					
	2005	2006	2007	2008	2009	2010
Logitech	\$100	\$131	\$183	\$167	\$68	\$107
Nasdaq Composite Index	\$100	\$117	\$121	\$114	\$76	\$120
S&P 500 Index	\$100	\$110	\$120	\$112	\$68	\$99

SELECTED FINANCIAL DATA

The financial data below should be read in conjunction with “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,				
	2010	2009	2008	2007	2006 ⁽¹⁾
	(In thousands, except per share amounts)				
Consolidated statements of operations and cash flow data:					
Net sales	\$1,966,748	\$2,208,832	\$2,370,496	\$2,066,569	\$1,796,715
Gross profit	626,896	691,226	849,118	709,525	574,110
Operating expenses:					
Marketing and selling	304,788	319,167	324,451	272,264	221,504
Research and development	135,813	128,755	124,544	108,256	87,953
General and administrative	106,147	113,103	113,443	98,143	65,742
Restructuring charges	1,784	20,547	—	—	—
Total operating expenses	548,532	581,572	562,438	478,663	375,199
Operating income	78,364	109,654	286,680	230,862	198,911
Net income	\$ 64,957	\$ 107,032	\$ 231,026	\$ 229,848	\$ 181,105
Net income per share:					
Basic	\$ 0.37	\$ 0.60	\$ 1.27	\$ 1.26	\$ 1.00
Diluted	\$ 0.36	\$ 0.59	\$ 1.23	\$ 1.20	\$ 0.92
Shares used to compute net income per share:					
Basic	177,279	178,811	181,362	182,635	181,361
Diluted	179,340	182,911	187,942	190,991	198,769
Net cash provided by operating activities	\$ 365,259	\$ 200,587	\$ 393,079	\$ 303,825	\$ 152,217
	March 31,				
	2010	2009	2008	2007	2006 ⁽¹⁾
	(In thousands)				
Consolidated balance sheet data:					
Cash and cash equivalents	\$ 319,944	\$ 492,759	\$ 482,352	\$ 196,197	\$ 245,014
Short-term investments	\$ —	\$ 1,637	\$ 3,940	\$ 214,625	\$ —
Total assets	\$1,599,678	\$1,421,530	\$1,526,932	\$1,327,463	\$1,057,064
Long-term debt, net of current maturities	\$ —	\$ —	\$ —	\$ —	\$ 4
Shareholders’ equity	\$ 999,715	\$ 997,708	\$ 960,044	\$ 844,524	\$ 685,176

(1) Net income for fiscal year 2006 does not include the effect of share-based compensation expense, because Logitech changed its method of accounting for share-based compensation expense effective April 1, 2006.

Research and Development

For a discussion of the Company's research and development activities, patents and licenses, please refer to Item 1 "Business".

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, Taiwanese dollar, Japanese yen, 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, 2010. 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	\$ 35,428	\$(3,221)	\$ 3,936
Euro	British pound	22,143	(2,013)	2,460
Taiwanese dollar	U.S. dollar	17,846	(1,622)	1,983
Japanese yen	U.S. dollar	(12,769)	1,161	(1,419)
Mexican peso	U.S. dollar	(6,454)	587	(717)
Euro	Swedish krona	(1,736)	158	(193)
Euro	Swiss franc	(1,440)	131	(160)
Euro	U.S. dollar	(1,072)	97	(119)
Australian dollar	U.S. dollar	671	(61)	75
U.S. dollar	Canadian dollar	583	(53)	65
Swiss franc	U.S. dollar	503	(46)	56
		<u>\$ 53,703</u>	<u>\$(4,882)</u>	<u>\$ 5,967</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, 2010, net assets held in CNY totaled \$35.4 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.

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. Logitech does not use derivative financial instruments for trading or speculative purposes. These hedging contracts generally mature within six months, and are denominated in the same currency as the underlying transactions. 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. As of March 31, 2010, the notional amounts of foreign exchange forward contracts outstanding related to forecasted inventory purchases were \$46.2 million. Deferred realized gains of \$1.3 million and deferred unrealized gains of \$0.1 million are recorded in accumulated other comprehensive loss at March 31, 2010, 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. 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, 2010 relating to foreign currency receivables or payables were \$15.1 million. Open forward contracts as of March 31, 2010 consisted of contracts in British pounds to purchase euros at a future date at a predetermined exchange rate. The notional amounts of foreign exchange swap contracts outstanding at March 31, 2010 were \$38.9 million. Swap contracts outstanding at March 31, 2010 consisted of contracts in British pounds, Japanese yen, Mexican pesos and Canadian dollars. Unrealized net losses on the contracts outstanding at March 31, 2010 were \$0.1 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 \$7.0 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 \$7.3 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 investment securities. 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, 2010 and March 31, 2009 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.

QUARTERLY FINANCIAL DATA
(Unaudited)

The following table contains selected unaudited quarterly financial data for fiscal years 2010 and 2009 (in thousands except per share amounts):

	Year ended March 31, 2010				Year ended March 31, 2009			
	First	Second	Third	Fourth	First	Second	Third	Fourth
Net sales	\$ 326,110	\$ 498,093	\$ 617,101	\$ 525,444	\$ 508,711	\$ 664,707	\$ 627,466	\$ 407,948
Gross profit	77,822	151,788	208,964	188,322	173,572	228,074	187,496	102,084
Operating expenses:								
Marketing and selling	58,938	68,835	87,322	89,693	77,280	84,740	86,046	71,101
Research and development	31,360	31,825	32,931	39,697	33,259	33,351	32,401	29,744
General and administrative	21,181	23,739	30,284	30,943	33,309	29,620	26,273	23,901
Restructuring charges	1,449	45	—	290	—	—	—	20,547
Total operating expense	112,928	124,444	150,537	160,623	143,848	147,711	144,720	145,293
Operating income (loss)	(35,106)	27,344	58,427	27,699	29,724	80,363	42,776	(43,209)
Net income (loss)	\$ (37,365)	\$ 20,743	\$ 57,086	\$ 24,493	\$ 29,306	\$ 72,311	\$ 40,493	\$ (35,078)
Net income (loss) per share*:								
Basic	\$ (0.21)	\$ 0.12	\$ 0.33	\$ 0.14	\$ 0.16	\$ 0.41	\$ 0.23	\$ (0.20)
Diluted	\$ (0.21)	\$ 0.11	\$ 0.32	\$ 0.14	\$ 0.16	\$ 0.39	\$ 0.22	\$ (0.20)
Shares used to compute net income (loss) per share:								
Basic	179,751	178,395	175,426	175,738	179,046	178,630	178,497	179,065
Diluted	179,751	180,989	177,668	177,967	184,692	183,509	181,145	179,065

* 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, 2010				Year ended March 31, 2009			
	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	23.9	30.5	33.9	35.8	34.1	34.3	29.9	25.0
Operating expenses:								
Marketing and selling	18.1	13.8	14.2	17.1	15.2	12.7	13.7	17.4
Research and development	9.6	6.4	5.3	7.6	6.5	5.0	5.2	7.3
General and administrative	6.5	4.8	4.9	5.9	6.6	4.5	4.2	5.9
Restructuring charges	0.4	—	—	—	—	—	—	5.0
Total operating expense	34.6	25.0	24.4	30.6	28.3	22.2	23.1	35.6
Operating income (loss)	(10.7)	5.5	9.5	5.2	5.8	12.1	6.8	(10.6)
Net income (loss)	(11.5)%	4.2%	9.3%	4.7%	5.8%	10.9%	6.5%	(8.6)%

REPORT ON CORPORATE GOVERNANCE 2010

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 2010 Annual General Meeting, available at <http://ir.logitech.com>.

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1 *Operational Group Structure*

Logitech is a world leader in personal peripherals for computers and other digital platforms. We develop and market innovative products in PC navigation, Internet communications, digital music, home-entertainment control, gaming and wireless devices. With our acquisition of LifeSize Communications, Inc. in December 2009, we entered the market for enterprise video conferencing products and services. Our products combine essential core technologies, continuing innovation, and award-winning industrial design.

For the PC, our products include mice, trackballs, keyboards, interactive gaming controllers, multimedia speakers, headsets, webcams, 3D control devices and lapdesks. Our Internet communications products include webcams, headsets, video communications services, and digital video security systems for a home or small business. Our LifeSize division offers scalable high-definition ("HD") video communication products, support and services. Our digital music products include speakers, earphones, and custom in-ear monitors. For home entertainment systems, we offer the Harmony line of advanced remote controls and the Squeezebox and Transporter wireless music solutions for the home. For gaming consoles, we offer a range of gaming controllers, including racing wheels, wireless guitar and drum controllers, and microphones, as well as other accessories.

We sell our peripheral products to a network of retail distributors and resellers and to original equipment manufacturers, or OEMs. We sell our LifeSize products and services to distributors, value-added resellers, OEMs and direct enterprise customers. The large majority of our revenues are derived from sales of our personal peripheral products for use by consumers.

For the fiscal year ended March 31, 2010, we generated net sales of \$2.0 billion, operating income of \$78.4 million, net income of \$65.0 million, employed approximately 10,000 employees and conducted business in approximately 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, 2010, our market capitalization, based on outstanding shares of 175,171,092, net of treasury shares, amounted to approximately \$2.9 billion (CHF 3.0 billion). Refer to section 1.2 below for information on Logitech International S.A.'s holdings in its shares as of March 31, 2010.

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 two industry segments, personal peripherals and video conferencing. Our personal peripherals segment encompasses 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 and South America), Europe-Middle East-Africa (“EMEA”), and Asia Pacific. Our OEM sales team is a worldwide organization with representatives in each of our three regions. Our OEM customers include the majority of the world’s largest PC manufacturers. Our video conferencing segment encompasses the design, manufacturing and marketing of LifeSize video conferencing products and services for the enterprise and small-to-medium business markets. The LifeSize segment maintains a separate marketing and sales organization. The LifeSize product development and product management organizations are separate, but coordinated with our personal peripherals business, particularly our webcam and video communications groups. Based on financial measurements for the fiscal year ended March 31, 2010, the LifeSize operating segment does not meet the quantitative threshold for separate disclosure of financial information required by generally accepted accounting principles in the United States.

Since 1994, we have had our own manufacturing operations in Suzhou, China, which currently handle approximately half of our total production of peripheral products. 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. Our LifeSize video communications products are manufactured in Malaysia under contract with a third-party manufacturer.

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 162. None of Logitech International S.A.’s subsidiaries have securities listed on a stock exchange as of March 31, 2010.

1.2 Significant Shareholders

Greater than 3% Shareholders as of March 31, 2010

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, 2010. The number of voting rights of the Company as of March 31, 2010 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, 2010, 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 2010 Annual General Meeting, available at <http://ir.logitech.com>, under the heading “Security Ownership of Certain Beneficial Owners and Management as of June 30, 2010”.

<u>Name</u>	<u>Number of Shares</u>	<u>% of Voting Rights⁽²⁾</u>	<u>Relevant Date</u>
Daniel Borel ⁽¹⁾	11,203,158	5.8%	March 31, 2010
Logitech International S.A.	16,435,528	8.6%	March 31, 2010
FMR LLC ⁽³⁾	10,568,978	5.5%	December 31, 2009
Thornburg Investment Management ⁽⁴⁾	11,922,284	6.2%	April 25, 2008

- (1) Mr. Borel has not entered into any written shareholders' agreements.
- (2) 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, 2010.
- (3) Number of shares held by FMR LLC is based on a Schedule 13G filed by FMR LLC with the U.S. Securities and Exchange Commission on February 16, 2010, on behalf of funds managed by and clients of FMR LLC and its direct and indirect subsidiaries.
- (4) 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.

In addition, as of March 31, 2010, a total of 20,550,648 shares were subject to potential issuance under employee equity incentives outstanding as of such date.

