



Des produits conçus pour les activités numériques qui vous intéressent

Produkte für die digitalen Erfahrungen, die Ihnen wichtig sind



Products for the digital experiences you care about

30  
ans | Jahre | years

Durant les 30 années qui ont suivi la création de la société à Apples en Suisse, Logitech n'a cessé de se transformer pour s'adapter aux évolutions technologiques et aux nouvelles habitudes des utilisateurs. Nous ouvrons désormais un nouveau chapitre, dans cette époque où tout va plus vite et chaque nouveauté est une révolution, en nous concentrant sur le développement de produits et de solutions innovants, simples d'utilisation et qui permettent aux utilisateurs de tirer le meilleur parti de leurs activités numériques.

In den 30 Jahren, die seit der Gründung unseres Unternehmens in Apples, Schweiz, vergangen sind, hat sich Logitech kontinuierlich gewandelt, um neue Technologien und die Art, wie Menschen damit umgehen, aufzugreifen. Und auch in diesen Zeiten schneller und bahnbrechender Veränderungen schlagen wir ein neues Kapitel auf: Wir fokussieren uns auf innovative und einfach anzuwendende Produkte sowie Lösungen, mit denen Menschen ihre Wünsche in einer digitalen Welt optimal verwirklichen können.

In the 30 years since our company's founding in Apples, Switzerland, Logitech has continually transformed itself to adapt to changes in technology and how people use technology. We embark upon new chapters in this time of faster, more disruptive change focused on delivering innovative, easy-to-use products and solutions that allow people to get the most out of their digital pursuits.

## 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 2011 and the section titled "Operating and Financial Review and Prospects," in our annual reports for Fiscal Year 2007.

Fiscal Year	2007	2008	2009	2010	2011
(in U.S. dollars; in thousands, except per share amounts)					
Net sales	\$ 2,066,569	\$ 2,370,496	\$ 2,208,832	\$ 1,966,748	\$ 2,362,886
Gross margin	34.3%	35.8%	31.3%	31.9%	35.4%
Operating income	\$ 230,862	\$ 286,680	\$ 109,654	\$ 78,364	\$ 142,656
Operating margin	11.2%	12.1%	5.0%	4.0%	6.0%
Net income	\$ 229,848	\$ 231,026	\$ 107,032	\$ 64,957	\$ 128,460
Earnings per diluted share	\$ 1.20	\$ 1.23	\$ 0.59	\$ 0.36	\$ 0.72
Diluted number of shares	190,991	187,942	182,911	179,340	178,790
Cash flow from operations	\$ 303,825	\$ 393,079	\$ 200,587	\$ 365,259	\$ 156,551
Capital expenditures	\$ 47,246	\$ 57,900	\$ 48,263	\$ 39,834	\$ 43,039
Cash and cash equivalents and short-term investments, net of short-term debt	\$ 398,966	\$ 486,292	\$ 494,396	\$ 319,944	\$ 477,931
Shareholders' equity	\$ 844,524	\$ 960,044	\$ 997,708	\$ 999,715	\$ 1,205,001

This document contains forward-looking statements, including the statements regarding growth opportunities, strategies and planned product introductions in peripherals for tablets, China and other emerging markets, video communications, unified communications and the digital home; and priorities for FY 2012. These forward-looking statements involve risks and uncertainties that could cause Logitech's actual results to differ materially from those anticipated in these forward-looking statements. Factors that could cause actual results to differ materially include: the demand of our customers and our consumers for our products and our ability to accurately forecast it; if our decisions to prioritize investments in our LifeSize division, in growing our sales and marketing in China and other high potential emerging markets, in peripherals for tablets, and in our other investment priorities, do not result in the sales or profitability 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, and the rate of adoption of video communications in enterprises; if significant demand for peripherals to use with tablets and other mobile devices with touch interfaces does not develop, or if market reaction to our peripherals for tablets is less positive than we expect; if the decline in expected sales for our PC peripherals in mature markets is greater than we expect, or if the sales growth in emerging markets for our PC peripherals and other products does not increase as much as we expect; if we fail to successfully innovate in our current and emerging product categories and identify new feature or product opportunities; if there is a deterioration of business and economic conditions or significant fluctuations in currency exchange rates; 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, 2011 and our subsequent Quarterly Reports on Form 10-Q available at [www.sec.gov](http://www.sec.gov). Logitech does not undertake to update any forward-looking statements, which speak as of their respective dates.



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## Chers actionnaires

Malgré une fin décevante, due à la faiblesse de nos ventes sur le marché EMEA, l'exercice financier 2011 s'est avéré globalement très satisfaisant puisque les ventes ont augmenté de 20%, le revenu d'exploitation de 82% et le revenu net de 100%. Même si ces résultats sont en deçà de nos attentes optimistes et que notre cours boursier s'en est ressenti, nous gardons confiance en notre stratégie à long terme, qui saura nous préparer au mieux aux défis et aux opportunités à venir.

L'aspect le plus marquant de l'exercice 2011 est le retour à une croissance solide de notre société dans son ensemble, mais aussi dans plusieurs régions de vente et catégories de produits. Les ventes des régions Amériques et Asie-Pacifique ont en effet battu des records, avec des taux de croissance respectifs de 28% et 37% par rapport à l'année précédente. Nous avons également enregistré une croissance à deux chiffres pour nos ventes OEM, tandis que notre division LifeSize a continué de croître à un rythme beaucoup plus soutenu que le marché global.

En Asie-Pacifique, c'est la Chine qui constitue le principal moteur de croissance, puisque les ventes y ont plus que doublé d'une année sur l'autre et que ce pays compte désormais parmi nos cinq plus gros marchés. Le succès que nous rencontrons en Chine traduit bien les opportunités considérables qu'offrent les marchés émergents et nous conforte dans notre

## Sehr geehrte Aktionärin, sehr geehrter Aktionär

Trotz des enttäuschenden Abschlusses aufgrund unserer Schwäche in der Region Europa, Naher Osten und Afrika (EMEA) war das Geschäftsjahr 2011 insgesamt ein starkes Jahr mit einem Umsatzwachstum von 20 %, einer Zunahme des Betriebsergebnisses um 82 % sowie einer Verdoppelung des Reingewinns. Obwohl diese Ergebnisse unter unseren ehrgeizigen Erwartungen liegen und unser Aktienkurs beeinträchtigt wurde, vertrauen wir auf unsere langfristige Strategie, mit der wir zukünftige Herausforderungen und Chancen überzeugend meistern werden.

Die wichtigste Entwicklung im Geschäftsjahr 2011 war die Rückkehr zu einem soliden Wachstum im Unternehmen insgesamt sowie in vielen unserer Verkaufsregionen und Produktkategorien. In Amerika und im asiatisch-pazifischen Raum wurde ein Rekordumsatz mit einem Zuwachs gegenüber dem Vorjahr von 28 bzw. 37 % erreicht. Im OEM-Bereich wiesen wir ein zweistelliges Umsatzwachstum aus und unser Unternehmensbereich LifeSize konnte weiterhin stärker zulegen als der Gesamtmarkt.

Das Umsatzwachstum im asiatisch-pazifischen Raum ist hauptsächlich China zu verdanken, dessen Umsatzzahlen sich gegenüber dem Vorjahr verdoppelt haben und das nun zu unseren fünf größten Märkten gehört. Der Erfolg in China

## To our shareholders

Despite its disappointing conclusion, due to weakness in our EMEA region, Fiscal Year 2011 was a strong year overall with 20% growth in sales, 82% growth in operating income and net income that doubled. Even though we fell short of our more ambitious expectations, and our stock price was impacted, we are confident about our long-term strategy, and how it appropriately prepares us for both the challenges and the opportunities ahead.

The most significant highlight in FY 11 was the return to solid growth for the company as a whole, and in several of our sales regions and product categories. Our Americas and Asia Pacific regions achieved record sales, delivering 28% and 37% year-over-year growth, respectively. Our OEM sales also achieved double-digit growth and our LifeSize division continued to grow significantly faster than the overall market.

The major driver of our sales growth in Asia Pacific was China, which more than doubled year over year and is now among our top five markets. The success in China is an indication of the enormous opportunity in emerging markets and our commitment to invest there for continued growth. In China, we achieved



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volonté d'investir dans ces pays pour assurer la poursuite de notre croissance. En Chine, nous avons réussi à accroître nos ventes et notre part de marché en développant notre réseau de distribution afin de toucher un plus grand nombre de clients, et en concevant des produits spécialement destinés au marché chinois. Cette dernière stratégie a été doublement payante puisque ces produits se sont également bien vendus sur d'autres marchés.

L'exercice 2011 représente la première année complète d'activité de notre secteur de vidéoconférence LifeSize, acquis à la fin de l'exercice 2010. Les résultats remarquables de LifeSize au cours de l'exercice 2011 sont imputables au développement des forces de vente, à l'exploitation de synergies opérationnelles avec Logitech et au lancement de produits innovants dans de nouveaux segments de marché pour compléter le portefeuille existant de terminaux de vidéoconférence hautement performants. LifeSize ne se contente pas d'augmenter ses ventes, mais gagne aussi des parts de marché dans un secteur en pleine expansion.

Pendant l'exercice 2011, nous avons atteint une croissance à deux chiffres pour la plupart de nos catégories de produits de détail: 17% pour les dispositifs de pointage, notamment grâce aux souris sans fil, et 19% pour les claviers, dont l'augmentation est due à la fois aux ensembles clavier et souris sans fil et à nos innovants claviers sans fil rétro-éclairés et solaires. Quant à la vidéo,

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ist ein Beleg für das enorme Potenzial aufstrebender Märkte und zeigt uns, dass dank Investitionen weiteres Wachstum in diesen Regionen möglich ist. Dieses Umsatzwachstum und den grösseren Marktanteil erzielten wir, indem wir unser Vertriebsnetz erweiterten, um mehr Kunden zu erreichen, und indem wir auf den chinesischen Markt zugeschnittene Produkte entwarfen. Ein positiver Nebeneffekt war, dass auch andere Märkte gut auf diese Produkte ansprachen.

Das Geschäftsjahr 2011 ist gleichzeitig auch das erste Betriebsjahr unseres Videokonferenz-Unternehmensbereichs LifeSize, den wir am Ende des Geschäftsjahrs 2010 erworben hatten. LifeSize erzielte im abgelaufenen Jahr hervorragende Resultate, indem es den Vertrieb ausbaute, operative Synergien mit Logitech nutzte und zusätzlich zu ihrem bestehenden Portfolio aus leistungsstarken Videokonferenz-Lösungen innovative Produkte für neue Marktsegmente einführte. Somit erhöhte LifeSize nicht nur seinen Umsatz, sondern baute auch seinen Marktanteil in einem rasant wachsenden Markt aus.

In den meisten Produktkategorien des Einzelhandels erzielten wir im Geschäftsjahr 2011 ein Wachstum im zweistelligen Bereich. Pointing Devices legten dank der kabellosen Mäuse um 17 % zu. Tastaturen verzeichneten eine Zunahme von 19 %, bedingt durch unsere kabellosen Tastatur-Maus-Sets, unsere

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sales growth and increased market share by expanding our distribution network to reach more customers and by designing products specifically for the China market. As an added benefit, these "designed for China products" have also performed well in other markets.

FY 11 marked the first full year of operations for our LifeSize video conferencing business, which we acquired near the end of FY 10. The outstanding results achieved by LifeSize in FY 11 were driven by the expansion of its sales force, realization of operational synergies with Logitech, and introduction of innovative products in new market segments to complement their existing portfolio of performance-leading video conferencing endpoints. Not only is LifeSize increasing its sales, it is gaining market share in a rapidly growing market.

We achieved double-digit growth in most of our retail product categories in FY 11. Pointing Devices grew by 17%, driven by wireless mice. Keyboards grew by 19%, driven by our line of wireless mouse-and-keyboard combos as well as our innovative solar and wireless illuminated keyboards. Video grew by 12%, following the introduction of our new Alert video security cameras and our HD webcams. Products targeted for the Digital Home grew by 75%, with our

Wireless Speaker Z515



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sa croissance a été de 12% suite au lancement de nos nouvelles caméras de sécurité Alert et de nos caméras Web HD. Les produits destinés au marché de la maison numérique (Digital Home) ont augmenté de 75%, des ventes records ayant été enregistrées durant l'exercice pour les télécommandes Harmony.

Si cet exercice a été marqué par de nombreuses évolutions positives, nous avons également dû relever des défis importants et essuyer des déceptions, notamment sur la fin de la période. Les faibles résultats obtenus au 4e trimestre s'expliquent par une baisse importante des ventes et de la rentabilité dans la région EMEA, en raison d'une faiblesse soudaine de la demande durant ce trimestre et des difficultés d'exécution liées aux programmes de tarification et de distribution dans la région. Nous travaillons à la résolution des problèmes internes que nous rencontrons dans la région et procéderons à des changements durant l'exercice 2012.

Au cours de la période écoulée, Logitech a lancé aux Etats-Unis des produits destinés à une nouvelle plateforme, baptisée Google TV, qui permet aux clients d'accéder à Internet sur leur téléviseur, confortablement installés dans leur salon. Dans ce contexte, nous prévoyons l'apparition à terme d'une demande pour des périphériques tels que claviers, télécommandes et caméra vidéo. Au cours de l'exercice 2011, les ventes liées à cette nouvelle technologie se sont montées à 27 millions de dollars US, un

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innovativen solarbetriebenen und kabellosen beleuchteten Tastaturen. Der Bereich Video legte nach der Einführung unserer neuen Alert Videosicherheitskameras und der HD-Webcams um 12 % zu. Bei den Produkten für das digitale Zuhause betrug das Wachstum 75 %, wobei unsere Harmony-Fernbedienungen einen Rekordumsatz verzeichnen konnten.

Das Jahr war durch viele Höhepunkte, aber auch Herausforderungen und Enttäuschungen gekennzeichnet. Enttäuschend war vor allem die Periode am Jahresende. Das schwache Ergebnis im 4. Quartal war die Folge eines signifikanten Rückgangs der Verkaufszahlen und der Profitabilität in der EMEA-Region im Vergleich zur Vorjahresperiode. Gründe dafür waren die unerwartet schwache Nachfrage in diesem Quartal, aber auch Umsetzungsschwächen bei Preisfestsetzungs- und Verkaufsprogrammen. Die in der Region bestehenden unternehmensinternen Probleme sind adressiert worden und wir werden im Geschäftsjahr 2012 entsprechende Änderungen vornehmen.

Im Geschäftsjahr 2011 lancierte Logitech in den USA Produkte für eine neue Plattform genannt Google TV, diese ermöglicht es, den Konsumenten auf ihrem Fernseher im Wohnzimmer gleichzeitig auf TV- als auch Internetinhalte zugreifen zu können. Wir gehen davon aus, dass die Nachfrage nach Peripheriegeräten wie Tastaturen, Controllern und Videokameras in diesem

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Harmony remotes delivering a record year in sales.

While it was a year with many highlights, it was also a year with challenges and disappointments, most notably the way in which the year concluded. Our poor Q4 results were due to a significant year-over-year decline in sales and profitability in our EMEA region. This was due to unexpected weakness in demand in the quarter and by execution challenges related to pricing and channel programs in the region. We are addressing the internal issues we have in EMEA and implementing changes during FY 2012.

During the year Logitech launched products in the United States for a new platform called Google TV, which enables consumers to access broadcast content as well as the Internet on their TV from the comfort of their living room. We anticipate that this opportunity will eventually create demand for multiple peripheral devices such as keyboards, controllers and video cameras. Sales for this initiative in FY 11 were \$27 million, which is less than we originally targeted, indicating that the initiative is still in a very early stage and will take some time to develop. We look forward to the release by Google of the next version



#### Color Collection Mice



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chiffre inférieur à nos prévisions initiales, qui montre que ce projet n'en est encore qu'à ses prémices et que son développement va prendre un certain temps. Nous attendons avec impatience que Google lance la nouvelle version des fonctions logicielles de Google TV, prévue pour l'exercice 2012.

L'une des tendances importantes que nous avons observées pendant l'exercice 2011 est l'évolution rapide de la façon dont les clients utilisent leur ordinateur. Cela représente à la fois un défi et une opportunité. Sur nos marchés matures, nombreux sont les clients qui reportent ou même annulent l'achat d'un nouvel ordinateur portable en vue d'investir dans une tablette numérique ou un smartphone pour se divertir, visionner des contenus multimédia, mais aussi rester connectés en permanence. Cette évolution laisse à penser que sur ces marchés matures, les clients achèteront moins de périphériques pour PC. Logitech va néanmoins saisir l'opportunité en proposant différents types de périphériques pour accompagner ces nouveaux appareils numériques, en particulier les tablettes.

Parallèlement à la baisse attendue des ventes de périphériques pour PC sur les marchés matures et à la popularité croissante des tablettes, des smartphones et des téléviseurs avec connexion Internet, d'autres changements rapides dans les comportements de consommation influent sur l'activité de Logitech. Ainsi, les caractéristiques démographiques de notre clientèle changent et nous constatons que

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Bereich langfristig steigen wird. Die Umsatzzahlen dieser im Geschäftsjahr 2011 lancierten Initiative lagen mit 27 Millionen USD unter unseren Erwartungen—ein Hinweis darauf, dass wir noch am Anfang des Entwicklungsprozesses stehen und dieser Zeit braucht. Wir freuen uns aber auf die neuen Funktionen der Google-TV-Software, die voraussichtlich im Geschäftsjahr 2012 verfügbar sein werden.

Ein wichtiger Trend des vergangenen Geschäftsjahrs ist der veränderte Umgang von Konsumenten mit Computergeräten, der sowohl eine Herausforderung als auch eine Chance darstellt. Viele Konsumenten in unseren reifen Märkten verschieben den Schritt zu einem neuen Laptop oder verzichten ganz darauf. Stattdessen erwerben sie Tablets und Smartphones zur Unterhaltung, zum Konsumieren von Medien und für den Zugang zum Internet. Somit liegt es nahe, dass Konsumenten in diesen Märkten zukünftig weniger PC-Peripheriegeräte kaufen werden. Hierin besteht aber auch eine Chance für Logitech, um diese neuen digitalen Geräte, vor allem Tablets, mit verschiedenen Peripheriegeräten zu ergänzen.

Neben dem in diesen Märkten erwarteten rückläufigen Umsatz bei PC-Peripheriegeräten und der zunehmenden Beliebtheit von Tablets, Smartphones und Fernsehern mit Internetverbindung beeinflussen auch andere sich rasch verändernde Konsumtrends die Geschäfte von Logitech.

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of the Google TV software features, anticipated in FY 12.

One significant trend we observed in FY 11—which represents both a challenge and an opportunity—is the rapidly changing way in which consumers use computing devices. Many consumers in our mature markets are postponing or canceling their upgrade to a new laptop while investing in a tablet and smartphone for entertainment, consuming media content and staying connected. This suggests that consumers in these mature markets will purchase fewer PC peripherals, but it also provides Logitech with an opportunity to complement their new digital devices, especially tablets, with different kinds of peripherals.

Beyond an expected decline in sales of PC peripherals in mature markets, and the rise in popularity of tablets, smartphones and Internet-connected TVs, we see other evidence of how rapidly changing consumer trends are influencing Logitech's business. As the demographics of our consumer base change, we see people choosing their digital purchases with different criteria. For example, fashion, style and value may be more important than compatibility, features or performance.

To ensure that Logitech benefits from the opportunity presented by these

Webcam C260



罗技  
高清众相 快乐真相



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l'achat d'appareils numériques se fait sur des critères différents. La mode, le style et la valeur des produits peuvent par exemple devenir plus importants que la compatibilité, les fonctionnalités ou encore les performances.

Pour que Logitech bénéficie de l'opportunité que représentent ces nouveaux modes de consommation, nous devons faire évoluer notre entreprise. Nous nous concentrons par exemple davantage sur la compréhension des attentes de nos clients pour orienter notre développement produits, ainsi que sur la manière dont nous communiquons avec eux. En accordant plus d'importance aux préoccupations de ses clients, l'entreprise de technologie informatique Logitech est en passe de devenir une société d'électronique grand public.

Cette transformation s'accompagne également d'un fort investissement dans des catégories nouvelles en pleine croissance, telles que le secteur de la maison numérique et les communications vidéo. Dans le même temps, nous nous consacrons également aux domaines dans lesquels les périphériques pour PC continuent de croître de façon significative, par exemple les marchés émergents et les clients professionnels.

Ces considérations nous amènent à nos perspectives pour l'exercice 2012 et à la poursuite de notre stratégie à long terme.

Nous continuerons de développer notre présence en Chine et mettrons en place des mesures pour accroître encore notre

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Die Demographie unserer Kundenbasis verändert sich und mit ihr die Kriterien, nach denen digitale Geräte ausgesucht werden. Beispielsweise scheinen Design, Stil und Image mehr zu zählen als Kompatibilität, Funktionen und Leistung.

Logitech muss sich daher weiterentwickeln, damit wir von diesen veränderten Konsumentenbedürfnissen profitieren können. Wir konzentrieren uns nun z. B. vermehrt auf Consumer Insights bei der Produktentwicklung sowie auf den Dialog mit Konsumenten. So verstehen wir ihre Bedürfnisse besser und wandeln uns von einem primär auf PC-Technologie spezialisierten Unternehmen zu einem Unternehmen für Unterhaltungselektronik.

Mit Investitionen in neuere Wachstumsbereiche wie das digitale Zuhause und die Videokommunikation können wir diesen Wandel vollziehen. Gleichzeitig investieren wir weiterhin in Bereiche, in denen das Wachstum für PC-Peripheriegeräte anhält, z. B. in aufstrebenden Regionen und den Unternehmensbereichen.

Kommen wir nun zum Ausblick auf das Geschäftsjahr 2012 und zur weiteren Umsetzung unserer langfristigen Strategie.

Wir werden unsere Präsenz in China weiter ausbauen und gleichzeitig Pläne in anderen aufstrebenden Märkten wie Indien, Russland und Brasilien umsetzen, die unsere Dynamik in diesen Regionen verstärken sollen.

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consumer changes, we must transform our company. For example, we are focusing far more on consumer insights to drive product development as well as how we engage with consumers. By developing a deeper understanding of what matters to consumers, Logitech is evolving from primarily a PC technology company into a consumer electronics company.

This transformation includes investing in newer growth categories such as the Digital Home and video communications. And at the same time we are investing in areas where significant growth continues for PC peripherals, such as in emerging geographies and in business markets.

This leads us to our perspective on FY 12 and the continued implementation of the long-term strategy.

You will see us continue to build our presence in China and begin to implement plans to increase our momentum in other emerging markets, such as India, Russia and Brazil.

Our growing commitment to video will also be evident throughout FY 12. Video on the PC has been an important part of Logitech's strategy for more than a decade. And now we are expanding that focus beyond the PC to the conference room through LifeSize, as well as to the TV screen and eventually to mobile

Speaker Lapdesk N550



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présence sur d'autres marchés émergents tels que l'Inde, la Russie et le Brésil.

Notre engagement croissant dans le domaine de la vidéo va également être très visible tout au long de l'exercice 2012. La vidéo sur PC constitue une part importante de la stratégie de Logitech depuis plus d'une décennie, et nous élargissons maintenant notre champ d'action à la salle de conférence avec LifeSize, aux téléviseurs et, à terme, aux appareils mobiles comme les tablettes. Notre activité dans ces secteurs va être grandement consolidée durant l'exercice 2012.

Vous allez également entendre parler de notre action dans le domaine passionnant et prometteur des «communications unifiées» (en anglais «Unified Communications», UC). Cette activité gagne de plus en plus d'importance dans les entreprises, puisqu'elle réunit les différentes technologies de messagerie vocale, d'e-mail, de chat, de vidéoconférence et de partage de documents, offrant ainsi une expérience intégrée à leurs employés. Logitech dispose d'une position sans pareille pour fournir les produits-clés sur lesquels se baseront les communications unifiées. Nous prévoyons de faire plusieurs annonces à ce sujet dans l'année qui vient.

Nous allons également poursuivre notre stratégie en matière de maison numérique, notamment en augmentant l'offre technologique destinée au salon des particuliers grâce à la télévision connectée à Internet. Outre notre collaboration avec Google sur la plateforme Google TV, nous percevons

Im kommenden Geschäftsjahr werden wir den Videobereich weiter ausbauen. Video auf dem PC ist seit mehr als einem Jahrzehnt ein wesentlicher Bestandteil unserer Strategie. Nun beschränken wir uns jedoch nicht mehr nur auf den PC, sondern konzentrieren uns mit LifeSize auf den Konferenzsaal sowie auf den TV-Bildschirm und auf mobile Endgeräte wie die Tablets. Sie werden im kommenden Geschäftsjahr diesbezüglich viel von uns hören.

Ausserdem werden Sie von uns mehr über ein spannendes und wachsendes Geschäftsfeld namens Unified Communications (UC, «vereinheitlichte Kommunikation») erfahren. UC wird immer wichtiger für Unternehmen, da sie Technologien zur Verfügung stellt, die den Mitarbeitenden eine nahtlose Benutzererfahrung mit Voicemail, E-Mail, Chat und Videokonferenzen garantiert. Logitech ist in der einzigartigen Lage, die Kernprodukte dafür zu liefern. Wir gehen davon aus, dass wir im kommenden Jahr verschiedene Ankündigungen betreffend Unterstützung für UC machen können.

Wir werden zudem unsere Strategie für das digitale Zuhause weiterverfolgen, die das Fernsehen mit integriertem Internet im Wohnzimmer unterstützt. Zusätzlich zur Zusammenarbeit mit Google bei der Google-TV-Plattform ergeben sich mit unserer Harmony-Technologie neue Möglichkeiten zur Bereicherung des Konsumerlebnisses im Wohnzimmer. Wir werden in den kommenden Jahren in

devices such as tablets. You'll see much more from us in all these areas in FY 12.

You will also hear more from us about an exciting and growing area called Unified Communications (UC). UC is becoming increasingly important for businesses as they integrate technologies for voicemail, e-mail, chat, video conferencing and document sharing into a seamless experience for their employees. Logitech is uniquely positioned to provide the core products to support UC, and we expect to make multiple announcements regarding our support for UC in the coming year.

We will continue to pursue our Digital Home strategy, supporting the experience in the living room with the connected TV. In addition to our work with Google on the Google TV platform, we see new opportunities for our Harmony technology to enhance the consumer's experience in the living room. And we are working on new innovations in this area for the coming years.

As a response to the growing popularity of tablets, we have developed a comprehensive set of products designed to allow consumers to enhance their tablet experience. We have already begun introducing these products and you will see a lot of innovation from Logitech in this area in FY 12. We're just





## FRANÇAIS

aussi de nouveaux débouchés pour notre technologie Harmony, qui vise à améliorer les possibilités offertes aux clients dans leur pièce à vivre. Nous travaillons sur des produits innovants dans ce domaine pour les prochaines années.

Pour faire face au succès grandissant des tablettes numériques, nous avons développé un ensemble très complet de produits conçus pour optimiser l'usage de ces appareils. Le lancement de ces produits a déjà commencé et vous verrez toute une série d'innovations de Logitech dans ce domaine au cours de l'exercice 2012. Nous commençons tout juste à insuffler un peu de la magie Logitech dans cette nouvelle catégorie prometteuse.

Le 2 octobre 2011, Logitech fête ses 30 ans d'existence. Pendant ces trois décennies, nous avons assisté à de multiples tournants technologiques et su résister à des périodes difficiles, contrairement à de nombreuses entreprises du secteur. Au fil de ces années, Logitech a réussi à faire progresser considérablement ses ventes et ses bénéfices en adaptant continuellement la société au gré des crises économiques et industrielles, des mutations technologiques et des nouveaux modes d'utilisation.

Aujourd'hui, la technologie et le comportement des consommateurs changent plus rapidement que jamais, et nous allons évoluer à nouveau afin d'y faire face. Mais au cours de ces trente dernières années, une chose n'a pas changé: la clé du succès de Logitech est, et restera, sa capacité à savoir en permanence ce que

## DEUTSCH

diesem Bereich an neuen Innovationen arbeiten.

Auf die zunehmende Beliebtheit von Tablets haben wir mit einer umfassenden Produktpalette reagiert, mit denen Konsumenten ihre Tablets noch besser nutzen können. Wir haben bereits mit der Einführung dieser Produkte begonnen und im Geschäftsjahr 2012 werden weitere Innovationen folgen. Und das ist erst der Anfang für zauberhaftes Zubehör von Logitech für zauberhafte Geräte.

Am 2. Oktober 2011 feiert Logitech das 30-jährige Bestehen. In den vergangenen dreissig Jahren haben wir viele Veränderungen in der Technologie miterlebt, sind durch schwierige Zeiten gegangen und haben viele Unternehmen kommen und gehen sehen. In all diesen Jahren ist es Logitech gelungen, den Umsatz und Gewinn deutlich zu steigern, indem sich das Unternehmen stetig weiterentwickelte und sich den Gegebenheiten in konjunkturschwachen Zeiten, den technologischen Veränderungen und dem veränderten Umgang von Kunden und Unternehmen mit Technologie anpasste.

Heute verändern sich Technologie und Konsumentenverhalten schneller als je zuvor und wir passen uns diesen Entwicklungen an. Der Schlüssel des Erfolgs von Logitech blieb jedoch während der letzten dreissig Jahren unverändert: Auch heute noch erkennen wir die technologischen Bedürfnisse der Kunden und bieten ihnen innovative, leicht zu bedienende Produkte

## ENGLISH

getting started bringing the Logitech magic to this exciting new category.

October 2, 2011 marks the 30th anniversary of Logitech. Over these thirty years we have seen many shifts in technology, we have weathered tough times, and many companies have come and gone. And over these thirty years Logitech has managed to significantly grow our sales and profits by continuously transforming our company to adapt to economic or industry downturns, changes in technology as well as changes in how consumers and businesses use technology.

Today, technology and consumer behavior are changing more quickly than ever before, and we will change with them yet again. But throughout the past thirty years of change, the key ingredient to Logitech's success has not changed—it is the ability to continuously determine what people want from technology and to give them innovative, easy-to-use products and solutions that allow them to get the most out of their digital pursuits. That will never change.

We are excited by the opportunities for Logitech as we approach this 30-year milestone. And we are proud of our employees, who are driven by their passion for our customers and for innovation. We also wish to thank all of

**Guerrino De Luca**  
Chairman of the Board  
Acting President and  
Chief Executive Officer



FRANÇAIS

le public attend de la technologie et à lui proposer des produits et des solutions innovants et conviviaux, qui lui permettent de tirer pleinement profit de ses activités numériques.

A l'approche de ce cap symbolique des 30 ans, nous nous réjouissons à la perspective des opportunités qui nous attendent. Et nous sommes fiers de nos employés, qui se distinguent par leur dévouement envers nos clients et par leur passion pour l'innovation. Nous souhaitons aussi remercier l'ensemble des partenaires qui nous aident chaque jour à accomplir notre mission – immerger le public dans le monde numérique et susciter son enthousiasme pour les nouvelles technologies. Nous adressons également nos vifs remerciements aux membres de notre conseil d'administration pour leur gestion, leur soutien indéfectible et leurs précieux conseils.

Pour terminer, nous tenons à vous remercier, mesdames et messieurs les actionnaires, pour votre confiance et votre contribution. Ensemble, nous permettons au public d'évoluer comme il le souhaite dans le monde numérique.

DEUTSCH

und Lösungen für einen maximalen Nutzen an. Das wird immer so bleiben.

Im Hinblick auf diesen Meilenstein in der 30-jährigen Geschichte freuen wir uns über die Möglichkeiten für Logitech. Wir sind stolz auf unsere Mitarbeiter, die sich mit Leidenschaft für unsere Kunden und für Innovation einsetzen. Wir möchten uns auch bei allen Partnern bedanken, die täglich mit uns zusammenarbeiten und uns darin unterstützen, Menschen mit der digitalen Welt vertraut zu machen und zu erfreuen. Unser Dank gilt auch dem Verwaltungsrat für seinen Beistand, rückhaltlose Unterstützung und Beratung.

Und schliesslich danken wir Ihnen, unseren Aktionärinnen und Aktionären, für Ihr Vertrauen und dafür, dass Sie mit uns an Bord sind, während wir Menschen mit den für sie wichtigen Inhalten und Erfahrungen in der digitalen Welt verbinden.

ENGLISH

our partners who work with us every day to help us achieve our mission to immerse and delight people in the digital world. And we wish to thank our Board of Directors for their stewardship, unwavering support and counsel.

Finally, we wish to thank you, our shareholders, for your trust in us and your participation with us on this journey to connect people to what they care about in the digital world.

A handwritten signature in black ink, appearing to read 'Guerrino De Luca'. The signature is stylized and fluid.