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, 2010, 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, 2010 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, 2010, 2009, 2008 and 2007, 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,			
	2010	2009	2008	2007
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	419,770	389,648	400,710	272,844
Unappropriated retained earnings.	349,312	354,924	316,586	378,300
Total shareholders' equity	<u>CHF 826,564</u>	<u>CHF 802,054</u>	<u>CHF 774,778</u>	<u>CHF 708,626</u>

The following table shows authorized and conditional share capital as of the last four fiscal year ends (in thousands):

	As of March 31,			
	2010	2009	2008	2007
Authorized share capital.	CHF —	CHF —	CHF 10,000	CHF 10,000
First conditional share capital.	CHF 6,250	CHF 6,250	CHF 15,165	CHF 15,165
Second conditional share capital	CHF 6,250	CHF 6,250	CHF —	CHF 2,725

For information on Logitech's shareholders' equity as of March 31, 2010 and 2009, refer to the Swiss Statutory Balance Sheets on page 213 of our Annual Report.

During fiscal years 2010, 2009 and 2008, Logitech repurchased shares under the following share buyback programs (in thousands):

	<u>Date of Announcement</u>	<u>Approved Buyback Amount</u>	<u>USD Amount</u>	<u>Expiration Date</u>	<u>Amount Remaining</u>
June 2007	USD 250,000	\$250,000	September 2010	—
May 2006	USD 250,000	\$250,000	September 2009	—

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>2010</u>		<u>2009</u>		<u>2008</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	11,978	\$ 250,555	7,425	\$ 126,301	2,803	\$ 78,870	1,750	\$ 45,384
May 2006	8,760	\$ 250,968	—	\$ —	—	\$ —	6,034	\$ 174,358
	20,738	\$ 501,523	7,425	\$ 126,301	2,803	\$ 78,870	7,784	\$ 219,742

(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 2010 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	<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.
57 Years Old	
Director since 1998	
Chairman of the Board of Directors	
Italian national	

Gerald P. Quindlen
51 Years Old
President and Chief Executive Officer
U.S. national

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.

Erik Bardman
43 Years Old
Senior Vice President, Finance and
Chief Financial Officer
U.S. national

Erik Bardman joined Logitech as Senior Vice President, Finance and Chief Financial Officer in October 2009. Prior to joining Logitech, Mr. Bardman served as a financial consultant to Zillion TV, an interactive television service company. Previously, he had been with eBay from 2003 to 2008, most recently as the chief financial officer for eBay Marketplaces, the company’s largest portfolio of businesses. At eBay, Mr. Bardman led a large global team focused on financial strategy, acquisitions, resource allocation and performance analysis. Prior to joining eBay Mr. Bardman was with General Electric Company for 15 years in a variety of roles, developing broad expertise in consumer financial services, international finance and mergers and acquisitions. Mr. Bardman earned a BA degree from Dickinson College in Pennsylvania, with a major in history and a minor in economics. He is a graduate of GE’s intensive Financial Management Program.

Werner Heid
51 Years Old
Senior Vice President,
Worldwide Sales & Marketing
German national

Werner Heid 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.

<p>David Henry</p> <p>53 Years Old</p> <p>Senior Vice President, Customer Experience and Chief Marketing Officer</p> <p>U.S. national</p>	<p><i>David Henry</i> 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.</p>
<p>Junien Labrousse</p> <p>52 Years Old</p> <p>Executive Vice President, Products</p> <p>French national</p>	<p><i>Junien Labrousse</i> 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 Supérieure d'Ingenieurs de Marseille, France and an MBA degree from Santa Clara University in California.</p>
<p>L. Joseph Sullivan</p> <p>57 Years Old</p> <p>Senior Vice President, Worldwide Operations</p> <p>U.S. national</p>	<p><i>L. Joseph Sullivan</i> 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.</p>

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 2010 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 2010 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, 2010, among other disclosures, please refer to Note 19 – Other Disclosures Required by Swiss Law – included in the Consolidated Financial Statements included in the 2010 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 2010 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., Rue du Sablon 2-4, CH-1110 Morges, 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 2010 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. Independent Auditors

Under the Company's Articles of Incorporation, the shareholders elect the Company's independent auditors each year at the Annual General Meeting. Re-election is permitted.

The Company's independent auditors are currently PricewaterhouseCoopers SA, Lausanne branch, 45, Avenue C.F. Ramuz, P.O. Box 1172, 1001, Lausanne, Switzerland. PricewaterhouseCoopers S.A. assumed its first audit mandate for Logitech in 1988. They were re-elected as the Company's auditors at the Annual General Meeting in September 2009. The responsible principal audit partner as of March 31, 2010 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 2010 Annual General Meeting, available at <http://ir.logitech.com>, under the heading "Board Committees," "Independent Auditors" and "Report of the Audit Committee" for further information regarding the audit and non-audit fees paid by Logitech to PricewaterhouseCoopers during fiscal year 2010, 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:

Q2FY11 Earnings Release and Conference Call	October 28, 2010
Q3FY11 Earnings Release and Conference Call	January 27, 2011
Q4FY11 Earnings Release and Conference Call	April 28, 2011

The Company's 2010 Annual General Meeting is to be held September 8, 2010 at the 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, 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-exchange-regulation.com/obligations/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: LogitechIR@logitech.com.

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 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 UK Limited	United Kingdom	100	GBP	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
Limited Liability Company "Logitech"	Russia	100	RUB	20,000
Logi Peripherals Technologies (South Africa) (Proprietary) Limited	South Africa	100	ZAR	1,000
LifeSize Communications Limited	United Kingdom	100	GBP	2
LifeSize Communications, GmbH	Germany	100	EUR	25,000
LifeSize Communications SARL	France	100	EUR	7,500
AMERICAS				
3Dconnexion Inc.	United States of America	100	USD	70,708
Dexxa Accessorios De Informatica Do Brasil Ltda.	Brazil	100	BRL	10,000
Labtec Inc.	United States of America	100	USD	44,864
Logitech (Intrigue) Inc.	Canada	100	CAD	1,661,340
Logitech (Slim Devices) Inc.	United States of America	100	USD	10
Logitech (Streaming Media) Inc.	United States of America	100	USD	10
WiLife, Inc.	United States of America	100	USD	10
Logitech Canada Inc.	Canada	100	CAD	100
Logitech de Mexico S.A. de C.V.	Mexico	100	MXN	50,000
Logitech Inc.	United States of America	100	USD	11,522,396

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)				
Logitech Servicios Latinoamérica, S.A. de C.V.	Mexico	100	MXN	50,000
Ultimate Ears LLC	United States of America	100	USD	—
Ultimate Ears Incorporated	United States of America	100	USD	10
UE Acquisition Inc.	United States of America	100	USD	1
UE Consumer, LLC	United States of America	100	USD	—
SightSpeed, Inc.	United States of America	100	USD	1
LifeSize Communications, 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
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	CNY	110,000
LifeSize Hong Kong Limited	Hong Kong	100	HKD	100
LifeSize Communications Pte. Ltd.	Singapore	100	SGD	2
LifeSize Communications India Private Limited	India	100	INR	100,000
LifeSize Communications KK	Japan	100	JPY	3,000,000

Due to local legal requirements, there may be holders of nominal shares apart from Logitech.

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CONSOLIDATED FINANCIAL STATEMENTS

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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**Report of the statutory auditor
to the general meeting of
Logitech International S.A.
Apples**

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Logitech International S.A., which comprise the balance sheet, income statement, statement of cash flows, statement of changes in shareholders' equity and notes for the year ended March 31, 2010, listed in the index appearing on page 165.

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, 2010 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



Luc Schulthess
Audit expert

Lausanne, May 27, 2010

Enclosures:

- Consolidated financial statements (balance sheet, income statement, statement of cash flows, statement of changes in shareholders' equity and notes) for the year ended March 31, 2010, listed in the index appearing on page 165.

LOGITECH INTERNATIONAL S.A.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)

	Year ended March 31,		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net sales	\$1,966,748	\$2,208,832	\$2,370,496
Cost of goods sold	<u>1,339,852</u>	<u>1,517,606</u>	<u>1,521,378</u>
Gross profit	626,896	691,226	849,118
Operating expenses:			
Marketing and selling	304,788	319,167	324,451
Research and development	135,813	128,755	124,544
General and administrative	106,147	113,103	113,443
Restructuring charges	<u>1,784</u>	<u>20,547</u>	<u>—</u>
Total operating expenses	548,532	581,572	562,438
Operating income	78,364	109,654	286,680
Interest income, net	2,120	8,628	15,508
Other income (expense), net	<u>3,139</u>	<u>8,511</u>	<u>(39,374)</u>
Income before income taxes	83,623	126,793	262,814
Provision for income taxes	<u>18,666</u>	<u>19,761</u>	<u>31,788</u>
Net income	<u>\$ 64,957</u>	<u>\$ 107,032</u>	<u>\$ 231,026</u>
Net income per share:			
Basic	\$ 0.37	\$ 0.60	\$ 1.27
Diluted	\$ 0.36	\$ 0.59	\$ 1.23
Shares used to compute net income per share:			
Basic	177,279	178,811	181,362
Diluted	179,340	182,911	187,942

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,	
	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 319,944	\$ 492,759
Short-term investments	—	1,637
Accounts receivable	195,247	213,929
Inventories	219,593	233,467
Other current assets	58,877	56,884
Total current assets	793,661	998,676
Property, plant and equipment	91,229	104,132
Goodwill	553,462	242,909
Other intangible assets	95,396	32,109
Other assets	65,930	43,704
Total assets	\$1,599,678	\$1,421,530
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 257,955	\$ 157,798
Accrued liabilities	182,336	131,496
Total current liabilities	440,291	289,294
Other liabilities	159,672	134,528
Total liabilities	599,963	423,822
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, 2010 and 2009	33,370	33,370
Additional paid-in capital	14,880	45,012
Shares in treasury, at cost, 16,435,528 at March 31, 2010 and 12,124,078 at March 31, 2009	(382,512)	(341,454)
Retained earnings	1,406,618	1,341,661
Accumulated other comprehensive loss	(72,641)	(80,881)
Total shareholders' equity	999,715	997,708
Total liabilities and shareholders' equity	\$1,599,678	\$1,421,530

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,		
	2010	2009	2008
Cash flows from operating activities:			
Net income	\$ 64,957	\$ 107,032	\$ 231,026
Non-cash items included in net income:			
Depreciation	56,380	44,021	43,831
Amortization of other intangible assets	14,515	8,166	5,391
Share-based compensation expense related to options, restricted stock units (“RSUs”) and stock purchase rights . . .	25,807	24,503	21,040
Write-down of investments	643	2,727	79,823
Gain on sale of investments	—	—	(27,761)
Excess tax benefits from share-based compensation	(2,814)	(6,592)	(15,231)
Loss (gain) on cash surrender value of life insurance policies . . .	(1,223)	2,868	(724)
In-process research and development	—	1,000	—
Deferred income taxes and other	(17,895)	(10,387)	(2,138)
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	28,489	152,496	(31,212)
Inventories	30,942	(9,078)	(10,230)
Other assets	15,038	14,615	(10,725)
Accounts payable	94,155	(123,802)	61,096
Accrued liabilities	56,265	(6,982)	48,893
Net cash provided by operating activities	<u>365,259</u>	<u>200,587</u>	<u>393,079</u>
Cash flows from investing activities:			
Acquisitions and investments, net of cash acquired	(388,809)	(64,430)	(59,722)
Purchases of property, plant and equipment	(39,834)	(48,263)	(57,900)
Purchases of investment securities	—	—	(379,793)
Sales of investment securities	—	—	538,479
Sale of investment	—	—	13,308
Proceeds from cash surrender of life insurance policies	813	—	—
Premiums paid on cash surrender value life insurance policies	—	(427)	(1,151)
Net cash provided by (used in) investing activities	<u>(427,830)</u>	<u>(113,120)</u>	<u>53,221</u>
Cash flows from financing activities:			
Purchases of treasury shares	(126,301)	(78,870)	(219,742)
Proceeds from sale of shares upon exercise of options and purchase rights	28,917	31,119	50,603
Repayments of debt	(13,630)	—	(11,739)
Excess tax benefits from share-based compensation	2,814	6,592	15,231
Net cash used in financing activities	<u>(108,200)</u>	<u>(41,159)</u>	<u>(165,647)</u>
Effect of exchange rate changes on cash and cash equivalents	(2,044)	(35,901)	5,502
Net increase (decrease) in cash and cash equivalents	<u>(172,815)</u>	<u>10,407</u>	<u>286,155</u>
Cash and cash equivalents at beginning of period	492,759	482,352	196,197
Cash and cash equivalents at end of period	<u>\$ 319,944</u>	<u>\$ 492,759</u>	<u>\$ 482,352</u>
Supplemental cash flow information:			
Interest paid	\$ 66	\$ 143	\$ 22
Income taxes paid	\$ 9,436	\$ 15,268	\$ 11,655