Guerrino De Luca  
Chairman of the Board  
Acting President and Chief Executive Officer

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

\*\* Bitte beziehen Sie sich auf die englische Version

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28 juillet 2011

A nos actionnaires,

Vous êtes cordialement invités à participer à l'Assemblée générale ordinaire 2011 de Logitech. L'Assemblée aura lieu mercredi 7 septembre 2011 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 continu 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 7 septembre 2011****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 2011

**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 2011
2. Vote consultatif sur la rémunération des membres de la Direction
3. Vote consultatif sur la fréquence de futurs votes consultatifs concernant la rémunération des membres de la Direction
4. Augmentation du nombre d'actions disponibles selon les Plans d'Achat d'Actions des Collaborateurs
5. Autorisation de détenir plus de 10% d'actions propres
6. Report à nouveau du bénéfice résultant du bilan sans paiement de dividende
7. Décharge des membres du Conseil d'administration et de la Direction pour leur activité pendant l'exercice 2011
8. Elections au Conseil d'administration
  - 8.1. Re-élection de M. Matthew Bousquette
  - 8.2. Re-élection de M. Richard Laube
9. Re-élection de PricewaterhouseCoopers S.A. en qualité d'organe de révision

Apples, Suisse, le 28 juillet 2011

Le Conseil d'administration

## QUESTIONS ET REPOSES

### CONCERNANT L'ASSEMBLEE GENERALE ORDINAIRE 2011 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 28 juillet 2011.

Le coupon-réponse annexé vous est adressé au nom du Conseil d'administration de Logitech pour l'Assemblée générale ordinaire. L'Assemblée aura lieu mercredi 7 septembre 2011 à 14h30 au Palais de Beaulieu, Salle Rome, à Lausanne, en Suisse.

##### **Qui peut voter à l'Assemblée?**

Les actionnaires inscrits au Registre des Actions de Logitech International S.A. (y compris dans le sous-registre tenu par l'agent de transfert américain de Logitech, The Bank of New York Mellon Corporation) le jeudi 1er septembre 2011, peuvent voter à l'Assemblée. Aucun actionnaire ne pourra être inscrit au Registre des Actions entre le 2 septembre 2011 et le jour suivant celui de l'Assemblée. Au 22 juin 2011, 135'340'661 actions étaient inscrites et conféraient le droit de vote sur un total de 179'215'747 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 23 juin 2011 et le 1er septembre 2011.

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 2011, de cette Invitation et Document d'Information ainsi que notre rapport annuel établi sur la base du formulaire 10-K pour l'exercice 2011 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 13 septembre 2011. 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 1 septembre 2011 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") en ce qui concerne les objets pour lesquels vous n'aurez pas donné d'instruction de vote. 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 vendredi 26 août 2011. 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 1er septembre 2011, vous pouvez participer à l'Assemblée en y présentant une pièce d'identité.

### **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 26 août 2011. 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. Toute personne qui achète des actions après la clôture du Registre des Actions le jeudi 1er septembre 2011 ne pourra pas faire inscrire ces actions avant le jour suivant l'Assemblée et ne sera 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](mailto: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 15 juillet 2011 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 15 juillet 2011 et le 24 août 2011, 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 15 juillet 2011 donne des instructions de vote, mais vend ses actions par la suite jusqu'au 24 août 2011, les instructions de vote données seront annulées. Si une personne qui était un ayant droit économique d'actions au 15 juillet 2011 et qui avait donné des instructions de vote augmente ou réduit ultérieurement sa participation, mais est toujours un ayant droit économique au 24 août 2011, le nombre de droits de vote attribué à cette personne sera augmenté ou réduit pour refléter sa participation au 24 août 2011.

Si vous devenez un ayant droit économique d'actions après le 15 juillet 2011 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 1er septembre 2011.

### **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 la rémunération des membres de la Direction), Point 3 (vote consultatif sur la fréquence du vote consultatif sur la rémunération des membres de la Direction), Point 4 (augmentation du nombre d'actions disponibles selon les Plans d'Achat d'Actions des Collaborateurs), Point 5 (autorisation de détenir plus de 10% d'actions propres), Point 6 (report à nouveau du bénéfice résultant de l'exercice sans paiement de dividende), et Point 8 (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 jeudi 1er septembre 2011 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 2011***

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 7 septembre 2011 a expiré le 8 juillet 2011. 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 2011.

### ***Propositions d'actionnaires pour l'Assemblée générale ordinaire 2012***

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 2012 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 5 juillet 2012 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 2012 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 26 mars 2012 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 2012.

### ***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 2011

La direction de Logitech International S.A. donnera un rapport sur les opérations de la Société pour l'exercice 2011 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 2011

##### 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 2011.

##### Explication

Les comptes consolidés de Logitech et les comptes statutaires de Logitech International S.A. pour l'exercice 2011 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 fait partie intégrante de 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 faîtières 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 2011.

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 2011 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 2011.

## **Point 2**

### **Vote consultatif sur la rémunération des membres de la Direction**

#### **Proposition**

Le Conseil d'administration propose aux actionnaires d'approuver, sur une base consultative, la rémunération des membres de la Direction de Logitech publiée dans le Rapport de rémunération pour l'exercice 2011.

#### **Explication**

Lors des Assemblées générales ordinaires 2009 et 2010, le Conseil d'administration a demandé volontairement aux actionnaires d'approuver les principes, la politique et les pratiques de rémunération de Logitech, tels qu'exposés dans le chapitre "Compensation Discussion and Analysis" du Rapport de rémunération, conformément à l'évolution de la bonne pratique en matière de gouvernement d'entreprise en Suisse et aux Etats-Unis. Cette proposition, connue sous le nom de "say-on-pay", a donné à nos actionnaires la possibilité de s'exprimer sur nos rémunérations en général.

Au début de cette année, le vote consultatif "say-on-pay" est devenu obligatoire pour toutes les sociétés cotées soumises aux règles américaines sur le *proxy statement*, y compris Logitech. Conformément à cette nouvelle réglementation, le Conseil d'administration demande aux actionnaires d'approuver, sur une base consultative, la rémunération des membres de la Direction de Logitech publiée dans le Rapport de rémunération pour l'exercice 2011 y compris le chapitre "Compensation Discussion and Analysis", les tableaux résumant les rémunérations, les notes ainsi que les explications y relatives. Ce vote ne concerne pas des points spécifiques de la rémunération ou des membres spécifiques de la Direction ; il s'agit plutôt d'un vote sur la rémunération des membres de la Direction en général ainsi que sur les principes, la politique et les pratiques de rémunération décrits dans le Rapport de rémunération.

Ce vote say-on-pay est consultatif et, par conséquent, il n'engage pas le Conseil d'administration. Toutefois, ce vote nous fournira des informations concernant le sentiment de nos actionnaires par rapport aux principes, à la politique et aux pratiques de rémunération des membres de la Direction que le Comité de rémunération pourra prendre en considération dans le futur. Le Comité de rémunération prendra en considération d'éventuels résultats négatifs importants et cherchera à en comprendre les raisons. .

Comme indiqué dans la section "Compensation Discussion and Analysis" du rapport de rémunération 2011 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 2011.

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 2011."

### **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 la décision consultative suivante :

"La rémunération des membres de la Direction de Logitech publiée dans le Rapport de rémunération pour l'exercice 2011 y compris le chapitre "Compensation Discussion and Analysis", les tableaux résumant les rémunérations, les notes ainsi que les explications y relatives sont approuvés. "

### **Point 3**

#### **Vote consultatif sur la fréquence des futurs votes consultatifs sur la rémunération des membres de la Direction**

##### **Proposition**

Le Conseil d'administration propose aux actionnaires de se déterminer, sur une base consultative, sur la fréquence des futurs votes consultatifs say-on-pay sur la rémunération des membres de la Direction de Logitech. En particulier, le Conseil d'administration demande aux actionnaires s'ils pensent que les futures votes consultatifs say-on-pay tels que celui qui est prévu au point 2 ci-dessus, doivent être soumis à l'assemblée toutes les années, tous les deux ans ou tous les trois ans.

##### **Explication**

Cette proposition demande aux actionnaires d'indiquer, sur une base consultative, leur préférence relative à la fréquence des futurs votes consultatifs sur la rémunération des membres de la Direction. Le Conseil d'administration demande aux actionnaires leur opinion sur la fréquence de ces votes, conformément à la loi américaine décrite au point 2 ci-dessus qui requiert désormais que chaque société soumise aux règles américaines sur le *proxy statement*, y compris Logitech, soumette la rémunération des membres de la Direction au vote de l'assemblée générale (say-on-pay). Ce vote relatif à la fréquence du vote say-on-pay doit être tenu au moins une fois tous les six ans et est consultatif par nature.

Au cours des deux dernières années, le Conseil d'administration a demandé volontairement aux actionnaires d'approuver les principes, la politique et les pratiques de rémunération de Logitech. Le Conseil est convaincu qu'un vote consultatif annuel sur la rémunération lui permet d'avoir un retour plus régulier des actionnaires sur la rémunération et recommande donc que le vote consultatif say-on-pay soit tenu chaque année. Toutefois, conformément à la législation américaine applicable, les actionnaires pourront faire le choix suivant pour cette proposition: une année, deux ans, trois ans, ou l'abstention.

##### **Majorité requise**

Ce vote est consultatif; cependant, le Conseil d'administration prendra en compte attentivement les résultats du vote et se laissera guider par l'alternative qui obtiendra le plus grand nombre de voix, même si cette alternative devait ne pas obtenir la majorité des votes exprimés.

##### **Recommandation**

Le Conseil d'administration recommande de voter, sur une base consultative, en faveur d'un vote consultatif say-on-pay annuel sur la rémunération des membres de la Direction. L'alternative qui obtiendra le plus de voix (une année, deux ans ou trois ans) sera considérée comme la fréquence choisie par les actionnaires.

### **Point 4**

#### **Augmentation du nombre d'actions disponibles selon les Plans d'Achat d'Actions des Collaborateurs**

##### **Proposition**

Le Conseil d'Administration propose d'approuver la distribution d'un nombre supplémentaire de 5'000'000 d'actions dans le cadre du Plan d'Achat d'Actions des Collaborateurs (américains) de 1996 et du Plan d'Achat d'Actions des Collaborateurs (non américains) de 2006.

## Explication

Les plans d'achat d'actions des collaborateurs de Logitech encouragent la détention d'actions par des collaborateurs et aligne ainsi l'intérêt des collaborateurs sur celui des actionnaires. Le Conseil est d'avis que la possibilité de faire profiter les collaborateurs de ce programme est importante pour attirer, motiver et retenir les collaborateurs de talent dont dépend le succès de Logitech.

Les plans d'achat d'actions des collaborateurs de Logitech offrent aux collaborateurs éligibles la possibilité d'acquérir des actions Logitech au moyen de retenues périodiques de salaire qui sont affectées à l'achat d'actions à un prix inférieur au cours de bourse. L'objet principal de ces plans est de donner aux collaborateurs la possibilité d'acquérir une participation dans Logitech. Des copies du Plan d'Achat d'Actions des Collaborateurs (américains) de 1996 (le "Plan de 1996") et le Plan d'Achat d'Actions des Collaborateurs (non américains) de 2006 (le "Plan de 2006" et, collectivement avec le Plan de 1996, les "Plans d'Achat d'Actions", sont disponibles sous forme d'annexes à notre formulaire S-8 POS qui a été déposé auprès de la *Securities and Exchange Commission* le 30 janvier 2009, et qui peut être consulté à l'adresse <http://www.sec.gov>.

Nos collaborateurs ont participé à nos Plans d'Achat d'Actions pendant plus de 15 ans. La participation est facultative et les collaborateurs qui participent au programme y contribuent au moyen de retenues effectuées sur leur salaire. Dans la période de contribution qui s'est achevée le 31 janvier 2011, plus de deux tiers des collaborateurs éligibles de Logitech ont participé (soit approximativement 1'771 des 2'605 collaborateurs éligibles). Une conséquence directe de ce taux de participation élevé est un élargissement de la base de détention avec 99.63% des actions distribuées acquises par des collaborateurs n'appartenant pas à la direction générale dans les deux dernières périodes d'offre.

Nous estimons qu'au moment de l'Assemblée Générale Ordinaire 2011, des 16'000'000 d'actions initialement autorisées par les actionnaires, environ 900'000 pourront encore être distribuées dans le cadre des Plans d'Achat d'Actions. Nous estimons que toutes les actions restantes auront été vendues jusqu'à l'Assemblée Générale Ordinaire 2012. Si les ventes d'actions dans le cadre des Plans d'Achat d'Actions dépassent nos attentes, le nombre d'actions disponibles dans le cadre des Plans d'Achat d'Actions aura été épuisé avant l'Assemblée Générale Ordinaire 2009. En conséquence, le Conseil demande aux actionnaires d'approuver une augmentation du nombre d'actions disponibles dans le cadre des Plans d'Achat d'Actions lors de l'Assemblée Générale Ordinaire 2011. Une augmentation de 5'000'000 d'actions devrait être suffisante pour couvrir les ventes anticipées dans le cadre des Plans d'Achat d'Actions pendant les trois prochaines années. Le tableau ci-dessous décrit le nombre d'actions actuellement disponibles dans le cadre des Plans d'Achat d'Actions ainsi que le nombre d'actions qui sera disponible si cette proposition est approuvée.

### Actions disponibles dans le cadre des Plans d'Achat d'Actions

Nombre maximum d'actions disponibles dans le cadre des Plans d'Achat d'Actions des Collaborateurs.....	16.0 millions
Estimation du nombre d'actions achetées de 1996 jusqu'à septembre 2011.....	(15.1 millions)
Estimation du nombre d'actions disponibles dans le cadre des Plans d'Achat d'Actions des Collaborateurs en septembre 2011.....	0.9 million
Nouvelles actions disponibles si l'augmentation proposée est approuvée.....	<u>5.0 millions</u>
Nombre maximum d'actions susceptibles d'être distribuées dans le cadre des Plans d'Achat d'Actions des Collaborateurs.....	<u>5.9 millions</u>

Lors de l'Assemblée générale ordinaire de 2008, les actionnaires avaient approuvé une augmentation à concurrence de 4'000'000 actions, du nombre de titres disponibles dans le cadre des Plans d'Achat d'Actions.

## ***Informations générales concernant les Plans d'Achat d'Actions de Logitech***

Le Plan de 1996 a été adopté par le Conseil d'Administration le 24 avril 1996 comme Plan International d'Achat d'Action des Collaborateurs et a été approuvé en dernier lieu par les actionnaires de Logitech le 27 juin 2002. Par décision du Conseil d'Administration du 15 juin 2006, le Plan de 1996 a été divisé en un plan destiné aux collaborateurs basés aux Etats-Unis et un autre plan destiné aux collaborateurs basés en dehors des Etats-Unis.

Les Plans d'Achat d'Actions permettent aux collaborateurs d'acheter des actions deux fois par année à l'échéance de deux périodes d'offre de six mois. Le prix d'achat est de 85% du cours de bourse des actions Logitech le premier jour de la période d'offre de six mois ou, si cette valeur est inférieure, 85% du cours de bourse des actions le dernier jour de la période d'offre. Les collaborateurs peuvent contribuer jusqu'à 10% de leur salaire annuel, sous réserve d'une limite de \$25'000 par année calculée conformément aux règles fiscales américaines. La plupart des sociétés avec lesquelles nous sommes en concurrence pour le recrutement de talents aux Etats-Unis offrent des programmes d'actions à leurs collaborateurs. En dehors des Etats-Unis, nous pensons que les Plans d'Achat d'Actions nous aident à nous distinguer d'autres sociétés avec lesquelles nous sommes en concurrence pour le recrutement, car nous pensons que des plans d'actions comparables aux nôtres ne sont pas aussi répandus qu'ils le sont aux Etats-Unis.

Pendant l'exercice 2011, 1'128'706 actions (1'073'833 pendant l'exercice 2010 et 1'094'898 pendant l'exercice 2009) ont été distribuées dans le cadre des Plans d'Achat d'Actions, engendrant un coût de dilution annuel de 0.6% (contre également 0.6% pendant l'exercice 2010 et 0.6% pendant l'exercice 2009). La dilution annuelle est égale au nombre d'actions distribuées divisé par le nombre d'actions moyen en circulation pendant l'exercice pertinent. Nous nous attendons à ce que l'approbation de l'émission de 5'000'000 d'actions supplémentaires dans le cadre des Plans d'Achat d'Actions, combiné aux actions restantes à émettre dans le cadre des Plans d'Achat d'Actions au mois de septembre 2011, donne lieu à une dilution d'environ 3.3% jusqu'à l'échéance des plans.

### ***Termes essentiels***

Seul le nombre d'actions susceptibles d'être émises dans le cadre des Plans d'Achat d'Actions changera si cette proposition est approuvée par les actionnaires. Les autres termes des Plans d'Achat d'Actions resteront inchangés. Pour faciliter la compréhension, les termes essentiels des Plans d'Achat d'Actions sont résumés ci-dessous.

### ***Eligibilité***

Les collaborateurs de certaines filiales de Logitech peuvent participer aux Plans d'Achat d'Actions. Logitech peut modifier au fil du temps le cercle des filiales dont les collaborateurs sont éligibles. Les collaborateurs de Logitech qui travaillent sur une base régulière de 20 heures au moins par semaine et cinq mois au moins par année peuvent, dans la mesure permise par la loi, participer aux Plans d'Achat d'Actions. Logitech peut adopter des règles obligeant les collaborateurs à souscrire aux actions pendant une période minimum (actuellement 7 jours) avant le début d'une période d'inscription. Au 24 juin 2011, environ 2'870 collaborateurs pouvaient participer aux Plans d'Achat d'Actions.

Les collaborateurs ne peuvent pas participer aux Plans d'Achat d'Actions si, immédiatement après cette acquisition, ils détiendraient (directement ou indirectement) des actions qui, ajoutées aux actions qu'ils pourraient acheter par l'exercice d'options existantes, représenteraient 5% ou plus du pouvoir de vote combiné des actions Logitech.

### ***Inscription et participation***

Un employé éligible qui souhaite s'inscrire et participer aux Plans d'Achat d'Actions doit conclure un contrat de souscription (qui comprend un contrat prévoyant des retenues de salaire) avec Logitech pendant une période d'inscription. Le contrat de souscription autorise Logitech à retenir automatiquement un certain pourcentage des revenus des participants au moyen d'une retenue de salaire. Le montant de ces retenues est crédité sur un compte ouvert au nom du participant dans les livres de Logitech pendant la période d'offre. Le montant minimum de la retenue permise est de 1% de la rémunération, et le montant maximum est de 10% des revenus réguliers. Aucun intérêt n'est payé ou crédité sur le montant des salaires retenus.

Les participants peuvent augmenter, mais pas réduire, leur niveau de contribution pendant une période d'offre en remettant un nouveau contrat de souscription. Si un participant n'a pas suivi ces procédures pour changer le niveau de ses contributions, le niveau de contribution est maintenu au taux initialement convenu pendant toute la période d'offre ainsi que pendant les périodes d'offre subséquentes. Les participants peuvent changer leur niveau de contribution pour la période d'offre suivante en remettant une convention de souscription modifiée pendant la période d'inscription.

#### *Administration*

Le Conseil d'Administration, ou un comité du Conseil (le "Conseil"), administre les Plans d'Achat d'Actions. Le Conseil peut interpréter les Plans d'Achat d'Actions et adopter, modifier ou abroger les règles qui s'y rapportent.

#### *Périodes d'offre*

Les Plans d'Achat d'Actions prévoient des séries de périodes d'offre de six mois chacune, avec de nouvelles périodes d'offre commençant le 1er février et le 1er août de chaque année et se terminant le dernier jour de bourse de la période de six mois s'achevant le 31 juillet et le 31 janvier suivant ou à toute autre date arrêtée par le Conseil. Le Conseil peut modifier la fréquence ou la durée des périodes d'offre (y compris le début des périodes d'offre).

#### *Achat d'actions*

Le dernier jour de chaque période d'offre, tous les participants achètent le nombre entier d'actions obtenu en divisant le montant total se trouvant sur le compte qui a été créé pour eux dans le cadre des Plans d'Achat d'Actions par le prix d'achat applicable pour cette période d'offre. Aucune fraction d'action n'est émise ou portée en compte. Le prix d'achat pour une période d'offre est de 85% de la "valeur de marché" des actions Logitech le premier jour de la période d'offre de six mois ou, si cette valeur est inférieure, 85% de la "valeur de marché" des actions le dernier jour de la période d'offre. La "valeur de marché" est le dernier cours de bourse à la date déterminante. Le Conseil peut modifier le pourcentage de la valeur de marché utilisée pour déterminer le prix d'achat pour toutes périodes d'offre futures, mais il ne peut pas fixer de pourcentage inférieur à 85%. Si le nombre total d'actions souscrites pour une période d'offre dépasse le nombre d'actions disponibles dans le cadre des Plans d'Achat d'Actions, le nombre d'actions pouvant être acheté par chaque participant est réduit proportionnellement.

#### *Transférabilité*

Les participants ne peuvent pas transférer leurs droits de souscrire ou tout autre droit leur revenant dans le cadre des Plans d'Achat d'Actions, sauf par succession pour cause de mort. Tout transfert de tels droits sera considéré comme étant invalide.

#### *Retrait*

Pendant une période d'offre, les participants peuvent se retirer des Plans d'Achat d'Actions en informant Logitech. En cas de retrait, le solde du compte du participant lui est remboursé en espèces et sans intérêts, son droit de participer dans la période d'offre en cours est automatiquement révoqué et les retenues de salaire faites en vue d'achats d'actions sont interrompues pour le reste de la période d'offre.

#### *Ajustements*

Le nombre d'actions couvert par les Plans d'Achat d'Actions, le nombre ainsi que le prix d'achat des actions couvertes par les droits d'achat existants sont ajustés proportionnellement en cas de modification des actions émises de Logitech du fait du paiement de dividendes, de divisions d'actions, consolidations d'actions, augmentations de capital, assainissements ou événements similaires.

#### ***Modification et mise à terme des Plans d'Achat d'Actions***

Le Conseil peut modifier ou mettre un terme aux Plans d'Achat d'Actions en tout temps et sans préavis. Toutefois, de telles modifications sont subordonnées à l'approbation des actionnaires lorsqu'une telle approbation est requise selon la loi applicable.

### **Actions à racheter**

Aucune option d'achat n'a été accordée et aucune action n'a été émise sur la base de l'augmentation de 5'000'000 actions qui fait l'objet de cette proposition. Etant donné que les bénéfices des Plans d'Achat d'Actions dépendront d'une part de la volonté des employés d'y participer et, d'autre part, de la *fair market value* de nos actions à différentes dates dans le futur, il n'est pas possible de déterminer à l'avance les bénéfices qui seront perçus par les dirigeants et autres employés si l'augmentation du nombre d'actions dans le cadre des Plans d'Achat d'Actions est acceptée par les actionnaires.

Les administrateurs non exécutifs ne peuvent pas participer aux Plans d'Achat d'Actions. Toutefois, le tableau ci-dessous présente pour les personnes et/ou groupes listés (a) le nombre d'actions achetées dans le cadre des Plans d'Achat d'Actions dans le courant de l'exercice 2011 ; ainsi que (b) la valeur de marché de ces actions au 31 mars 2011. Le prix par action (déterminé comme décrit ci-dessus) était de \$13.38. Le prix de la dernière transaction relative aux actions Logitech effectuée le 30 juin 2011 au NASDAQ était de \$11.24.

<b>Individu ou groupe</b>	<b>Nombre d'actions achetées</b>	<b>Valeur marchande des actions achetées</b>
Guerrino De Luca	-	-
Gerald Quindlen	-	-
Erik Bardman	-	-
Werner Heid	2'630	47'682
Junien Labrousse	1'523	27'612
Actuels cadres responsables en tant que groupe (6)	4'153	75'294
Actuels administrateurs non-exécutifs en tant que groupe	-	-
Tout employé, sauf les cadres responsables	1'128'706	20'463'440

### **Traitement fiscal aux Etats-Unis**

Les règles fiscales fédérales américaines applicables au Plan de 1996 selon le *U.S. Tax Code* sont résumées ci-dessous. Ce résumé ne traite pas des impôts pouvant être dus dans une commune, un Etat ou une juridiction autre que les Etats-Unis dans lequel le participant pourrait résider.

Aucun revenu imposable n'est imputé à un participant au moment de l'octroi du droit d'achat dans le cadre du Plan de 1996 ou au moment auquel les actions sont achetées du fait de l'exercice de ce droit. Si un participant n'aliène pas les actions acquises dans le cadre du Plan de 1996 dans les deux ans qui suivent la "date d'octroi" (qui est, pour chaque période d'offre, le dernier jour pendant lequel les actions sont négociées avant la période d'inscription qui précède la période d'offre pertinente), le montant soumis à l'impôt fédéral sur le revenu est (a) la portion du produit de la vente des actions dépassant le prix d'acquisition ou, si ce montant est inférieur, (b) de la valeur de marché des actions au jour de l'octroi. L'impôt fédéral sur les gains en capitaux est le cas échéant dû sur le montant correspondant à la portion du produit de la vente dépassant la somme du prix d'acquisition et le montant du revenu ordinaire déterminé au moment de l'aliénation. Si l'aliénation donne lieu à une perte (c'est-à-dire si la valeur des actions au moment de l'aliénation est inférieure au prix d'acquisition) aucun revenu ordinaire n'est réputé avoir été acquis et le régime fédéral applicable aux pertes de capital à long terme est appliqué, à condition que l'aliénation ait été faite au profit de certains tiers qui ne sont pas des proches.

Si un participant aliène des actions moins de deux ans après la date d'octroi, la différence entre le prix d'acquisition et la valeur de marché des actions à la date d'acquisition (le dernier jour d'une période d'offre) sera imposé comme revenu ordinaire et est déductible pour Logitech. Le cas échéant, la part du produit de la vente dépassant la valeur de marché des actions à la date d'acquisition est imposé comme un gain en capital à long terme ou à court terme, selon la période de détention. Logitech ne peut pas déduire pour les besoins de la fiscalité américaine les



montants imposés chez un participant comme revenu ordinaire ou gain en capital, à moins que le revenu ordinaire attribué à un participant soit générée par une aliénation réalisée moins de deux ans après la date d'octroi.

### **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 du Conseil**

Le Conseil d'administration recommande de voter en faveur de l'augmentation du nombre d'actions susceptibles d'être acquises dans le cadre des Plans d'Achat d'Actions.

## **Point 5**

### **Autorisation de détenir plus de 10% d'actions propres**

#### **Proposition**

Le Conseil d'administration propose aux actionnaires d'autoriser Logitech à détenir plus de 10 pour cent de ses propres actions

#### **Explication**

En droit suisse des sociétés, les actions qui sont rachetées ne sont pas automatiquement annulées, mais sont détenues dans la trésorerie de la société en attendant soit la décision des actionnaires relative à leur annulation soit leur réutilisation par la société pour couvrir des obligations d'émission, sous réserve de certaines limites de temps et le respect de certaines procédures. La responsabilité personnelle des membres du Conseil d'administration peut être engagée en cas de dommage causé à la société du fait de cette détention de plus de 10 pour cent d'actions propres. L'approbation de cette proposition peut diminuer la responsabilité personnelle potentielle des membres du Conseil d'administration dans de telles circonstances.

Logitech détient actuellement environ 6 pour cent de ses propres actions dans sa trésorerie. Si la Société commence d'importants rachats dans le cadre du programme de rachat d'actions, elle pourrait bientôt accumuler des actions de trésorerie représentant près de 10 pour cent de son capital émis. Afin de fournir à la Société une plus grande flexibilité dans la gestion de son capital, le Conseil d'administration sollicite l'autorisation d'amener la Société à détenir plus de 10 pour cent de ses propres actions, dans la mesure où les actions excédant le seuil de 10 pour cent sont rachetées en vue d'être annulées. Dans le cas d'un vote négatif sur cette proposition par les actionnaires, le Conseil d'administration fera en sorte que la Société ne dépasse pas le seuil de 10 pour cent d'actions propres.

Des conséquences fiscales potentiellement défavorables peuvent être évitées si un rachat d'actions au dessus du seuil de 10 pour cent est réalisé pas l'intermédiaire d'une "seconde ligne de négoce" de façon à permettre la retenue de l'impôt anticipé. Si le Conseil d'administration devait décider de faire usage de l'autorisation contenue dans cette proposition, il demanderait l'approbation de la Commission suisse des offres publiques d'acquisition, et requerrait l'ouverture d'une seconde ligne de négoce auprès du SIX Swiss Exchange en vue de l'achat des actions à annuler. Le Conseil prendrait également des mesures appropriées pour permettre le prélèvement de l'impôt anticipé qui serait dû dans ce cas.

### **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 du Conseil

Le Conseil d'administration recommande de voter en faveur de la décision suivante:

"La Société est autorisée à détenir plus de 10 pour cent de ses propres actions, dans la mesure où les actions propres dépassant la limite de 10 pour cent sont rachetées, sur une ligne de négoce séparée ou par tout autre moyen, pour être annulées dans le cadre d'une réduction du capital-actions qui sera proposée lors de l'assemblée générale ordinaire de la Société en 2012 et/ou en 2013."

### Point 6

#### 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 2011 et que le bénéfice de CHF 507'730'000 (US \$ 609'449'000 au taux de change du 30 juin 2011) soit reporté à nouveau.

(les chiffres sont indiqués en milliers)

Bénéfice reporté au début de l'exercice 2011 .....	CHF	349'312
Report à nouveau du bénéfice décidé par l'Assemblée générale ordinaire 2010 – dividende .....	CHF	—
Prélèvement sur la réserve pour actions propres .....	CHF	138'205
Bénéfice net pour l'exercice 2011.....	<u>CHF</u>	<u>20'213</u>
Bénéfice à disposition de l'Assemblée générale ordinaire à la fin de l'exercice 2011.....	<u>CHF</u>	<u>507'730</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 2011 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 7

### Décharge des membres du Conseil d'administration et de la Direction pour leur activité durant l'exercice 2011

#### 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 2011.

#### 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 2011 pour les faits révélés aux actionnaires. Cette décharge exclut des actions en responsabilité de la part de la Société ou d'actionnaires pour le compte de la Société contre des membres du Conseil d'administration ou de la Direction pour leur activité pendant l'exercice 2011 portant sur des faits qui ont été portés à la connaissance des actionnaires. Toutefois, les actionnaires qui n'ont pas voté en faveur de la décharge, ou qui ont acquis leurs actions postérieurement au vote relatif à la décharge sans en avoir connaissance, 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 2011.

## Point 8

### Elections au Conseil d'administration

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

Sur recommandation du Comité de nomination, le Conseil propose d'élire les deux personnes mentionnées ci-dessous en qualité d'administrateur pour une période de trois ans commençant lors de l'Assemblée générale ordinaire du 7 septembre 2011. Ces personnes sont actuellement membres du Conseil d'administration. Leur mandat viendra à échéance le jour de l'Assemblée générale ordinaire, soit le 7 septembre 2011.

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 neuf 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.

## 8.1 Re-élection de Matthew Bousquette

**Proposition:** Le Conseil d'administration propose de re-élire M. Matthew Bousquette au Conseil d'administration pour une nouvelle période de trois ans.

*M. Matthew Bousquette*, a été un administrateur non-exécutif de la Société depuis juin 2005. Il est actuellement le Président du Conseil de EGI Holdings LLC, un producteur d'objets à offrir et d'objets de décoration pour la maison et le jardin basé aux Etats-Unis. Il a été *President* de l'unité Mattel Brands de Mattel Inc. M. Bousquette a rejoint Mattel en qualité de *Senior Vice President of marketing* en décembre 1993, et a été promu à des postes à responsabilité croissante chez Mattel, en particulier au poste de *General Manager* de Boys Toys en juillet 1995, *Executive Vice President* de Boys Toys en mai 1998, *President* de Boys/Entertainment en mars 1999, et *President* de Mattel Brands de février 2003 à octobre 2005. Le parcours professionnel antérieur de M. Bousquette comprend divers postes chez Lewis Galoob Toys, Teleflora et Procter & Gamble. M. Bousquette est titulaire d'un *BBA degree* de l'Université du Michigan. Il a 52 ans et est citoyen américain.

M. Bousquette apporte au Conseil d'administration sa grande expertise en matière de direction, de stratégie, de finance et de marketing de par son poste actuel en tant que président d'une société de produits de consommation, ainsi que de par son précédent poste en qualité de cadre supérieur chez Mattel.

M. Bousquette est membre du Conseil d'administration depuis juin 2005. Il siège actuellement au Comité d'audit et préside le Comité de rémunération du Conseil d'administration. Le Conseil d'administration a déterminé qu'il est un administrateur indépendant.

## 8.2 Re-élection de Richard Laube

**Proposition:** Le Conseil d'administration propose de re-élire M. Richard Laube au Conseil d'administration pour une nouvelle période de trois ans.

*M. Richard Laube* est *Chief Executive Officer* de Nobel Biocare Holding A.G., depuis le mois d'avril 2011. Antérieurement, il était *Executive Vice President* de Nestlé S.A., *Chief Executive Officer* de Nestlé Nutrition et membre du Comité exécutif de Nestlé jusqu'au mois d'août 2010. Il a rejoint Nestlé en avril 2005 en qualité de *Deputy Executive Vice President, Corporate Business Development*, et a été nommé *Deputy Executive Vice President, Chief Executive Officer* de Nestlé Nutrition en novembre 2005. Il a été nommé *Executive Vice President* en 2008. Depuis janvier 2011, il a également conseillé Roark Capital Group, une société de private equity basée à Atlanta, Georgie. Avant de rejoindre Nestlé, il a travaillé de 1999 à 2004 en qualité de *President* de Roche Consumer Health, et a fait partie du Comité exécutif de Roche de 2001 à 2004. Auparavant, il a travaillé pour Procter & Gamble de 1980 à 1998, assumant des responsabilités croissantes en Suisse, aux Etats-Unis, au Japon, en Allemagne et au Brésil. M. Laube est titulaire d'un *Master* et d'un *Bachelors of Art* en *Organizational Development and Evaluation Research* de l'Université de Boston. Il a 55 ans et est citoyen suisse et américain.

En tant que CEO d'une importante société cotée et ancien cadre supérieur de l'une des sociétés de produits de consommation les plus connues dans le monde, ayant une grande expérience de la stratégie commerciale ainsi qu'en marketing, M. Laube apporte au Conseil d'administration sa grande expertise en matière de direction, de marketing de marque ainsi que son expérience internationale. .

M. Laube est membre du Conseil d'administration depuis le mois de septembre 2008. Il siège actuellement au Comité de rémunération du Conseil d'administration. Le Conseil d'administration a déterminé qu'il est un administrateur indépendant.

**Majorité requise**

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

**Recommandation**

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

**Point 9****Re-élection de PricewaterhouseCoopers S.A. en qualité d'organe de révision****Proposition**

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

**Explication**

PricewaterhouseCoopers S.A., sur recommandation du Comité d'audit du Conseil, est proposé pour re-élection pour une nouvelle période d'une année en qualité d'organe de révision de Logitech International S.A. PricewaterhouseCoopers S.A. a effectué son premier mandat de révision pour Logitech en 1988. Des informations sur les honoraires que Logitech a 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 2012.

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

Vous êtes invités à vous référer à la version anglaise de cette Invitation et Document d'Information pour davantage d'informations sur notre Conseil d'administration et consulter notre rapport de rémunération pour 2011. La version anglaise de cette Invitation et Document d'Information fait foi en cas de divergence avec les autres versions.

\*\*\*\*\*



28. Juli 2011

An unsere Aktionärinnen und Aktionäre:

Sie sind herzlich eingeladen, an der ordentlichen Generalversammlung 2011 der Logitech International S.A. teilzunehmen. Die Versammlung findet am Mittwoch, 7. September 2011 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, 7. September 2011**

**14:30 Uhr (Türöffnung um 13:30 Uhr)**

**Palais de Beaulieu – Lausanne, Schweiz**

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### **TRAKTANDENLISTE**

#### **A. Berichte**

Geschäftsbericht für das am 31. März 2011 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 2011
2. Konsultative Abstimmung über die Managementvergütung
3. Konsultative Abstimmung über die Häufigkeit der zukünftigen konsultativen Abstimmungen über die Managementvergütung
4. Aufstockung der unter dem Aktienerwerbsplan für Mitarbeiter verfügbaren Aktien
5. Genehmigung zum Halten eigener Aktien von mehr als 10 %
6. Vortrag des Bilanzgewinns des Geschäftsjahres 2011 ohne Ausschüttung einer Dividende
7. Entlastung des Verwaltungsrates und der Geschäftsleitung für das Geschäftsjahr 2011
8. Wahlen in den Verwaltungsrat
  - 8.1. Wiederwahl von Herrn Matthew Bousquette
  - 8.2. Wiederwahl von Herrn Richard Laube
9. Wiederwahl von PricewaterhouseCoopers AG als Revisionsstelle

Apples, Schweiz, 28. Juli 2011

Der Verwaltungsrat

## **FRAGEN UND ANTWORTEN BETREFFEND DIE ORDENTLICHE GENERALVERSAMMLUNG 2011 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 28. Juli 2011 zur Verfügung.

Die beigelegte Antwortkarte wird Ihnen im Auftrag des Verwaltungsrates von Logitech für die ordentliche Generalversammlung von Logitech übermittelt. Die Generalversammlung wird am Mittwoch, den 7. September 2011 um 14:30, im Palais de Beaulieu, Rome Room, in Lausanne, Schweiz stattfinden.

#### **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, 1. September 2011, eingetragen sind, geniessen das Stimmrecht. Zwischen dem 2. September 2011 und dem auf die Versammlung folgenden Tag werden keine Aktionäre ins Aktienregister eingetragen. Am 22. Juni 2011 waren 135'340'661 Aktien als stimmberechtigt eingetragen, bei 179'215'747 an diesem Tag ausstehenden Logitech Aktien. Die Anzahl an der Generalversammlung effektiv stimmberechtigter Aktien wird davon abhängen, wie viele zusätzliche Aktien zwischen dem 23. Juni 2011 und dem 1. September 2011 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 2011 zuhanden der Aktionäre, die Einladung und unser Jahresbericht auf Formular 10-K für das Geschäftsjahr 2011, 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, 13. September 2011, 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 1. September 2011 im Aktienregister eingetragen werden oder wenn Sie eine Vollmacht von Ihrem Effekthändler, *trustee* oder *nominee* erhalten, der Ihre Aktien hält. Wenn Sie Ihre Aktien über einen nicht amerikanischen oder nicht kanadischen Effekthändler, *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 Effekthändler begehrt werden, über die Sie Ihre Aktien halten. Wenn Sie Ihre Aktien über einen amerikanischen oder kanadischen Effekthändler, *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 26. August 2011 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 1. September 2011 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 26. August 2011 mittels beiliegenden Briefumschlags 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, 1. September 2011 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](mailto: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 berechtigte Aktionäre, die ihre Titel über amerikanische oder kanadische Effekthändler, *trustees* oder *nominees* am 15. Juli 2011 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 15. Juli und dem 24. August 2011 durchgeführt wird. Der 24. August 2011 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 15. Juli 2011 wirtschaftlich berechtigter Aktionär ist, seine Stimme abgibt aber nachträglich seine Titel vor dem 24. August 2011 verkauft, werden die Stimminstruktionen annulliert. Wenn ein amerikanischer oder kanadischer Halter, der am 15. Juli 2011 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 24. August 2011 widerspiegeln.

Wenn Sie nach dem 15. Juli 2011 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 1. September 2011, 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 Effekthändler, *trustee* oder *nominee* halten, dem Sie keine spezifischen Stimminstruktionen erteilen, wird dieser gemäss den Regeln verschiedener nationaler oder regionaler Börsen in blossen Routineangelegenheiten abstimmen, nicht aber in anderen Fragen. Wenn Sie über solche anderen Fragen keine Instruktionen erteilen, wird Ihr *nominee* sich nicht an der Abstimmung über diese Punkte beteiligen und seine Stimmen gelten als nicht abgegeben. Wir ermutigen Sie, Stimminstruktionen zu erteilen, gemäss den Anleitungen in der Informationsnotiz. Wir gehen davon aus, dass folgende Anträge nicht als Routineangelegenheit betrachtet werden: Antrag 2 (Konsultative Abstimmung über die Managementvergütung), Antrag 3 (Konsultative Abstimmung über die Häufigkeit der zukünftigen konsultativen Abstimmungen über die Managementvergütung), Antrag 4 (Aufstockung der unter dem Aktienerwerbsplan für Mitarbeiter verfügbaren Aktien), Antrag 5 (Genehmigung zum Halten eigener Aktien von mehr als 10 %), Antrag 6 (Vortrag des Bilanzgewinns des Geschäftsjahres 2011 ohne Ausschüttung einer Dividende), und Antrag 8 (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 1. September 2011, 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 EFFEKTHÄNDLER HALTEN (AUSSERHALB DER VEREINIGTEN STAATEN VON AMERIKA ODER KANADAS)**

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

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



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

Üblicherweise setzen Banken und Effekthändler Fristen für den Erhalt der Stimminstruktionen. Ausserhalb der Vereinigten Staaten 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 Effekthändler ausserhalb der Vereinigten Staaten von Amerika oder Kanadas halten, klären Sie bitte mit Ihrer Bank oder Ihrem Effekthändler 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 Empfehlungen 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 Effekthändlern und *nominees*, die als Aktionäre eingetragen sind, das Stimmmaterial zustellen und sie einladen, es den wirtschaftlich Berechtigten weiterzuleiten und wir müssen diese Effekthändler 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 2011***

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 7. September 2011 am 8. Juli 2011 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 2012***

Bis spätestens am 5. Juli 2012 kann ein eingetragener Aktionär, der die obgenannten Mindestzahlen von Aktien hält, verlangen, dass ein Punkt für die Generalversammlung 2012 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 26. März 2012 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 Generalversammlungsdokumentation nach der amerikanischen Wertschriftengesetzgebung erfüllt sein müssen. Nach den Statuten der Gesellschaft sind nur eingetragene Aktionäre als solche anerkannt. Wenn Sie nicht im Aktienregister eingetragen sind, können Sie demnach keine Traktandumsvorschläge unterbreiten.

### ***Kandidaturen für den Verwaltungsrat***

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

### ***Statutenbestimmungen***

Die obgenannten Statutenbestimmungen, nach denen 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 2011

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 2011

##### Antrag

Der Verwaltungsrat beantragt die Genehmigung des Jahresberichtes, des Entschädigungsberichtes, der Konzernrechnung und der Jahresrechnung der Logitech International S.A. für das Geschäftsjahr 2011.

##### 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 2011 aufgeführten Punkte.

PricewaterhouseCoopers AG, die Revisionsstelle der Logitech, empfiehlt den Aktionären ohne Vorbehalt, die Konzernrechnung und die Jahresrechnung 2011 zu genehmigen. PricewaterhouseCoopers AG ist der Ansicht, "dass die Konzernrechnung für das am 31. März 2011 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 2011 zu genehmigen.

### **Antrag 2**

#### **Konsultative Abstimmung über die Managementvergütung**

## **Antrag**

Der Verwaltungsrat beantragt, dass die Aktionäre im Rahmen einer konsultativen Abstimmung die Vergütung des Managements von Logitech, wie im Bericht über die Managementvergütung für das Geschäftsjahr 2011 offengelegt, 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 Abstimmungsergebnis berücksichtigen und im Falle eines negativen Abstimmungsergebnisses versuchen, dessen Ursachen festzustellen.

Wie im Kapitel "Compensation Discussion and Analysis" des Entschädigungsberichts 2011 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 Geschäftsführungsebene, Risiken und Ausgestaltung des Entschädigungsplans von Logitech sowie der Entschädigungen, welche im Geschäftsjahr 2011 ausbezahlt wurden, sind ebenfalls im Entschädigungsbericht dargelegt.

In Anbetracht der ungewissen Entwicklung der ökonomischen bzw. Marktbedingungen im Geschäftsjahr 2011, wurden die Grundgehälter der Geschäftsführer im Geschäftsjahr 2011 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 2011."

### **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 2011 erläutert werden, genehmigt.

## **Antrag 3**

### **Konsultative Abstimmung über die Häufigkeit der zukünftigen konsultativen Abstimmungen über die Managementvergütung**

#### **Antrag**

Der Verwaltungsrat ersucht die Aktionäre im Rahmen einer konsultativen Abstimmung über die Häufigkeit von zukünftigen konsultativen Abstimmungen über die Managementvergütung abzustimmen. Namentlich befragt der Verwaltungsrat die Aktionäre nach einer Empfehlung, ob konsultative Abstimmungen zum Vergütungssystem, wie diejenige im obgenannten Antrag 2, in Zukunft alle ein, zwei oder drei Jahre durchgeführt werden sollen.

#### **Erläuterungen**

In diesem Antrag sollen die Aktionäre ihre Präferenz im Rahmen einer konsultativen Abstimmung in Bezug auf die Häufigkeit der zukünftigen konsultativen Abstimmungen über die Managementvergütung angeben. Der Verwaltungsrat fragt die Aktionäre nach ihrer Ansicht über die Häufigkeit dieser Abstimmungen gemäss den im obgenannten Antrag 2 erwähnten amerikanischen Regeln, wonach jede Gesellschaft, die den amerikanischen Richtlinien bezüglich Vollmachten unterstehen, wozu auch Logitech gehört, verpflichtet ist, eine Abstimmung über das Vergütungssystem durchzuführen. Die Abstimmung über die Häufigkeit der Abstimmungen zum Vergütungssystem muss mindestens alle sechs Jahre durchgeführt werden und ist von konsultativer Natur.

Der Verwaltungsrat hat freiwillig entschieden, die Aktionäre in jedem der letzten beiden Jahre im Rahmen einer konsultativen Abstimmung über das Vergütungssystem von Logitech abstimmen zu lassen. Der Verwaltungsrat glaubt, dass eine alljährliche Abstimmung über das Vergütungssystem dem Verwaltungsrat eine schnellere Rückmeldung ermöglicht, weshalb der Verwaltungsrat den Aktionären die alljährliche Durchführung einer konsultativen Abstimmung über das Vergütungssystem empfiehlt. Dennoch wird den Aktionären, in Übereinstimmung mit anwendbarem amerikanischen Recht, die Wahl zwischen vier Möglichkeiten gegeben: alle ein, zwei oder drei Jahre oder Enthaltung.

#### **Notwendige Mehrheit zur Genehmigung**

Diese konsultative Abstimmung ist nicht bindend, wobei der Verwaltungsrat das Ergebnis sorgfältig prüfen und sich an der Alternative mit den meisten Stimmen orientieren wird, selbst wenn diese keine Mehrheit der abgegebenen Stimmen erhalten sollte.

#### **Empfehlung**

Der Verwaltungsrat beantragt, dass die Aktionäre im Rahmen einer konsultativen Abstimmung die Durchführung einer jährlichen Abstimmung über das Vergütungssystem genehmigen. Die Alternative, welche die meisten Stimmen erhält (alle ein, zwei oder drei Jahre) wird als von den Aktionären gewählte Häufigkeit betrachtet.

### **Antrag 4**

#### **Aufstockung der unter dem Aktienerwerbsplan für Mitarbeitende verfügbaren Aktien**

##### **Antrag**

Der Verwaltungsrat beantragt, die Anzahl Aktien die unter den Erwerbsplänen für Mitarbeitende erworben werden können (1996 *Employee Share Purchase Plan (U.S.)* und 2006 *Employee Share Purchase Plan (Non-U.S.)*) um 5 Millionen Aktien zu erhöhen.

##### **Erläuterung**

Logitechs Aktienerwerbspläne ermutigen die Mitarbeitenden zum Aktienerwerb und bringen die Interessen der Mitarbeitenden auf die Ebene der Interessen der Aktionäre. Der Verwaltungsrat ist überzeugt, dass die fortgesetzte Fähigkeit, dieses Programm anzubieten, ein wichtiges Element ist, talentierte Mitarbeitende, die für Logitechs Erfolg ausschlaggebend sind, anzuziehen, zu motivieren und zu halten.

Der 1996 *Employee Share Purchase Plan (U.S.)* ("1996 ESPP") und der 2006 *Employee Share Purchase Plan (Non-U.S.)* ("2006 ESPP") eröffnen gewissen Mitarbeitenden die Möglichkeit, mittels fortlaufender Lohnrückbehalte ein Kapital zu äufnen, das zum Erwerb von Aktien zu einem reduzierten Kaufpreis verwendet wird.

Mit den Plänen wird in erster Linie die Absicht verfolgt, Mitarbeitenden die Möglichkeit zum Erwerb von Miteigentum an Logitech zu geben. Die 1996 ESPP und 2006 ESPP wurden am 2. Februar 2007 als Anhänge zum Formular S-8 POS bei der *Securities and Exchange Commission* hinterlegt. Sie können auf <http://www.sec.gov> eingesehen werden.

Wir schätzen, dass unter den ESPP's im Zeitpunkt der Generalversammlung 2011 noch ungefähr 900,000 Aktien erworben werden können, entsprechend früheren Genehmigungen der Generalversammlung. Wir schätzen, dass sämtliche noch zur Verfügung stehenden Aktien bis zur Generalversammlung 2012 verkauft sein werden. Sollten die Aktienerwerbe unter den ESPP's höher als unsere Schätzungen sein, so wird die Fortführung des Plans bis zur Generalversammlung 2012 gefährdet. Aus diesem Grunde beantragt der Verwaltungsrat, die Anzahl der maximal zu verkaufenden Aktien unter den ESPP's an der Generalversammlung 2011 zu erhöhen. Die Erhöhung um 5 Millionen Aktien sollte genügen, Erwerbe unter den ESPP's für fünf bis sechs Jahre zu decken. Die untenstehende Tabelle erläutert die im jetzigen Zeitpunkt vorhandenen Aktien unter den ESPP's sowie den Einfluss der beantragten Erhöhung:

**Aktienreservierungen für ESPP's**

Maximum an Aktien unter den ESPPs.....	16.0 million
Geschätzte Erwerbe von 1996 bis September 2011 .....	(15.1 million)
Geschätzte Anzahl Aktien unter den ESPPs per September 2011 .....	0.9 million
Neue Aktien, wenn der Antrag auf Erhöhung angenommen wird .....	<u>5.0 million</u>
Maximum an Aktien, die unter den ESPPs erworben werden können.....	<u>5.9 million</u>

**Hintergrund der Aktienerwerbspläne der Logitech-Gruppe**

Der 1996 ESPP wurde vom Verwaltungsrat am 24. April 1996 als weltweiter Erwerbsplan für Mitarbeitende erlassen und wurde letztmals von den Aktionären der Logitech am 27. Juni 2002 genehmigt. Der 1996 ESPP wurde in zwei Teile zerlegt, einen für Mitarbeitende in den Vereinigten Staaten und einen anderen für Mitarbeitende ausserhalb der Vereinigten Staaten. Diese Aufteilung wurde vom Verwaltungsrat am 15. Juni 2006 beschlossen.

Unsere Mitarbeitenden haben von den Aktienerwerbsplänen für mehr als zwölf Jahre Gebrauch gemacht. Die Teilnahme ist freiwillig und die teilnehmenden Mitarbeitenden beteiligen sich mittels Lohnrückbehalten. In der Periode, die am 31. Januar 2011 zu Ende ging, nahmen mehr als 67 % der berechtigten Logitech Mitarbeitenden teil (ungefähr 1,771 von 2,605 berechtigten Mitarbeitenden). Als direkte Folge dieser hohen Beteiligung resultierte eine weite Verteilung der Aktien, wobei 99,63 % der Aktien in den letzten zwei Perioden durch nicht geschäftsleitende Mitarbeitende erworben wurden.

Unter den ESPPs können Mitarbeitende zweimal jährlich am Ende einer sechsmonatigen Angebotsperiode Aktien erwerben. Der Kaufpreis ist 85 % des Marktwertes der Logitech Aktien am ersten Tag der sechsmonatigen Angebotsperiode oder 85 % des Marktpreises der Aktien am letzten Tag der Angebotsperiode, wenn Letzterer tiefer ist. Mitarbeitende können bis maximal 10 % ihres jährlichen Gehalts beitragen, im Maximum aber \$25,000 pro Jahr. Diese Begrenzung findet ihre Begründung in den Bestimmungen des amerikanischen Steuerrechtes. Die Mehrheit der Unternehmen, mit denen wir für die Anstellung talentierter Mitarbeiter in den Vereinigten Staaten konkurrieren, bieten ihren Mitarbeitenden Aktienerwerbspläne an. Wir glauben auch, dass die Existenz dieser Pläne ausserhalb der Vereinigten Staaten einen Vorteil gegenüber den Unternehmen bringt, mit denen wir für die Anstellung talentierter Mitarbeitenden in Konkurrenz stehen. Wir glauben, dass solche Aktienerwerbspläne ausserhalb der Vereinigten Staaten weniger üblich sind.

Im Geschäftsjahr 2011 wurden als Folge der Erwerbspläne 1,128,706,411 Aktien ausgegeben (1,073,833 im Geschäftsjahr 2010 und 1,094,898 im Geschäftsjahr 2009). Die jährlichen Verwässerungskosten betragen 0.6 % (0.6 % im Geschäftsjahr 2010 und 0.6 % im Geschäftsjahr 2009). Verwässerungskosten bedeuten Anzahl Aktien unter den Plänen dividiert durch die Durchschnittszahl gesamthaft ausstehender Aktien während des Geschäftsjahres. Wir erwarten, dass die Genehmigung von zusätzlichen 5 Millionen Aktien unter den ESPPs, kombiniert mit den verbleibenden Aktien per September 2011 über die Lebensdauer der Pläne in einer ungefähren Verwässerung von 3.3 % führen wird.

**Wichtigste Bedingungen der Erwerbspläne**

Die Genehmigung des Antrags wird einzig die Anzahl zur Verfügung stehender Aktien ändern. Alle anderen Bedingungen der Erwerbspläne bleiben unverändert. Die wichtigsten Punkte der Erwerbspläne seien hier in Erinnerung gerufen:

**Berechtigung**

Die Mitarbeitenden gewisser Tochtergesellschaften der Logitech-Gruppe sind zur Beteiligung an den Erwerbsplänen berechtigt. Die Tochtergesellschaften, deren Mitarbeitende berechtigt sind, können über die Zeit



ändern. Grundsätzlich sind Mitarbeitende der Logitech, die regelmässig mindestens 20 Stunden pro Woche und mindestens 5 Monate pro Jahr arbeiten, zur Beteiligung berechtigt. Lokales Recht kommt zur Anwendung. Logitech kann zudem Richtlinien erlassen, die Fristen festlegen, in denen Zeichnungen eingereicht werden müssen (gegenwärtig spätestens sieben Tage vor dem Beginn der Angebotsperiode). Am 24. Juni 2011 waren annähernd 2,870 Mitarbeitende zur Beteiligung an den Erwerbsplänen berechtigt.

Mitarbeitende sind nicht zur Beteiligung berechtigt, wenn sie nach dem Erwerb direkt oder indirekt mehr als 5 % der Stimmrechte der Logitech direkt oder indirekt kontrollieren, wobei die Berechtigung zum Erwerb von Aktien unter Optionsplänen dazugerechnet werden.

### *Beteiligung*

Ein berechtigter Mitarbeitender, der sich am Erwerbsplan beteiligen will, muss während der Anmeldefrist eine Zeichnungsvereinbarung einreichen. Diese Zeichnungsvereinbarung enthält namentlich die Berechtigung zum Lohnrückbehalt. Die Vereinbarung ermächtigt Logitech zum automatischen Rückbehalt eines Prozentsatzes des regelmässigen Salärs. Dieser Betrag wird während der Angebotsperiode dem persönlichen ESPP Konto des Beteiligten gutgeschrieben. Der minimale Lohnrückbehalt ist 1 % des Gehalts, der maximale Rückbehalt ist 10 % des Gehalts. Auf den zurückbehaltenen Beträgen werden keine Zinsen abgerechnet.

Teilnehmer sind berechtigt, den Prozentsatz der Rückbehalte während der Angebotsperiode herabzusetzen, nicht aber heraufzusetzen. Zu diesem Zweck ist eine neue Zeichnungsvereinbarung abzuschliessen. Wenn ein Beteiligter dieses Verfahren zur Veränderung des Lohnrückbehaltes nicht eingehalten hat, werden die Beiträge zu den ursprünglichen Prozentsätzen durch die ganze Angebotsperiode und zukünftige Angebotsperioden weitergeführt. Die Beteiligten können den Prozentsatz der Beteiligung für die nächste Angebotsperiode ändern, indem sie während der Anmeldefrist eine neue, angepasste Zeichnungsvereinbarung einreichen.

### *Verwaltung*

Die Aktienerwerbspläne werden vom Verwaltungsrat oder einem Ausschuss des Verwaltungsrates verwaltet. Der Verwaltungsrat legt die Pläne auf und erlässt die damit in Verbindung stehenden Reglemente. Er kann diese Reglemente ändern oder aufheben.

### *Angebotsperioden*

Die Erwerbspläne sehen sechsmonatige, direkt aufeinander abfolgende Angebotsperioden vor, wobei neue Perioden jeweils am 1. Februar und am 1. August beginnen und am letzten Handelstag der sechsmonatigen Periode enden. Die Perioden enden am 31. Juli und am 31. Januar oder an einem anderen vom Verwaltungsrat bestimmten Tag. Der Verwaltungsrat ist ermächtigt, die Frequenz oder die Dauer der Angebotsperioden abzuändern (einschliesslich der Daten, an denen sie beginnen).

### *Kauf von Aktien*

Am letzten Tag jeder Angebotsperiode kaufen die Beteiligten die Anzahl Aktien, die sich aus der Gesamtsumme des ESPP-Kontos, dividiert durch den Kaufpreis, ergibt. Teile von Aktien werden nicht ausgegeben. Der Kaufpreis für eine Angebotsperiode ist 85 % des Marktwertes der Logitech Aktien am ersten Tag der Angebotsperiode oder 85 % des Marktpreises der Aktien am letzten Tag der Angebotsperiode, wenn Letzterer tiefer ist. Marktpreis bedeutet der letzte bezahlte Preis am Stichtag. Der Verwaltungsrat ist ermächtigt, den Prozentsatz des Marktwertes, der zur Bestimmung des Kaufpreises dient, für zukünftige Angebotsperioden zu verändern, wobei er nicht unter 85 % gehen darf. Wenn die Summe aller in einer Angebotsperiode gezeichneten Aktien die zur Ausgabe zur Verfügung stehenden Aktien überschreitet, wird die Berechtigung jedes Beteiligten anteilmässig gekürzt.

### *Übertragbarkeit*

Die Beteiligten können ihre Zeichnungen oder sonstigen Rechte unter den Erwerbsplänen nicht anderen Personen übertragen, mit Ausnahme der Übertragung durch Testament oder Erbfolge. Versuchte Übertragungen sind nichtig.

### *Rückzug*

Teilnehmer können ihre Beteiligung am Erwerbsprogramm auch während einer Angebotsperiode zurückziehen. Sie benachrichtigen Logitech in diesem Sinne. Bei Rückzug der Beteiligung wird der auf dem ESPP Konto stehende Betrag dem Mitarbeitenden in bar zurückerstattet, ohne Zins, und sein Recht zur Beteiligung am Plan in der laufenden Angebotsperiode ist automatisch beendet. Während der laufenden Angebotsperiode werden keine Lohnrückbehalte mehr vorgenommen.

### *Anpassungen*

Die Anzahl Aktien, die unter den ESPPs bezogen werden können, und die Anzahl Aktien und der Kaufpreis werden anteilmässig angepasst, wenn Logitech Änderungen an den ausstehenden Aktien vornimmt, zum Beispiel durch Aktiendividenden, Aktiensplits, Aktienzusammenlegungen, Rekapitalisierungen, Reorganisationen oder ähnliche Vorkommnisse.

### *Änderung und Kündigung der Erwerbspläne*

Der Verwaltungsrat ist ermächtigt, die Aktienerwerbspläne jederzeit ohne weitere Benachrichtigung zu ändern oder aufzuheben, wobei Änderungen unter dem Vorbehalt der Genehmigung der Generalversammlung stehen, wenn das anwendbare Recht dies verlangt.

#### ***Zu erwerbende Aktien***

Es wurden auf die 5 Millionen zusätzlichen Aktien, die von diesem Traktandum betroffen sind, keine Erwerbsrechte gewährt und keine Aktien ausgegeben. Weil die Bezüge unter dem ESPP von der Entscheidung der Angestellten und dem Marktwert von unseren Aktien zu zukünftigen Zeitpunkten abhängen wird, ist es nicht möglich die Höhe dieser Bezüge, welche das Management und die übrigen Angestellten im Falle einer Annahme der Erhöhung für das ESPP durch die Aktionäre erhalten, genau zu beziffern. Direktoren, die nicht Angestellte sind, können nicht am ESPP partizipieren. Dennoch wird in der folgenden Tabelle für die genannten Personen oder Gruppen (a) die gesamte Anzahl Aktien, welche unter dem ESPP während des letzten Geschäftsjahres gekauft wurden und (b) der Marktwert dieser Aktien am 31. März 2011 aufgeführt. Der Marktwert pro oben erwähnte Aktie betrug \$13.38. Der letzte gemeldete Aktienpreis an der NASDAQ am 30. Juni 2011 betrug \$11.24.

<b>Person oder Gruppe</b>	<b>Anzahl ge- kaufter Ak- tien</b>	<b>Marktwert der gekauften Aktien</b>
Guerrino De Luca	-	-
Gerald Quindlen	-	-
Erik Bardman	-	-
Werner Heid	2,630	47,682
Junien Labrousse	1,523	27,612
Aktuelle Mitglieder des Managements als Gruppe (6)	4,153	75,294
Aktuelle nicht-exekutive Direktoren als Gruppe	-	-
Alle Angestellten, ausser Mitglieder des Managements	1,128,706	20,463,440

## ***Steuerfolgen in den Vereinigten Staaten***

Die Steuerregeln des amerikanischen Bundesrechts, die auf den 1996 ESPP anwendbar sind, werden untenstehend zusammengefasst. Diese Zusammenfassung enthält keine Hinweise auf Gemeinden oder Einzelstaatenrecht. Ebenso wenig enthält es Hinweise auf Steuerregeln, die ausserhalb der Vereinigten Staaten auf nicht in den USA ansässige Beteiligte anwendbar sind.

Weder im Zeitpunkt des Rechtserwerbs, unter dem 1996 ESPP Aktien zu erwerben noch im Zeitpunkt des Aktienerwerbs realisiert der Beteiligte steuerbares Einkommen. Verkauft der Beteiligte seine unter dem 1996 ESPP erworbenen Aktien nach Ablauf von zwei Jahren seit dem Erwerb der Berechtigung (wobei als Erwerb der Berechtigung der letzte Handelstag vor der Anmeldefrist gilt), so wird die Bundeseinkommenssteuer bei einem so qualifizierten Verkauf auf der Differenz zwischen dem Verkaufspreis und dem Kaufpreis oder, wenn dieser Betrag tiefer ist, auf 15 % des Marktwertes der Aktien beim Erwerb der Berechtigung erhoben. Zusätzlich wird Bundeskapitalgewinnsteuer erhoben auf dem Überschuss, sofern sich einer ergibt, des Verkaufserlöses über der Summe des Kaufpreises und des der ordentlichen Einkommenssteuer unterstehenden Betrages. Wenn die qualifizierte Veräusserung zu einem Verlust führt (der Marktwert der Aktien am Tag der Veräusserung ist tiefer als der Kaufpreis), wird kein Einkommen erzielt und die Regeln über Kapitalverluste sind anwendbar, wenn die Veräusserung an bestimmte unbeteiligte Dritte vorgenommen wurde.

Wenn der Beteiligte seine Aktien vor Ablauf der Zweijahresfrist seit dem Datum der Berechtigung veräussert, wird in dieser nicht qualifizierten Veräusserung die Differenz zwischen dem Kaufpreis und dem Marktwert der Aktien am Tag des Kaufs (der letzte Tag einer Angebotsperiode) als ordentliches Einkommen besteuert und dieser Betrag kann bei Logitech von der Steuer abgesetzt werden. Der Überschuss, wenn sich einer ergibt, des Verkaufserlöses über dem Marktwert der Aktien am Tag ihres Erwerbs wird als Kapitalgewinn besteuert, kurzfristig oder langfristig, abhängig von der Halteperiode. Logitech kann keine Steuerabsetzung der Beträge beanspruchen, die in Händen des Beteiligten als ordentliches Einkommen oder Kapitalgewinn besteuert werden, es sei denn, ordentliches Einkommen wird von einem Beteiligten realisiert, weil er die Aktien vor Ablauf der Zweijahresfrist seit dem Erwerb der Berechtigung veräussert.

### **Notwendige Mehrheit zur Genehmigung**

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

### **Empfehlung**

Der Verwaltungsrat empfiehlt, der Erhöhung der für die ESPP zur Verfügung stehenden Aktien zuzustimmen.

## **Antrag 5**

### **Genehmigung zum Halten eigener Aktien von mehr als 10 %**

#### **Antrag**

Der Verwaltungsrat beantragt der Generalversammlung die Genehmigung zum Halten eigener Aktien von mehr als 10 %.

#### **Erläuterungen**

Gemäss Schweizerischem Gesellschaftsrecht werden zurückgekaufte Aktien nicht automatisch vernichtet, sondern als eigene Aktien gehalten, bis diese entweder durch einen Beschluss der Aktionäre vernichtet oder durch die Gesellschaft gebraucht werden um Emissionsverpflichtungen nachzukommen, gemäss gewissen zeitlichen und formellen Einschränkungen. Mitglieder des Verwaltungsrates könnten der Gefahr der persönlichen Haftung wegen Schädigung der Gesellschaft ausgesetzt sein, wenn diese mehr als 10 % eigene Aktien hält. Die Zustimmung zu

diesem Antrag könnte die persönliche Haftung der Verwaltungsratsmitglieder in diesem Zusammenhang verringern.