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, 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 adoption of accounting requirements for uncertain tax positions	—	—	—	—	—	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	—	—	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	—	—	—	—	—	—	(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	—	—	24,528	—	—	—	—	24,528
March 31, 2009	191,606	\$ 33,370	\$ 45,012	12,124	\$ (341,454)	\$ 1,341,661	\$(80,881)	\$ 997,708
Net income	—	—	—	—	—	64,957	—	64,957
Cumulative translation adjustment	—	—	—	—	—	—	2,753	2,753
Net deferred hedging gains	—	—	—	—	—	—	1,178	1,178
Actuarial gain on pension plan, net of tax of \$122	—	—	—	—	—	—	4,309	4,309
Total comprehensive income	—	—	—	—	—	—	—	\$ 73,197
Tax benefit from exercise of stock options	—	—	266	—	—	—	—	266
Purchase of treasury shares	—	—	—	7,425	(126,301)	—	—	(126,301)
Sale of shares upon exercise of options and purchase rights	—	—	(56,326)	(3,114)	85,243	—	—	28,917
Share-based compensation expense	—	—	25,928	—	—	—	—	25,928
March 31, 2010	191,606	\$ 33,370	\$ 14,880	16,435	\$ (382,512)	\$ 1,406,618	\$(72,641)	\$ 999,715

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 is a world leader in personal peripherals for computers and other digital platforms. We develop and market innovative products in PC navigation, Internet communications, digital music, home-entertainment control, gaming and wireless devices. For the PC, our products include mice, trackballs, keyboards, interactive gaming controllers, multimedia speakers, headsets, webcams, 3D control devices and lapdesks. Our Internet communications products include webcams, headsets, video communications services, and digital video security systems for a home or small business. Our LifeSize division offers scalable high-definition video communications products, support and services. Our digital music products include speakers, earphones, and custom in-ear monitors. For home entertainment systems, we offer the Harmony line of advanced remote controls and the Squeezebox and Transporter wireless music solutions for the home. For gaming consoles, we offer a range of gaming controllers, including racing wheels, wireless guitar and drum controllers, and microphones, as well as other accessories.

We sell our peripheral products to a network of retail distributors and resellers (“retail”) and to original equipment manufacturers (“OEMs”). We sell our LifeSize products and services to distributors, value-added resellers, OEMs and direct enterprise customers. The large majority of our revenues are derived from sales of our personal peripheral products for use by consumers.

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 generally accepted accounting principles in the United States (“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.

Certain video communications products are integrated with software that is essential to the functionality of the equipment. In addition, unspecified software upgrades and enhancements are provided for some of these products during a maintenance period of one year.

The Company uses the residual method to recognize revenue when an agreement includes one or more elements that are more than incidental to the arrangement, to be delivered at a future date. If there is an undelivered element under the arrangement, Logitech defers revenue based on vendor-specific evidence of the fair value of the undelivered element, as determined by the price charged when the element is sold separately. If vendor-specific objective evidence of fair value does not exist for all undelivered elements, the Company defers all revenue until sufficient evidence exists or all elements have been delivered.

Separately priced maintenance contracts and extended service revenue on hardware and software products are recognized ratably over the service period.

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 pricing programs. 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.

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. The Company offers volume rebates to its 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 the accruals for product returns, cooperative marketing arrangements, customer incentive programs and pricing programs. 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, the Company 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 \$106.4 million, \$151.2 million and \$188.5 million in fiscal years 2010, 2009 and 2008. 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, 2010, one customer represented 14% of total accounts receivable. As of March 31, 2009, two customers represented 18% and 10% 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 marketability and product life cycle stage, product development plans, component cost trends, demand forecasts, historical sales, and assumptions about future demand and market conditions.

Investments

The Company's investment securities portfolio consists of auction rate securities collateralized by residential and commercial mortgages. The investment securities are classified as available-for-sale and are reported at estimated fair value, which is determined by estimating values of the underlying collateral using analogous published indices or by estimating future cash flows, either through discounted cash flow or option pricing methods, incorporating assumptions of default and other future conditions.

Auction rate securities generally have maturity dates greater than 10 years, with interest rates that typically reset through an auction every 28 days. The markets for the auction rate securities which the Company holds as of March 31, 2010 and 2009 have failed since August 2007 and are not expected to resume in the foreseeable future, if at all. As a result, the investments were reclassified from current to non-current assets as of April 1, 2009, as sale or realization of proceeds from sale is not expected within our normal operating cycle of one year.

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 one year 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.

The Company's assessment of uncertain tax positions 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

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 investment securities are reported at estimated fair value.

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 share-based compensation awards, including stock options and restricted stock.

The dilutive effect of in-the-money share-based compensation awards 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 share-based awards, 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. The grant date fair value for stock options and stock purchase rights is estimated using the Black-Scholes-Merton option-pricing valuation model. The grant date fair value of restricted stock units ("RSUs") which vest upon meeting certain market conditions is estimated using the Monte-Carlo simulation method. The grant date fair value of time-based RSUs is calculated based on the share market price on the date of grant. For stock options and restricted stock assumed by Logitech when LifeSize was acquired, the grant date used to estimate fair value is deemed to be December 11, 2009, the date of acquisition. Compensation expense for awards granted or assumed after April 1, 2006 is 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 one to four 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. Compensation expense for these awards is 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 six 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.

Recent Accounting Pronouncements

In October 2009, the Financial Accounting Standards Board ("FASB") published Accounting Standards Update ("ASU") 2009-13, *Multiple Deliverable Revenue Arrangements*, which addresses the accounting for multiple-deliverable arrangements to enable vendors to account for products or services separately rather than as a combined unit. This guidance amends the criteria in ASC Subtopic 605-25, *Revenue Recognition—Multiple-Element Arrangements*, to establish a selling price hierarchy for determining the selling price of a deliverable, based on vendor specific objective evidence, acceptable third party evidence, or estimates. This guidance also eliminates the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. In addition, the disclosures required for multiple-deliverable revenue arrangements are expanded. ASU 2009-13 is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. We are currently evaluating the appropriate timing for the adoption of ASU 2009-13 and its potential impact on the Company's consolidated financial statements and disclosures.

In October 2009, the FASB published ASU 2009-14, *Certain Revenue Arrangements That Include Software Elements*, to provide guidance for revenue arrangements that include both tangible products and software elements. Under this guidance, tangible products containing software components and non-software components that function together to deliver the product's essential functionality are excluded from the software revenue guidance in Accounting Standards Codification ("ASC") Subtopic 985-605, *Software-Revenue Recognition*. In addition, hardware components of a tangible product containing software components are always excluded from the software revenue guidance. ASU 2009-14 is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. We are currently evaluating the appropriate timing for the adoption of ASU 2009-14 and its potential impact on the Company's consolidated financial statements.

In January 2010, the FASB published ASU 2010-06, *Improving Disclosures about Fair Value Measurement*, which requires additional disclosures regarding the activity in fair value measurements classified as Level 3 in the fair value hierarchy. Disclosure of activity in Level 3 fair value measurements is required for fiscal years beginning after December 15, 2010. Early adoption is permitted. We will provide these disclosures beginning in the first quarter of fiscal year 2011, when such activity occurs.

In April 2010, the FASB published ASU 2010-13, *Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades*. The ASU provides that a share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity shares trades should not be considered to contain a condition that is not a market, performance, or service condition. Therefore, an entity would not classify such an award as a liability if it otherwise qualifies as equity. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. Our adoption of ASU 2010-13 in the first quarter of fiscal year 2011 will not impact the Company's consolidated financial statements.

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,		
	2010	2009	2008
Net income — basic and diluted	\$ 64,957	\$107,032	\$231,026
Weighted average shares — basic	177,279	178,811	181,362
Effect of dilutive stock options	2,061	4,100	6,580
Weighted average shares — diluted	179,340	182,911	187,942
Net income per share — basic	\$ 0.37	\$ 0.60	\$ 1.27
Net income per share — diluted	\$ 0.36	\$ 0.59	\$ 1.23

During fiscal years 2010, 2009 and 2008, 15,186,997, 10,567,217 and 3,957,572 share equivalents attributable to outstanding stock options and RSUs were excluded from the calculation of diluted net income per share because the combined exercise price, average unamortized fair value and assumed tax benefits upon exercise of these options and RSUs 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 share-based compensation awards 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 share-based awards 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 share-based awards, 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 share-based awards treated as potential shares in computing diluted earnings per share (in thousands except per share amounts):

	Year Ended March 31		
	2010	2009	2008
In-the-money employee share-based awards treated as potential shares	6,945	9,313	15,881
Percentage of basic weighted average shares outstanding	3.9%	5.2%	8.8%
Average share price	\$16.06	\$20.55	\$ 28.74

The following table illustrates the dilution effect of share-based awards granted, assumed and exercised (in thousands):

	Year ended March 31		
	2010	2009	2008
Basic weighted average shares outstanding as of March 31	177,279	178,811	181,362
Stock options and RSUs granted	3,902	4,239	3,891
Stock options and restricted stock assumed in LifeSize acquisition	1,078	—	—
Stock options and RSUs canceled, forfeited, or expired	(1,440)	(1,163)	(652)
Net awards granted and assumed	3,540	3,076	3,239
Grant dilution ⁽¹⁾	2.0%	1.7%	1.8%
Stock options exercised	1,980	2,037	4,162
Exercise dilution ⁽²⁾	1.1%	1.1%	2.3%

- (1) The percentage of grant dilution is computed based on net awards granted and assumed 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 basic weighted average shares outstanding.

Note 4 — Fair Value Measurements

The Company considers 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. The Company utilizes the following three-level fair value hierarchy to establish the priorities of 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, 2010 and 2009, classified by the level within the fair value hierarchy (in thousands):

	March 31, 2010			March 31, 2009		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 319,944	\$ —	\$ —	\$ 492,759	\$ —	\$ —
Investment securities	—	—	994	—	—	1,637
Foreign exchange derivative assets	599	—	—	208	—	—
Total assets at fair value	<u>\$320,543</u>	<u>\$ —</u>	<u>\$ 994</u>	<u>\$492,967</u>	<u>\$ —</u>	<u>\$1,637</u>
Foreign exchange derivative liabilities	\$ 366	\$ —	\$ —	\$ 1,849	\$ —	\$ —
Total liabilities at fair value	<u>\$ 366</u>	<u>\$ —</u>	<u>\$ —</u>	<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 Investment Securities

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 investment securities portfolio as of March 31, 2010 and 2009 consisted of auction rate securities collateralized by residential and commercial mortgages. The investment securities are classified as available-for-sale and are reported at estimated fair value, which was determined by estimating values of the underlying collateral using analogous published indices or by estimating future cash flows, either through discounted cash flow or option pricing methods, incorporating assumptions of default and other future conditions. Such valuation methods fall within Level 3 of the fair value hierarchy.