Logitech hält gegenwärtig ungefähr 6 Prozent seiner Aktien als eigene Aktien. Sollte die Gesellschaft mit einem bedeutenden Aktienrückkauf unter ihrem Aktienrückkaufprogramm beginnen, könnte sie in absehbarer Zeit die Schwelle von 10 % der eigenen Aktien erreichen. Damit die Gesellschaft in Zukunft mit grösserer Flexibilität in Bezug auf ihr Kapital ausgestattet ist, beantragt der Verwaltungsrat die Zustimmung der Aktionäre zum Halten eigener Aktien von mehr als 10 %, sofern die Aktien, welche die 10 % Schwelle überschreiten, zum Zweck der Vernichtung gekauft werden. Sollte die Generalversammlung diesen Antrag ablehnen, wird der Verwaltungsrat veranlassen, dass die Gesellschaft nicht mehr als 10 % eigener Aktien hält.

Es gibt gewisse negative Steuerfolgen für die Gesellschaft, welche durch den Rückkauf auf einer "zweiten Handelslinie" mit Massnahmen in Bezug auf die Verrechnungssteuer verhindert werden können. Sollte der Verwaltungsrat entscheiden, von der in diesem Antrag erteilten Genehmigung Gebrauch zu machen, würde er die Zustimmung der Übernahmekommission einholen und die Eröffnung einer zweiten Handelslinie bei der SIX Swiss Exchange beantragen, um die Aktien zwecks Vernichtung zurückzukaufen. Zusätzlich würden weitere angemessene Massnahmen zur Einforderung der in diesem Falle geschuldeten Verrechnungssteuer ergriffen.

#### **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, ungeachtet der Stimmen von Verwaltungsratsmitgliedern, Mitgliedern des Managements von Logitech sowie von Logitech vertretenen Stimmen.

#### **Empfehlung**

Der Verwaltungsrat empfiehlt die Annahme des folgenden Beschlusses:

"Die Gesellschaft wird ermächtigt, mehr als 10 % eigene Aktien zu halten, sofern diejenigen Aktien, welche die 10%-Grenze übersteigen, zurückgekauft werden, sei es über eine zweite Handelslinie oder auf andere Weise, um anlässlich einer Kapitalherabsetzung, welche der ordentlichen Generalversammlung 2012 und/oder 2013 der Gesellschaft beantragt wird, vernichtet zu werden."

### **Antrag 6**

#### **Vortrag des Bilanzgewinns des Geschäftsjahres 2011 ohne Ausschüttung einer Dividende**

##### **Antrag**

Der Verwaltungsrat beantragt, auf die Ausschüttung einer Dividende zu verzichten und den Betrag von CHF 507,730,000 (US \$609,449,000 zum Wechselkurs vom 30. Juni 2011) auf die neue Rechnung vorzutragen.

(in KCHF)

Gewinnvortrag zu Beginn des Geschäftsjahres 2011 .....	CHF	349,312
Verwendung des Gewinnvortrages gemäss Beschluss der Generalversammlung 2010 – Dividende .....	CHF	—
Release from die Reserve für eigene Aktien .....	CHF	138,205
Nettogewinn des Geschäftsjahres 2011 .....	<u>CHF</u>	<u>20,213</u>
 Gewinnvortrag zur Verfügung der Generalversammlung zum Ende des Geschäftsjahres 2011 .....	 <u>CHF</u>	 <u>507,730</u>

## **Erläuterungen**

Nach schweizerischem Recht ist die Verwendung des verfügbaren Gewinns jährlich dem Beschluss der Generalversammlung zu unterbreiten. Der zur Verfügung der Generalversammlung 2011 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 2011 ohne Dividendenausschüttung zuzustimmen.

## **Antrag 7**

### **Entlastung des Verwaltungsrates und der Geschäftsleitung für das Geschäftsjahr 2011**

#### **Antrag**

Der Verwaltungsrat beantragt der Generalversammlung der Entlastung seiner Mitglieder sowie der Geschäftsleitung für deren Tätigkeiten im Geschäftsjahr 2011 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 2011. Die Entlastung schliesst Verantwortlichkeitsklagen der Gesellschaft oder von Aktionären gegen die Mitglieder des Verwaltungsrates und der Geschäftsleitung aus, sofern sie die Geschäftstätigkeit im Geschäftsjahr 2011 betreffen, und auf Tatsachen beruhen, die den Aktionären mitgeteilt wurden. Eingesetzte 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 2011.

### Antrag 8

#### Wahlen in den Verwaltungsrat

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

Auf Empfehlung des Nominationsausschusses hat der Verwaltungsrat zwei Personen zur Wahl vorgeschlagen für eine Amtszeit von drei Jahren, die an der Generalversammlung vom 7. September 2011 beginnt. Jeder der vorgeschlagenen Personen sind aktuelle Mitglieder des Verwaltungsrates. Ihre Mandatszeit endet zum Zeitpunkt der Generalversammlung vom 7. September 2011.

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 neun 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.

#### 8.1 Wiederwahl von Herrn Matthew Bousquette

**Antrag:** Der Verwaltungsrat beantragt die Wiederwahl in den Verwaltungsrat von Herrn Matthew Bousquette für drei weitere Jahre.

*Matthew Bousquette* ist nicht exekutives Mitglied des Verwaltungsrates der Gesellschaft seit Juni 2005. Er ist gegenwärtig Präsident des Verwaltungsrates der EGI Holdings LLC, Hersteller von Geschenkartikeln und Dekorationen für Heim und Garten, in den Vereinigten Staaten inkorporiert. Er war früher bei Mattel Inc. und leitete die Geschäftseinheit Mattel Brands. Herr Bousquette trat als Senior Vice President Marketing im Dezember 1993 bei Mattel ein und wurde anschliessend verschiedentlich in höhere Positionen befördert, einschliesslich Generalmanager der Boys Toys (Juli 1995), Executive Vice President der Boys Toys (Mai 1998), Präsident der Boys/Entertainment Division (März 1999) und Präsident der Mattel Brands ab Februar 2003 bis Oktober 2005. Vorgängig sammelte Herr Bousquette Erfahrungen in verschiedenen Positionen bei Lewis Galoob Toys, Teleflora und Procter & Gamble. Herr Bousquette halt ein BBA degree der University of Michigan. Er ist 52 Jahre alt und amerikanischer Staatsbürger.

Herr Bousquette verfügt Dank seinen Positionen als Verwaltungsratspräsident einer Gesellschaft im Bereich Konsumgüter und als leitender Angestellter bei Matell über Erfahrung in den Bereichen Führung, Finanzen und Marketing.

Herr Bousquette ist zum gegenwärtigen Zeitpunkt Mitglied des Audit Committee und Vorsitzender des Compensation Committee des Verwaltungsrates. Der Verwaltungsrat hat beschlossen, dass er als unabhängiger Direktor gilt.

## **8.2 Wiederwahl von Herrn Richard Laube**

**Antrag:** Der Verwaltungsrat beantragt die Wiederwahl in den Verwaltungsrat von Richard Laube für drei weitere Jahre.

*Richard Laube* ist Konzernleitungsmitglied der Nobel Biocare Holding A.G., eine Position, die er seit April 2011 innehat. Zuvor war er Vizepräsident der Nestlé S.A., CEO von Nestlé Nutrition und Executive Vice President. Er trat im April 2005 als Deputy Executive Vice President bei Nestlé ein, wo er die Verantwortung über das Business Development übernahm. Im November 2005 wurde er im Range eines Deputy Executive Vice President CEO von Nestlé Nutrition. Im Jahre 2008 wurde er zum Executive Vice President ernannt. Seit Januar 2011 ist er auch als Berater der Roark Capital Group, einer Private Equity Gesellschaft mit Sitz in Atlanta, Georgia, tätig. Vor seiner Tätigkeit für Nestlé, von 1999 bis 2004 war Herr Laube Leiter der Roche Consumer Health und Mitglied der Roche Konzernleitung von 2001 bis 2004. Zuvor, von 1980 bis 1998, stand Herr Laube in den Diensten von Procter & Gamble, in aufsteigenden Rollen in der Schweiz, den Vereinigten Staaten, Japan, Deutschland und Brasilien. Herr Laube ist Master und Bachelor of Arts der Boston University in der Entwicklung von Organisationen und in evaluativer Forschung. Er ist 55 Jahre alt und schweizerisch-amerikanischer Doppelbürger.

Als CEO einer grösseren Publikumsgesellschaft und früherer leitender Angestellter von einer weltbekannten Gesellschaft auf dem Bereich Konsumgüter, verfügt Herr Laube über Erfahrung in den Bereichen Führung, Marketing und Globalisierung.

Herr Laube ist zum gegenwärtigen Zeitpunkt Mitglied des Compensation Committees des Verwaltungsrates. Der Verwaltungsrat hat beschlossen, dass er als unabhängiger Direktor 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 9**

### **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 2012 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 28, 2011

To our shareholders:

You are cordially invited to attend Logitech's 2011 Annual General Meeting. The meeting will be held on Wednesday, September 7, 2011 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 7, 2011  
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, 2011

#### **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 2011
2. Advisory vote on executive compensation
3. Advisory vote on the frequency of future advisory votes on executive compensation
4. Increase to the number of shares available for issuance under Employee Share Purchase Plans
5. Authorization to exceed 10% holding of own share capital
6. Appropriation of retained earnings without payment of a dividend
7. Release of the Board of Directors and Executive Officers from liability for activities during fiscal year 2011
8. Elections to the Board of Directors
  - 8.1. Re-election of Mr. Matthew Bousquette
  - 8.2. Re-election of Mr. Richard Laube
9. Re-election of PricewaterhouseCoopers S.A. as auditors

Apples, Switzerland, July 28, 2011

The Board of Directors

## **QUESTIONS AND ANSWERS ABOUT THE LOGITECH 2011 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 28, 2011.

The enclosed Response Coupon is solicited on behalf of the Board of Directors of Logitech for use at Logitech’s Annual General Meeting. The meeting will be held on Wednesday, September 7, 2011 at 2:30 p.m. at the Palais de Beaulieu, Rome Room, in Lausanne, Switzerland.

#### **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 1, 2011 have the right to vote. No shareholders will be entered in the Share Register between September 2, 2011 and the day following the meeting. As of June 22, 2011 there were 135,340,661 shares registered and entitled to vote out of a total of 179,215,747 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 23, 2011 and September 1, 2011.

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 2011 Annual Report to Shareholders, this Invitation and Proxy Statement and our Annual Report on Form 10-K for fiscal year 2011 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 13, 2011. 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 1, 2011 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 for those items for which you did not provide voting instructions 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 Friday, August 26, 2011. We will send you an admission card for the meeting. If an admission card is not received by you prior to the meeting and you are a registered shareholder as of September 1, 2011, 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 26, 2011. 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 1, 2011 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](mailto: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 15, 2011 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 15, 2011 and August 24, 2011, 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 15, 2011 votes but subsequently sells their shares before August 24, 2011, their votes will be cancelled. A U.S. or Canadian "street name" beneficial owner as of July 15, 2011 that has voted and subsequently increases or decreases their shareholdings but remains a beneficial owner as of August 24, 2011 will have their votes increased or decreased to reflect their shareholdings as of August 24, 2011.

If you acquire Logitech shares in "street name" after July 15, 2011 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 1, 2011 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 executive compensation), Proposal 3 (Advisory vote on the frequency of future advisory votes on executive compensation), Proposal 4 (Increase to the number of shares available for issuance under Employee Share Purchase Plans), Proposal 5 (Authorization to exceed 10% holding of

own share capital), Proposal 6 (Appropriation of retained earnings without payment of a dividend), and Proposal 8 (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 Thursday, September 1, 2011 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 on to the company holding the meeting. If you hold Logitech shares through a bank or brokerage outside the U.S. or Canada please check with your bank or brokerage for their specific voting deadline and submit your voting instructions to them as far before the meeting date as possible.

**OTHER MEETING INFORMATION**

**Further Information for Depositary representatives**

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

**Meeting Proposals**

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

**Proxy Solicitation**

We will bear the expense of soliciting proxies, and we have retained Georgeson, Inc. to solicit proxies for a fee of \$15,000 plus a reasonable amount to cover expenses. Certain of our directors, officers and other employees, without additional compensation, may also solicit proxies personally or in writing, by telephone, e-mail or otherwise,

or we may ask our proxy solicitor to solicit votes and proxies on our behalf by telephone for a fee of \$5.00 per phone call, plus reasonable expenses. In the United States we are required to request that brokers and nominees who hold shares in their names furnish our proxy material to the beneficial owners of the shares, and we must reimburse such brokers and nominees for the expenses of doing so in accordance with certain U.S. statutory fee schedules.

### **Tabulation of Votes**

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

### **Shareholder Proposals and Nominees**

#### ***Shareholder Proposals for 2011 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 7, 2011 Annual General Meeting was July 8, 2011. However, under Swiss law registered shareholders, or persons holding a valid proxy from a registered shareholder, may propose alternatives to items on the 2011 Annual General Meeting agenda before or at the meeting.

#### ***Shareholder Proposals for 2012 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 2012 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 5, 2012. 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 2012 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 26, 2012. 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 2012 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, 2011

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 2011.

### 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 2011

##### 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 2011 be approved.

##### Explanation

The Logitech consolidated financial statements and the statutory financial statements of Logitech International S.A. for fiscal year 2011 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 forms part of this Invitation and Proxy Statement. Copies of the Annual Report, 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 2011.

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, 2011 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 2011.

## Proposal 2

### Advisory Vote on Executive Compensation

#### Proposal

The Board of Directors proposes that shareholders approve, on an advisory basis, the compensation of Logitech’s named executive officers disclosed in Logitech’s Compensation Report for fiscal year 2011.

#### Explanation

At Logitech’s 2009 and 2010 Annual General Meetings, the Logitech Board of Directors voluntarily asked shareholders to approve Logitech’s compensation philosophy, policies and practices, as set out in the “Compensation Discussion and Analysis” section of the Compensation Report, as a reflection of evolving best practices in corporate governance in Switzerland and in the United States. This proposal, commonly known as a “say-on-pay” proposal, gave our shareholders the opportunity to express their views on our compensation as a whole.

Beginning this year, a say-on-pay advisory vote is being required for all public companies, including Logitech, that are subject to the applicable U.S. proxy statement rules. In accordance with this new law, the Board of Directors is asking shareholders to approve, on an advisory basis, the compensation of Logitech’s named executive officers disclosed in the Compensation Report, including the “Compensation Discussion and Analysis,” the Summary Compensation table and the related compensation tables, notes, and narrative. This vote is not intended to address any specific items of compensation or any specific named executive officer, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in the Compensation Report.

This say-on-pay vote is advisory and therefore is not binding. However, the say-on-pay vote will provide information to us regarding shareholder sentiment about our executive compensation philosophy, policies and practices, which the Compensation Committee of the Board will be able to consider when determining future executive compensation. The Committee will seek to determine the causes of any significant negative voting result.

As discussed in the Compensation Discussion and Analysis section of Logitech’s 2011 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;
- 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.



The Compensation Committee of the Board has developed a compensation program that is described more fully in the Compensation Report included in the Annual Report and 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 2011 are also set out in the Compensation Report.

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

### **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 following advisory resolution:

"Resolved, that the compensation of Logitech's named executive officers disclosed in the Compensation Report, including the "Compensation Discussion and Analysis," the Summary Compensation table and the related compensation tables, notes, and narrative, is hereby approved."

### **Proposal 3**

#### **Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation**

### **Proposal**

The Board of Directors asks shareholders for their advisory vote on the frequency of future advisory say-on-pay votes on executive compensation. In particular, the Board of Directors asks shareholders for their guidance on whether future advisory say-on-pay votes, such as the one in Proposal 2 above, should be held every one, two or three years.

### **Explanation**

This proposal asks shareholders to indicate their preference, on an advisory basis, for the frequency of future shareholder advisory votes on executive compensation. The Board of Directors is asking shareholders for their views on the frequency of these votes pursuant to the same new U.S. law described in Proposal 2 above that now requires each company subject to U.S. proxy statement rules, including Logitech, to hold a say-on-pay advisory vote on executive compensation. This vote on the frequency of say-on-pay votes must be held at least once every six years and is advisory in nature.

The Board of Directors has voluntarily asked shareholders to approve Logitech's compensation philosophy, policies and practices in each of the last two years. The Board believes that providing an annual advisory vote on compensation provides the Board with more opportunity for timely feedback, and so the Board recommends that shareholders vote to hold a say-on-pay advisory vote every year. However, in accordance with the applicable U.S. law, shareholders will be able to specify one of four choices for this proposal: one year, two years, three years, or abstain from voting.

### **Voting Requirement to Approve Proposal**

This advisory vote is non-binding; however, the Board will carefully consider the voting results and expects to be guided by the alternative that receives the greatest number of votes, even if that alternative does not receive a majority of the votes cast.



## Recommendation

The Board of Directors recommends that shareholders approve, on an advisory basis, holding a yearly say-on-pay advisory vote on executive compensation. The alternative receiving the greatest number of votes (every one, two or three years) will be considered the frequency selected by shareholders.

## Proposal 4

### Increase to the Number of Shares Available for Issuance under Employee Share Purchase Plans

#### Proposal

The Board of Directors proposes that an additional total of 5,000,000 shares be authorized for issuance under the Company's 1996 Employee Share Purchase Plan (U.S.) and the 2006 Employee Share Purchase Plan (Non-U.S.).

#### Explanation

Logitech's Employee Share Purchase Plans encourage share ownership by employees and align the interests of employees and shareholders. The Board believes that the continued ability to offer this program is important to attract, motivate and retain the employee talent needed for Logitech's success.

Logitech's Employee Share Purchase Plans offer eligible employees the opportunity to acquire Logitech shares through periodic payroll deductions that are applied toward the purchase of shares, at a discount from the current market price. The primary purpose of these plans is to provide employees with the opportunity to acquire an ownership stake in Logitech. Copies of the 1996 Employee Share Purchase Plan (U.S.) and the 2006 Employee Share Purchase Plan (Non-U.S.) are available as exhibits to our Form S-8 filed with the Securities and Exchange Commission on January 30, 2009, available at <http://www.sec.gov>. We refer to these plans as the "1996 Plan", the "2006 Plan", and together, as the "ESPPs".

Employees have been participating in our share purchase plans for more than 15 years. Participation is voluntary and participating employees make contributions through payroll deductions. In the offering period ended January 31, 2011 more than two-thirds of Logitech's eligible employees participated (approximately 1,771 out of 2,605 eligible employees). A direct result of this high participation level is an increase in broad-based ownership, with 99.63% of the shares issued going to non-executive officers in the last two offering periods.

We estimate that at the time of our 2011 Annual General Meeting, we will have approximately 900,000 shares remaining for issuance under the ESPPs of the 16,000,000 shares previously authorized by shareholders. We estimate that we will sell all of the remaining available shares before the 2012 Annual General Meeting. As a result, the Board is seeking shareholder approval to increase the number of shares available under the ESPPs at the 2011 Annual General Meeting. The increase of 5,000,000 shares should provide sufficient shares to meet expected sales under the ESPPs over the next 3 years. The table below sets out the shares currently available under the ESPPs and if this proposal is approved.

#### Stock Purchase Plan Share Reservation

Maximum shares available under the ESPPs	16.0 million
Estimated shares purchased from 1996 through September 2011	<u>(15.1 million)</u>
Estimated shares available under the ESPPs as of September 2011	0.9 million
New shares if increase Proposal is approved	5.0 million
Maximum shares available for issuance under the ESPPs	5.9 million

Shareholders last approved an increase to the available shares under the ESPPs at the 2008 Annual General Meeting, when the available shares were increased by 4,000,000 shares.

### ***Background on Share Purchase Plans at Logitech***

The 1996 Plan was adopted by the Board of Directors on April 24, 1996 as a worldwide Employee Share Purchase Plan. The 1996 Plan was split into one plan for employees based in the United States and another plan for employees based outside of the United States by action of the Board of Directors on June 15, 2006.

Under the ESPPs employees may purchase shares twice a year at the end of each six-month offering period. The purchase price is 85% of the market value of Logitech shares on the first day of the six-month offering period or 85% of the market value of the shares on the last day of the offering period if that value is lower. Employees are able to contribute up to 10% of their annual salary, up to a \$25,000 limit calculated in accordance with U.S. tax rules (taking into account the application of the \$25,000 limit for each calendar year a purchase right is at any time outstanding). The majority of companies with which we compete for talent in the United States offer share purchase programs to their employees. Outside of the United States we believe our share purchase plan helps set us apart from other companies with which we compete for talent, because we believe that share purchase plans similar to ours are not as common as they are in the United States.

In fiscal year 2011, 1,128,706 shares (1,073,833 in fiscal year 2010 and 1,094,898 in fiscal year 2009) were issued from the ESPPs, resulting in an annual dilution cost of 0.6% (0.6% in fiscal year 2010 and 0.6% in fiscal year 2009). Annual dilution equals shares issued divided by the average shares outstanding in the applicable fiscal year. We expect the approval of an additional 5,000,000 shares under the ESPPs, when combined with the remaining shares under the ESPPs as of September 2011, to result in an approximate 3.3% dilution over the life of the plans.

### ***Key Terms***

Only the number of shares available for issuance under the ESPPs will change if this proposal is approved by shareholders. All other terms of the ESPPs will remain unchanged. For convenience, the key terms of the ESPPs are summarized below.

#### *Eligibility*

Employees of certain of Logitech's subsidiaries are eligible to participate in the ESPPs. The subsidiaries whose employees are entitled to participate may be changed from time to time by Logitech. Employees of Logitech who regularly work 20 hours or more per week and five months or more per year, subject to applicable law, are eligible to participate in the ESPPs. Logitech may establish administrative rules requiring that employees deliver subscriptions for shares some minimum period (currently, 7 days) before an enrollment period begins. As of June 24, 2011, approximately 2,870 employees were eligible to participate in the ESPPs.

Employees are not eligible to participate in the ESPPs if they would immediately after such purchase own (directly or indirectly) shares, which when added to shares that the employees may purchase under outstanding options, amounts to 5% or more of the total combined voting power of shares of Logitech.

#### *Enrollment and Participation*

An eligible employee who wants to enroll and participate in the ESPPs must file a completed subscription agreement (which includes a payroll deduction agreement) with Logitech during an enrollment period. The subscription agreement authorizes Logitech to withhold automatically a percentage of the participant's regular earnings through regular payroll deductions, and the amount of the deduction is credited to an ESPP account in the participant's name on Logitech's books during the offering period. The minimum deduction allowed is 1% of compensation, and the maximum deduction is 10% of regular earnings. No interest is paid or credited with respect to such payroll deductions.

Participants may decrease, but may not increase, their rate of contribution during an offering period by filing a new subscription agreement. If a participant has not followed these procedures to change the rate of contribution, the rate of contribution continues at the originally elected rate throughout the offering period and future offering periods. Participants may change their rate of contribution for the next offering period by filing an amended subscription agreement during the enrollment periods.

### *Administration*

The Board, or a committee of the Board (“Board”), administers the ESPP. The Board may interpret the ESPPs and establish, amend and rescind any rules related to the ESPPs.

### *Offering periods*

The ESPPs have a series of six-month offering periods, with new offering periods commencing on each February 1 and August 1, and ending on the last trading day in the six-month periods ending on the following July 31 and January 31, respectively, or on such other date as the Board shall determine. The Board has the authority to change the frequency and/or duration of offering periods (including the commencement dates of the offering periods).

### *Purchase of Shares*

On the last day of each offering period, all participants purchase the number of whole shares obtained by dividing the aggregate amount in their ESPP accounts by the purchase price for that offering period. No fractional shares are credited or issued. The purchase price for an offering period is 85% of the “market value” of Logitech shares on the first day of the six-month offering period or 85% of the “market value” of the shares on the last day of the offering period if that value is lower. “Market value” is the last quoted price on the applicable date. The Board may change the percentage of market value applied to determine the purchase price with respect to any future offering period, but not below 85%. If the aggregate number of shares subscribed for in any offering period exceeds the number of shares that remain available for sale under the ESPPs, the number of shares each participant may purchase is proportionately reduced.

### *Transferability*

Participants may not transfer their subscription or other rights under the ESPPs to any other person, except by will or the laws of descent, and any attempted transfer will be void.

### *Withdrawal*

During an offering period, participants may withdraw from participation in the ESPPs by giving notice to Logitech. Upon withdrawal from participation, the balance in the participant’s ESPP account is refunded to him or her in cash without interest, his or her right to participate in the current offering period is automatically terminated, and no further payroll deductions for the purchase of shares will be made during the offering period.

### *Adjustments*

The number of shares subject to the ESPPs, and the number of shares subject to, and the purchase price of, outstanding rights to purchase shares, will be proportionately adjusted in the event of changes in the outstanding shares of Logitech by reason of share dividends, share splits, consolidations, recapitalizations, reorganizations or similar events.

### ***Amendment and Termination of the ESPPs***

The Board may amend or terminate the ESPPs at any time without notice, provided that no amendment may be adopted without the approval of the shareholders where shareholder approval is required under applicable law.

### ***Shares to be Purchased***

No purchase rights have been granted, and no shares have been issued, on the basis of the 5,000,000 share increase which is the subject of this proposal. Because benefits under the ESPPs will depend on employees’ elections to participate and the fair market value of our shares at various future dates, it is not possible to determine the benefits that will be received by executive officers and other employees if the share increase for the ESPPs is approved by shareholders. Non-employee directors are not eligible to participate in the ESPPs. However, the following table

sets forth, for the persons or groups listed, (a) the total number of shares purchased under the ESPPs during the last fiscal year, and (b) the market value of these shares as of March 31, 2011. The price per share determined as described above was \$13.38. The last reported trade price for the shares on NASDAQ on June 30, 2011, was \$11.24.

<b>Person or Group</b>	<b>Number of Shares Purchased (#)</b>	<b>Market Value of Shares Purchased (\$)</b>
Guerrino De Luca .....	—	—
Gerald Quindlen .....	—	—
Erik Bardman .....	—	—
Werner Heid .....	2,630	47,682
Junien Labrousse .....	1,523	27,612
Current executive officers as a group (6) .....	4,153	75,294
Current non-executive directors as a group .....	—	—
All employees, excluding executive officers .....	1,124,553	20,388,146

### ***U.S. Tax Consequences***

The federal tax rules applicable to the 1996 ESPP under the U.S. Tax Code are summarized below. This summary does not include the tax laws of any municipality, state or country outside the United States in which a participant resides.

No taxable income is recognized by a participant either at the time a right is granted to purchase shares under the 1996 ESPP or at the time shares are purchased thereunder. If a participant does not dispose of shares acquired under the 1996 ESPP before two years after the “date of grant” (which for each offering period is the last day on which shares are traded before the enrollment period preceding that offering period), upon such qualifying disposition the lesser of (a) the excess of the amount realized on sale of the shares over the purchase price or (b) 15% of the market value of the shares on the date of grant will be subject to federal income tax. Federal long-term capital gains tax will apply to the excess, if any, of the sale’s proceeds on the date of disposition over the sum of the purchase price and the amount of ordinary income recognized upon disposition. If the qualifying disposition produces a loss (the value of the shares on the date of disposition is less than the purchase price), no ordinary income will be recognized and federal long-term capital loss rules will apply, provided that the disposition involves certain unrelated parties.

If a participant disposes of the shares earlier than two years after the date of grant, upon such disqualifying disposition the difference between the purchase price and the market value of the shares on the date of purchase (the last day of an offering period) will be taxed to the participant as ordinary income and will be deductible by Logitech. The excess, if any, of the sale proceeds over the market value of the shares on the date of purchase will be taxed as long-term or short-term capital gain, depending on the holding period. Logitech is not entitled to a U.S. tax deduction for amounts taxed as ordinary income or capital gains to a participant, except to the extent that ordinary income is recognized by a participant upon a disposition of shares earlier than two years after the date of grant.

### **Voting Requirement to Approve Proposal**

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

### **Recommendation of the Board**

The Board of Directors recommends a vote “FOR” approval of the increase to the number of shares available for issuance under the ESPPs.

## **Proposal 5**

### **Authorization to exceed 10% holding of own share capital**

#### **Proposal**

The Board of Directors proposes that shareholders authorize the Company to hold more than 10 per cent of its own shares.

#### **Explanation**

Under Swiss corporate law, shares that are repurchased are not automatically cancelled, but instead are held in the Company's treasury pending either shareholder approval of their cancellation or re-use by the Company to cover issuance obligations, subject to certain time limits and procedures. Members of the Board of Directors may be exposed to personal liability under Swiss law for harm to the company as a result of it holding more than 10 percent of its own shares. Approval of this proposal may lessen the potential personal liability of the members of the Board of Directors in such a circumstance.

Logitech currently holds approximately 6 percent of its own shares in its treasury. If the Company begins significant repurchases under its stock repurchase program, it may soon accumulate shares in treasury approaching 10 percent of its issued capital. In order to provide the Company with continued greater flexibility in the management of its capital, the Board of Directors seeks authorization to cause the Company to hold more than 10 percent of its own shares, to the extent that the shares exceeding the 10 percent ownership threshold are being repurchased with a view to being cancelled. In the event of a negative vote on this proposal by shareholders, the Board of Directors will cause the Company not to exceed a 10 percent holding of its own shares.

There are potential adverse tax consequences to the Company that may be avoided through repurchasing shares above the 10 percent threshold through a "second trading line" with withholding tax arrangements. Should the Board of Directors resolve to make use of the authorization in this proposal, it would apply for applicable approval by the Swiss Takeover Board, and apply for the opening of a second trading line on the SIX Swiss Exchange in order to purchase shares for cancellation. It will also take other appropriate action to levy the withholding tax that would be due in such a case.

#### **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 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" approval of the following resolution:

"The Company shall be authorized to hold more than 10 per cent of its own shares, to the extent that the own shares exceeding the 10 percent ownership threshold are being repurchased, over a second trading line or otherwise, with a view to being cancelled on the occasion of a reduction of share capital, to be proposed to the Annual General Meeting of the Company in 2012 and/or 2013."

## **Proposal 6**

### **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 2011 and that CHF 507,730,000 (US \$609,449,000 based on exchange rates on June 30, 2011) of retained earnings be carried forward.

(all numbers in thousands)

Retained earnings at beginning of fiscal year 2011 .....	CHF 349,312
Appropriation of retained earnings resolved by the 2010 Annual General Meeting-Dividend .....	CHF —
Release from reserve for treasury shares .....	CHF 138,205
Net income for fiscal year 2011 .....	<u>CHF 20,213</u>
Retained earnings at the disposal of the Annual General Meeting at the end of fiscal year 2011 .....	<u>CHF 507,730</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 2011 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 7**

### **Release of the Board of Directors and Executive Officers from Liability for Activities during Fiscal Year 2011**

#### **Proposal**

The Board of Directors proposes that shareholders release the members of the Board of Directors and Executive Officers from liability for activities during fiscal year 2011.

#### **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 2011 that have been disclosed to shareholders. This release from liability exempts members of the Board of Directors or Executive Officers from liability claims brought by the Company or its shareholders on behalf of the Company against any of them for activities carried out during fiscal year 2011 relating to facts that have been disclosed to shareholders. Shareholders that do not vote in favor of the proposal, or acquire their shares after the vote without knowledge of the approval of this resolution, 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 from liability for activities during fiscal year 2011.

## Proposal 8

### Elections to the Board of Directors

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

At the recommendation of the Nominating Committee, the Board has nominated the two individuals below to serve as directors for the three-year term beginning as of the Annual General Meeting on September 7, 2011. Each of the nominees currently serves as a member of the Board of Directors. Their current terms expire on the date of the Annual General Meeting on September 7, 2011.

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 nine members. The Board has no reason to believe that either 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.

### 8.1 Re-election of Mr. Matthew Bousquette

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

*Matthew Bousquette* is the Chairman of the Board of EGI Holdings 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. He is 52 years old, and is a U.S. citizen.

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.

Mr. Bousquette has been a member of the Board of Directors since June 2005. He currently serves on the Audit Committee and is Chairman of the Compensation Committee of the Board. The Board of Directors has determined that he is an independent Director.



## **8.2 Re-election of Mr. Richard Laube**

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

*Richard Laube* is the Chief Executive Officer of Nobel Biocare Holding A.G., a position he has held since April 2011. Previously, he was an Executive Vice President of Nestlé S.A., Chief Executive Officer of Nestlé Nutrition and a member of the Nestlé Executive Board until August 2010. 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. Since January 2011 he has also served as an advisor to the Roark Capital Group, a private equity firm based in Atlanta, Georgia. 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. He is 55 years old and is a dual U.S. and Swiss citizen.

As chief executive of a significant public company, and a former 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.

Mr. Laube has been a member of the Board of Directors since September 2008. He currently serves on the Compensation Committee of the Board. The Board of Directors has determined that he is an independent Director.

### **Voting Requirement to Approve Proposals**

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

### **Recommendation**

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

## Proposal 9

### Re-election of PricewaterhouseCoopers S.A. as Auditors

#### Proposal

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

#### Explanation

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

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

#### Voting Requirement to Approve Proposal

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

#### Recommendation

Our Board of Directors recommends a vote “FOR” the re-election of PricewaterhouseCoopers S.A. as auditors of Logitech International S.A. for the fiscal year ending March 31, 2012.

### 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, 2011 and, following the resignation of Gerald Quindlen effective July 27, 2011, we had nine members of the Board. If each nominee to the Board presented in Proposal 8 is elected the size of the Board will remain at nine members.

#### BOARD OF DIRECTORS INDEPENDENCE

Each of our directors other than Daniel Borel and Guerrino De Luca 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 Matthew Bousquette and Richard Laube, the director nominees standing for re-election at the 2011 Annual General Meeting, each qualifies as independent. The NASDAQ independence definition includes a series of objective tests, such as that the director is not an employee of the company and has not engaged in various types of business dealings with the company. In addition, as further required by NASDAQ rules, the Board has made a subjective determination as to each independent director that no relationships exist which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, the directors reviewed and discussed information provided by the directors and the Company with regard to each director’s business and personal activities as they may relate to Logitech and Logitech’s management. In particular, the Board considered the following information in regard to the following directors:

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

*Sally Davis.* Ms. Davis is the chief executive of BT Wholesale, a member of the BT Group. In the ordinary course of its business, BT’s conferencing division purchased approximately \$2.1 million of LifeSize videoconferencing equipment and approximately \$1.5 million of Logitech computer peripherals, and Logitech purchased less than \$10,000 of BT communication services in fiscal year 2011. Neither Ms. Davis nor any Logitech executive officer had any direct involvement in these transactions.

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

## MEMBERS OF THE BOARD OF DIRECTORS

The members of the Board of Directors, including their principal occupation, business experience, and qualifications, are set out below.

<b>Daniel Borel</b> ..... 61 Years Old Director since 1988 Co-Founder and former CEO and Chairman, Logitech International S.A. Swiss national	<i>Daniel Borel</i> is a Logitech founder and served from May 1988 until January 1, 2008 as the Chairman of the Board. From July 1992 to February 1998, he also served as Chief Executive Officer. He has held various other executive positions with Logitech. Mr. Borel holds an MS degree in Computer Science from Stanford University in California and a BE degree in Physics from the Ecole Polytechnique Fédérale, Lausanne, Switzerland. He serves on the Board of Nestlé S.A. In addition, he serves on the Board of Fondation Defitech, a Swiss foundation which contributes to research and development projects aimed at assisting the disabled, is the Chairman of the Board of SwissUp, a Swiss educational foundation promoting higher learning, and serves as President of EPFL Plus, a Swiss foundation which raises funds for the Ecole Polytechnique Fédérale de Lausanne.
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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.

<b>Matthew Bousquette</b> ..... 52 Years Old Director since 2005 Chairman, EGI Holdings LLC U.S. national	<i>Matthew Bousquette</i> is the Chairman of the Board of EGI Holdings 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.
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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** .....  
 62 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** .....  
 50 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 SHC Capital Ltd. and Yongmao Holdings Limited (where he is lead independent director), each 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** .....  
57 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 also a member of the Board of the Department for Transport, part of the UK government. 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** .....  
58 Years Old  
Director since 1998  
Chairman of the Board of Directors,  
acting President and Chief Executive  
Officer 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 and as acting President and Chief Executive Officer since July 27, 2011. 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.

**Neil Hunt** .....  
49 Years Old  
Director since 2010  
Chief Product Officer,  
Netflix, Inc.  
U.K. and U.S. national

*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 is also a member of the Board of Directors of Simply Hired, Inc., a private online job listings company. 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.

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.

**Richard Laube** .....  
55 Years Old  
Director since 2008  
Chief Executive Officer,  
Nobel Biocare Holding A.G.  
Swiss and U.S. national

*Richard Laube* is the Chief Executive Officer of Nobel Biocare Holding A.G., a position he has held since April 2011. Previously, he was an Executive Vice President of Nestlé S.A., Chief Executive Officer of Nestlé Nutrition and a member of the Nestlé Executive Board until August 2010. 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. Since January 2011 he has also served as an advisor to the Roark Capital Group, a private equity firm based in Atlanta, Georgia. 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.

As chief executive of a significant public company, and a former 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.

**Monika Ribar** .....  
51 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. She also serves as a Director of SIKA AG, a SIX Swiss Exchange-listed supplier of specialty chemical products and industrial materials. Ms. Ribar holds a Masters degree in Economics and Business Administration from the University of St. Gallen, Switzerland.

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 member of another public company board, Ms. Ribar also provides cross-board experience.

Gerald Quindlen, our former President and Chief Executive Officer, served as a member of the Board of Directors from September 2008 until July 2011. He served as President and Chief Executive Officer from January 2008 to July 27, 2011. 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, age 52, 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.

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 2011 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.

#### **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, 2011 for each Director are as follows:

Name	Year First Appointed	Year Current Term Expires
Daniel Borel <sup>(1)</sup> . . . . .	1988	Annual General Meeting 2013
Matthew Bousquette <sup>(1) (3)</sup> . . . . .	2005	Annual General Meeting 2011
Erh-Hsun Chang <sup>(1)</sup> . . . . .	2006	Annual General Meeting 2012
Kee-Lock Chua <sup>(1)</sup> . . . . .	2000	Annual General Meeting 2012
Sally Davis <sup>(1)</sup> . . . . .	2007	Annual General Meeting 2013
Guerrino De Luca <sup>(2)</sup> . . . . .	1998	Annual General Meeting 2013
Neil Hunt <sup>(1)</sup> . . . . .	2010	Annual General Meeting 2013
Richard Laube <sup>(1) (3)</sup> . . . . .	2008	Annual General Meeting 2011
Gerald Quindlen <sup>(2) (4)</sup> . . . . .	2008	Annual General Meeting 2011
Monika Ribar <sup>(1)</sup> . . . . .	2004	Annual General Meeting 2013

- (1) Non-executive member of the Board of Directors.
- (2) Executive member of the Board of Directors.
- (3) The term of each of Mr. Bousquette and Mr. Laube expires at the 2011 Annual General Meeting, and each is being presented for re-election to the Board of Directors at that meeting.
- (4) Mr. Quindlen resigned from the Board on July 27, 2011. He was an executive member of the Board of Directors until his resignation.

## 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. On July 27, 2011, Mr. De Luca assumed the role of acting President and Chief Executive Officer, in addition to continuing his duties as Chairman, at the request of the Board of Directors until such time as the Board appoints a new President and Chief Executive Officer. The Board considers the holding of both the Chairman and CEO offices by Mr. De Luca as a temporary arrangement, and intends to return to its general practice of the positions being held by separate persons upon the appointment of a new CEO.

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, 2011, 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**

As Chairman, 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.

The Chief Executive Officer 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 generally 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. The Board’s role in oversight does not have a direct impact on the Board’s leadership structure, which is discussed above.

### **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 2011.

### 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 2011, separate sessions of the independent directors were held three 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 determines 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 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
Neil Hunt. . . . .				
Richard Laube. . . . .		X		
Monika Ribar . . . . .	Chair			



## Attendance at Board, Committee and Annual Shareholders' Meetings

In fiscal year 2011 the Board met three times, all of which were regularly scheduled quarterly meetings. In addition, the Audit Committee met eight times, the Compensation Committee met five times, the Nominating Committee met two times and the Committee for Board Compensation met once. In addition to its meetings, the Board took five actions for approval by consent during fiscal year 2011. 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 2010 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 2011 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>
# of meetings held. . . . .	3	8	5	2	1
Daniel Borel . . . . .	3	n/a	n/a	n/a	n/a
Matthew Bousquette. . . . .	3	7	5	n/a	n/a
Erh-Hsun Chang. . . . .	3	8	n/a	n/a	n/a
Kee-Lock Chua. . . . .	3	n/a	5	2	n/a
Sally Davis . . . . .	3	8	n/a	2	n/a
Guerrino De Luca. . . . .	3	n/a	n/a	2	1
Neil Hunt. . . . .	2 <sup>(1)</sup>	n/a	n/a	n/a	n/a
Richard Laube. . . . .	3	n/a	4	n/a	n/a
Gerald Quindlen. . . . .	3	n/a	n/a	n/a	1
Monika Ribar . . . . .	3	8	n/a	n/a	n/a

(1) Member after September 8, 2010

### 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;
- reviews with management and the independent auditors the Company's major financial risk exposures and the steps management has taken to monitor and control those exposures, including the Company's guidelines and policies with respect to risk assessment and risk management; 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 eight times in fiscal year 2011. Three meetings were held in person on the day prior to the regularly scheduled quarterly Board meeting, for two to three hours, and five were held by telephone, for approximately an hour. The Committee received reports and presentations before the meetings in order to allow them time to prepare adequately. At the Committee's invitation, the Company's Chief Financial Officer, Corporate Controller or Acting 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. Three 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 and Mr. Laube. Robert Malcolm also served as a member of the Committee until his retirement from the Board in September 2010. The Board of Directors has determined that each member of the Committee, including Mr. Malcolm, meets the independence requirements of the NASDAQ Stock Market listing standards.

The Compensation Committee met five times in fiscal year 2011. At the Committee's invitation, the Company's Vice President of Worldwide Human Resources and the Senior Director of Worldwide Compensation & Benefits attended each meeting. The Company's Associate General Counsel attended one meeting. Three 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 10 actions for approval by consent during fiscal year 2011.

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, prior to July 27, 2011, consisted of Mr. De Luca and Mr. Quindlen. The Committee for Board Compensation met once in fiscal year 2011. The meeting was held in person and lasted approximately one hour. At the Committee's invitation, the Company's Vice President of Worldwide Human Resources and the Senior Director of Worldwide Compensation & 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 2011. 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](mailto: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, 2011**

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, 2011 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, 2011;
- 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.

<u>Beneficial Owner<sup>(1)</sup></u>	<u>Number of Shares Owned<sup>(2)</sup></u>	<u>Shares that May be Acquired Within 60 Days<sup>(3)</sup></u>	<u>Total Beneficial Ownership</u>	<u>Total as a Percentage of Shares Outstanding<sup>(4)</sup></u>
<b>5% Shareholders:</b>				
AXA Group <sup>(5)</sup> . . . . .	9,944,400	—	9,944,400	5.5%
FMR LLC <sup>(6)</sup> . . . . .	9,272,440	—	9,272,440	5.2%
<b>Directors, not including the Chairman or the CEO:</b>				
Daniel Borel <sup>(7)</sup> . . . . .	11,356,636	—	11,356,636	6.3%
Matthew Bousquette . . . . .	14,242	70,000	84,242	*
Erh-Hsun Chang . . . . .	152,949	319,000	471,949	*
Kee-Lock Chua . . . . .	23,499	55,000	78,499	*
Sally Davis . . . . .	15,602	30,000	45,602	*
Neil Hunt . . . . .	—	—	—	*
Richard Laube . . . . .	67,751	20,000	87,751	*
Monika Ribar . . . . .	10,657	95,000	105,657	*
<b>Named Executive Officers:</b>				
Gerald Quindlen <sup>(8)</sup> . . . . .	25,606	735,000	760,606	*
Erik Bardman . . . . .	—	25,000	25,000	*
Guerrino De Luca . . . . .	164,018	939,288	1,103,306	*
Werner Heid . . . . .	14,280	111,875	126,155	*
Junien Labrousse . . . . .	21,944	402,500	424,444	*
Current Directors and Executive Officers, as a Group <sup>(14)</sup> . . . . .	11,869,008	2,953,913	14,822,921	8.3%

\* Less than 1%

(1) Unless otherwise indicated, the address for each beneficial owner listed in this table is c/o Logitech International S.A., Rue du Sablon 2-4 Morges, Switzerland / 6505 Kaiser Drive, Fremont, California 94555.

(2) 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, and except as noted.

(3) Includes shares represented by vested, unexercised options as of June 30, 2011 and options and restricted stock units that are expected to vest within 60 days after June 30, 2011. 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.

- (4) Based on 179,249,973 shares outstanding on June 30, 2011.
- (5) Based solely on information supplied by AXA Group in a notification to the Company on November 26, 2010 provided under Swiss law reporting ownership of Logitech's shares as of November 23, 2010. According to the notification AXA Group and its subsidiaries hold 9,944,400 shares as of such date. The address of AXA Group is 25, avenue Matignon, 75008 Paris, France.
- (6) Based on information set forth in a Schedule 13G filed with the SEC on February 14, 2011 by FMR LLC reporting ownership of Logitech's shares as of December 31, 2010. According to the notification direct and indirect subsidiaries of FMR LLC hold 9,272,440 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.
- (7) The number of shares held by Mr. Borel includes (a) 53,000 shares held by a charitable foundation, of which Mr. Borel and other members of his family are board members, (b) 26,500 shares held by one of Mr. Borel's children, and (c) 6,500 shares held by Mr. Borel's spouse.
- (8) Mr. Quindlen resigned effective July 27, 2011.

## **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, 2011, 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, 2011, each 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 and Mr. De Luca 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 2011 that require disclosure. Since April 1, 2010, 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 2011: 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 2010. 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 2011, PwC representatives attended all eight Audit Committee meetings. The Committee met separately three 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, 2011 and 2010 (in thousands):

	<u>2011</u>	<u>2010</u>
Audit fees <sup>(1)</sup> . . . . .	\$2,612	\$2,858
Audit-related fees <sup>(2)</sup> . . . . .	100	406
Tax fees <sup>(3)</sup> . . . . .	472	617
All other fees <sup>(4)</sup> . . . . .	8	7
Total . . . . .	<u>\$3,192</u>	<u>\$3,888</u>

- (1) *Audit fees.* This category represent fees for professional services provided in connection with the audit of our financial statements, the audit of our internal control over financial reporting, and review of our quarterly financial statements and audit services provided in connection with other statutory or regulatory filings.
- (2) *Audit-related fees.* This category represents consultation on issues such as acquisition accounting, due diligence services in connection with acquisitions, review and testing of the impact of new accounting pronouncements, and other topics.
- (3) *Tax fees.* This category represents fees for tax compliance, assistance with tax audits, tax advice and tax planning.
- (4) *All other fees.* This category primarily represents fees for 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 or Acting Corporate Controller is responsible for ensuring that the work performed is within the scope and dollar limit as approved by the Audit Committee. Management must report to the Audit Committee the status of each project or service provided by PwC.



## REPORT OF THE AUDIT COMMITTEE

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

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

The Audit Committee has reviewed and discussed our audited financial statements for the fiscal year ended March 31, 2011, with our management. In addition, 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, 2011.

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.

We believe that all Section 16(a) filing requirements were met in fiscal year 2011, with the exceptions noted below:

- Late Form 4 reports were filed for L. Joseph Sullivan on August 3, 2010 and for Werner Heid, Junien Labrousse and Gerald Quindlen on September 1, 2010 to report shares withheld for tax on June 29, 2010 on the vesting of previously-reported RSUs.
- A late Form 4 report was filed for David Henry on August 25, 2010 to report shares withheld for tax on June 29, 2010 on the vesting of previously-reported RSUs and to report the sale of 5,758 shares from his direct holdings on August 19, 2010.
- A late Form 4 report was filed for L. Joseph Sullivan on February 2, 2011 to report the exercise of options and the sale of 28,750 shares on July 30, 2010.
- A late Form 4 report was filed for Junien Labrousse on April 13, 2011 to report the sale on his behalf on February 1, 2011 of 747 shares acquired under the Company's Employee Share Purchase Plan on January 31, 2011.



## COMPENSATION REPORT 2011

### 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 Annual Report, Invitation and Proxy Statement for our 2011 Annual General Meeting.

### Compensation Discussion and Analysis

#### EXECUTIVE SUMMARY

Despite its disappointing conclusion, due to weakness in our EMEA retail region, fiscal year 2011 was otherwise a strong year overall with 20% growth in sales, 82% growth in operating income and net income that nearly doubled compared with fiscal year 2010. We delivered solid sales growth in both the Americas and Asia Pacific, with strong sales growth in China. Sales for our LifeSize videoconferencing division in the fourth quarter of fiscal year 2011 grew nearly 90% over the fourth quarter of fiscal year 2010, the first full fiscal quarter after we acquired LifeSize.

The following are key developments in fiscal year 2011 relating to compensation:

- *Base Salary Actions.* Given the improvement in both the overall economy and in Logitech's financial performance, as well as the market trend with regard to salary increases, we resumed merit increases to base salaries in fiscal year 2011 for our broad-based employee population and named executive officers, which had generally been frozen in fiscal year 2010. For fiscal year 2012, based on Logitech's financial performance exiting fiscal year 2011, only one of our named executive officers, Mr. Bardman, received a base salary increase.
- *Changes to Bonus Plan Performance Measures.* In fiscal year 2011 the Compensation Committee adopted revenue and operating income performance measures for Logitech's annual cash incentive bonus plans. This was a return to the performance measures used in prior fiscal years. These metrics address both "top line" (revenue) and "bottom line" (operating income) corporate financial goals, both of which the Compensation Committee believes are critical to driving long-term shareholder value.
- *Bonus Plan Payments.* The performance-based cash payments earned by our named executive officers in fiscal year 2011 under the annual cash incentive bonus plan were lower, in aggregate, than the bonuses earned in fiscal year 2010 due to lower performance against plan than compared with fiscal year 2010. On the basis of our full year performance against our original plan, both revenue and operating income met or exceeded the Board-approved targets for fiscal year 2011, resulting in an average bonus payout against target of 103%.

The table below compares the change in total cash compensation for our named executive officers in fiscal year 2011 over that in fiscal year 2010 against the growth in revenue and operating income.

Position	FY11 vs. FY10	FY11 vs. FY10	FY11 vs. FY10	FY11 vs. FY10	FY11 vs. FY10
	Base Salary	Bonus Earned <sup>(1)</sup>	Total Cash Compensation	Revenue	Operating Income
Chairman . . . . .	0%	-36%	-23%	} +20%	} +82%
Chief Executive Officer . . . . .	5%	-17%	-9%		
Other Named Executive Officers . . . . .	4%	-26%	-9%		

(1) Excludes impact of FY11 and FY10 bonus earned by Erik Bardman, Logitech’s Chief Financial Officer, as Mr. Bardman joined Logitech approximately mid-way through FY10. Mr. Bardman’s FY10 base salary is annualized for purpose of the table.

- Increased Use of Performance-Based Stock Units.* In fiscal year 2011 the Compensation Committee established a targeted equity mix for our executive officers that provides the majority of equity value granted in the form of performance-based stock units (PSUs) that will vest only if certain relative performance criteria based on total shareholder return (TSR) are met over the performance period. A smaller portion of the equity value granted is in the form of time-vested restricted stock units (RSUs). We believe this mix will provide the appropriate focus on driving above-average shareholder returns while providing compelling retention value to our executive team. This approach can also be less dilutive to shareholders than an equity mix that includes stock options because the value at grant of PSUs and RSUs is generally greater than the value of stock options, which means in general a smaller number of PSUs and RSUs may be granted while still delivering similar grant-date award value.
- No Vesting of Prior PSUs.* While Logitech did return to double-digit growth in revenue and operating income in fiscal year 2011, our TSR underperformed. As a result, named executive officers received no shares, and therefore no actual delivered value, from PSUs whose 2-year performance period ended in fiscal year 2011, because the minimum TSR performance threshold was not met. Named executive officers similarly did not receive shares from PSUs whose performance period ended in June 2011, after the end of fiscal year 2011. We believe this appropriately reflects our pay for performance philosophy and our focus on aligning our executive officers’ compensation with providing above average performance for our shareholders.

**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 President and Chief Executive Officer during fiscal year 2011.
- Erik Bardman, our Chief Financial Officer.
- The three other most highly compensated individuals who were serving as executive officers of Logitech at the end of fiscal year 2011, including Guerrino De Luca, our Chairman and, following Mr. Quindlen’s departure in July 2011, our acting President and Chief Executive Officer; Werner Heid, our Senior Vice President, Worldwide Sales & Marketing, and Junien Labrousse, our Executive Vice President, Products and President, Logitech Europe.

**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.

## **EXECUTIVE COMPENSATION PRACTICES**

Logitech has employed a number of executive compensation practices that reflect its compensation philosophy:

- The majority of executive officers' compensation is performance-based, using a variety of performance measures, including measuring Logitech's performance against Board-established fiscal and other targets for annual incentive cash bonuses, and relative TSR for performance-based equity awards.
- Logitech has claw-back provisions included in its annual incentive cash plan and its equity awards plans, which provide for the recovery of compensation by Logitech in the event of misconduct.
- Logitech does not maintain any payment arrangements that would be triggered solely by a "change in control" of Logitech.
- Logitech does not provide special retirement benefits designed solely for executive officers.

In addition, Logitech has been a leader in providing our shareholders the ability to cast advisory votes on compensation. Beginning in 2009, Logitech voluntarily submitted its compensation philosophy, policies, and procedures to a shareholder advisory vote. Our voluntary practice is now a requirement under U.S. legislation that guarantees shareholders the ability to periodically cast advisory votes on executive compensation, and is reflected in proposals 2 and 3 for our Annual General Meeting in September 2011. We remain committed to providing clear and thorough disclosure on our executive compensation practices and actions, and our Compensation Committee will carefully consider the voting results.

## **ELEMENTS OF COMPENSATION**

The principal components of our executive compensation programs are:

- Base salary.
- Performance-based cash compensation, in the form of annual incentive cash payments.
- Long-term equity incentive awards, which in fiscal year 2011 consisted of PSUs and RSUs.

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

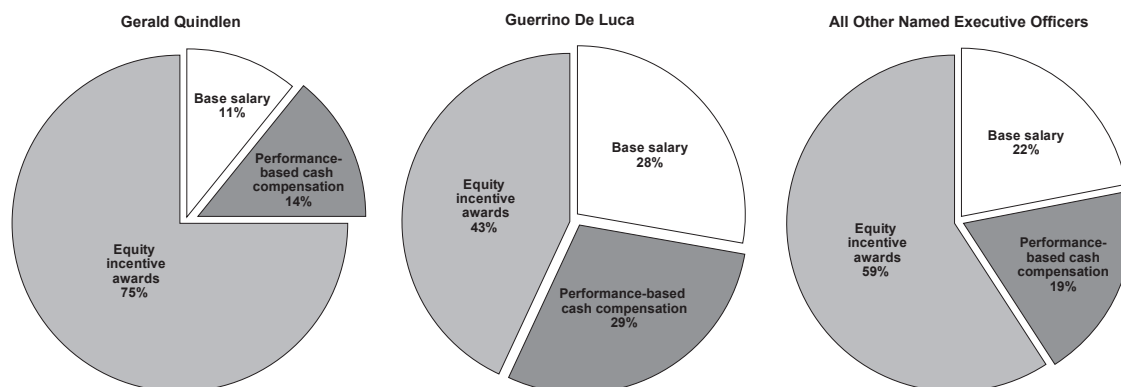
The following table outlines our objectives for each of the principal components of executive compensation.

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

### Pay Mix

In determining how we allocate an executive's total compensation package among base salary, performance-based cash compensation and long-term equity incentives, we emphasize compensation elements that reward performance against measures that correlate closely with increases in shareholder value. Accordingly, the majority of our executive compensation is at-risk, including the annual performance-based cash bonus 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 2011 represented by base salary, performance-based cash compensation, and long-term equity incentive awards for Gerald Quindlen, Guerrino De Luca and all other named executive officers. All underlying amounts are taken from the Summary Compensation Table.



## Base salary

Consistent with Logitech’s philosophy of tying pay to performance, our executive officers receive a relatively small percentage of their overall compensation in the form of base pay, comprising approximately 25% of total compensation in fiscal year 2011. Base salary is intended to recognize the executive’s current contributions to Logitech and compensate them for their expected day-to-day performance. The Committee targets executive salaries to be at or near the market median for comparable positions.

In setting base salary levels for fiscal year 2011, the Compensation Committee considered each executive’s pay against similar roles amongst our peer companies, overall salary increase trends for executive officers, and each executive’s performance over the past year.

In fiscal year 2010, the base salaries for our executive officers were frozen due to the uncertain economic and market conditions as well as the industry trend to suspend salary increases.

In fiscal year 2011, given the improvement in both the overall economy and in Logitech’s financial performance, as well as the market trend with regards to salary increases, we provided salary increases for most of our named executive officers. The named executive officers whose salaries were at or above the median for our peer companies (Mr. De Luca, Mr. Heid and Mr. Labrousse), based on data provided by the Committee’s independent compensation consultant in March 2010, received increases below the average for our peer group, ranging from 0% to 4%. The two executive officers (Mr. Quindlen and Mr. Bardman), whose salaries were below the market median, received slightly larger increases of 5%. The table below summarizes the changes in base salary in fiscal year 2011.

<u>Named Executive Officer</u>	<u>2011 Base Salary (\$)</u>	<u>2010 Base Salary (\$)</u>	<u>Change 2011 to 2010</u>
Gerald Quindlen . . . . .	825,000	787,500	5%
Erik Bardman . . . . .	420,000	400,000 <sup>(1)</sup>	5%
Guerrino De Luca . . . . .	550,000	550,000	0%
Werner Heid . . . . .	570,000	550,000	4%
Junien Labrousse . . . . .	700,000 <sup>(2)</sup>	680,000	3%

- (1) Mr. Bardman began employment approximately mid-way through FY10. His FY10 base salary is shown on an annualized basis for ease of comparison with his FY11 base salary.
- (2) Mr. Labrousse’s FY11 base salary was set by the Compensation Committee in U.S. dollars. Mr. Labrousse subsequently relocated to Switzerland during FY11. The base salary actually earned by Mr. Labrousse in U.S. dollars, as shown in the Summary Compensation Table, is different due to fluctuations in the U.S. dollar to Swiss franc exchange rate.

## Performance-based cash compensation

Logitech’s annual performance-based bonuses, under a program established under the Logitech Management Performance Bonus Plan (Bonus Plan), compensate executives based on achievement against the key financial metrics of adjusted revenue and operating income, each of which is equally weighted. These metrics address both “top line” (adjusted revenue) and “bottom line” (operating income) corporate financial goals, both of which the Committee believes are critical to driving long-term shareholder value.

The Bonus Plan is designed to motivate and reward executives for above-target performance. These annual performance-based bonuses represent a significant portion of each executive’s yearly cash compensation, ranging from 40%-60% of annual targeted cash compensation. Payout under the incentive plan is variable, based on the achievement against Logitech financial goals, and can range from 0% to 200% of the executive’s target incentive. In fiscal year 2011, the Committee decreased the maximum payout under the plan from 300% to 200%, to reflect market practice for our peer companies, who are identified under the heading “Competitive Considerations.”



In fiscal year 2011, the Committee shifted the Bonus Plan for our executive officers, excluding the Chairman and CEO who were already on an annual plan, from a semi-annual performance period to an annual performance period. This change was intended to focus and reward our executive team on the execution of Logitech’s annual financial plan.

***Named executive officer bonus targets for fiscal year 2011***

In fiscal year 2011 the Committee approved adjustments to the target bonus percentages for Mr. Quindlen and Mr. Bardman. These actions were based on recommendations made by the Committee’s independent compensation consultant to move target bonus percentages for these officers to the market median of our peer companies. The bonus targets as a percentage of base salary for the other named executive officers remained the same as those in fiscal year 2010. The cash bonus target percentages for fiscal year 2011 are summarized in the table below.

<u>Named Executive Officer</u>	<u>2011 Annual Target Bonus Percentage of Base Salary</u>	<u>2010 Annual Target Bonus Percentage of Base Salary</u>	<u>Change 2011 to 2010</u>
Gerald Quindlen . . . . .	125%	100%	25%
Erik Bardman . . . . .	75%	65%	15%
Guerrino De Luca . . . . .	100%	100%	0%
Werner Heid . . . . .	75%	75%	0%
Junien Labrousse . . . . .	67%	67%	0%

The target bonus opportunities for named executive officers in fiscal year 2011 are in aggregate below the median of the peer group, based on peer group data available in March 2011.

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.

***Performance measures for fiscal year 2011 bonus program***

In fiscal year 2011 the bonus program was based on the following performance measures:

<u>Performance Measure</u>	<u>Why It is Used</u>	<u>Measurement Basis</u>
Adjusted Revenue	Revenue growth is an essential component of long-term success and viability and enables future strategic investments.	Generally Accepted Accounting Principles (GAAP), with adjustments for over/under performance in key strategic focus areas.
Operating Income/ Contribution Margin	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).

For all named executive officers, the 2011 Bonus Plan goals were set equal to Logitech’s annual business plan for fiscal year 2011 as approved by the Board in May 2010. In addition to 50% of bonus being tied to Logitech’s annual adjusted revenue and operating income goals, Mr. Labrousse had 50% of his bonus based on the annual performance of the Product Group and Mr. Heid had 50% of his bonus based on the annual performance of the Worldwide Sales & Marketing function. All other named executive officers’ bonuses were based 100% on achievement against Logitech’s adjusted revenue and operating income goals. Please see further details below under the heading “Bonus Plan performance targets and results for fiscal year 2011.”

The minimum performance required before any bonus payment is made under the fiscal year 2011 bonus program was 80% of the target performance.

### Bonus Formula

The formula for determining the bonus awards in fiscal year 2011 was as follows:

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

- (1) Expressed as a percentage of base salary.
- (2) Based on achievement against target performance measures, including the potential for a greater than 1 to 1 acceleration or deceleration of the funding percentage for each percentage by which actual performance exceeds or falls below target performance thresholds.

If earned, the bonus is paid to the executive in May for the fiscal year ended March 31.

### Bonus Plan performance targets and results for fiscal year 2011

The performance targets, actual performance and funding percentages from the Bonus Plan in fiscal year 2011 for our named executive officers are provided in the following table:

Participant	Performance Measure	Minimum Performance Target (\$s in millions)	Performance Target (\$s in millions)	Maximum Performance Target (\$s in millions)	Actual Achievement (\$s in millions)	Funding Percentage
Gerald Quindlen . . . . . Erik Bardman Guerrino De Luca	Adjusted Revenue (50%) <sup>(1)</sup>	1,912.3	2,390.4	3,585.6	2,415.7	101.1%
	Operating Income (50%)	109.4	136.7	205.1	148.2	108.4%
						<b>104.7%</b>
Werner Heid . . . . .	Adjusted Revenue (25%)	1,912.3	2,390.4	3,585.6	2,415.7	101.1%
	Operating Income (25%)	109.4	136.7	205.1	148.2	108.4%
	Sales Group Revenue (25%) <sup>(2)</sup>	1,796.6	2,245.8	3,368.7	2,246.4	100.0%
	Sales Group Contribution Margin (25%) <sup>(3)</sup>	515.5	572.8	687.4	538.7	78.0%
						<b>96.9%</b>
Junien Labrousse . . . . .	Adjusted Revenue (25%)	1,912.3	2,390.4	3,585.6	2,415.7	101.1%
	Operating Income (25%)	109.4	136.7	205.1	148.2	108.4%
	Product Group Revenue (25%) <sup>(4)</sup>	1,814.6	2,268.3	3,402.5	2,269.9	100.1%
	Product Group Contribution Margin (25%) <sup>(5)</sup>	512.3	569.2	683.0	582.9	102.4%
						<b>103.0%</b>
All named executive officers						<b>102.8%</b>

- (1) Adjusted revenue reflects 200% credit for LifeSize revenue over/under plan and 20% credit for digital home products' revenue over/under plan.
- (2) Sales Group Revenue reflects 20% credit for digital home products' revenue over/under plan.
- (3) Sales Group Contribution Margin consists of Logitech gross profit less sales operating expenses and a capital charge.
- (4) Product Group Revenue reflects 20% credit for digital home products' revenue over/under plan.
- (5) 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 2011 were based solely on the formula funding results prescribed by the above measures. The following table details the annual performance-based cash payments for each listed officer.

<u>Named Executive Officer</u>	<u>2011 Annual Bonus Earned (\$)</u>	<u>2010 Annual Bonus Earned (\$)</u>	<u>Change 2011 to 2010</u>
Gerald Quindlen . . . . .	1,083,000	1,299,000	-17%
Erik Bardman . . . . .	331,000	n/a <sup>(1)</sup>	n/a
Guerrino De Luca . . . . .	578,000	907,000	-36%
Werner Heid . . . . .	415,000	607,000	-32%
Junien Labrousse . . . . .	535,276 <sup>(2)</sup>	680,000	-21%

- (1) Mr. Bardman began employment approximately mid-way through FY10. His actual bonus earned in FY10 therefore did not reflect the full 2010 fiscal year and is not shown as a result.
- (2) Mr. Labrousse's FY11 bonus was paid in Swiss francs. The amounts reported above were converted to U.S. dollars at a rate of 1.0924 Swiss francs per dollar, the exchange rate as of March 31, 2011.

### **Long-term equity incentive awards**

During fiscal year 2011 the Compensation Committee granted our named executive officers long-term equity incentive awards in the form of performance-based stock units (PSUs), and time-based restricted stock units (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.