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 investment securities as of March 31, 2010 and 2009 have maturity dates in excess of 10 years. Since August 2007, auctions for these investments have failed. As a result, 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. Management has determined that sale or realization of proceeds from the sale of these investment securities is not expected within the Company's normal operating cycle of one year, and hence the investment securities were reclassified from current to non-current assets as of April 1, 2009.

The following table presents the changes in fair value of the Company's investment securities during fiscal years 2010 and 2009:

	March 31,	
	2010	2009
Beginning balance	\$ 1,637	\$ 3,940
Write-down	(643)	(2,727)
Unrealized gain	—	424
Ending balance	<u>\$ 994</u>	<u>\$ 1,637</u>

The par value of our investment securities portfolio at March 31, 2010 and 2009 was \$47.5 million. The write-down of investments related to other-than-temporary declines in the estimated fair value of these investments and is recorded in other income (expense), net. The unrealized gain as of March 31, 2009 related to temporary increases in the fair value and was recorded in other comprehensive income.

Note 6 — Acquisitions

The Company changed the manner in which it accounts for business combinations effective April 1, 2009. For business combinations occurring after that date, transaction costs incurred in connection with the acquisition are recognized as an expense rather than included in the cost allocated to the assets acquired and liabilities assumed. Goodwill recognized as of the acquisition date is measured as the excess of the consideration transferred over the fair values of the identifiable net assets acquired. Assets and liabilities arising from pre-acquisition contingencies, if any, are recognized at fair value, if available, or at the Company's best estimate. Resolution of certain tax contingencies and adjustments to valuation allowances related to business combinations, which previously were adjusted to goodwill, are adjusted to income tax expense for all such adjustments after April 1, 2009, regardless of the date of the original business combinations. Adoption of this change had no impact on previously presented financial information.

LifeSize

On December 11, 2009, pursuant to a merger agreement signed November 10, 2009, Logitech acquired LifeSize Communications, Inc., an Austin, Texas-based privately-held company specializing in high definition video

communication products and services. Logitech expects the acquisition to drive growth in video communication for the enterprise and small-to-medium business markets by leveraging the two companies' technology expertise, including camera design, firewall traversal, video compression and bandwidth management.

The total consideration paid to acquire LifeSize was \$382.8 million, not including cash acquired of \$3.7 million. In addition, Logitech incurred \$6.6 million in transaction costs, which are included in operating expenses. Logitech paid \$382.3 million in cash to the holders of all outstanding shares of LifeSize capital stock, all vested options issued by LifeSize, and all outstanding warrants to purchase LifeSize stock. As part of the acquisition, Logitech assumed all outstanding unvested LifeSize stock options and unvested restricted stock held by continuing LifeSize employees at December 11, 2009. The assumed options are exercisable for a total of approximately 1.0 million Logitech shares and the assumed restricted stock was exchanged for 0.1 million Logitech shares. The stock options and restricted stock continue to have the same terms and conditions as under LifeSize's option plan. The fair value attributable to precombination employee services for the stock options assumed, which is part of the consideration paid to acquire LifeSize, was \$0.5 million. The weighted average fair value of \$12.07 per share for the stock options assumed was determined using a Black-Scholes-Merton option-pricing valuation model with the following weighted-average assumptions: expected term of 2.0 years, expected volatility of 57%, and risk-free interest rate of 0.7%.

The total cash consideration paid of \$382.3 million included \$37.0 million deposited into an escrow account as security for indemnification claims under the merger agreement and \$0.5 million deposited in a stockholder representative expense fund. The escrow fund will be disbursed by the escrow trustee to the former holders of LifeSize capital stock, vested options and warrants with 50% to be disbursed in December 2010 and the remaining fifty percent in June 2011, subject in each case to indemnification claims.

In connection with the merger, Logitech also agreed to establish a cash and stock option retention and incentive plan for certain LifeSize employees, linked to the achievement of LifeSize performance targets. The duration of the plan's performance period is two years, from January 1, 2010 to December 31, 2011. The total available cash incentive is \$9.0 million over the two year performance period. In December 2009, options to purchase 850,000 Logitech shares were issued in connection with the retention and incentive plan.

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 Logitech management based on information available at the date of acquisition.

The allocation of total consideration to the assets acquired and liabilities assumed based on the estimated fair value of LifeSize was as follows (in thousands):

	December 11, 2009	Estimated Life
Tangible assets acquired	\$ 33,635	
Deferred tax asset, net	8,828	
Intangible assets acquired		
Existing technology	30,000	4 years
Patents and core technology	4,500	3 years
Trademark/trade name	7,600	5 years
Customer relationships and other	31,500	5 years
Goodwill	<u>307,241</u>	—
	423,304	
Liabilities assumed	(26,985)	
Debt assumed	<u>(13,505)</u>	
Total consideration	<u>\$ 382,814</u>	

The deferred tax asset primarily relates to the tax benefit of a net operating loss carryforward, net of the deferred tax liability related to intangible assets. The existing technology of LifeSize relates to the platform technology used in LifeSize's high-definition video conferencing systems. The value of the technology was determined based on the present value of estimated expected cash flows attributable to the technology, assuming the highest and best use by a market participant. The patents and core technology represent awarded patents, filed patent applications and core architectures, trade secrets or processes used in LifeSize's current and planned future products. Trademark/trade name relates to the LifeSize 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 and services to LifeSize'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 primarily attributable to the opportunities and economies of scale from combining the operations and technologies of Logitech and LifeSize. This goodwill is not subject to amortization and is not expected to be deductible for income tax purposes. The debt that Logitech assumed as part of the acquisition was repaid in full on December 18, 2009.

Unaudited pro forma financial information

The unaudited pro forma financial information in the table below summarizes the combined results of operations of Logitech and LifeSize during the fiscal years ended March 31, 2010 and 2009 as though the acquisition took place as of the beginning of each fiscal year. The pro forma financial information also includes certain adjustments such as amortization expense from acquired intangible assets, share-based compensation expense related to unvested stock options and restricted stock assumed, depreciation adjustments from alignment of the companies' policies related to property, plant and equipment, interest expense related to debt assumed, expense related to retention bonuses, pre-acquisition transaction costs, and the income tax impact of the pro forma adjustments. The pro forma financial information presented below (in thousands except per share amounts) is for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the periods presented.

	<u>2010</u>	<u>2009</u>
	(Unaudited)	
Net sales	\$2,023	\$2,282
Net income	\$ 44	\$ 88
Net income per share — basic	\$ 0.25	\$ 0.49
Net income per share — diluted	\$ 0.25	\$ 0.48

TV Compass

On November 27, 2009, Logitech acquired certain assets from TV Compass, Inc., a Chicago, Illinois-based company providing video software and services for the Web and mobile devices. The acquisition has been treated as an acquisition of a business and has been accounted for using the purchase method of accounting. The total consideration paid of \$10.0 million was allocated based on estimated fair values to \$4.2 million of identifiable intangible assets, with the balance allocated to goodwill. Fair values were determined by Company management based on information available at the date of acquisition. The intangible assets acquired are amortized on a straight-line basis over their estimated useful lives of 6 years. The goodwill results from expected incremental revenue from the use of the acquired technology in enhancing our products. The goodwill is not subject to amortization and is not expected to be deductible for income tax purposes. In addition, Logitech incurred \$0.3 million in transaction costs, which are included in operating expenses.

SightSpeed

In October 2008, the Company acquired SightSpeed Inc., a privately held company providing high-quality Internet video communications services. The acquisition of SightSpeed provided Logitech with video calling technology and a software and services development team that is focused on future video calling initiatives to enable cross-platform video communications.

Total consideration paid was \$30.9 million, which includes \$0.8 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 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	
Deferred tax asset, net	6,622	
Intangible assets acquired		
Existing technology	800	5 years
Patents and core technology	2,700	5 years
Trademark/trade name	200	2 years
Customer relationships and other	1,200	4.9 years
In-process research and development	1,000	—
Goodwill	<u>18,751</u>	—
	31,643	
Liabilities assumed	<u>(756)</u>	
Total consideration	<u>\$30,887</u>	

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. 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.

Ultimate Ears

In August 2008, the Company acquired the Ultimate Ears companies, a privately held group of companies offering 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 \$34.5 million, which includes \$0.7 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 \$6.0 million has been disbursed and \$0.9 million is recorded as a liability in the accompanying consolidated financial statements. 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 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	\$ 4,132	
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>25,254</u>	—
	42,586	
Liabilities assumed	(2,845)	
Deferred tax liability, net	<u>(5,235)</u>	
Total consideration	<u>\$34,506</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., a privately held company providing 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 of \$0.1 million, was \$22.1 million, which includes \$0.5 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. As of March 31, 2010, no amounts were payable towards performance-based payments under the WiLife 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 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	
Deferred tax asset, net.	639	
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.	15,855	—
	<u>28,126</u>	
Liabilities assumed	<u>(6,016)</u>	
Total consideration.	<u>\$ 22,110</u>	

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. 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.

Note 7 — Balance Sheet Components

The following provides the components of certain balance sheet amounts (in thousands):

	March 31,	
	2010	2009
Accounts receivable:		
Accounts receivable	\$ 349,722	\$ 339,903
Allowance for doubtful accounts	(5,870)	(6,705)
Allowance for returns	(23,657)	(28,705)
Cooperative marketing arrangements	(17,527)	(28,567)
Customer incentive programs	(44,306)	(36,454)
Pricing programs	(63,115)	(25,543)
	<u>\$ 195,247</u>	<u>\$ 213,929</u>
Inventories:		
Raw materials	\$ 31,630	\$ 30,959
Work-in-process	86	19
Finished goods	187,877	202,489
	<u>\$ 219,593</u>	<u>\$ 233,467</u>
Other current assets:		
Tax and VAT refund receivables	\$ 20,305	\$ 17,275
Deferred taxes	27,064	25,546
Prepaid expenses and other	11,508	14,063
	<u>\$ 58,877</u>	<u>\$ 56,884</u>
Property, plant and equipment:		
Plant, buildings and improvements	\$ 58,629	\$ 56,211
Equipment	112,454	108,779
Computer equipment	53,576	49,532
Computer software	78,156	60,259
	302,815	274,781
Less: accumulated depreciation	(224,485)	(188,371)
	78,330	86,410
Construction-in-progress	9,751	14,708
Land	3,148	3,014
	<u>\$ 91,229</u>	<u>\$ 104,132</u>
Other assets:		
Deferred taxes	\$ 45,257	\$ 27,718
Cash surrender value of life insurance contracts	11,097	10,685
Deposits and other	9,576	5,301
	<u>\$ 65,930</u>	<u>\$ 43,704</u>
Accrued liabilities:		
Accrued personnel expenses	\$ 51,378	\$ 34,373
Accrued marketing expenses	28,052	21,984
Accrued freight and duty	12,696	9,048
Income taxes payable - current	8,875	6,828
Non-retirement post-employment benefit obligations	2,761	4,899
Accrued restructuring	399	3,794
Other accrued liabilities	78,175	50,570
	<u>\$ 182,336</u>	<u>\$ 131,496</u>
Long-term liabilities:		
Income taxes payable - non-current	\$ 116,456	\$ 101,463
Obligation for management deferred compensation	10,307	10,499
Defined benefit pension plan liability	19,343	19,822
Other long-term liabilities	13,566	2,744
	<u>\$ 159,672</u>	<u>\$ 134,528</u>

The following table presents the changes in the allowance for doubtful accounts during fiscal years ended March 31, 2010, 2009 and 2008 (in thousands):

	March 31,		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Beginning balance	\$6,705	\$2,497	\$ 3,322
Bad debt expense	(72)	5,102	603
Write-offs net of recoveries	<u>(763)</u>	<u>(894)</u>	<u>(1,428)</u>
Ending balance	<u>\$5,870</u>	<u>\$6,705</u>	<u>\$ 2,497</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, 2010 and 2009 (in thousands):

	March 31,	
	<u>2010</u>	<u>2009</u>
Beginning balance	\$242,909	\$ 194,383
Additions	313,041	48,526
Other adjustments	<u>(2,488)</u>	<u>—</u>
Ending balance	<u>\$ 553,462</u>	<u>\$242,909</u>

Additions to goodwill during fiscal year 2010 primarily related to our acquisitions of LifeSize and TV Compass. Logitech will maintain discrete financial information for LifeSize and accordingly, the acquired goodwill related to the LifeSize acquisition will be separately evaluated for impairment. TV Compass’s business was fully integrated into the Company’s existing operations, and discrete financial information for TV Compass is not maintained. Accordingly, the acquired goodwill related to TV Compass is evaluated for impairment at the total enterprise level. The adjustment to goodwill represents an adjustment of the deferred tax asset recognized in connection with the acquisitions of SightSpeed, Inc. and the Ultimate Ears companies.

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.

The Company has integrated SightSpeed’s, Ultimate Ears’ and WiLife’s businesses into its existing operations, and discrete financial information for these companies is not maintained. Accordingly, the acquired goodwill is evaluated for impairment at the total enterprise level. The Company maintains discrete financial information for 3DConnexion and LifeSize and determines impairment of the goodwill for these units acquired at the entity 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. 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, 2010			March 31, 2009		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademark/tradename.	\$ 32,051	\$(20,421)	\$ 11,630	\$ 24,398	\$(18,559)	\$ 5,839
Technology	87,968	(36,033)	51,935	49,268	(26,598)	22,670
Customer contracts.	38,517	(6,686)	31,831	7,018	(3,418)	3,600
	<u>\$158,536</u>	<u>\$(63,140)</u>	<u>\$95,396</u>	<u>\$ 80,684</u>	<u>\$(48,575)</u>	<u>\$ 32,109</u>

During fiscal year 2010, changes in the gross carrying value of other intangible assets related primarily to our acquisitions of LifeSize and TV Compass. During fiscal year 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 2010, 2009 and 2008, amortization expense for other intangible assets was \$14.5 million, \$8.2 million and \$5.4 million. The Company expects that annual amortization expense for the fiscal years ending 2011, 2012, 2013, 2014 and 2015 will be \$27.1 million, \$24.7 million, \$21.6 million, \$15.5 million and \$6.1 million, and \$0.4 million thereafter.

Note 9 — Financing Arrangements

The Company had several uncommitted, unsecured bank lines of credit aggregating \$151.9 million at March 31, 2010. There are no financial covenants under these lines of credit with which the Company must comply. At March 31, 2010, the Company had no outstanding borrowings under these lines of credit.

Note 10 — Shareholders' Equity

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 16,435,528 of which were held in treasury as of March 31, 2010.

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 349.3 million or \$329.8 million based on exchange rates at March 31, 2010) 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 \$9.0 million at March 31, 2010 (based on exchange rates at March 31, 2010).

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 \$396.3 million at March 31, 2010.

Share Repurchases

During fiscal years 2010, 2009 and 2008, the Company had the following approved share buyback programs in place (in thousands):

<u>Date of Announcement</u>	<u>Approved Buyback Amount</u>	<u>Expiration Date</u>	<u>Completion Date</u>	<u>Amount Remaining</u>
June 2007	\$250,000	June 2010	March 2010	\$—
May 2006	\$250,000	June 2009	February 2008	\$—

The Company repurchased shares under these buyback programs as follows (in thousands):

<u>Date of Announcement</u>	<u>Amounts Repurchased During Year ended March 31,⁽¹⁾</u>							
	<u>Program to date</u>		<u>2010</u>		<u>2009</u>		<u>2008</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	11,978	\$250,555	7,425	\$126,301	2,803	\$78,870	1,750	\$ 45,384
May 2006	8,760	250,968	—	—	—	—	6,034	174,358
	<u>20,738</u>	<u>\$501,523</u>	<u>7,425</u>	<u>\$126,301</u>	<u>2,803</u>	<u>\$78,870</u>	<u>7,784</u>	<u>\$ 219,742</u>

(1) Represents the amount in U.S. dollars, calculated based on exchange rates on the repurchase dates.

In September 2008, the Company's Board of Directors approved a share buyback program which authorizes the Company to invest up to \$250 million to purchase its own shares. The Company has not started repurchases under the September 2008 program.

Note 11 — Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss were as follows (in thousands):

	<u>March 31,</u>	
	<u>2010</u>	<u>2009</u>
Cumulative translation adjustment	\$ (63,646)	\$ (66,399)
Pension liability adjustments, net of tax of \$936 and \$990	(10,813)	(15,122)
Unrealized gain on investments	424	424
Net deferred hedging gains	1,394	216
	<u>\$ (72,641)</u>	<u>\$ (80,881)</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 approximately 500 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 years 2010 and 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	16,427	556	200	3,364
Cash payments	(12,764)	(12,579)	—	(185)	—
Charges against assets	(556)	—	(556)	—	—
Other	(3,485)	(121)	—	—	(3,364)
Foreign exchange	52	52	—	—	—
Balance at March 31, 2009	<u>\$ 3,794</u>	<u>\$ 3,779</u>	<u>\$ —</u>	<u>\$ 15</u>	<u>\$ —</u>
Charges	1,784	1,318	—	419	47
Cash payments	(5,194)	(5,098)	—	(96)	—
Other	(86)	53	—	(4)	(135)
Foreign exchange	101	106	—	—	(5)
Balance at March 31, 2010	<u>\$ 399</u>	<u>\$ 158</u>	<u>\$ —</u>	<u>\$ 334</u>	<u>\$ (93)</u>

Termination benefits incurred pursuant to the 2009 Restructuring Plan were calculated based on regional benefit practices and local statutory requirements. Asset impairments were recorded to write down fixed assets that were not placed in service due to the abandonment of the related projects. Contract termination costs related to exit costs associated with the closure of existing facilities. Other charges primarily consisted 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 were reflected as a reduction of pension assets. We completed the 2009 Restructuring Plan in fiscal 2010.

Note 13 — Employee Benefit Plans

Employee Share Purchase Plans and Stock Incentive Plans

As of March 31, 2010, the Company offers the 2006 Employee Share Purchase Plan (Non-U.S.) (“2006 ESPP”), the 1996 Employee Share Purchase Plan (U.S.) (“1996 ESPP”), the 2006 Stock Incentive Plan, and the LifeSize Communications, Inc. 2003 Stock Option Plan. Share-based awards granted to employees and directors include stock options, RSUs granted under the 2006 Stock Incentive Plan and share purchase rights granted under the 2006 ESPP and 1996 ESPP. Shares issued to employees as a result of purchases or exercises under these plans are generally issued from shares held in treasury. As part of the LifeSize acquisition, Logitech assumed all outstanding unvested LifeSize stock options and unvested restricted stock held by continuing LifeSize employees at December 11, 2009. The stock options and restricted stock continue to have the same terms and conditions as under LifeSize’s option plan.

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, 2010, a total of 2,772,075 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 17,500,000 shares was reserved for issuance under the 2006 Plan. As of March 31, 2010, a total of 5,664,605 shares were available for issuance under this plan.

The Company assumed the LifeSize Communications, Inc. 2003 Stock Option Plan as part of its acquisition of LifeSize in December 2009. Under this plan, the Company may issue options to purchase Logitech shares to employees of LifeSize. As of March 31, 2010, a total of 215,813 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 2010 and 2009 (in thousands).

	Year Ended March 31,	
	2010	2009
Cost of goods sold	<u>\$ 3,073</u>	<u>\$ 3,163</u>
Share-based compensation expense included in gross profit	<u>3,073</u>	<u>3,163</u>
Operating expenses:		
Marketing and selling	9,201	7,989
Research and development	4,902	4,488
General and administrative	<u>8,631</u>	<u>8,863</u>
Share-based compensation expense included in operating expenses.	<u>22,734</u>	<u>21,340</u>
Total share-based compensation expense related to employee stock options, RSUs and employee stock purchases	25,807	24,503
Tax benefit	<u>5,768</u>	<u>3,102</u>
Share-based compensation expense related to employee stock options, RSUs and employee stock purchases, net of tax	<u>\$ 20,039</u>	<u>\$ 21,401</u>

As of March 31, 2010 and 2009, \$0.9 million and \$0.8 million of share-based compensation cost was capitalized to inventory. As of March 31, 2010, total compensation cost related to non-vested stock options not yet recognized was \$53.8 million, which is expected to be recognized over the next 31 months on a weighted-average basis.

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,					
	2010	2009	2008	2010	2009	2008
	Purchase Plans			Stock Option Plans		
Dividend yield	0%	0%	0%	0%	0%	0%
Expected life	6 months	6 months	6 months	3.3 years	3.7 years	3.8 years
Expected volatility	59%	63%	38%	47%	36%	33%
Risk-free interest rate	0.19%	1.23%	4.23%	1.64%	2.40%	4.01%

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 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,					
	2010	2009	2008	2010	2009	2008
	Purchase Plans			Stock Option Plans		
Weighted average grant-date fair value of options granted . . .	\$4.23	\$5.46	\$7.63	\$6.66	\$6.25	\$9.14
Expected forfeitures	0%	0%	0%	9%	7%	7%

A summary of activity under the share-based compensation plans is as follows (in thousands, except per share data; exercise prices are weighted averages):

	Year ended March 31,					
	2010		2009		2008	
	Number	Exercise Price	Number	Exercise Price	Number	Exercise Price
Outstanding, beginning of year	18,991	\$ 18	17,952	\$ 17	18,876	\$ 12
Granted	3,902	\$ 14	4,239	\$ 21	3,890	\$ 30
Assumed in LifeSize acquisition	1,078	\$ 5	—	\$ —	—	\$ —
Exercised	(1,980)	\$ 8	(2,037)	\$ 9	(4,162)	\$ 9
Cancelled or expired	(1,440)	\$ 23	(1,163)	\$ 24	(652)	\$ 21
Outstanding, end of year	<u>20,551</u>	\$ 17	<u>18,991</u>	\$ 18	<u>17,952</u>	\$ 17
Exercisable, end of year	<u>11,303</u>	\$ 17	<u>10,981</u>	\$ 14	<u>9,934</u>	\$ 12

The total pretax intrinsic value of options exercised during the fiscal years ended March 31, 2010, 2009 and 2008 was \$15.0 million, \$33.2 million and \$84.9 million and the tax benefit realized for the tax deduction from options exercised during those periods was \$3.9 million, \$8.5 million and \$22.5 million. The total fair value of options vested as of March 31, 2010, 2009 and 2008 was \$66.4 million, \$57.7 million and \$42.9 million.

The following table summarizes significant ranges of outstanding and exercisable options as of March 31, 2010 (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—\$11.45	5,910	\$ 8	4.6	\$ 51,527	4,397	\$ 9	3.2	\$ 31,656
\$ 11.46—\$16.35	5,546	\$ 14	7.6	11,508	1,948	\$ 14	4.5	4,827
\$ 16.36—\$23.35	5,455	\$ 21	7.2	—	3,083	\$ 21	6.3	—
\$ 23.36—\$50.00	3,640	\$ 29	7.4	—	1,875	\$ 29	7.3	—
\$ 1.00—\$50.00	<u>20,551</u>	\$ 17	6.6	<u>\$ 63,035</u>	<u>11,303</u>	\$ 17	5.0	<u>\$ 36,483</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 \$16.34 at March 31, 2010, 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, 2010 was 6,195,058. As of March 31, 2010, 9,247,646 options were unvested, of which 8,385,765 are expected to vest, based on an estimated forfeiture rate of 9%.

During fiscal year 2010, the Company granted 266,560 time-based RSUs to employees and board members pursuant to the 2006 Stock Incentive Plan. These RSUs had a weighted average grant date fair value of \$14.83 per unit. The time-based RSUs granted to employees vest in four equal annual installments on the grant date anniversary. The time-based RSUs granted to non-executive board members vest in one annual installment on the grant date anniversary. The Company estimates the fair value of these RSUs based on the share market price on the date of grant. Compensation expense related to time-based RSUs is recognized over the vesting period and is included in the total share-based compensation expense disclosed above. As of March 31, 2010, total compensation cost related to time-based RSUs not yet recognized was \$2.2 million, which is expected to be recognized over the next 39 months.