*PSUs.* The majority (60%) of the shares subject to fiscal year 2011 equity awards granted to named executive officers were in the form of PSUs. The PSUs are "at-risk" compensation because Logitech's relative total shareholder return (TSR) performance must be at or above the minimum threshold percentile against the TSR of the NASDAQ 100 index over the performance period in order for the executive to receive any shares from the PSUs. In fiscal year 2011, the Committee increased the performance period for PSU grants from two to three years in order to increase the long-term focus associated with these performance-based equity grants. If, at the end of the performance period, threshold performance is achieved, the number of shares awarded is pro-rated according to performance. If the performance threshold is not achieved, no shares are awarded.

The Compensation Committee adopted the use of PSUs for executive officers during fiscal year 2009 in part to align Logitech's equity compensation for executives more closely with the peer group, but most importantly to further align the interests of executive officers with shareholders. The PSUs are intended to:

- Link compensation to key financial metrics of growth and profitability.
- Provide vesting based on Logitech's stock price performance relative to a benchmark (NASDAQ 100).
- Require a relatively high standard for any vesting to occur, and provide an extraordinary payout if Logitech's performance significantly exceeds that of the benchmark group.
- Support pay-for-performance philosophy and retention efforts.
- Be less dilutive to shareholders than stock options.

The performance measure for the PSUs granted in fiscal years 2009, 2010, and 2011 is the relative 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 PSUs, 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 three-year performance period (for grants made in fiscal year 2011) or two-year performance period (for grants made in fiscal years 2009 and 2010).

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

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

If the minimum performance threshold of a 40<sup>th</sup> percentile rank of Logitech TSR against the NASDAQ 100 Index TSR over the performance period is not met, no shares subject to the PSUs will vest. For a percentile rank between the 40<sup>th</sup> and 60<sup>th</sup> percentiles, or between the 60<sup>th</sup> and 75<sup>th</sup> percentiles, the percent of shares subject to the PSU 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.

*RSUs.* Less than half (40%) of the shares subject to fiscal year 2011 equity awards to named executive officers were granted in the form of restricted stock units. 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 generally have a four-year vesting period, with the RSUs vesting in four equal annual increments. The Committee believes RSUs create incentives for performance and further align the interests of executives with those of shareholders because an RSU's value increases or decreases in conjunction with the Company's stock price. Because the value at grant of RSUs is generally greater than that of stock options, we are able to grant a smaller number of RSUs while delivering similar grant-date award value. As a result, granting RSUs helps minimize the dilutive effects of our equity awards on our shareholders and, in the Committee's view, provides a more cost effective balance of incentive and risk than stock options.

***Long-term equity incentive awards granted in fiscal year 2011***

During fiscal year 2011 the target value of long-term equity incentive awards granted to Logitech's named executive officers was determined by the Compensation Committee at the beginning of the fiscal year based on the peer group data provided by the Compensation Committee's independent compensation consultant and data from the Radford Global Technology Executive Compensation survey, recommendations from the Committee's independent compensation consultant and Logitech management with regard to grant values, anticipated compensation expense and shareholder dilution, as well as the Compensation Committee's judgment on the relative impact of each executive officer's position within Logitech, the performance of each executive officer, as well as the relatively low accrued equity value of the majority of our executive officers. When establishing the design of the fiscal year 2011 equity awards, the Compensation Committee considered prevailing equity design trends and practices among high technology companies.

For fiscal year 2011, the Compensation Committee approved long-term incentive grant values for each named executive officer that were between the 25th to 50th percentiles of grant values for comparable executives at our peer companies. Grants were made in particular as follows:

*Grants to Mr. Quindlen.* On November 15, 2010 during the annual stock focal cycle, Mr. Quindlen received a PSU grant for 141,000 shares, assuming 100% target performance, and an RSU grant of 94,000 shares, as part of his fiscal year 2011 annual compensation as CEO. In the analysis provided by the Committee's independent compensation consultant, it was noted that Mr. Quindlen's fiscal year 2010 equity grants and his equity value as a percentage of market capitalization were significantly below the 25<sup>th</sup> percentile for CEOs in our peer group. Their resulting recommendation was to provide a fiscal year 2011 equity grant with value at least median for CEOs in our peer group to begin to improve Mr. Quindlen's position relative to the CEOs of our benchmark peer companies. The total number of shares granted to Mr. Quindlen was based upon the mix of compensation components, the recommendation provided by the independent consultant, 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. Mr. Quindlen's fiscal year 2011 equity grants were above the median value for our peer group; however his total equity value as a percentage of market capitalization remained below market median for our peer group.

*Grant to Mr. De Luca.* On November 15, 2010 during the annual stock focal cycle, Mr. De Luca received a PSU grant for 30,000 shares, assuming 100% target performance, as part of his fiscal year 2011 compensation as Chairman. Mr. De Luca did not receive any other equity incentive grants during fiscal year 2011.

*Grants to Other Named Executive Officers.* The equity incentive award grants made to all Logitech named executive officers during fiscal year 2011 are set out in the Grants of Plan-Based Awards in Fiscal Year 2011 table below. The value of long-term equity incentive awards in the form of PSUs and RSUs granted during fiscal year 2011 was in aggregate below the peer group, based on March 2010 compensation review data produced by the Committee's independent compensation consultant.

The following table illustrates the number of shares subject to equity awards granted to each named executive officer in fiscal year 2011 and 2010, and their grant date fair values, which represent their accounting cost to Logitech. Fiscal year 2011 grant date fair values increased significantly over those in fiscal year 2010 due to:

- increased use of performance-based equity awards, PSUs, which have a much higher grant date fair value than an equivalent amount of options or an equal number of RSUs,
- the increase in the number of shares subject to equity grants made in fiscal year 2011 over those in 2010, for the reasons described above, and
- the 45% increase in Logitech's stock price between the grant date of the grants made in 2010 and the grants made in 2011, which significantly impacted the grant date fair value of RSUs on a dollar-for-dollar basis, and impacts the grant date fair value of PSUs on a greater than dollar-for-dollar basis.

Named Executive Officer	Type of Equity Grant	2011 Shares	2010 Shares	Shares Subject	2011 Grant	2010 Grant	Grant Date
		Subject to Equity Grants (#)	Subject to Equity Grants (#)	to Equity Grants - Change 2011 to 2010	Date Fair Value (\$) <sup>(1)</sup>	Date Fair Value (\$) <sup>(1)</sup>	Fair Value Change 2011 to 2010
Gerald Quindlen . . . . .	PSUs	141,000	40,000	253%	3,926,850	727,200	440%
	RSUs	94,000	20,000	370%	1,908,200	280,400	581%
	Options	n/a	100,000	n/a	n/a	394,000	n/a
		<u>235,000</u>	<u>160,000</u>	<u>47%</u>	<u>5,835,050</u>	<u>1,401,600</u>	<u>316%</u>
Erik Bardman . . . . .	PSUs	36,000	n/a	n/a	1,002,600	n/a	n/a
	RSUs	24,000	n/a	n/a	487,200	n/a	n/a
	New Hire Options	n/a	100,000	n/a	n/a	620,000	n/a
		<u>60,000</u>	<u>100,000</u>	<u>-40%</u>	<u>1,489,800</u>	<u>620,000</u>	<u>140%</u>
Guerrino De Luca . . . . .	PSUs	30,000	n/a	n/a	835,500	n/a	n/a
	Options	n/a	30,000	n/a	n/a	118,200	n/a
		<u>30,000</u>	<u>30,000</u>	<u>0%</u>	<u>835,500</u>	<u>118,200</u>	<u>607%</u>

Named Executive Officer	Type of Equity Grant	2011 Shares Subject to Equity Grants (#)	2010 Shares Subject to Equity Grants (#)	Shares Subject to Equity Grants - Change 2011 to 2010	2011 Grant Date Fair Value (\$) <sup>(1)</sup>	2010 Grant Date Fair Value (\$) <sup>(1)</sup>	Grant Date Fair Value Change 2011 to 2010
Werner Heid . . . . .	PSUs	36,000	13,000	177%	1,002,600	236,340	324%
	RSUs	24,000	9,000	167%	487,200	126,180	286%
	Options	n/a	82,500	n/a	n/a	450,450	n/a
		<u>60,000</u>	<u>104,500</u>	<u>-43%</u>	<u>1,489,800</u>	<u>812,970</u>	<u>83%</u>
Junien Labrousse . . . . .	PSUs	36,000	20,000	80%	1,002,600	363,600	176%
	RSUs	24,000	13,000	85%	487,200	182,260	167%
	Options	n/a	90,000	n/a	n/a	491,400	n/a
		<u>60,000</u>	<u>123,000</u>	<u>-51%</u>	<u>1,489,800</u>	<u>1,037,260</u>	<u>44%</u>

(1) Grant date fair value represents the accounting cost to Logitech associated with equity awards. The actual equity award value delivered to each named executive officer may be considerably lower or higher than the grant date fair value of the award. The actual equity award value delivered depends on, in the case of performance-based awards such as PSUs, whether or not the minimum performance condition is met, and, if so, the level of performance. Actual equity award value delivered also is significantly impacted by appreciation or depreciation in Logitech's share price between the grant and vesting dates.

#### ***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 vesting schedule, 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 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.

#### ***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 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 2011 grants were made to new hires and promoted employees below the executive officer level through regularly scheduled monthly written consents of the Compensation Committee.

### **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 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. The Committee retained Frederic W. Cook & Co., Inc. (Fred Cook) to provide analysis, advice and guidance with respect to executive compensation. Fred Cook only provided services to the Compensation Committee, and did not provide other



services to the Company or its management. On the request of the Committee, Fred Cook developed specific executive compensation analyses and recommendations for Logitech's Chairman, CEO, and executive officers for fiscal year 2011.

### **Role of Executive Officers in Compensation Decisions**

While the Compensation Committee sets the compensation of our CEO and other executive officers with assistance from the independent compensation consultant, the Committee looks to management to make recommendations to the Committee with respect to both design of compensation programs and specific compensation decisions. We expect that the Compensation Committee will continue to solicit input from our Chairman and CEO with respect to compensation decisions affecting executive officers. The Compensation Committee deliberates and makes decisions on the executive officers' compensation without the presence of the Chairman or CEO.

The fiscal year 2011 executive officer compensation proposals for base salary, bonus targets and equity grant values were developed by Fred Cook and presented to both the Compensation Committee and Logitech's management. Based on the analysis performed by Fred Cook, Logitech's Vice President of Worldwide Human Resources and its compensation department, in consultation with Guerrino De Luca, Logitech's Chairman and current acting CEO, and Gerald Quindlen, Logitech's former President and Chief Executive Officer (other than with respect to their own proposed compensation) provided specific recommendations to the Compensation Committee.

As part of the annual personnel review and succession planning process, Mr. Quindlen also provided the Board and the Compensation Committee with his perspective on the performance of Logitech's executive officers, and Mr. De Luca provided the Board with his perspective on the performance of Mr. Quindlen. This performance feedback provided additional input to the Committee when making its decisions on fiscal year 2011 compensation.

Once the Compensation Committee received the analysis and recommendations from both Fred Cook and Logitech's management, who were in agreement on the recommended actions, the Committee made all decisions regarding executive officer fiscal year 2011 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 prior fiscal year and potential for future contribution to Logitech.
- The performance of Logitech in the prior fiscal year.
- 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 when setting 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. 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.



Fred Cook reviewed the peer group composition in March 2010 and recommended, and the Committee approved, that the list remained appropriate for Logitech for fiscal year 2011 executive compensation. For fiscal year 2011, the peer companies consisted of:

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

At the time the fiscal year 2011 executive compensation review was performed, in March 2010, Logitech ranked at approximately the 25<sup>th</sup> percentile among the peer group for revenues and market capitalization and below the 25<sup>th</sup> percentile for operating income.

	<u>Revenues</u> <u>(in millions)</u>	<u>Operating Income</u> <u>(in millions)</u>	<u>Market Capitalization</u> <u>(in millions)</u>
75 <sup>th</sup> Percentile .....	\$3,980	\$432	\$8,872
Median .....	2,641	263	5,369
25 <sup>th</sup> Percentile .....	1,217	94	2,621
Logitech .....	1,849	35	2,739

*Most recently available four quarters as of February 2010. Produced by Fred Cook,  
Source: Standard & Poor's Compustat*

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, as well as 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, 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.

## **Timing of compensation decisions**

Executive compensation (base salary, target bonus, and equity grants) is typically reviewed at the Compensation Committee's March meeting in an effort to align compensation changes with the start of our fiscal year, which begins in April. During the March 2010 meeting, the Committee elected to deliver the fiscal year 2011 equity grants during the Company's annual employee equity incentive grant cycle, held in November 2010. 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.

Beginning with fiscal year 2012, the Committee determined to evaluate and implement all executive compensation actions (base salary, target bonus, and equity grants) at the start of the fiscal year in order to align all compensation actions, and the related performance periods, with the fiscal year or multiple fiscal years.

## **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. The Committee approved a one-time relocation bonus to Mr. Labrousse in the amount of \$112,500 in fiscal year 2011 to offset some of the costs associated with his move from the United States to Switzerland, and a one-time bonus to Mr. Labrousse in the amount of \$21,047 to offset personal taxes incurred by Mr. Labrousse as a result of the Company's surrender for cash of a life insurance contract on his life held by the Company in connection with a change to the funding of the Logitech Inc. deferred compensation plan. The Committee did not otherwise award any discretionary bonuses in fiscal year 2011.

### **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 invested in mutual funds 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 2011 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.

In addition, beginning in January 2011, Mr. Labrousse participates in the Switzerland Logitech Employee Pension Fund. This is a defined benefit pension plan available to all our employees in Switzerland. The plan provides benefits which are based on annual contributions as a percentage of salary and accrue at an interest rate that is defined annually by the pension fund's governing board. Mr. Labrousse may elect to contribute between 5% and 11.5% of his base salary. Logitech Switzerland contributes 11.5% of Mr. Labrousse's base salary to the fund. Employees of Logitech Switzerland receive their pension plan balance upon retirement, termination or voluntary departure.

## Severance and related benefits

All named executive officers are eligible to receive benefits under certain conditions in accordance with Logitech's Change of Control Severance Agreement (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, which was executed in 2008, provided 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 PSU and RSU award agreements for named executive officers other than Guerrino De Luca provide for the acceleration of vesting of the RSUs and PSUs 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 PSUs will vest if the change of control occurred within 1 year after the grant date of the PSUs. If the change of control occurred more than 1 year after the grant date of the PSUs, the number of shares subject to the PSU that will vest will be determined by applying the performance criteria under the PSUs 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.

## Perquisites

Logitech's executive officer benefit programs are substantially the same as for all other eligible employees except as set out below.

Mr. Quindlen was provided with personal tax preparation services in fiscal year 2011. Expenses related to these services were imputed as income to Mr. Quindlen and the additional tax liabilities were paid by Logitech as a gross-up payment. In addition, Mr. Quindlen received the use of a car and the payment of travel costs generated when he was working out of our California office. These benefits were provided in lieu of relocating Mr. Quindlen from his current residence. Logitech did not provide any related tax gross-up for these car and travel benefits. The aggregate amount of Mr. Quindlen's benefits is reflected in the Summary Compensation Table below under the heading "All Other Compensation."

During fiscal year 2011 Mr. Labrousse relocated from the United States to Switzerland, where, in addition to his duties as Executive Vice President of Products, he assumed the duties of President, Logitech Europe. In connection with his relocation, Mr. Labrousse received a relocation bonus of \$112,500, as discussed above under the heading “Other Cash Compensation”, and Logitech paid a total of approximately \$115,000 for the costs of his relocation, under the terms of a relocation policy applicable to all relocating employees. The amount of the bonus and the aggregate amount of the relocation costs for Mr. Labrousse are reflected in the Summary Compensation Table below.

### **Other Benefits**

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

- Company contributions to 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). The bonuses earned in fiscal year 2011 did qualify under Section 162(m). Although the Compensation Committee uses the requirements of Section 162(m) as a guideline, deductibility is not the sole factor it considers in assessing the appropriate levels and types of executive compensation and it will elect to forego deductibility when the Committee believes it to be in the best interests of the Company and its shareholders.

In addition to considering the tax consequences, the Compensation Committee considers the accounting consequences, including the impact of the Financial Accounting Standard Board’s 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 RSUs, and for eligible employees at the level of Vice-President or above, PSUs. In addition, full-time professional staff, in countries where Logitech is able to offer the program, 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 at-risk compensation 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 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 all long-term equity incentive award grants.

## **Compensation Risks Assessment**

The Compensation Committee conducted a review, with the assistance of the Committee's independent compensation consultant, of Logitech's compensation programs in April 2011 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 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 2011 Invitation and Proxy Statement and Annual Report.

### **Compensation Committee**

MATTHEW BOUSQUETTE, *Chairman*  
KEE-LOCK CHUA  
RICHARD LAUBE

## SUMMARY COMPENSATION TABLE

The following table provides information regarding the compensation and benefits earned during fiscal years 2011, 2010, and 2009 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(\$) <sup>(1)</sup>	Option Awards (\$) <sup>(1)</sup>	Non-equity Incentive Plan Compensation (\$) <sup>(2)</sup>	Changes in Nonqualified Compensation Earnings(\$)	All Other Compensation (\$) <sup>(3)</sup>	Total (\$)
Gerald Quindlen . . . . .	FY11	825,000	—	5,835,050	—	1,083,000	—	62,365	7,805,415
President and Chief Executive Officer <sup>(6)</sup>	FY10	787,500	—	1,007,600	394,000	1,299,000	—	50,370	3,538,470
	FY09	787,500	—	697,500	1,151,000	—	—	31,549	2,667,549
Erik Bardman . . . . .	FY11	420,000	—	1,489,800	—	331,000	—	7,800	2,248,600
Sr. Vice President, Finance and Chief Financial Officer	FY10	184,615	—	—	620,000	162,000	—	3,257	969,872
Guerrino De Luca . . . . .	FY11	550,000	—	835,500	—	578,000	—	12,168	1,975,668
Chairman of the Board <sup>(7)</sup>	FY10	550,000	—	—	118,200	907,000	—	12,168	1,587,368
	FY09	550,000	—	—	223,200	—	—	18,128	791,328
Werner Heid . . . . .	FY11	570,000	—	1,489,800	—	415,000	—	9,741	2,484,541
Sr. Vice President, Sales and Marketing	FY10	550,000	40,467 <sup>(4)</sup>	362,520	450,450	607,000	—	9,648	2,020,085
Junien Labrousse . . . . .	FY11	718,588	133,547 <sup>(5)</sup>	1,489,800	—	535,276	—	169,128	3,046,339
Executive Vice-President, Products and President, Logitech Europe	FY10	680,000	—	545,860	491,400	680,000	—	12,271	2,409,531
	FY09	680,000	—	523,125	754,950	222,333	—	10,415	2,190,823

(1) These amounts do not represent the actual economic value realized by the named executive officer. Under SEC rules, the values reported in the “Stock Awards” and “Option Awards” columns reflect 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 12 to the Consolidated Financial Statements included in Logitech’s Annual Report to Shareholders and Annual Report on Form 10-K for fiscal year 2011 filed with the SEC on May 27, 2011.

For FY11: Assuming the highest level of performance is achieved, the maximum possible value of the PSUs allocated in FY11, using the market value of our shares on the grant date of the PSUs, is: (a) in the case of Mr. Quindlen, \$5,724,600; (b) in the case of Mr. Bardman, \$1,461,600; (c) in the case of Mr. De Luca, \$1,218,000; (d) in the case of Mr. Heid, \$1,461,600; and (e) in the case of Mr. Labrousse, \$1,461,600.

For FY10: None of the shares represented by PSUs granted in FY10 vested because the minimum performance condition was not met. Assuming the highest level of performance was achieved, the maximum possible value of the PSUs allocated in FY10, using the market value of our shares on the grant date of the PSUs, was: (a) in the case of Mr. Quindlen; \$1,121,600; (b) in the case of Mr. Heid, \$364,520; and (c) in the case of Mr. Labrousse, \$560,800.

For FY09: None of the shares represented by PSUs granted in FY09 vested because the minimum performance condition was not met. Assuming the highest level of performance was achieved, the maximum possible value of the PSUs allocated in FY09, using the market value of our shares on the date of grant of the PSUs, was: (a) in the case of Mr. Quindlen; \$1,129,500; and (b) in the case of Mr. Labrousse, \$847,125.

- (2) Reflects amounts earned under the Logitech Management Performance Bonus Plan. In FY09 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 FY09 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.
- (5) Reflects (1) a bonus of \$21,047 approved by the Compensation Committee to enable Mr. Labrousse to offset taxes incurred on a life insurance contract on his life held by the Company in connection with the Logitech Inc. deferred compensation plan, which life insurance contract the Company surrendered for cash in December, 2010, and (2) a bonus in the amount of \$112,500 approved by the Compensation Committee to offset some of the costs of Mr. Labrousse's relocation to Switzerland.
- (6) Mr. Quindlen's service as President and Chief Executive Officer ended July 27, 2011.
- (7) Mr. De Luca was appointed acting President and Chief Executive Officer effective July 27, 2011.

### All Other Compensation Table

Name	Year	Car Use or Service (\$) <sup>(1)</sup>	Tax Preparation Services (\$) <sup>(2)</sup>	401(k) or Swiss Pension Plan (\$) <sup>(3)</sup>	Group Term Life Insurance (\$)	Relocation or Travel in lieu of Relocation (\$) <sup>(4)</sup>	Premium for Deferred Compensation Insurance (\$) <sup>(5)</sup>	Total (\$)
Gerald Quindlen . . . . .	FY11	5,936	17,698	2,758	4,384	31,589	—	62,365
	FY10	4,172	19,563	2,726	4,209	19,700	—	50,370
	FY09	3,696	3,954	2,594	3,078	18,227	—	31,549
Erik Bardman . . . . .	FY11	—	—	6,750	1,050	—	—	7,800
	FY10	—	—	2,841	415	—	—	3,256
Guerrino De Luca . . . . .	FY11	—	—	6,750	5,418	—	—	12,168
	FY10	—	—	6,750	5,418	—	—	12,168
	FY09	5,906	—	6,804	5,418	—	—	18,128
Werner Heid . . . . .	FY11	—	—	6,750	2,991	—	—	9,741
	FY10	—	—	6,750	2,898	—	—	9,648
Junien Labrousse . . . . .	FY11	—	21,290	27,919	2,921	115,109	1,889	169,128
	FY10	—	—	6,750	3,616	—	1,906	12,272
	FY09	—	—	6,804	3,611	—	—	10,415

- (1) Represents the estimated cost to Logitech related to Mr. Quindlen's use of a company car while working from the Company's office in California, and in FY09, the cost to Logitech of \$3,795 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, relating to the income imputed to Mr. De Luca as a result.
- (2) Represents the cost to Logitech of \$9,910, \$12,925 and \$2,625 in FY11, FY10 and FY09, related to these services, and tax gross-up payments, of \$7,788, \$6,638 and \$1,329, respectively, relating to the income imputed to Mr. Quindlen as a result, and the cost to Logitech of \$21,290 in FY11 for tax preparation services for Mr. Labrousse related to his transfer from the U.S. to Switzerland.
- (3) Represents 401(k) savings plan matching contributions, which are available to all of our regular employees who are on our U.S. payroll, and matching contributions to the Logitech Employee Pension Fund in Switzerland for Mr. Labrousse, for the period in FY11 during which he was employed in Switzerland, which are available to all of our regular employees who are on our Swiss payroll.
- (4) In the case of Mr. Quindlen, represents the cost to Logitech for Mr. Quindlen's travel to and from Logitech's offices in California from his residence. In the case of Mr. Labrousse, represents the costs associated with Mr. Labrousse's relocation to Switzerland, including household goods shipping, temporary accommodations, flights, rental car and other costs.
- (5) 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 2011

The following table sets forth certain information regarding grants of plan-based awards to each of our named executive officers during fiscal year 2011. 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 <sup>(1)</sup>			Actual (\$) <sup>(2)</sup>	Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(3)</sup>			All Other Stock Awards: Number of Shares of Stock or Units (#) <sup>(4)</sup>	Grant Date Fair Value (\$) <sup>(5)</sup>
				Threshold (\$)	Target (\$)	Maximum (\$)		Threshold (#)	Target (#)	Maximum (#)		
Gerald Quindlen . . .	PSU	11/15/10	11/13/10					70,500	141,000	282,000	—	3,926,850
	RSU	11/15/10	11/13/10					—	—	—	94,000	1,908,200
	FY11 Bonus	N/A	N/A	721,875	1,031,250	2,062,500	1,083,000					
Erik Bardman . . . . .	PSU	11/15/10	11/13/10					18,000	36,000	72,000	—	1,002,600
	RSU	11/15/10	11/13/10					—	—	—	24,000	487,200
	FY11 Bonus	N/A	N/A	220,500	315,000	630,000	331,000					
Guerrino De Luca . . .	PSU	11/15/10	11/13/10					15,000	30,000	60,000	—	835,500
	FY11 Bonus	N/A	N/A	385,000	550,000	1,100,000	578,000					
Werner Heid . . . . .	PSU	11/15/10	11/13/10					18,000	36,000	72,000	—	1,002,600
	RSU	11/15/10	11/13/10					—	—	—	24,000	487,200
	FY11 Bonus	N/A	N/A	299,250	427,500	855,000	415,000					
Junien Labrousse . . .	PSU	11/15/10	11/13/10					18,000	36,000	72,000	—	1,002,600
	RSU	11/15/10	11/13/10					—	—	—	24,000	487,200
	FY11 Bonus	N/A	N/A	363,759	519,655	1,039,310	535,276					

- (1) The amounts in these columns reflect possible payouts with respect to each applicable performance period for the FY11 bonus programs under the Bonus Plan.
- (2) The amounts in this column reflect actual payouts with respect to each applicable performance period for the FY11 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 FY11.
- (3) Represents PSUs. All shares subject to the PSUs are unvested. The actual amount, if any, of shares that will vest under the PSUs will not be known until the end of the performance period on November 15, 2013.
- (4) Represents RSUs that vest at a rate of 25% per year over four years, on each yearly anniversary of the grant date.
- (5) These amounts do not represent the actual economic value realized by the named executive officer. Amounts in this column represent the grant date fair value of PSUs and RSUs calculated in accordance with ASC 718 but does not include a reduction for forfeitures. For PSUs, that number is calculated by multiplying the value determined using the Monte Carlo method by the target number of units awarded. For RSUs, that number is equal to the closing price of Logitech shares on the grant date. The key assumptions for the valuation of the PSUs are presented in Note 12 to the Consolidated Financial Statements included in Logitech’s Annual Report to Shareholders and Annual Report on Form 10-K for FY11 filed with the SEC on May 27, 2011.

## 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. 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 2011 was not the result of any terms of their employment agreements or offer letters, except in the case of Mr. Labrousse. Under the terms of Mr. Labrousse's employment agreement entered into effective January 1, 2011 in connection with his re-location to Switzerland, Mr. Labrousse received a relocation bonus of \$112,500 and Logitech paid a total of approximately \$115,000 for the costs of his relocation under the terms of a relocation policy applicable to all relocating employees. Mr. Labrousse's base salary previously in effect remained the same except for the conversion into Swiss francs and the impact of exchange rate fluctuations.

### Performance-Based Vesting Conditions

Please refer to "Compensation Disclosure and Analysis—Elements of Compensation—Performance-based cash incentive awards" for a discussion of the performance measures applicable to the Bonus Plan during fiscal year 2011. In addition, please refer to "Compensation Disclosure and Analysis—Elements of Compensation—Long-term equity incentive awards" for a discussion of performance measures under the PSUs granted to named executive officers during fiscal year 2011.

### OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table provides information regarding outstanding equity awards for each of our named executive officers as of March 31, 2011. This table includes unexercised and unvested stock options, unvested RSUs and unvested PSUs.

Unless otherwise specified, options and RSUs vest at a rate of 25% per year on each of the first four anniversaries of the grant date. Market value for stock options is calculated by taking the difference between the closing price of Logitech shares on NASDAQ on the last trading day of the fiscal year (\$18.13 on March 31, 2011) and the option exercise price, and multiplying it by the number of outstanding options. Market value for stock awards (RSUs and PSUs) is determined by multiplying the number of shares by the closing price of Logitech shares on NASDAQ on the last trading day of the fiscal year.

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 presented in the table based on a Swiss Franc to U.S. Dollar exchange rate on March 31, 2011 of 1.0924 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	Option Exercise Price (\$)/ Share	Option Expiration Date (MM/DD/YY)	Market Value of Unexercised Options (\$)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(1)</sup>	
Gerald Quindlen . . . .	11/02/05	200,000	—	20.25	10/17/15	—	—	—	—	—	
	10/02/06	60,000	—	21.61	10/02/16	—	—	—	—	—	
	10/02/07	75,000	25,000	30.09	10/02/17	—	—	—	—	—	
	10/19/07	225,000	75,000	34.39	10/19/17	—	—	—	—	—	
	04/01/08	50,000	50,000	26.67	04/01/18	—	—	—	—	—	
	12/12/08	50,000	50,000	13.48	12/12/18	465,000	—	—	—	—	
	04/01/09	25,000	75,000	10.64	04/01/19	749,000	—	—	—	—	
	06/29/09	—	—	—	—	—	15,000	271,950	—	—	
	06/29/09	—	—	—	—	—	—	—	40,000	725,200	
	11/15/10	—	—	—	—	—	94,000	1,704,220	—	—	
	11/15/10	—	—	—	—	—	—	—	141,000	2,556,330	
	<b>Total</b>		<b>685,000</b>	<b>275,000</b>			<b>1,214,000</b>	<b>109,000</b>	<b>1,976,170</b>	<b>181,000</b>	<b>3,281,530</b>

Name	Grant Date (MM/DD/YY)	Option Awards				Stock Awards				
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)/ Share	Option Expiration Date (MM/DD/YY)	Market Value of Unexercised Options (\$)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(1)</sup>
Erik Bardman . . . . .	10/23/09	25,000	75,000	18.76	10/23/19	—	—	—	—	—
	11/15/10	—	—	—	—	—	24,000	435,120	—	—
	11/15/10	—	—	—	—	—	—	—	36,000	652,680
	<b>Total</b>	<b>25,000</b>	<b>75,000</b>				<b>24,000</b>	<b>435,120</b>	<b>36,000</b>	<b>652,680</b>
Guerrino De Luca . . .	10/16/02	370,538	—	11.20 <sup>(2)</sup>	04/16/13	2,567,828	—	—	—	—
	04/08/04	200,000	—	16.62 <sup>(3)</sup>	04/08/14	302,000	—	—	—	—
	04/01/05	200,000	—	20.26 <sup>(4)</sup>	04/01/15	—	—	—	—	—
	04/01/06	100,000	—	20.05	04/01/16	—	—	—	—	—
	04/02/07	50,000	—	27.95	04/02/17	—	—	—	—	—
	04/01/08	7,500	7,500	26.67	04/01/18	—	—	—	—	—
	04/01/09	3,750	11,250	10.64	04/01/19	112,350	—	—	—	—
	11/15/10	—	—	—	—	—	—	—	30,000	543,900
	<b>Total</b>	<b>931,788</b>	<b>18,750</b>			<b>2,982,178</b>			<b>30,000</b>	<b>543,900</b>
Werner Heid . . . . .	03/06/09	75,000	75,000	8.01	03/06/19	1,518,000	—	—	—	—
	06/29/09	16,250	48,750	14.02	06/29/19	267,150	—	—	—	—
	06/29/09	—	—	—	—	—	6,750	122,378	—	—
	06/29/09	—	—	—	—	—	—	—	13,000	235,690
	09/01/09	4,375	13,125	17.44	09/01/19	12,075	—	—	—	—
	11/15/10	—	—	—	—	—	24,000	435,120	—	—
	11/15/10	—	—	—	—	—	—	—	36,000	652,680
	<b>Total</b>	<b>95,625</b>	<b>136,875</b>			<b>1,797,225</b>	<b>30,750</b>	<b>557,498</b>	<b>49,000</b>	<b>888,370</b>
Junien Labrousse . . .	09/26/05	100,000	—	20.25	09/26/15	—	—	—	—	—
	10/02/06	50,000	—	21.61	10/02/16	—	—	—	—	—
	04/02/07	105,000	35,000	27.95	04/02/17	—	—	—	—	—
	10/02/07	37,500	12,500	30.09	10/02/17	—	—	—	—	—
	10/01/08	37,500	37,500	22.59	10/01/18	—	—	—	—	—
	12/12/08	15,000	30,000	13.48	12/12/18	209,250	—	—	—	—
	06/29/09	—	67,500	14.02	06/29/19	277,425	—	—	—	—
	06/29/09	—	—	—	—	—	9,750	176,768	—	—
	06/29/09	—	—	—	—	—	—	—	20,000	362,600
	11/15/10	—	—	—	—	—	24,000	435,120	—	—
	11/15/10	—	—	—	—	—	—	—	36,000	652,680
	<b>Total</b>	<b>345,000</b>	<b>182,500</b>			<b>486,675</b>	<b>33,750</b>	<b>611,888</b>	<b>56,000</b>	<b>1,015,280</b>

- (1) PSUs are shown at their target amount. The minimum performance condition of the PSUs granted on June 29, 2009, in FY10, was not met and therefore no shares vested at the conclusion of the 2-year performance period on June 29, 2011. The actual conversion, if any, of the PSUs granted in FY11 into Logitech shares following the conclusion of the 3-year performance period will range between 50% and 200% of that target amount, depending upon Logitech's TSR performance versus the TSR benchmark over the performance period.
- (2) The exercise price of the option as granted (as split-adjusted) is 10.25 Swiss Francs per share.
- (3) The exercise price of the option as granted (as split-adjusted) is 15.21 Swiss Francs per share.
- (4) The exercise price of the option as granted (as split-adjusted) is 18.55 Swiss Francs per share.