During fiscal years 2010 and 2009, the Company granted 115,000 and 93,750 RSUs to certain senior executives pursuant to the 2006 Stock Incentive Plan. These RSUs had a grant date fair value of \$18.18 and \$27.90 per unit. 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 these 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, 2010, total compensation cost not yet recognized related to these RSUs was \$1.9 million, which is expected to be recognized over the next 15 months.

The fair value of these RSUs was estimated using the Monte-Carlo simulation model applying the following assumptions:

	FY 2010 Grants	FY 2009 Grants
Dividend yield	0%	0%
Expected life	2 years	2 years
Expected volatility	58%	41%
Risk-free interest rate	1.11%	1.82%

The dividend yield assumption is based on the Company's history and future expectations of dividend payouts. The expected life of these RSUs is the service period at the end of which the RSUs will vest if the performance conditions are satisfied. 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 2010, 2009 and 2008, were \$8.2 million, \$8.3 million and \$7.0 million.

Defined Benefit Plans

Certain of the Company's subsidiaries sponsor defined benefit pension plans or non-retirement post-employment benefits covering substantially all of their employees. 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 plans and non-retirement post-employment benefit obligations as an asset or liability in its statement of financial position, and recognizes changes in the funded status of defined benefit pension plans 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 2010 and 2009 was as follows (in thousands):

	Year ended March 31,	
	2010	2009
Service cost	\$ 3,983	\$ 2,814
Interest cost	1,430	1,520
Expected return on plan assets	(1,200)	(1,488)
Amortization of net transition obligation	4	5
Amortization of net prior service cost	138	—
Recognized net actuarial loss	1,239	232
Net periodic benefit cost	<u>\$ 5,594</u>	<u>\$ 3,083</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 2010 and 2009 were as follows (in thousands):

	March 31,	
	2010	2009
Projected benefit obligation, beginning of year	\$ 48,135	\$ 51,632
Service cost	3,983	2,814
Interest cost	1,430	1,520
Plan participant contributions	1,848	1,656
Actuarial (gain) loss due to assumption changes	(994)	3,828
Actuarial loss due to plan experience	916	776
Benefits paid	(1,037)	(1,413)
Plan amendments	—	2,590
Settlement/curtailment	—	(9,503)
Initial adoption of Japanese plan	—	431
Administrative expense paid	(177)	(183)
Foreign currency exchange rate changes	3,427	(6,013)
Projected benefit obligation, end of year	<u>\$ 57,531</u>	<u>\$ 48,135</u>

The accumulated benefit obligation for all defined benefit pension plans as of March 31, 2010 and 2009 was \$46.3 million and \$39.0 million.

The following table presents the changes in the fair value of defined benefit pension plan assets for fiscal years 2010 and 2009 (in thousands):

	March 31,	
	2010	2009
Fair value of plan assets, beginning of year	\$ 23,415	\$ 35,059
Actual return on plan assets	5,267	(4,928)
Employer contributions	4,137	3,531
Plan participant contributions	1,848	1,656
Benefits paid	(864)	(1,413)
Settlement	—	(6,580)
Initial adoption of Japanese plan	—	244
Administrative expenses paid	(177)	(183)
Foreign currency exchange rate changes	1,801	(3,971)
Fair value of plan assets, end of year	<u>\$ 35,427</u>	<u>\$ 23,415</u>

The defined benefit pension plans have the following asset allocations. Investment strategies and allocation decisions are determined by the applicable governmental regulatory agency.

	March 31,	
	2010	2009
Equity securities	34.8%	24.4%
Debt securities	43.6%	53.2%
Real estate	10.7%	5.3%
Other	10.9%	17.1%
	<u>100.0%</u>	<u>100.0%</u>

The funded status of the defined benefit pension plans is the fair value of plan assets as determined by the governmental regulatory agency less benefit obligations. The funded status of the non-retirement post-employment benefits is the fair value of the benefit obligations. Projected benefit obligations exceeded plan assets for all plans by \$22.1 million and \$24.7 million as of March 31, 2010 and 2009. Amounts recognized on the balance sheet for the plans were as follows (in thousands):

	March 31,	
	2010	2009
Current assets	\$ 936	\$ 990
Current liabilities	(2,761)	(4,899)
Non-current liabilities	(19,343)	(19,822)
Net liability	<u>\$ (21,168)</u>	<u>\$ (23,731)</u>

Amounts recognized in other comprehensive income related to defined benefit pension plans were as follows (in thousands):

	March 31,	
	2010	2009
Net prior service cost	\$ 2,075	\$ 2,077
Net actuarial loss	9,641	14,000
Amortization of net transition obligation	33	35
Accumulated other comprehensive income	11,749	16,112
Deferred tax benefit	(936)	(990)
Accumulated other comprehensive loss, net of tax	<u>\$ 10,813</u>	<u>\$ 15,122</u>

Changes in accumulated other comprehensive loss related to the defined benefit pension plans were as follows (in thousands):

	March 31,	
	2010	2009
Accumulated other comprehensive loss, beginning of year	\$ 15,122	\$ 9,067
Transition obligation recognized	(4)	(5)
Prior service cost recognized	(120)	—
Loss recognized	(1,276)	(415)
Settlement/curtailment loss recognized	—	(6,225)
Prior service cost occurred	—	2,443
(Gain) loss occurred	(4,143)	10,812
Deferred tax expense (benefit)	122	(182)
Foreign currency exchange rate changes	1,112	(373)
Accumulated other comprehensive loss, end of year	<u>\$ 10,813</u>	<u>\$ 15,122</u>

The following table presents the amounts included in accumulated other comprehensive loss as of March 31, 2010, 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	\$ 5
Amortization of net prior service costs	142
Amortization of net actuarial loss	<u>362</u>
	<u>\$ 509</u>

The Company reassesses its benefit plan assumptions on a regular basis. The actuarial assumptions for the pension plans for fiscal years 2010 and 2009 are as follows:

	2010		2009	
	Benefit Obligation	Periodic Cost	Benefit Obligation	Periodic Cost
Discount rate	2.00% to 3.25%	2.00% to 3.00%	2.00% to 3.00%	2.50% to 3.50%
Estimated rate of compensation increase	2.50% to 5.00%	2.50% to 5.00%	2.50% to 4.00%	2.50% to 4.25%
Expected average rate of return on plan assets	1.00% to 4.75%	1.00% to 4.25%	1.00% to 4.25%	2.75% to 4.75%

The discount rate is estimated based on corporate bond yields or securities of similar quality in the respective country, with a duration approximating the period over which the benefit obligations are expected to be paid. The Company bases the compensation increase assumptions on historical experience and future expectations. The expected average rate of return for the Company's defined benefit pension 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,	
2011	\$ 3,164
2012	3,241
2013	3,264
2014	3,257
2015	3,240
Thereafter	<u>16,098</u>
	<u>\$32,264</u>

The Company expects to contribute approximately \$5.9 million to its defined benefit pension plans during fiscal year 2011.

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 \$10.4 million at March 31, 2010 and 2009 and trust cash balances were \$0.7 million and \$0.3 million at March 31, 2010 and 2009. The fair value of the plan's assets was included in other assets in the statements of financial position. 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 \$10.3 million and \$10.5 million at March 31, 2010 and 2009 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, 2010, 2009 and 2008 is summarized as follows (in thousands):

	<u>Year ended March 31,</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Income before income taxes:			
Swiss	\$13,352	\$ 40,717	\$ 145,403
Non-Swiss	70,271	86,076	117,411
Total	<u>\$83,623</u>	<u>\$126,793</u>	<u>\$ 262,814</u>

The provision for income taxes is summarized as follows (in thousands):

	<u>Year ended March 31,</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Current:			
Swiss	\$ 1,463	\$ 53	\$ 2,509
Non-Swiss	22,279	32,274	31,055
Deferred:			
Swiss	—	(36)	(75)
Non-Swiss	(5,076)	(12,530)	(1,701)
Total	<u>\$ 18,666</u>	<u>\$ 19,761</u>	<u>\$ 31,788</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>2010</u>	<u>2009</u>	<u>2008</u>
Expected tax provision at statutory income tax rates	\$ 7,108	\$10,777	\$22,339
Income taxes at different rates	10,473	9,370	12,245
Research and development tax credits	(1,628)	(2,524)	(1,572)
Unrealized investment income	(428)	1,004	(248)
Stock compensation	713	618	423
Transaction costs	1,257	—	—
Other	1,171	516	(1,399)
Total provision for income taxes	<u>\$18,666</u>	<u>\$ 19,761</u>	<u>\$ 31,788</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 \$2.4 million and \$4.0 million for fiscal years 2010 and 2009. The benefit of the tax holiday on net income per share (diluted) was approximately \$0.01 and \$0.02 in fiscal years 2010 and 2009.

The U.S. Federal research tax credit expired as of December 31, 2009. The U.S. House of Representatives in December 2009 and the U.S. Senate in March 2010 passed different draft legislation which would extend the tax credit for an additional year, however the extension has not yet passed into law as of March 31, 2010. Accordingly, the Company's income tax provision for fiscal year 2010 includes a \$0.9 million tax benefit for federal research tax credit calculated through December 31, 2010.

The U.S. state of California has enacted legislation affecting the methodology which must be used by corporate taxpayers to apportion income to California. These changes will become effective for our fiscal year ending March 31, 2012. Although the Company has significant operations in California, we believe these changes will not have a material impact on our results of operations or financial condition.

Deferred income tax assets and liabilities consist of the following (in thousands):

	<u>March 31,</u>	
	<u>2010</u>	<u>2009</u>
Deferred tax assets:		
Net operating loss carryforwards	\$ 40,878	\$ 8,781
Tax credit carryforwards	3,367	—
Accruals	35,346	35,610
Depreciation and amortization	11,473	8,100
Share-based compensation	17,438	11,983
Gross deferred tax assets	<u>108,502</u>	<u>64,474</u>
Deferred tax liabilities:		
Acquired intangible assets	(37,264)	(11,462)
Gross deferred tax liabilities	<u>(37,264)</u>	<u>(11,462)</u>
Net deferred tax assets	<u>\$ 71,238</u>	<u>\$ 53,012</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 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 a 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 2010 and 2009. 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 2010 and 2009, the Company recorded a credit to equity of \$0.3 million and \$15.3 million.

As of March 31, 2010, the Company had foreign net operating loss and tax credit carryforwards for income tax purposes of \$332.4 million and \$22.3 million. Approximately \$168.1 million of the net operating loss carryforwards and \$20.2 million 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 2014 to 2031, and the tax credit carryforwards will begin to expire in fiscal year 2012.

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.

The Company follows a two-step approach to recognizing and measuring uncertain tax positions. 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 of March 31, 2010, the total amount of unrecognized tax benefits was \$125.2, of which \$101.4 million would affect the effective income tax rate if realized. The Company classified \$2.4 million of unrecognized tax benefits as current income taxes payable as the Company anticipates payment within the next 12 months. The remainder of the unrecognized tax benefits is classified as non-current income taxes payable.

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>
Lapse of statute of limitations	(3,667)
Decreases in balances related to tax positions taken during prior periods	(229)
Increases in balances related to tax positions taken during the prior period.	2,690
Increases in balances related to tax positions taken during the current period.	17,207
Balance as of March 31, 2010	<u><u>\$113,628</u></u>

The Company continues to recognize interest and penalties related to unrecognized tax positions in income tax expense. The Company recognized \$1.9 million, \$1.8 million and \$1.6 million in interest and penalties in income tax expense during fiscal years 2010, 2009 and 2008. As of March 31, 2010, 2009 and 2008, the Company had approximately \$12.5 million, \$10.7 million and \$8.8 million of accrued interest and penalties related to uncertain tax positions.

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. In fiscal year 2009, the U.S. Internal Revenue Service initiated an examination of the Company's U.S. subsidiary for fiscal year 2006. During the third quarter of fiscal year 2010, the Internal Revenue Service expanded its examination to include fiscal year 2007. At this time it is not possible to estimate the potential impact that the examination may have on income tax expense. The Company is also under examination in other foreign jurisdictions.

Although the Company has adequately provided for uncertain tax positions, the provisions on these positions may change as revised estimates are made or the underlying matters are settled or otherwise resolved. Within the next 12 months, the Company anticipates that it is reasonably possible that unrecognized tax benefits may decrease due to the resolution of income tax audits with foreign governments. However, an estimate of such decreases cannot reasonably be made as of March 31, 2010.

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. Logitech does not use derivative financial instruments for trading or speculative purposes. These hedging contracts generally mature within six months, and are denominated in the same currency as the underlying transactions. 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 fiscal years ended March 31, 2010 and 2009. The notional amounts of foreign exchange forward contracts outstanding related to forecasted inventory purchases were \$46.2 million (34.3 million euros) and \$21.9 million (17.4 million euros) at March 31, 2010 and 2009. 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, 2010 and 2009 relating to foreign currency receivables or payables were \$15.1 million and \$8.0 million. Open forward contracts as of March 31, 2010 and 2009 consisted of contracts in British pounds to purchase euros at a future date at a predetermined exchange rate. The notional amounts of foreign exchange swap contracts outstanding at March 31, 2010 and 2009 were \$38.9 million and \$20.2 million. Swap contracts outstanding at March 31, 2010 consisted of contracts in British pounds, Japanese yen, Mexican pesos and Canadian dollars. Swap contracts outstanding at March 31, 2009 consisted of contracts in Japanese yen, Mexican pesos 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. 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, 2010 and 2009 (in thousands):

	Asset Derivatives			Liability Derivatives		
	Location	Fair Value		Location	Fair Value	
		2010	2009		2010	2009
Derivatives designated as hedging instruments:						
Cash Flow Hedges	Other assets	\$ 136	\$ —	Other liabilities	\$ 10	\$ 1,257
		<u>136</u>	<u>—</u>		<u>10</u>	<u>1,257</u>
Derivatives not designated as hedging instruments:						
Foreign Exchange						
Forward Contracts	Other assets	11	208	Other liabilities	—	—
Foreign Exchange						
Swap Contracts	Other assets	452	—	Other liabilities	356	592
		<u>463</u>	<u>208</u>		<u>356</u>	<u>592</u>
		<u>\$ 599</u>	<u>\$ 208</u>		<u>\$ 366</u>	<u>\$ 1,849</u>

The following table presents the amounts of gains and losses on the Company's derivative instruments for the years ended March 31, 2010 and 2009 and their locations on its Financial Statements (in thousands):

	Net amount of gain/(loss) deferred as a component of accumulated 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	
	2010	2009		2010	2009		2010	2009
	Derivatives designated as hedging instruments:							
Cash Flow Hedges	\$ 1,178	\$ 216	Cost of goods sold	\$ (5,615)	\$ 1,678	Other income/expense	\$ (57)	\$ (12)
	<u>1,178</u>	<u>216</u>		<u>(5,615)</u>	<u>1,678</u>		<u>(57)</u>	<u>(12)</u>
Derivatives not designated as hedging instruments:								
Foreign Exchange								
Forward Contracts	—	—		—	—	Other income/expense	(831)	208
Foreign Exchange								
Swap Contracts	—	—		—	—	Other income/expense	(2,306)	(592)
	<u>—</u>	<u>—</u>		<u>—</u>	<u>—</u>		<u>(3,137)</u>	<u>(384)</u>
	<u>\$ 1,178</u>	<u>\$ 216</u>		<u>\$ (5,615)</u>	<u>\$ 1,678</u>		<u>\$ (3,194)</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, 2010 are as follows (in thousands):

Year ending March 31,	
2011	\$ 13,679
2012	9,666
2013	8,204
2014	4,171
2015	3,473
Thereafter	7,503
	<u>\$46,696</u>

Rent expense was \$16.3 million, \$15.5 million and \$13.8 million for the years ended March 31, 2010, 2009 and 2008. The Company's asset retirement obligations for its leased facilities as of March 31, 2010 were not material.

At March 31, 2010, fixed purchase commitments for capital expenditures amounted to \$12.9 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, 2010, fixed purchase commitments for inventory amounted to \$183.6 million, which are expected to be fulfilled by December 31, 2010. The Company also had other commitments totaling \$33.3 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, 2010, there were no outstanding guaranteed purchase obligations. The maximum total potential future payments under three of the five guarantee arrangements is limited to \$30.8 million. The remaining two guarantees are limited to purchases of specified components from the named suppliers. 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 \$8.2 million as of March 31, 2010. As of March 31, 2010, \$7.6 million was outstanding under these guarantees. The parent holding company has also guaranteed the purchases of one of its subsidiaries under two guarantee agreements. These guarantees do not specify a maximum amount. As of March 31, 2010, \$8.7 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, 2010. 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.

The Company provides various third parties with irrevocable letters of credit in the normal course of business to secure its obligations to pay or perform pursuant to the requirements of an underlying agreement or the provision of goods and services. These standby letters of credit are cancelable only at the option of the beneficiary who is authorized to draw drafts on the issuing bank up to the face amount of the standby letter of credit in accordance with its terms. At March 31, 2010, the Company had \$3.4 million of letters of credit in place, of which \$0.3 million was outstanding. These letters of credit relate primarily to equipment purchases by a subsidiary in China, and expire between April and June 2010. At March 31, 2009, The Company had \$0.4 million of letters of credit in place, with no balance outstanding.

In November 2007, the Company acquired WiLife, Inc., a privately held company offering 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. As of March 31, 2010, no amounts were payable towards performance-based payments under the WiLife acquisition agreement.

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, 2010 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,		
	2010	2009	2008
Interest income	\$ 2,406	\$ 8,648	\$ 15,752
Interest expense	(286)	(20)	(244)
Interest income, net	<u>\$ 2,120</u>	<u>\$ 8,628</u>	<u>\$ 15,508</u>
Foreign currency exchange gains, net	\$ 1,720	\$ 13,680	\$ 10,616
Gain on sale of investments, net	—	—	27,761
Insurance investment income (loss)	1,221	(2,883)	710
Write-down of investments	(643)	(2,727)	(79,823)
Other, net	841	441	1,362
Other income (expense), net	<u>\$ 3,139</u>	<u>\$ 8,511</u>	<u>\$ (39,374)</u>

Note 18 — Segment Information

The Company operates in two industry segments, personal peripherals and video conferencing, based on product markets and internal organizational structure. The personal peripherals segment encompasses the design, manufacturing and marketing of personal peripherals for personal computers and other digital platforms. The video conferencing segment consists of the LifeSize division, and encompasses the design, manufacturing and marketing of high-definition video and audio communication products for the enterprise and small-to-medium business markets. The video conferencing operating segment does not meet the quantitative thresholds required for separate disclosure of financial information.

Net sales by product family, excluding intercompany transactions, were as follows (in thousands):

	Year ended March 31,		
	2010	2009	2008
Retail — Pointing Devices	\$ 528,236	\$ 579,775	\$ 615,524
Retail — Keyboards & Desktops	329,038	384,809	464,984
Retail — Audio	454,957	445,362	478,455
Retail — Video	228,344	248,339	238,728
Retail — Gaming	107,595	127,052	146,016
Retail — Remotes	96,982	102,006	123,581
OEM	198,364	321,489	303,208
Personal peripherals	1,943,516	2,208,832	2,370,496
LifeSize	23,232	—	—
Total net sales	<u>\$ 1,966,748</u>	<u>\$ 2,208,832</u>	<u>\$ 2,370,496</u>

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.

Net sales to unaffiliated customers by geographic region were as follows (in thousands):

	Year ended March 31,		
	2010	2009	2008
EMEA	\$ 882,635	\$ 1,001,337	\$ 1,117,060
Americas	729,473	785,862	888,529
Asia Pacific	354,640	421,633	364,907
Total net sales	<u>\$ 1,966,748</u>	<u>\$ 2,208,832</u>	<u>\$ 2,370,496</u>

The United States and Germany each represented more than 10% of the Company's total consolidated net sales for fiscal year 2010. In fiscal years 2009 and 2008, 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 year 2010, one customer represented 13% of net sales; in fiscal years 2009 and 2008, the same customer represented 14% of net sales. As of March 31, 2010, one customer represented 14% of total accounts receivable. As of March 31, 2009, two customers represented 18% and 10% of total accounts receivable.

Long-lived assets by geographic region were as follows (in thousands):

	March 31,	
	2010	2009
EMEA	\$ 11,053	\$ 13,947
Americas	40,165	40,093
Asia Pacific	43,765	53,541
Total long-lived assets	<u>\$ 94,983</u>	<u>\$ 107,581</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, 2010 and 2009.

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,	
	2010	2009
Prepayments and accrued income	\$ 8,098	\$ 8,733
Non-current assets	\$ 806,017	\$ 422,853
Pension liabilities, current	\$ 2,761	\$ 2,873
Fire insurance value of property, plant and equipment	\$ 191,600	\$ 172,593

Statement of Income Items

Total personnel expenses amounted to \$292.3 million, \$282.9 million and \$271.9 million in fiscal years 2010, 2009 and 2008.

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, 2010, 2009 and 2008:

	Fiscal Year	Base Salary ⁽¹⁾	Bonus ⁽²⁾	Non-equity Incentive Plan Compensation ⁽³⁾	Stock Awards ⁽⁴⁾	Option Awards ⁽⁴⁾	Other Compensation ⁽⁵⁾	Total
Non-Executive Members of the								
Board of Directors:								
Daniel Borel	2010	\$ 72,974	\$ —	\$ —	\$ 110,580	\$ —	\$ —	\$ 183,554
	2009	74,882	—	—	—	—	—	74,882
	2008	126,910	—	—	—	—	—	126,910
Matthew Bousquette	2010	124,762	—	—	109,680	—	—	234,442
	2009	94,533	—	—	—	104,850	—	199,383
	2008	62,750	—	—	—	—	—	62,750
Erh-Hsun Chang	2010	87,098	—	—	127,960	—	—	215,058
	2009	75,321	—	—	—	—	—	75,321
	2008	58,750	—	—	—	—	—	58,750
Kee-Lock Chua	2010	108,284	—	—	127,960	—	—	236,244
	2009	99,504	—	—	—	—	—	99,504
	2008	68,750	—	—	—	—	—	68,750
Sally Davis	2010	101,222	—	—	110,580	—	—	211,802
	2009	95,598	—	—	—	—	—	95,598
	2008	76,802	—	—	—	283,200	—	360,002
Richard Laube	2010	87,098	—	—	110,580	—	—	197,678
	2009	58,168	—	—	—	208,500	—	266,668
	2008	—	—	—	—	—	—	—
Robert Malcolm	2010	87,098	—	—	109,680	—	—	196,778
	2009	85,841	—	—	—	—	—	85,841
	2008	54,750	—	—	—	279,000	—	333,750
Monika Ribar	2010	110,638	—	—	110,580	—	—	221,218
	2009	107,017	—	—	—	—	—	107,017
	2008	88,700	—	—	—	141,600	—	230,300
Total Non-Executive Board Members	2010	\$ 779,174	\$ —	\$ —	\$ 917,600	\$ —	\$ —	\$ 1,696,774
	2009	\$ 690,864	\$ —	\$ —	\$ —	\$ 313,350	\$ —	\$ 1,004,214
	2008	\$ 537,412	\$ —	\$ —	\$ —	\$ 703,800	\$ —	\$ 1,241,212
Highest Paid Executive Officer								
Gerald Quindlen	2010	\$ 787,500	\$ —	\$ 1,299,000	\$ 1,007,600	\$ 394,000	\$ 26,498	\$ 3,514,598
	2009	\$ 787,500	\$ —	\$ —	\$ 697,500	\$ 1,151,000	\$ 9,626	\$ 2,645,626
	2008	\$ 516,154	\$ —	\$ 518,215	\$ —	\$ 3,999,000	\$ 8,697	\$ 5,042,066
Total Executive Officers ⁽⁶⁾	2010	\$ 3,634,808	\$ 40,467	\$ 4,557,000	\$ 2,641,020	\$ 2,783,850	\$ 83,872	\$ 13,741,017
	2009	\$ 3,340,962	\$ —	\$ 584,403	\$ 1,918,125	\$ 3,585,950	\$ 146,586	\$ 9,576,026
	2008	\$ 3,095,385	\$ 150,000	\$ 2,531,572	\$ —	\$ 8,108,500	\$ 88,801	\$ 13,974,258