## OPTION EXERCISES AND STOCK VESTED FOR FISCAL YEAR 2011

The following table provides the number of shares acquired and the value realized upon exercise of stock options and the vesting of RSUs during fiscal year 2011 by each of our named executive officers. No shares resulted from PSUs whose performance period ended during fiscal year 2011 because the minimum performance condition was not met.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) <sup>(1)</sup>	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) <sup>(2)</sup>
Gerald Quindlen . . . . .	—	—	5,000	67,700
Erik Bardman . . . . .	—	—	—	—
Guerrino De Luca . . . . .	233,524	1,864,545	—	—
Werner Heid . . . . .	—	—	2,250	30,465
Junien Labrousse . . . . .	297,500	2,840,591	3,250	44,005

- (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.
- (2) Based on the closing trading price of Logitech shares on NASDAQ on June 29, 2010, the vesting date, of \$13.54.

## Pension Benefits for Fiscal Year 2011

Upon his relocation from the United States to Switzerland on January 1, 2011, Mr. Labrousse began participation in Logitech's Swiss Employee Pension Fund, which is a program offered to all eligible Swiss employees. The following table sets forth the estimated present value of accumulated pension benefits:

Name	Plan Name	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit (\$) <sup>(1)</sup>
Gerald Quindlen . . . . .	—	n/a	—
Erik Bardman . . . . .	—	n/a	—
Guerrino De Luca . . . . .	—	n/a	—
Werner Heid . . . . .	—	n/a	—
Junien Labrousse . . . . .	Logitech Employee Pension Fund	0.25	48,986

- (1) No amounts are included in the Summary Compensation table because Mr. Labrousse had no contributions to this plan in FY10.

The Swiss pension plan covers all Logitech employees in Switzerland and exceeds the minimum benefit requirements under Swiss law. The Swiss plan allows employees a choice in the level of annual contributions paid by the employee.

Every month, Logitech Switzerland and Mr. Labrousse each contribute a percentage of Mr. Labrousse's base salary to the pension plan. Mr. Labrousse may elect to contribute between 5% and 11.5% of his base salary. Logitech Switzerland contributes 11.5% of Mr. Labrousse's base salary to the fund.

The pension plan provides benefits which are based on annual contributions as a percentage of salary and accrue at an interest rate that is defined annually by the pension fund's governing board. Employees of Logitech Switzerland receive their pension plan balance upon retirement (age 65 for men and age 64 for women), termination, or voluntary departure. The pension savings plan is considered a defined benefit plan.

No other named executive officers are beneficiaries under any retirement plan benefits maintained by Logitech. For additional information regarding other benefits provided upon retirement of Logitech named executive officers, please refer to "Potential Payments Upon Termination or Change in Control."

#### NON-QUALIFIED DEFERRED COMPENSATION FOR FISCAL YEAR 2011

The following table sets forth information regarding the participation by our named executive officers in the Logitech Inc. U.S. Deferred Compensation Plan during fiscal year 2011 and at fiscal year-end.

Name	Executive Contributions in Last Fiscal Year (\$) <sup>(1)</sup>	Logitech Contributions in Last Fiscal Year (\$)	Aggregate Earnings in Last Fiscal Year (\$) <sup>(2)</sup>	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last Fiscal Year End (\$)
Gerald Quindlen . . . . .	—	—	—	—	—
Erik Bardman . . . . .	—	—	—	—	—
Guerrino De Luca . . . . .	—	—	—	—	—
Werner Heid . . . . .	53,438	—	2,133	—	55,571
Junien Labrousse . . . . .	466,514	—	333,602	—	2,587,956 <sup>(3)</sup>

- (1) Amounts are included in the Summary Compensation table in the "Salary" and "Non-equity Incentive Plan Compensation" columns for FY11. 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.
- (3) Mr. Labrousse's aggregate contributions of \$925,766 for FY08 through FY10 were reported as compensation to Mr. Labrousse in the Summary Compensation Table.

#### NARRATIVE DISCLOSURE TO NON-QUALIFIED DEFERRED COMPENSATION TABLE

The Logitech Inc. U.S. 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 mutual funds selected by Logitech Inc.'s Deferred Compensation Committee for this purpose, and the participants' contributions are invested according to the participants' elections. Investment elections may be changed by participants at any time.

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.

- PSU 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 under which he was entitled to severance benefits if we terminated his employment without cause.
- An offer letter with Werner Heid, under which he is entitled to severance benefits if we terminate his employment without cause.

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. 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 was the same as for the other executive officers, except that Mr. Quindlen’s agreement provided 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.

### **PSU and RSU Award Agreements**

The PSU and RSU award agreements for named executive officers other than Guerrino De Luca provide for the acceleration of vesting of the RSUs and PSUs 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 PSUs will vest if the change of control occurred within one year after the grant date of the PSUs. If the change of control occurred more than one year after the grant date of the PSUs, the number of shares subject to the PSU that will vest will be determined by applying the performance criteria under the PSUs as if the performance period had ended on the date of the change of control.

### **Gerald Quindlen Employment Agreement**

Mr. Quindlen was subject to an employment agreement effective December 3, 2008. Under his employment agreement, in the event he was terminated without “cause” other than after a change of control he was entitled to:

- an amount equal to his current annual base salary;
- his current annual targeted bonus amount; plus
- the payment of health insurance benefits for up to 12 months.

Logitech expects to make these payments in connection with Mr. Quindlen’s departure from the Company effective July 27, 2011.

“Cause” in Mr. Quindlen’s employment agreement was 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 became 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 would have been 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.

## 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, 2011, subject to the terms of the change of control agreement and the terms of the PSU 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, 2011, subject to the terms of the agreements with them. As of March 31, 2011, 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 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, 2011, the last business day of the fiscal year, of \$18.13. 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, 2011 were calculated based on a Swiss Franc to U.S. Dollar exchange rate on March 31, 2011 of 1.0924 to 1.

### Involuntary Termination After Change in Control

<u>Name</u>	<u>Base Salary (\$)<sup>(1)</sup></u>	<u>Bonus (\$)<sup>(2)</sup></u>	<u>Other Benefits (\$)<sup>(3)</sup></u>	<u>Value of Accelerated Equity Awards (\$)<sup>(4)</sup></u>	<u>280G cut-back/ gross-up (\$)<sup>(5)</sup></u>	<u>Total (\$)</u>
Gerald Quindlen . . . . .	825,000	1,083,000	24,800	5,326,750	2,297,028	9,556,578
Erik Bardman . . . . .	420,000	331,000	24,800	1,087,800	(109,365)	1,754,235
Guerrino De Luca . . . . .	550,000	578,000	24,800	600,075	—	1,752,875
Werner Heid . . . . .	570,000	415,000	24,800	2,178,596	—	3,188,396
Junien Labrousse . . . . .	775,622	535,276	24,800	1,681,493	—	3,017,191

- (1) Represents FY11 annual base salary in effect on March 31, 2011. Mr. Labrousse's salary and bonus amounts were converted using the exchange rate of 1 CHF to 1.0924 USD as of March 31, 2011.
- (2) Represents the aggregate actual bonus earned or paid for FY11.
- (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, 2011, 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 PSUs granted November 15, 2010, in each case held by the named executive officer as of March 31, 2011. The minimum performance condition under the terms of the PSUs granted June 29, 2009 was not met as of March 31, 2011, and therefore, no value is attributed to the shares subject to such PSUs.
- (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 was only applicable to Mr. Bardman, and the amount disclosed for Mr. Bardman is based on the assumptions in the table. Mr. Quindlen's Change of Control agreement contained a "280G tax gross-up", so that if Mr. Quindlen was subject to the 280G excise tax in the event of a change of control, Logitech would 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 (\$) <sup>(1)</sup>	Bonus (\$) <sup>(2)</sup>	Other Benefits (\$) <sup>(3)</sup>	Total (\$)
Gerald Quindlen . . . . .	825,000	1,031,250	19,800	1,876,050
Werner Heid . . . . .	427,500	320,625	—	748,125

- (1) For Mr. Quindlen, represents 100% and, for Mr. Heid, 75%, of his FY11 annual base salary in effect on March 31, 2011.
- (2) For Mr. Quindlen, represents 100% and, for Mr. Heid, 75%, of his FY11 target bonus in effect on March 31, 2011.
- (3) For Mr. Quindlen, 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 in fiscal year 2011, consisted of Guerrino De Luca and Gerald Quindlen. The general policy is that compensation for non-employee directors should be a mix of cash and equity-based compensation. To assist the Committee in its annual review of director compensation, Logitech's Compensation and Benefits Group provides director pay practices and compensation data compiled from the annual reports and proxy statements of companies within the Fortune 100 and technology companies generally considered comparable to Logitech.

Effective September 8, 2010, the Committee for Board Compensation approved a change to the cash compensation of non-employee directors to eliminate board and committee meeting-based fees. As a result, cash compensation now consists solely of annual retainers based on Board and committee service. The Committee also determined to calculate the number of RSUs to be granted annually based on a fixed market value. These changes were made in response to general industry trends with regard to board compensation.

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

- Annual cash retainer of CHF 60,000.
- An additional annual cash retainer of CHF 20,000 for the lead independent director.
- Annual retainer of CHF 40,000 for the Audit Committee chair.
- Annual retainer of CHF 30,000 for the Compensation Committee chair.
- Annual retainer of CHF 15,000 for non-chair Audit Committee members.
- Annual retainer of CHF 10,000 for non-chair Compensation Committee members.
- Annual retainer of CHF 3,000 for Nominating Committee members.
- Annual RSU grant with a market value of approximately CHF 120,000.
- Compensation for the number of travel days spent traveling to attend Board and committee meetings, at the rate of CHF 2,500 per day.
- Reimbursement of reasonable expenses for non-local travel (business class).

Non-employee 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, held in September each year.



The following table summarizes the total compensation earned or paid by Logitech during fiscal year 2011 to continuing members of the Board of Directors who were not executive officers as of March 31, 2011. Because the table is based on Logitech's fiscal year, and annual service for purposes of Board compensation is measured between the dates of Logitech's Annual General Meeting, held in September each year, the amounts in the table do not necessarily align with the description of Board compensation above. 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, 2011, is presented in the Summary Compensation Table.

**Non-Employee Director Summary Compensation for Fiscal Year 2011**

Name	Fees Earned In Cash (\$)	Stock Awards (\$)	Total (\$)
Daniel Borel . . . . .	63,499	118,770	182,269
Matthew Bousquette . . . . .	110,918	116,994	227,912
Erh-Hsun Chang . . . . .	87,002	116,994	203,996
Kee-Lock Chua . . . . .	101,104	116,994	218,098
Sally Davis . . . . .	91,208	118,770	209,978
Neil Hunt . . . . .	44,532	235,569	280,101
Richard Laube . . . . .	71,746	118,770	190,516
Monika Ribar . . . . .	102,671	118,770	221,441

The following table presents additional information with respect to the equity awards held as of March 31, 2011 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 and 2011 fully vest on approximately the one-year anniversary date of the grant.

Market value for stock options is calculated by taking the difference between the closing price of Logitech shares on NASDAQ on the last trading day of the fiscal year (\$18.13 on March 31, 2011) and the option exercise price, and multiplying it by the number of outstanding options. Market value for RSUs is determined by multiplying the number of shares by the closing price of Logitech shares on NASDAQ on the last trading day of the fiscal year.

Information regarding the option and stock awards held as of March 31, 2011 by Guerrino De Luca and Gerald Quindlen, the only members of the Board of Directors as of such date that were Logitech executive officers, 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 is based on a Swiss Franc to U.S. Dollar exchange rate on March 31, 2011 of 1.0924 to 1.



## Outstanding Equity Awards for Non-Employee Directors at Fiscal 2011 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 (#) <sup>(1)</sup>	Option Exercise Price / Share (\$)	Market Value of Unexercised Options (\$)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
Daniel Borel . . . . .	09/09/10	—	—	—	—	7,400	134,162
	<b>Total</b>	—	—			<b>7,400</b>	<b>134,162</b>
Matthew Bousquette . .	06/16/05	60,000	—	15.41	163,200	—	—
	09/10/08	10,000	5,000	23.29	—	—	—
	09/09/10	—	—	—	—	7,400	134,162
	<b>Total</b>	<b>70,000</b>	<b>5,000</b>			<b>7,400</b>	<b>134,162</b>
Erh-Hsun Chang <sup>(2)</sup> . . .	09/12/03	109,000	—	7.76	1,130,330	—	—
	07/12/04	120,000	—	11.44	802,800	—	—
	09/26/05	60,000	—	20.25	—	—	—
	06/16/06	30,000	—	19.43	—	—	—
	09/09/10	—	—	—	—	7,400	134,162
	<b>Total</b>	<b>319,000</b>	—			<b>7,400</b>	<b>134,162</b>
Kee-Lock Chua . . . . .	06/26/03	40,000	—	15.61 <sup>(3)</sup>	100,800	—	—
	06/16/06	15,000	—	19.43	—	—	—
	09/09/10	—	—	—	—	7,400	134,162
	<b>Total</b>	<b>55,000</b>	—			<b>7,400</b>	<b>134,162</b>
Sally Davis . . . . .	06/20/07	30,000	—	37.63 <sup>(4)</sup>	—	—	—
	09/09/10	—	—	—	—	7,400	134,162
	<b>Total</b>	<b>30,000</b>	—			<b>7,400</b>	<b>134,162</b>
Neil Hunt . . . . .	09/09/10	—	—	—	—	14,900	270,137
	<b>Total</b>	—	—			<b>14,900</b>	<b>270,137</b>
Richard Laube . . . . .	09/10/08	20,000	10,000	28.60 <sup>(5)</sup>	—	—	—
	09/09/10	—	—	—	—	7,400	134,162
	<b>Total</b>	<b>20,000</b>	<b>10,000</b>			<b>7,400</b>	<b>134,162</b>
Monika Ribar . . . . .	06/24/04	80,000	—	16.04 <sup>(6)</sup>	167,200	—	—
	06/20/07	15,000	—	37.63 <sup>(7)</sup>	—	—	—
	09/09/10	—	—	—	—	7,400	134,162
	<b>Total</b>	<b>95,000</b>	—			<b>7,400</b>	<b>134,162</b>

- (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) 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.
- (3) The exercise price of the option as granted (as split-adjusted) is 14.29 Swiss Francs per share.
- (4) The exercise price of the option as granted is 34.45 Swiss Francs per share.
- (5) The exercise price of the option as granted is 26.18 Swiss Francs per share.
- (6) The exercise price of the option as granted (as split-adjusted) is 14.68 Swiss Francs per share.
- (7) The exercise price of the option as granted is 34.45 Swiss Francs per share.

## EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes the shares that may be issued upon the exercise of options, RSUs, PSUs and other rights under our employee equity compensation plans as of March 31, 2011. These plans include the 1996 Employee Share Purchase Plan (U.S.), 2006 Employee Share Purchase Plan (Non-U.S.) (together, the “ESPPs” and 2006 Stock Incentive Plan. The table also includes shares that may be issued upon the exercise of outstanding options under the 1996 Stock Plan (which plan terminated in 2006). The table does not include the additional shares that may be issuable pursuant to the proposed amendment to add an additional 5,000,000 shares to the ESPPs that is the subject of Proposal No. 4 of this Invitation and Proxy Statement.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (#)	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights <sup>(1)</sup>	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a)) (#)
Equity Compensation Plans			
Approved by Security Holders . . . . .	18,682,084	\$19	6,136,660
Equity Compensation Plans Not			
Approved by Security Holders . . . . .	—	—	—
Total . . . . .	<u>18,682,084</u>	<u>\$19</u>	<u>6,136,660</u>

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

### ***2006 Stock Incentive Plan***

The Logitech International S.A. 2006 Stock Incentive Plan provides for the grant to eligible employees and non-employee members of the Board of Directors, of stock options, stock appreciation rights, restricted stock and restricted stock units, which are bookkeeping entries reflecting the equivalent of shares. As of March 31, 2011, Logitech has granted stock options, RSUs and PSUs 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, 2011, a total of 4,493,291 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, 2011, a total of 1,643,369 shares were available for issuance under these plans.

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**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 products that connect people to digital experiences. Spanning multiple computing, communication and entertainment platforms, we develop and market innovative hardware and software products that enable or enhance digital navigation, music and video entertainment, gaming, social networking, audio and video communication over the Internet, video security and home-entertainment control. We have two operating segments, peripherals and video conferencing.

Our peripherals segment encompasses the design, manufacturing and marketing of peripherals for PCs (personal computers) and other digital platforms. Our products for the PC include mice, trackballs, keyboards, interactive gaming controllers, multimedia speakers, headsets, webcams, and lapdesks. Our Internet communications products include webcams, headsets, video communications services, and digital video security systems for a home or small business. 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, Squeezebox wireless music solutions and, in the United States, a line of Logitech products for the Google TV platform. For gaming consoles, we offer a range of gaming controllers and microphones, as well as other accessories.

Our peripherals 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), EMEA (Europe-Middle East-Africa), and Asia Pacific (including, among other countries, China, Taiwan, Japan, India and Australia). Our OEM sales team is a worldwide organization with representatives in each of our three regions.

We sell our peripheral products to a network of distributors and resellers and to OEMs. Our worldwide retail network includes wholesale distributors, consumer electronics retailers, mass merchandisers, specialty electronics stores, computer and telecommunications stores, value-added resellers and online merchants. Sales of peripherals to our retail channels were 85% and 89% of our net sales for the fiscal years ended March 31, 2011 and 2010. The large majority of our revenues have historically been derived from sales of our peripheral products for use by consumers. Our OEM customers include the majority of the world's largest PC manufacturers. For the fiscal years ended March 31, 2011 and 2010, sales to OEM customers were 9% and 10% of our net sales.

Our video conferencing segment encompasses the design, manufacturing and marketing of LifeSize video conferencing products, infrastructure and services for the enterprise, public sector, and other business markets. LifeSize products include scalable HD (high-definition) video communication endpoints, HD video conferencing systems with integrated monitors, video bridges and other infrastructure software and hardware to support large scale video deployments, and services to support these products. The LifeSize division maintains a separate marketing and sales organization, which sells LifeSize products and services worldwide. LifeSize product development and product management organizations are separate, but coordinated with our peripherals business, particularly our webcam and video communications groups. We sell our LifeSize products and services to distributors, value-added resellers, OEMs, and, occasionally, direct enterprise customers. Sales of LifeSize products were 6% and 1% of our net sales in the fiscal years ended March 31, 2011 and 2010. We acquired LifeSize on December 11, 2009. Based

on financial measurements for the fiscal year ended March 31, 2011 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.

Our peripherals and video conferencing industries are intensely competitive. The peripherals industry is characterized by short product life cycles, continual performance enhancements, and rapid adoption of technological and product advancements by competitors in our retail markets, and price sensitivity in the OEM market. We experience aggressive price competition and other promotional activities from our primary competitors and from less established brands, including brands owned by some retail customers known as house brands, in response to declining consumer demand in both the retail and OEM markets. We may also encounter more competition if any of our competitors in one or more categories decide to enter other categories in which we currently operate.

In addition, we have been expanding the categories of products we sell, and entering new markets, such as the market for enterprise video conferencing. We remain alert to opportunities in new categories and markets. As we do so, we are confronting new competitors, many of which have more experience in the categories or markets and have greater marketing resources and brand name recognition than we have. In addition, because of the continuing convergence of the markets for computing devices and consumer electronics, we expect greater competition in the future from well-established consumer electronics companies in our developing categories as well as future ones we might enter. Many of these companies have greater financial, technical, sales, marketing and other resources than we have.

We seek to fulfill the increasing demand for interfaces between people and the expanding digital world across multiple platforms and user environments. The interface evolves as platforms, user models and our target markets evolve. As access to digital information has expanded, we have extended our focus to mobile devices, the living room, and the meeting room, in addition to the PC, as access points to the Internet and the digital world. All of these platforms require interfaces that are customized according to how the devices are used. We believe that 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 and LifeSize brands 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 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 the China market, tablet peripherals, video communications and UC (unified communications), which is the integration of enterprise-class collaboration and communications solutions such as voice mail, e-mail, chat, presentation sharing and live video meetings.

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, 2011 increased 20% compared with the fiscal year ended March 31, 2010, based on increased demand in our Americas and Asia Pacific regions, including a strong performance in China, and sales of our LifeSize products, offset in part by unexpectedly weak performance in our EMEA region in the last quarter of the fiscal year.



Retail sales in fiscal year 2011 increased 15% and retail units increased 19% compared with fiscal year 2010, with increases in all product families except gaming. Our overall retail average selling price in fiscal year 2011 declined 3% compared with fiscal year 2010, as unit sales of our retail products priced below \$40 increased more than other price bands.

Retail sales in our Asia Pacific and AMR regions increased 37% and 28% in fiscal year 2011 compared with fiscal year 2010. Retail sales in our EMEA region decreased 2% in the same period, reflecting a disappointing decline of 17% in the fourth quarter of fiscal year 2011 compared with the fourth quarter of fiscal year 2010. The weakness in the EMEA region in the fourth quarter of fiscal year 2011 was due to lower than expected demand and poor execution of pricing and channel programs in Europe.

OEM sales increased 13% in fiscal year 2011 compared with fiscal year 2010, and OEM units sold increased 9%, primarily due to increased keyboard sales.

Sales of LifeSize Communications products were 6% of total net sales in fiscal year 2011. In fiscal year 2010, LifeSize sales were included in our financial results from December 9, 2009, the date of acquisition, to the end of the fiscal year.

Our gross margin for fiscal year 2011 was 35.4% compared with 31.9% in the prior fiscal year, primarily due to the a favorable shift in product mix towards products with higher margin, operational efficiencies in our supply chain costs, and lower obsolescence write-downs, somewhat offset by the negative impact of the weaker euro during most of fiscal year 2011. Our gross margin for fiscal year 2011 would have been higher but for weak sales and profitability in our EMEA retail region in the fourth quarter. Operating expenses for fiscal year 2011 were 29.4% of net sales compared with 27.9% in fiscal year 2010. The increase in operating expenses was primarily due to the addition of LifeSize in December 2009, increased advertising and marketing expenses related to promotional campaigns for Harmony and Logitech Revue, and increased investment in areas of future growth opportunities, such as China.

Net income for the year ended March 31, 2011 was \$128.5 million, compared with net income of \$65.0 million in fiscal year 2010. The increase in net income was primarily due to increased sales and improved gross margin, somewhat offset by the increase in operating expenses.

### **Trends in Our Business**

Our sales of PC peripherals for use by consumers in the Americas and Europe have historically made up the large majority of our revenues. The increasing popularity of smaller, mobile computing devices such as tablets and smartphones with touch interfaces and the declining popularity of desktop PCs is rapidly changing the PC market. Consumer demand for PCs is decelerating in our traditional, mature markets such as North America, Western and Nordic Europe, Japan, Australia, and New Zealand, and we believe sales of our PC peripherals in mature markets will decline in fiscal year 2012 and potentially beyond. We believe there are continued growth opportunities for our PC peripherals outside the more mature markets of the Americas and Europe. We also believe there are significant opportunities to sell products to consumers to help make their tablets and other mobile devices more productive and comfortable. However, we only recently introduced our product line for tablets, and consumer acceptance and demand for peripherals for use with tablets and other mobile computing devices is still uncertain. We believe our future sales growth will be significantly impacted by our ability to grow sales in emerging markets such as China, to grow our LifeSize videoconferencing division, and to develop sales and innovations for our emerging product categories which are not PC-dependent, such as our products for tablets and the Google TV platform.

Our overall corporate strategy for future growth includes increasing our presence and sales in emerging markets, which we anticipate will be the high growth markets of the future as sales growth decelerates in our traditional, mature markets. We are currently investing significantly in growing the number of our sales, marketing and administrative personnel in China, and we expect that China may represent one of our top three countries, by

sales, in the future. Emerging markets include potentially high economic growth, offset by potentially entrenched local competition, higher credit risks, and cultural differences that affect consumer trends in ways which may be substantially different from our current major markets.

For the fiscal year ended March 31, 2011, our video conferencing segment represented 6% of our net sales, and we expect sales from the LifeSize division to grow faster than our overall sales. Our LifeSize division will require significant continuing investments in product development and sales and marketing to stimulate and support future growth.

In October 2010, we introduced our Logitech Revue and related peripherals for the Google TV platform in the United States. Logitech Revue is a companion box for Google TV software that incorporates Logitech's Harmony remote control technology and enables Google TV software to bring together the Internet and the television. We have invested and expect to continue to invest significant funds in the further development of products for the Google TV platform and other TV-related peripherals. To date the Google TV platform has not met widespread consumer acceptance and our sales of Logitech Revue and related products have been below our expectations. However, we believe that the continued enhancement of the features and functionality of the Google TV platform over time will lead to greater consumer acceptance, and our development of additional home-entertainment and TV-related peripherals will provide us with incremental sales over an extended period of time.

Sales of our OEM mice and keyboards have historically made up the bulk of our OEM sales. OEM sales accounted for 9% and 10% of total revenues during the fiscal years ended March 31, 2011 and 2010. In recent years, the shift away from desktop PCs adversely affected our sales of OEM mice and keyboards, which are sold with name-brand desktop PCs. We expect this trend to continue and for OEM sales to comprise a smaller percentage of our total revenues in the future.

We 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.

Most of our revenue comes from sales to our retail channels, which resell to consumers, retailers and distributors. 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, and their 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 their customers, 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.

Although our financial results are reported in U.S. dollars, approximately 42% of our sales for the fiscal year ended March 31, 2011 were made in currencies other than the U.S. dollar, such as the euro, Chinese renminbi, Canadian dollar and Japanese yen. Our product costs are primarily in U.S. dollars and Chinese renminbi. Our operating expenses are incurred in U.S. dollars, Chinese renminbi, euros, Swiss francs and, to a lesser extent, 28 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 2011 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 other pricing programs, which alter our product gross margins. Gross margins for

the fiscal year ended March 31, 2011 were 35.4%, compared with 31.9% in fiscal year 2010, primarily due to the impact of operational efficiencies across our supply chain and a favorable shift in product mix towards products with higher margins. Our gross margin for fiscal year 2011 would have been higher but for the weak profitability in our EMEA retail region in the fourth quarter.

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 the fiscal years ended March 31, 2011 and 2010, the income tax provisions were \$20.0 million and \$18.7 million based on effective income tax rates of 13.5% and 22.3% of pre-tax income. The change in the effective income tax rate for the fiscal year ended March 31, 2011 compared with 2010 was primarily due to discrete tax benefits of \$13.5 million from the expiration of statutes of limitations and the closure of income tax audits in certain jurisdictions. We expect future effective income tax rates to fluctuate for similar reasons.

### **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 limited to a percentage approved by management. 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. Return trends are influenced by product life cycle status, new product introductions, market acceptance of products, sales levels, product sell-through, the type of customer, seasonality, product quality issues, competitive pressures, operational policies and procedures 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.* We enter into customer marketing programs with many of our distribution and retail customers, and with certain indirect partners, 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 these marketing 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 performance-based incentives and consumer rebates. We offer performance-based incentives to our distribution customers, retail customers and indirect partners based on pre-determined performance criteria. Allowances for performance-based incentives are recognized as a reduction of the sale price at the time of sale. Estimates of required allowances 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 for the primary benefit of 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.

*Pricing Programs.* We have agreements with certain of our customers that contain terms allowing price protection credits to be issued in the event of a subsequent price reduction. 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 of selected products to specific indirect partners. Our decision to make price reductions is influenced by product life cycle stage, market acceptance of products, the competitive environment, new product introductions and other factors. Estimates of expected future pricing actions are recognized at the time of sale based on analyses of historical pricing actions 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.

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, 2011 and 2010 consisted of bank time deposits, marketable securities related to a management deferred compensation plan, and auction rate securities collateralized by residential and commercial mortgages. The bank time deposits are classified as cash equivalents, and are recorded at cost, which approximates fair value. The marketable securities are classified as non-current trading investments, and are recorded at fair value based on quoted market prices. The auction rate securities are classified as non-current available-for-sale assets, and are recorded at estimated fair value, determined by estimating future cash flows through time according to each security's terms, including periodic consideration of overcollateralization and interest coverage tests, and incorporating estimates of default rate, loss severity, prepayment, and delinquency assumptions when available, for the underlying assets in the securities based on representative indices and various research reports. The estimated coupon and principal payments are discounted at the rate of return required by investors, based on the characteristics of each security as calculated from the indices. The markets for the auction rate securities which the Company holds as of March 31, 2011 and 2010 have failed since August 2007 and are not expected to resume in the foreseeable future, if at all. Four of the securities with par value of \$32.2 million and estimated fair value of \$0.9 million have experienced events of default, and two of these four securities have declared acceleration.

### ***Allowance for Doubtful Accounts***

We sell our products through a worldwide network of distributors, retailers, value-added resellers, business enterprises 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, 2011, one customer represented 13% of total accounts receivable. The customers comprising the ten highest outstanding trade receivable balances accounted for approximately 56% of total accounts receivable as of March 31, 2011. 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. The write-off is determined by comparison of the current replacement cost with the estimated selling price less any costs of completion and disposal (net realizable value) and the net realizable value less an allowance for normal profit. 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 12-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. When we determine that we are not able to realize all or part of our deferred tax assets, an adjustment is 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 LifeSize, and accordingly determine impairment for the goodwill acquired at the entity level. All other acquired goodwill is evaluated for impairment at a total enterprise level. Based on the impairment analyses performed in fiscal year 2011, the fair value of each of our operating segments exceeded the carrying value of the segment by more than 50% of the carrying value.

In determining fair value, we consider various factors including estimates of future market growth and trends, forecasted revenue and costs, expected periods over which our assets will be utilized, and other variables. We calculate the Company's fair value based on the present value of projected cash flows using a discount rate determined by management to be commensurate to the risk inherent in the Company's current business model. To date, we have not recognized any impairment of goodwill. Logitech bases its fair value estimates on assumptions it believes to be reasonable, but which are inherently uncertain.

### **Recent Accounting Pronouncements**

In December 2010, the FASB (Financial Accounting Standards Board) issued ASU (Accounting Standards Update) 2010-28, *Intangibles — Goodwill and Other (Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts*. For reporting units with zero or negative carrying amounts, if it is more likely than not that a goodwill impairment exists, ASU 2010-28 requires performance of an additional test to determine whether goodwill has been impaired and to calculate the amount of impairment. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. ASU 2010-28 is effective for fiscal years and interim periods within those years beginning after December 15, 2010. Logitech will adopt ASU 2009-28 in the first quarter of fiscal year 2012. The impact of adopting ASU 2010-28 will not be known until the Company performs its evaluations of goodwill impairment.



In December 2010, the FASB issued ASU 2010-29, *Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations*. ASU 2010-29 specifies that, for material business combinations when comparative financial statements are presented, revenue and earnings of the combined entity should be disclosed as though the business combination had occurred as of the beginning of the comparable prior annual reporting period. ASU 2010-09 also expands the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. ASU 2010-09 is effective prospectively for business combinations with an acquisition date on or after the beginning of the first annual reporting period after December 15, 2010. We will adopt this guidance for acquisitions beginning in fiscal year 2012.

## Results of Operations

### Net Sales

Net sales by channel for fiscal years 2011, 2010 and 2009 were as follows (in thousands):

	Year Ended March 31,			Change %	
	2011	2010	2009	2011 vs 2010	2010 vs 2009
	Retail . . . . .	\$ 2,005,210	\$ 1,745,152	\$ 1,887,343	15%
OEM . . . . .	223,775	198,364	321,489	13%	(38)%
LifeSize . . . . .	133,901	23,232	—	476%	—
Total net sales . . . . .	<u>\$2,362,886</u>	<u>\$1,966,748</u>	<u>\$2,208,832</u>	20%	(11)%

Our retail sales in fiscal year 2011 increased over the preceding fiscal year due to increased consumer demand. The decrease in retail sales in fiscal year 2010 compared with 2009 reflected the impact of the global economic downturn, which began in the third quarter of fiscal year 2009 and continued through the second quarter of fiscal year 2010. Retail units sold increased 19% in fiscal year 2011 and decreased 2% in fiscal year 2010 compared with the preceding fiscal years. Our overall retail average selling price declined 3% in fiscal years 2011 and 2010 compared with the preceding fiscal years. Products priced below \$40 represented approximately 56%, 57% and 50% of retail sales in fiscal years 2011, 2010 and 2009, while products priced above \$100 represented 18% of retail sales in fiscal year 2011, 15% in fiscal year 2010 and 16% in fiscal year 2009. If foreign currency exchange rates had been the same in fiscal years 2011 and 2010, our constant dollar retail sales increase would have been 18%. Foreign currency exchange rates did not affect the retail sales decrease in fiscal year 2010 compared with fiscal year 2009.