- (1) Base salary for non-executive 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 and, in 2010, a bonus granted to an executive officer to enable him to purchase a value of Logitech shares equal to what he would have purchased under the Logitech Employee Share Purchase Plan for the February 1 to July 31, 2009 offering period but for his employment start date being after the offering start date.
- (3) Non-equity incentive plan compensation reflects amounts earned under the Logitech Management Performance Bonus Plan and predecessor plans. No non-executive members of the Board of Directors participated in any non-equity incentive compensation plans in any of fiscal years 2008, 2009 or 2010.
- (4) Amounts shown reflect the grant date fair value, by fiscal year, of stock awards and option awards granted in such fiscal year. The key assumptions and methodology for valuation of stock awards and option awards are presented in Note 13.
- (5) Other compensation includes term life insurance premiums, car allowance, tax preparation services (and associated tax gross-up), relocation, and matching contributions made by the Company to the Logitech Inc. 401(k) plan.
- (6) Includes compensation paid to Mr. Mark Hawkins, a former Chief Financial Officer of the Company. Mr. Hawkins resigned from the Company in April 2009.

No additional fees or compensation have been paid during fiscal years 2010, 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 2010, 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 2010, 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, 2010:

	<u>Shares Held</u>	<u>Options, PRSUs and RSUs Held⁽¹⁾</u>	<u>Exercise Price</u>	<u>Fiscal Years of Expiration</u>
Non-Executive Members				
of the Board of Directors:				
Daniel Borel	11,203,158	6,000	—	2011
Matthew Bousquette	10,000	81,000	\$15.41–\$23.29	2016–2019
Erh-Hsun Chang	148,000	337,000	\$7.76–\$20.25	2014–2017
Kee-Lock Chua	14,225	102,000	\$8.68–\$19.43 ⁽²⁾	2011–2017
Sally Davis	7,202	36,000	\$27.78 ⁽³⁾	2018
Richard Laube	57,490	36,000	\$23.24 ⁽⁴⁾	2019
Robert Malcolm	8,460	36,000	\$27.35	2018
Monika Ribar	<u>5,000</u>	<u>101,000</u>	\$11.79–\$27.78 ⁽⁵⁾	2015–2018
Total Non-Executive Members of the Board of Directors:	<u>11,453,535</u>	<u>735,000</u>		
Executive Officers:				
Guerrino De Luca	164,018	1,184,062	\$5.11–\$27.95	2011–2020
Gerald Quindlen	—	1,045,000	\$10.64–\$34.39	2016–2020
Erik Bardman	—	100,000	\$18.76	2020
Werner Heid	4,632	254,500	\$8.01–\$17.44	2019–2020
David Henry	11,131	684,500	\$7.76–\$30.09	2014–2020
Junien Labrousse	25,326	876,750	\$7.76–\$30.09	2014–2020
L. Joseph Sullivan	<u>5,078</u>	<u>322,000</u>	\$13.48–\$30.09	2018–2020
Total Executive Officers	<u>210,185</u>	<u>4,466,812</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. PRSUs granted to executive officers are performance-based restricted stock units that may vest at the end of two years from the grant date upon meeting certain minimum share price performance criteria measured against market conditions. RSUs granted to executive officers are time-based restricted stock units that vest in equal annual installments from the date of grant. RSUs granted to non-executive Directors vest in one installment on the grant date anniversary.
- (2) 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, 2010 was \$12.22 - \$19.43.
- (3) 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, 2010 was \$32.37.
- (4) The exercise price of the option as granted to Mr. Laube is 26.18 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, 2010 was \$24.60.
- (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, 2010 was \$13.79 - \$32.37.

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 the executive 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.

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**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,	
	2010	2009
ASSETS		
Current assets:		
Cash	CHF 32,548	CHF 1,469
Short-term bank deposits	56,109	274,328
Short-term investments	—	1,864
Accrued interest and other receivables	15	755
Advances to and amounts receivable from group companies	81,353	27,079
Total current assets	170,025	305,495
Long-term assets:		
Intangible assets	—	39
Other long-term assets	1,054	—
Investments in subsidiaries	513,702	394,722
Loans to subsidiaries	324,474	—
Provisions on investments in and loans to subsidiaries	(2,507)	(2,507)
Treasury shares	419,770	389,648
Provision on treasury shares	(178,766)	(246,706)
Total long-term assets	1,077,727	535,196
Total assets	CHF 1,247,752	CHF 840,691
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Payables to group companies	CHF 33,249	CHF 17,680
Accruals and other liabilities	2,490	3,161
Deferred unrealized exchange gains	2,829	—
Total current liabilities	38,568	20,841
Long-term liabilities:		
Other long-term liabilities	103	—
Payables to group companies	382,517	17,796
Total liabilities	421,188	38,637
Shareholders' equity:		
Share capital	47,902	47,902
Legal reserves:		
General reserve	9,580	9,580
Reserve for treasury shares	419,770	389,648
Unappropriated retained earnings	349,312	354,924
Total shareholders' equity	826,564	802,054
Total liabilities and shareholders' equity	CHF 1,247,752	CHF 840,691

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,	
	2010	2009
Dividend income	CHF 11,500	CHF 229,809
Royalty fees	42,914	47,316
Interest income from third parties	920	4,107
Interest income from subsidiaries	3,915	315
Other income	—	61
	<u>59,249</u>	<u>281,608</u>
Administrative expenses	4,267	5,096
Brand development expenses	12,713	17,303
Amortization of intangibles	39	256
Interest paid to subsidiaries	8,933	8,101
Income, capital and non-recoverable withholding taxes	2,045	1,987
Loss on disposal of treasury shares	5,983	44,700
Fair value adjustment of treasury shares	—	174,125
Write-down of short-term investments	686	2,057
Realized exchange losses, net of exchange gains	56	414
Other expenses	17	293
	<u>34,739</u>	<u>254,332</u>
Net income	<u>CHF 24,510</u>	<u>CHF 27,276</u>

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”) 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 101,690,000 and CHF 102,643,000 at March 31, 2010 and March 31, 2009 for lines of credit available to its subsidiaries. At March 31, 2010 the credit line facilities were not drawn down.

The 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 CHF 8,632,000. As of March 31, 2010, CHF 8,080,000 was outstanding under these guarantees. The Holding Company has also guaranteed the purchases of one of its subsidiaries under two guarantee agreements. These guarantees do not specify a maximum amount. As of March 31, 2010, CHF 9,224,000 was outstanding under these guarantees.

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 2009 and 2010, repurchases of and issuances from the Holding Company's treasury shares were as follows (total cost in thousands):

	Number of shares	Total cost (in thousands)
Held by the Holding Company at March 31, 2008	12,431,093	CHF 400,710
Additions	2,803,000	82,736
Disposals	(3,110,015)	(93,798)
Held by the Holding Company at March 31, 2009	12,124,078	389,648
Additions	7,425,125	134,771
Disposals	(3,113,675)	(104,649)
Held by the Holding Company at March 31, 2010	16,435,528	CHF 419,770

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 Holding Company repurchased 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. The Holding Company completed the program in March 2010. Under this program, the Holding Company repurchased 11,978,125 registered shares for approximately USD 250,000,000.

In September 2008, the Board of Directors approved a share buyback program which authorizes the Holding Company to invest up to USD 250,000,000 to purchase its own shares. As of May 27, 2010, the Company has not started repurchases under the September 2008 program.

Treasury shares are recorded as a long-term asset at the lower of cost or market value, however in accordance with article 669 of the Swiss Code of Obligations, management has opted to record the treasury shares at a value below 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 option 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:

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.

LOGITECH INTERNATIONAL S.A., APPLES

NOTES TO SWISS STATUTORY FINANCIAL STATEMENTS (continued)

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, 2010 was 50,000,000, which are available for issuance upon the exercise of employee stock options and the issuance of shares under the Company's employee share purchase plans. During fiscal years 2010 and 2009, no shares were issued from the aforementioned amounts of conditional shares available. In fiscal years 2010 and 2009, all stock options and purchase plan commitments were satisfied from treasury shares held by the Holding Company.

As at March 31, 2010, 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, 2010 were as follows:

<u>Name</u>	<u>Number of Shares⁽²⁾</u>	<u>% of Voting Rights⁽³⁾</u>	<u>Relevant Date</u>
Daniel Borel ⁽¹⁾	11,203,158	5.8%	March 31, 2010
FMR LLC ⁽⁴⁾	10,568,978	5.5%	December 31, 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) Financial instruments other than shares are not taken into consideration for the calculation of the relevant shareholdings.
- (3) 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, 2010.
- (4) Number of shares held by FMR LLC is based on a notification filed with the U.S. Securities and Exchange Commission on February 16, 2010 indicating the ownership of FMR LLC, on behalf of funds managed by and clients of FMR LLC and its direct and indirect subsidiaries.
- (5) On May 22, 2008, Thornburg Investment Management notified us that as of April 24, 2008 they held 11,922,284 shares constituting approximately 6.2% of the Company's voting rights.

The Swiss Federal Act on Stock Exchanges and Securities Trading of March 24, 1995 ("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.

LOGITECH INTERNATIONAL S.A., APPLES

NOTES TO SWISS STATUTORY FINANCIAL STATEMENTS (continued)

Note 7 — Movements on Retained Earnings:

During fiscal years 2010 and 2009, movements on retained earnings were as follows (in thousands):

	Year ended March 31,	
	2010	2009
Retained earnings at the beginning of the year	CHF 354,924	CHF 316,586
Release from (attribution to) reserve for treasury shares.	(30,122)	11,062
Net income for the year	24,510	27,276
Retained earnings at the disposal of the Annual General Assembly.	CHF 349,312	CHF 354,924

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 the consolidated financial statements of Logitech International S.A., Apples.

Note 9 — Risk Assessment:

A discussion of the Holding Company’s risk assessment is included in Note 19-Other Disclosures Required by Swiss Law in the consolidated financial statements of Logitech International S.A.

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 2010 and 2009 (in thousands):

	Year ended March 31,	
	2010	2009
	Proposal of the Board of Directors	Resolution of the General Assembly
To be carried forward	<u>CHF 349,312</u>	<u>CHF 354,924</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, 2010.

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.

Auditors' 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, 2010 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



Luc Schulthess
Audit expert

Lausanne, Switzerland
May 27, 2010

Enclosures:

- Financial statements (balance sheet, statement of income and notes) for the year ended March 31, 2010 and the proposed appropriation of the available earnings, listed in the index appearing on page 212.

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Executive Team

Gerald P. Quindlen

President and Chief Executive Officer

Erik K. Bardman

Chief Financial Office, Senior Vice President, Finance

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

Craig B. Malloy

Chief Executive Officer of LifeSize Communications,
Senior Vice President of Logitech

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, Sales 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 8, 2010,
at the Palais de Beaulieu in Lausanne, Switzerland.



SIX: LOGN-VX
NASDAQ: LOGI

For more information
about Logitech and
its products, please
visit our web site:
www.logitech.com.