OEM units sold increased 9% in fiscal year 2011 and decreased 25% during fiscal year 2010 compared with the preceding fiscal years. Foreign currency exchange rates did not significantly affect OEM sales. The OEM sales increase in fiscal year 2011 was the result of strong keyboard and headset sales. Sales of OEM mice were essentially flat in fiscal year 2011 compared with 2010. The decline in OEM sales for fiscal year 2010 compared with 2009 was primarily attributable to our console microphones, which sold well in fiscal year 2008 and the first three quarters of fiscal year 2009.

LifeSize net sales in fiscal year 2011 represent sales for a complete fiscal year, whereas in fiscal year 2010, LifeSize net sales represent sales for the period from December 11, 2009, the date of acquisition, to the end of the fiscal year. Foreign currency exchange rates did not affect LifeSize sales. Comparing the fourth quarter of fiscal year 2011 with the same period in fiscal year 2010, LifeSize net sales increased 88%. Unit shipments and revenue for the fourth quarter of fiscal year 2011 increased in comparison with the preceding year and the preceding quarter.

Approximately 42%, 49% and 55% of the Company's total net sales were denominated in currencies other than the U.S. dollar in fiscal years 2011, 2010 and 2009. If foreign currency exchange rates had been the same in fiscal years 2011 and 2010, our constant dollar sales increase would have been 22%. If foreign currency exchange rates had been the same in fiscal years 2010 and 2009, our constant dollar sales decrease would have been 12%.

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 and the change in constant dollar retail sales if foreign currency exchange rates had been the same in fiscal year 2011 compared with fiscal year 2010, and fiscal year 2010 compared with fiscal year 2009:

	Year Ended March 31,			
	2011 vs 2010		2010 vs 2009	
	USD Change	Constant Dollar Change	USD Change	Constant Dollar Change
Asia Pacific . . . . .	37%	33%	(16)%	(17)%
Americas . . . . .	28%	28%	1%	2%
EMEA . . . . .	(2)%	4%	(11)%	(12)%
Total retail sales . . . . .	15%	18%	(8)%	(8)%

Retail sales in the Asia Pacific region during fiscal year 2011 increased in all product families compared with fiscal year 2010, based on strong sales in China. We have invested significantly in growing the number of our sales and marketing and administrative personnel in China, and we expect that China will represent one of our top three countries, by sales, in the future. During fiscal year 2010, retail sales declined in all product families compared with 2009, as our channel partners completed their alignment of inventory levels with consumer demand. Total retail units sold in the Asia Pacific region increased 53% in fiscal year 2011 and decreased 10% in fiscal year 2010 compared with the preceding years.

In the Americas region, retail sales for fiscal year 2011 increased in all product families compared with the preceding year. Digital Home product line sales in particular benefitted from the launch of Logitech Revue in October 2010. Americas region retail sales in fiscal year 2010 were essentially flat compared with 2009, reflecting modest economic stability in the region, although sales of pointing devices, keyboards and desktops, and remotes increased. Total retail units sold in the Americas region increased 14% in fiscal year 2011 and 7% in fiscal year 2010 over the preceding fiscal years.

Retail sales in the EMEA region decreased in most product families in fiscal year 2011 compared with fiscal year 2010. During fiscal year 2010 in the EMEA region, all product families except audio decreased in retail sales compared with fiscal year 2009, reflecting the effects of the global economic downturn. Retail units sold increased 9% in fiscal year 2011 and declined 5% in fiscal year 2010 compared with the prior year. The retail sales decline in the EMEA region in fiscal year 2011 was the result of the uneven economic recovery, particularly in western Europe, as well as demand weakness in the fourth quarter and the implementation of regional pricing and channel management programs that negatively impacted profitability without generating the intended incremental demand. The demand decline resulted in higher inventory levels for our products at retailers as of March 31, 2011, which also contributed to higher inventory levels with our distribution partners. In addition, we had implemented several pricing and channel

management programs specific to the EMEA region that were intended to increase our visibility into channel and consumer trends and to increase satisfaction among our channel partners. However the implementation of these programs created unintended consequences, including higher-than-planned promotional spending on the sales that occurred, frustrated customers, and reduced order flow due to the perceived increase in complexity.

### ***Net Retail Sales by Product Family***

Net retail sales by product family for fiscal years 2011, 2010 and 2009 were as follows (in thousands):

	Year Ended March 31,			Change %	
	2011	2010	2009	2011 vs 2010	2010 vs 2009
<b>Net retail sales by product family:</b>					
Retail — Pointing Devices .....	\$ 618,404	\$ 528,236	\$ 579,775	17%	(9)%
Retail — Keyboards & Desktops .....	390,426	329,038	384,809	19%	(14)%
Retail — Audio .....	466,927	454,957	445,362	3%	2%
Retail — Video .....	255,015	228,344	248,339	12%	(8)%
Retail — Gaming .....	104,459	107,595	127,052	(3)%	(15)%
Retail — Digital Home .....	169,979	96,982	102,006	75%	(5)%
Total net retail sales .....	<u>\$2,005,210</u>	<u>\$1,745,152</u>	<u>\$1,887,343</u>	15%	(8)%

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 Alert video security systems. Gaming includes console and PC gaming peripherals. The Digital Home product family combines our advanced Harmony Remote controls, Logitech Revue with Google TV, and peripherals associated with the Google TV platform. 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 increased 27% in fiscal year 2011 and decreased 2% in fiscal year 2010 compared with the preceding fiscal years. The stronger growth in units reflects the success of our value-priced offerings. Sales in dollars increased 57% in our Asia Pacific region and 21% in our Americas region in fiscal year 2011, with no growth in our EMEA region. In fiscal year 2010, sales in dollars decreased 20% in our Asia Pacific region and 14% in our EMEA region, and increased 4% in our AMR region. Sales of cordless mice increased 27% in fiscal year 2011 and decreased 3% in fiscal year 2010. Unit sales of cordless mice grew 52% in fiscal year 2011 and 15% in fiscal year 2010, driven by strong sales of our value-priced cordless notebook mice, including the Wireless Mouse M215 and the Wireless Mouse M310 in 2011, and the Performance Mouse MX and the Anywhere Mouse MX in 2010. Sales of corded mice decreased 7% in fiscal year 2011 compared with 2010, with units increasing 6%. In fiscal year 2010, sales of corded mice declined 19% and units sold decreased 11% compared with fiscal year 2009.

#### ***Retail Keyboards and Desktops***

Retail unit sales of keyboards and desktops increased 23% during fiscal year 2011 and decreased 11% during fiscal year 2010, compared with the preceding fiscal years. Sales in dollars increased 52% in our Asia Pacific region and 35% in our Americas region in fiscal year 2011, but declined 6% in our EMEA region. In fiscal year 2010, sales in dollars decreased 22% in our Asia Pacific Region and 20% in our EMEA region, and increased 1% in our AMR region. Sales of cordless keyboards and desktops increased 28% and units increased 39% in fiscal year 2011 compared with 2010, with strong sales of the Wireless Keyboard K250 and the Wireless Desktop MK320. Sales of cordless keyboards and desktops in fiscal year 2010 decreased 20% and units decreased 5% compared with 2009,

with strong sales of the MK300 wireless desktop and the EX 100 cordless desktop more than offset by declines in sales of the EX110 cordless desktop. Sales of corded keyboards and desktops increased 4% in dollars and 15% in units in fiscal year 2011. In fiscal year 2010, sales of corded keyboards and desktops decreased 11%, with a 17% decline in units.

### ***Retail Audio***

Retail audio unit sales increased 2% in fiscal year 2011 and 11% in fiscal year 2010 compared with the preceding fiscal years. Sales in dollars increased 23% and 7% in the Americas and Asia Pacific regions, and decreased 10% in the EMEA region in fiscal year 2011 compared with 2010. In fiscal year 2010 compared with 2009, sales in dollars remained flat in our Americas region, increased 5% in our EMEA region, and declined 3% in our Asia Pacific region. PC speaker sales decreased 2% in dollars, but increased 2% in units in fiscal year 2011, following a decrease of 7% in dollars and an increase of 7% in units in fiscal year 2010. Sales of our iPod speakers decreased 11% in dollars and 6% in units in fiscal year 2011 compared with increases of 1% and 8% in fiscal year 2010. Our strongest seller in fiscal 2011 was our Rechargeable Speaker S715i. In fiscal year 2010, the PureFi Anywhere 2 speakers, the S315i Rechargeable Speaker and the S215i Portable Speaker made positive contributions to sales. PC headset sales grew 12% in fiscal year 2011 and 23% in fiscal year 2010, with units increasing 4% and 22%. Unit sales of Ultimate Ears products increased 36% and 35% in fiscal years 2011 and 2010.

### ***Retail Video***

Video units sold increased 20% and 2% in fiscal years 2011 and 2010. The 12% sales increase in fiscal year 2011 was due in part to our video security products, which were negatively affected in fiscal year 2010 by the product transition to our new Logitech Alert HD digital video security system, which was launched in August 2010. Sales in dollars increased 17%, 13% and 9% in the Asia Pacific, Americas and EMEA regions in fiscal year 2011 compared with 2010. In fiscal year 2010 compared with 2009, sales in dollars decreased 8%, 5% and 12% in the Asia Pacific, Americas and EMEA regions.

### ***Retail Gaming***

Retail unit sales of our gaming peripherals decreased 27% in fiscal year 2011, compared with a decrease of 26% in fiscal year 2010. The decline in unit and dollar sales is partially attributable to a more targeted portfolio of gaming products. The EMEA region experienced an 11% decline in sales dollars in fiscal year 2011, while the Asia Pacific and Americas regions grew 15% and 6%. In fiscal year 2010, sales in dollars declined 18%, 10% and 13% in the EMEA, Asia Pacific and Americas regions. PC gaming sales decreased 12% in fiscal years 2011 and 2010 compared with the preceding fiscal years. Unit sales of PC gaming peripherals decreased 20% and 25% in fiscal years 2011 and 2010. Console gaming sales increased 21% in fiscal year 2011, primarily due to sales of the Logitech Driving Force GT racing wheel for PlayStation 3, and declined 27% in fiscal year 2010, with unit declines of 37% and 27%.

### ***Retail Digital Home***

The growth in Digital Home sales in fiscal year 2011 was due to strong retail remote sales in the first three fiscal quarters and the launch of Logitech Revue in October 2010. Retail remote sales increased 46% in fiscal year 2011, with strong growth in all regions for fiscal year 2011 as a whole, driven by advertising and promotions. However, sales were depressed in the fourth quarter of fiscal year 2011 by the decline in the EMEA region, where remote control sales decreased by 31% over the same period in the preceding fiscal year. In fiscal year 2010, retail remote sales decreased 5%. Unit sales increased 79% in fiscal year 2011, after decreasing 14% in fiscal year 2010. Our lower-priced Harmony One and the Harmony 650 remote controls sold well in fiscal year 2011, while the Harmony One, Harmony 900 and Harmony 700 Advanced Universal Remote generated the most sales in fiscal year 2010. Sales of Logitech Revue and associated peripherals for Google TV were \$26.7 million in fiscal year 2011.

## Gross Profit

Gross profit for fiscal years 2011, 2010 and 2009 was as follows (in thousands):

	Year Ended March 31,			Change %	
	2011	2010	2009	2011 vs 2010	2010 vs 2009
Net sales . . . . .	\$2,362,886	\$1,966,748	\$2,208,832	20%	(11)%
Cost of goods sold . . . . .	<u>1,526,380</u>	<u>1,339,852</u>	<u>1,517,606</u>	14%	(12)%
Gross profit . . . . .	<u>\$ 836,506</u>	<u>\$ 626,896</u>	<u>\$ 691,226</u>	33%	(9)%
Gross margin . . . . .	35.4%	31.9%	31.3%		

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, write-down of inventories and amortization of intangible assets.

The improvement in the gross margin percentage in fiscal years 2011 over 2010 and 2009 was primarily related to a favorable shift in retail product mix towards products with higher margins, operational efficiencies in our supply chain costs, and lower obsolescence write-downs, somewhat offset by the negative impact of the weaker euro during most of fiscal year 2011.

As examples of product mix shifts, control devices and remote controls, which have a higher gross margin than other retail product lines, represented a larger proportion of net sales in fiscal year 2011 than in fiscal year 2010. LifeSize product sales were also a larger proportion of total net sales in fiscal year 2011, which also contributed to the higher gross margin. Examples of supply chain efficiencies achieved include greater use of ocean rather than air shipments and discontinuing products with low sales and high promotional requirements.

The gross margin percentage in the fourth quarter of fiscal year 2011 declined significantly primarily due to the negative impact of the EMEA regional pricing and promotional programs on EMEA net sales in the quarter.

## Operating Expenses

Operating expenses for fiscal years 2011, 2010 and 2009 were as follows (in thousands):

	Year Ended March 31,			Change %	
	2011	2010	2009	2011 vs 2010	2010 vs 2009
Marketing and selling . . . . .	\$420,580	\$304,788	\$ 319,167	38%	(5)%
% of net sales . . . . .	17.8%	15.5%	14.4%		
Research and development . . . . .	156,390	135,813	128,755	15%	5%
% of net sales . . . . .	6.6%	6.9%	5.8%		
General and administrative . . . . .	116,880	106,147	113,103	10%	(6)%
% of net sales . . . . .	4.9%	5.4%	5.1%		
Restructuring charges . . . . .	—	1,784	20,547	(100)%	(91)%
% of net sales . . . . .	0.0%	0.1%	0.9%		
Total operating expenses . . . . .	<u>\$693,850</u>	<u>\$548,532</u>	<u>\$ 581,572</u>	26%	(6)%
% of net sales . . . . .	29.4%	27.9%	26.3%		

The increase in operating expenses as a percentage of net sales was primarily due to the addition of LifeSize expenses beginning in December 2009, increased advertising and marketing expenses related to promotional campaigns for Harmony and Logitech Revue, and increased investment in areas which we believe represent future growth opportunities. Fiscal year 2010 included \$6.6 million in transactions costs related to the acquisition of LifeSize and \$1.8 million in restructuring charges associated with the restructuring plan initiated in January 2009. We plan to continue implementing efficiencies in our current operations that are intended to limit future growth in operating expenses below the growth rate in revenues, by 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.

Marketing and selling expenses increased in fiscal year 2011 compared with fiscal year 2010 due to the addition of LifeSize sales and marketing personnel in December 2009, variable demand generation activities, and increased personnel costs. In fiscal year 2011, we invested approximately \$32 million in variable demand generation activities focused on Harmony remotes and Logitech Revue. Non-Lifesize personnel costs grew due to a 14% increase in headcount to support the return to sales growth and expansion of sales efforts in China, and normal salary and bonus increases related to our improved profitability compared with the preceding fiscal year.

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. Personnel costs increased in fiscal year 2010 over the preceding fiscal year partially due to the addition of LifeSize sales and marketing personnel, and partially relating to a comparative fiscal year in which discretionary personnel costs were reduced due to the economic downturn. Bad debt expense declined significantly in fiscal year 2010 as economic conditions stabilized, compared with fiscal year 2009, when customers were experiencing increased financial difficulties related to the economic downturn.

Foreign currency exchange rates had no impact on marketing and selling expenses for fiscal years 2011 and 2010. The percentage changes in constant dollar marketing and selling expenses for fiscal years 2011 and 2010 compared with the preceding years would be the same as the percentage changes in U.S. dollars.

### ***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 increase in research and development expense for fiscal year 2011 compared with 2010 was due to the addition of LifeSize personnel and expenses. Research and development expenses in our peripherals business remained largely flat year over year, as expenditures were re-aligned from mature product lines and multiple similar products to product lines with expected future growth potential.



The increase in research and development expenses in fiscal year 2010 resulted from the addition of research and development costs of LifeSize, which was acquired in fiscal year 2010. Personnel costs excluding LifeSize 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 2011 and 2010, the change in constant dollar research and development expense would have been 13%. The percentage change in constant dollar research and development expense for fiscal year 2010 compared with 2009 would be the same as the change in U.S. dollars.

### ***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 excluding LifeSize increased moderately in fiscal year 2011 compared with 2010, primarily due to increased personnel expenses resulting from normal salary and bonus increases related to our improved profitability compared with the preceding fiscal year.

General and administrative expense declined in fiscal year 2010, primarily due to a decrease of 5% in personnel costs, as headcount was reduced. The headcount reduction was offset by the addition of LifeSize personnel in the fourth quarter of fiscal year 2010. 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.

If foreign currency exchange rates had been the same in fiscal years 2011 and 2010, the percentage change in constant dollar general and administrative expenses would be the same as the percentage change in U.S. dollars. 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%.

### ***Restructuring Charges***

Restructuring charges represent the costs associated with a restructuring plan initiated in January 2009, and consist of termination benefits to approximately 500 employees, pension plan curtailment and settlement costs, 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 following table summarizes restructuring-related activities during fiscal years 2011, 2009 and 2010 (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>
Cash payments .....	(322)	(9)	—	(334)	21
Other .....	(74)	(149)	—	—	75
Foreign exchange .....	(3)	—	—	—	(3)
Balance at March 31, 2011 .....	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

#### ***Interest Income, Net***

Interest income and expense for fiscal years 2011, 2010 and 2009 were as follows (in thousands):

	<u>Year Ended March 31,</u>			<u>Change %</u>	
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2010 vs 2009</u>	<u>2009 vs 2008</u>
Interest income .....	\$2,343	\$2,406	\$8,648	(3)%	(72)%
Interest expense .....	(27)	(286)	(20)	(91)%	1330%
Interest income, net .....	<u><u>\$2,316</u></u>	<u><u>\$2,120</u></u>	<u><u>\$8,628</u></u>	9%	(75)%

Interest income was slightly lower in fiscal year 2011 due to lower invested balances offset by slightly higher interest rates. In fiscal year 2010 compared with 2009, both invested balances and interest rates were significantly lower.

### **Other Income, Net**

Other income and expense for fiscal years 2011, 2010 and 2009 were as follows (in thousands):

	Year Ended March 31,			Change %	
	2011	2010	2009	2011 vs 2010	2010 vs 2009
Foreign currency exchange gains, net . . . . .	\$ 480	\$ 1,720	\$ 13,680	(72)%	(87)%
Investment income (loss) related to management deferred compensation plan . . . . .	1,409	1,221	(2,883)	15%	142%
Gain on sale of building . . . . .	838	—	—	—	—
Write-down of investments . . . . .	(43)	(643)	(2,727)	93%	76%
Other, net . . . . .	792	841	441	(6)%	91%
Other income, net . . . . .	<u>\$ 3,476</u>	<u>\$ 3,139</u>	<u>\$ 8,511</u>	11%	(63)%

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 gains on currency sales in fiscal years 2011 and 2010 were largely 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. The higher foreign exchange gains during fiscal year 2009 were due to gains on sales of euros for U.S. dollars. We do not speculate in currency positions, but we are alert to opportunities to maximize foreign exchange gains.

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. In December 2010, the Company surrendered the life insurance contracts for cash, and invested the proceeds in a Company-selected portfolio of mutual funds. The trading investment income represents the earnings and realized and unrealized gains on the mutual funds portfolio.

The gain on sale of building relates to the sale of our building in Romanel, Switzerland.

We recorded write-downs of \$0.04 million, \$0.6 million and \$2.7 million in fiscal years 2011, 2010 and 2009 related to other-than-temporary declines in the estimated fair value of our investment securities.

### **Provision for Income Taxes**

The provision for income taxes and effective income tax rate for fiscal years 2011, 2010 and 2009 were as follows (in thousands):

	Year Ended March 31,		
	2011	2010	2009
Provision for income taxes . . . . .	\$ 19,988	\$ 18,666	\$ 19,761
Effective income tax rate . . . . .	13.5%	22.3%	15.6%

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 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.

The change in the effective income tax rate to 13.5% in fiscal year 2011 compared with 22.3% in fiscal year 2010 is due to discrete tax benefits of \$13.5 million from the expiration of statutes of limitations and the closure of income tax audits in certain jurisdictions. The increase in the effective income tax rate to 22.3% in fiscal year 2010 compared with 15.6% in fiscal year 2009 is primarily due to the mix of income and losses in the various tax jurisdictions in which we operate.

On December 17, 2010, the enactment in the U.S. of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 extended retroactively through the end of calendar year 2011 the U.S. federal research and development tax credit which had expired on December 31, 2009. Accordingly, the Company's income tax provision for fiscal year 2011 includes a tax benefit of \$2.2 million related to the U.S. federal research tax credit.

As of March 31, 2011 and 2010, the total amount of unrecognized tax benefits and related accrued interest and penalties due to uncertain tax positions was \$138.1 million and \$125.2 million, of which \$118.2 million and \$101.4 million would affect the effective income tax rate if recognized. The increase in income tax liability associated with uncertain tax positions in fiscal year 2011 was offset by expiration of statutes of limitations and the closure of income tax audits in certain jurisdictions.

The Company continues to recognize interest and penalties related to unrecognized tax positions in income tax expense. As of March 31, 2011 and 2010, the Company had approximately \$8.0 million and \$12.5 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. During the third quarter of fiscal year 2011, the U.S. Internal Revenue Service expanded its examination of the Company's U.S. subsidiary to include fiscal years 2008 and 2009 in addition to fiscal years 2006 and 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 tax jurisdictions. Although the timing of the resolution or closure on audits is highly uncertain, the Company does not believe it is reasonably possible that the unrecognized tax benefits would materially change in the next twelve months.

## **Liquidity and Capital Resources**

### ***Cash Balances, Available Borrowings, and Capital Resources***

At March 31, 2011, our working capital was \$605.7 million, compared with \$353.4 million at March 31, 2010. The increase in working capital over the prior year was due to increases in accounts receivable and inventories related to the increase in sales in fiscal year 2011, and a higher comparative cash balance. In fiscal year 2010, we paid cash of \$378.6 million for the acquisition of LifeSize.

During fiscal year 2011, operating activities provided net cash of \$156.6 million, generated from operations and increases in accounts payable. We used \$39.9 million in investing activities, including \$43.0 million for investments in tooling, computer hardware and software, and equipment. Net cash provided by financing activities was \$46.4 million, primarily from the proceeds of employee stock purchases and the exercise of stock options.

At March 31, 2011, we had cash and cash equivalents of \$477.9 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.

The Company has credit lines with several European and Asian banks totaling \$117.1 million as of March 31, 2011. 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, 2011, 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, 2011, we had \$0.7 million of letters of credit in place, of which \$0.1 million was outstanding. These letters of credit relate primarily to equipment purchases by a subsidiary in China, and expire between April and December 2011.

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 2011, 2010 and 2009 (dollars in thousands):

	Year Ended March 31,		
	2011	2010	2009
Accounts receivable, net . . . . .	\$ 258,294	\$ 195,247	\$ 213,929
Inventories . . . . .	\$ 280,814	\$ 219,593	\$ 233,467
Working capital . . . . .	\$ 605,666	\$ 353,370	\$ 709,382
Days sales in accounts receivable (DSO) <sup>(1)</sup> . . . . .	42 days	33 days	47 days
Inventory turnover (ITO) <sup>(2)</sup> . . . . .	5.2x	6.1x	5.2x
Net cash provided by operating activities . . . . .	\$ 156,551	\$ 365,259	\$ 200,587

(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 2011, the Company's operating activities generated net cash of \$156.6 million, compared with \$365.3 million in 2010 and \$200.6 million in 2009. The decrease in 2011 was the result of higher accounts receivable and inventory balances, due to increased sales, higher DSO, and inventory of the new Logitech Revue product, and smaller increases than fiscal year 2010 in accounts payable and accrued liabilities. The increase in cash provided by operating activities was higher in 2010 primarily due to targeted management of working capital, reflected in the lower DSO and higher ITO.

DSO for fiscal year 2011 increased by 9 days compared with fiscal year 2010 and decreased by 5 days over fiscal year 2009. The increase related to a decline in shipment linearity and slight changes in payment terms, as well as changes in the types of incentive promotions offered, which resulted in classification of the related accruals as a liability rather than a deduction from accounts receivable. The decrease in fiscal year 2010 over 2009 resulted from 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 2011 decreased compared with 2010, and was comparable with fiscal year 2009. Inventory turns decreased between fiscal years 2011 and 2010 primarily due to higher inventory levels in comparison with sales in the fourth quarter of fiscal year 2011. We also increased inventory levels to improve our flexibility in servicing customers' needs in fiscal year 2012 and added approximately \$25 million of Logitech Revue inventory. The improvement in ITO from fiscal year 2009 to 2010 was driven by the increased in sales in the fourth quarter of fiscal year 2010, compared with the same period in 2009.

### **Cash Flow from Investing Activities**

Cash flows from investing activities during fiscal years 2011, 2010 and 2009 were as follows (in thousands):

	<b>Year Ended March 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Purchases of property, plant and equipment . . . . .	\$(43,039)	\$ (39,834)	\$ (48,263)
Purchases of trading investments. . . . .	(19,075)	—	—
Proceeds from cash surrender of life insurance policies . . . . .	11,313	813	—
Proceeds from sale of business. . . . .	9,087	—	—
Acquisitions and investments, net of cash acquired. . . . .	(7,300)	(388,809)	(64,430)
Sales of trading investments. . . . .	6,470	—	—
Proceeds from sale of property, plant and equipment . . . . .	2,688	—	—
Premiums paid on cash surrender value life insurance policies . . . . .	(5)	—	(427)
Net cash used in investing activities. . . . .	<u>\$(39,861)</u>	<u>\$ (427,830)</u>	<u>\$(113,120)</u>

Our purchases of property, plant and equipment during fiscal years 2011, 2010 and 2009 were principally for computer hardware and software purchases, machinery and equipment and normal expenditures for tooling. Purchasing activity was lower in fiscal years 2011 and 2010 compared with 2009 as we focused our cash outlays on critical capital needs.

In December 2010, we surrendered the Company-owned life insurance contracts held in a Rabbi Trust representing investments of a management deferred compensation plan offered by one of the Company's subsidiaries. We invested the proceeds of \$11.3 million from the life insurance contracts, in addition to \$0.8 million in cash held by the Rabbi Trust, investment earnings and employee contributions, in a Company-selected portfolio of mutual funds, which are also held in the Rabbi Trust. The purchases and sales of trading investments represent mutual fund activity directed by plan participants within the confines of the Rabbi Trust. The proceeds from cash surrender of life insurance policies in fiscal year 2010 and the premiums paid on life insurance in fiscal years 2011 and 2009 related to the life insurance contracts formerly held by the Company.

On March 31, 2011, we sold our equity interest in certain 3Dconnexion subsidiaries and the related intellectual property rights for \$9.1 million, not including cash retained. The loss resulting from the sale was not material.

In fiscal year 2011, we acquired substantially all of the assets of Paradiat AS for \$7.3 million in a business combination. 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.

Proceeds from the sale of property, plant and equipment in fiscal year 2011 were related to the sale of our building in Romanel, Switzerland.

### ***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 2011, 2010 and 2009 (in thousands except per share amounts):

	Year Ended March 31,		
	2011	2010	2009
Proceeds from sale of shares upon exercise of options and purchase rights . . . . .	\$42,969	\$ 28,917	\$ 31,119
Excess tax benefits from share-based compensation . . . . .	3,455	2,814	6,592
Purchases of treasury shares . . . . .	—	(126,301)	(78,870)
Repayments of debt . . . . .	—	(13,630)	—
Net cash provided by (used in) financing activities . . . . .	<u>\$46,424</u>	<u>\$ (108,200)</u>	<u>\$ (41,159)</u>

	Year Ended March 31,		
	2011	2010	2009
Number of shares repurchased . . . . .	—	7,425	2,803
Value of shares repurchased . . . . .	\$ —	\$ 126,301	\$ 78,870
Average price per share . . . . .	\$ —	\$ 17.01	\$ 28.14

In fiscal years 2011, 2010 and 2009, we received proceeds from the sale of 4.0 million, 3.1 million and 3.1 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.

During fiscal years 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. The June 2007 buyback program, which was completed in March 2010, authorized the purchase of up to \$250.0 million in Logitech shares. No share repurchases were made in fiscal year 2011 under the share buyback program approved by our Board of Directors in September 2008, which authorizes the Company to invest up to \$250 million to purchase its own shares.

In fiscal year 2010, we repaid \$13.6 million of short and long-term debt assumed when we acquired LifeSize Communications.

### ***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, uncertainty regarding future global economic conditions could adversely affect our operations and require the use of cash.

In connection with the acquisition of LifeSize Communications, Inc. in December 2009, Logitech agreed to establish a cash 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. Approximately \$5.6 million is accrued as of March 31, 2011.

In September 2008, our Board of Directors approved a share buyback program, which authorizes the Company to invest up to \$250 million to purchase its own shares. As of May 24, 2011, we have not made any repurchases under the September 2008 program.

On October 12, 2010, the legislature of the U.S. state of California enacted a fiscal budget bill which extended the suspension of net operating losses for tax years beginning on or after January 1, 2008 through January 1, 2012. The legislation also affects the methodology used by corporate taxpayers to apportion income to California and modifies the large corporate underpayment penalty effective for our fiscal years ending March 31, 2011 and 2012. Although the Company has significant operations in California, we believe these changes will not have a material impact on our results of operations, cash flows or financial condition.

During the third quarter of fiscal year 2011, the U.S. Internal Revenue Service expanded its examination of the Company's U.S. subsidiary to include fiscal years 2008 and 2009 in addition to fiscal years 2006 and 2007. The Company is also under examination in other tax jurisdictions. As of March 31, 2011, 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 \$156.6 million in fiscal year 2011. 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, 2011, the Company's outstanding contractual obligations and commitments included: (i) facilities leased under operating lease commitments, (ii) purchase commitments and obligations, (iii) long-term liabilities for income taxes payable, and (iv) defined benefit pension plan and non-retirement post-employment benefit obligations. The following summarizes our contractual obligations and commitments at March 31, 2011 (in thousands):

	Total	Payments Due by Period			
		Less than 1 year	1-3 years	4-5 years	More than 5 years
Operating leases . . . . .	\$ 72,591	\$ 18,023	\$ 25,469	\$ 14,832	\$ 14,267
Purchase commitments — inventory . . . . .	165,286	165,286	—	—	—
Purchase obligations — capital expenditures . . . . .	10,724	10,724	—	—	—
Purchase obligations — operating expenses . . . . .	49,839	49,839	—	—	—
Income taxes payable — non-current <sup>(1)</sup> . . . . .	131,968	—	—	—	—
Obligation for management deferred compensation <sup>(1)</sup> . . . . .	13,076	—	—	—	—
Pension and post-employment obligations <sup>(1)</sup> . . . . .	26,645	—	—	—	—
Other long-term liabilities <sup>(2)</sup> . . . . .	14,146	—	—	—	—
Total contractual obligations and commitments . . . . .	<u>\$ 484,275</u>	<u>\$ 243,872</u>	<u>\$ 25,469</u>	<u>\$ 14,832</u>	<u>\$ 14,267</u>

- (1) As specific payment dates for these obligations are unknown, the related balances have not been reflected in the "Payments Due by Period" section of the table.
- (2) Other long-term liabilities at March 31, 2011 included \$4.3 million of royalties payable, \$5.6 million in deferred service revenue, and \$4.2 million related to various other obligations. As specific payment dates for these obligations are unknown, the related balances have not been reflected in the "Payments Due by Period" section of the table.



### ***Operating Leases***

The 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. 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, 2011 were \$1.6 million.

In May, 2011 we signed a new lease for facilities which will house our Americas operations in Northern California, replacing our leased facilities in Fremont, California. Our future contractual obligation in connection with this lease is approximately \$35 million.

### ***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, 2011, fixed purchase commitments for capital expenditures amounted to \$10.7 million, and primarily relate to commitments for manufacturing equipment and tooling. 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, 2011, fixed purchase commitments for inventory amounted to \$165.3 million, which are expected to be fulfilled by September 2011. We also had other commitments of \$49.8 million for consulting services, marketing arrangements, advertising, outsourced customer services 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 delivery of goods or performance of services.

### ***Income Taxes Payable***

At March 31, 2011, we had \$132.0 million in non-current income taxes payable, including interest and penalties, related to our income tax liability for recognized uncertain tax positions. As specific payment dates for these obligations are unknown, the related balances have not been reflected in the "Payments Due by Period" section of the table. 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. We do not anticipate that this liability will change substantially within the next 12 months.

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. During the third quarter of fiscal year 2011, the U.S. Internal Revenue Service expanded its examination of the Company's U.S. subsidiary to include fiscal years 2008 and 2009 in addition to fiscal years 2006 and 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 tax jurisdictions. Although timing of the resolution or closure on audits is highly uncertain, the Company does not believe it is reasonably possible that the unrecognized tax benefits would materially change in the next twelve months.

### ***Obligation for Management Deferred Compensation***

At March 31, 2011, we had \$13.1 million in liabilities related to a management deferred compensation plan offered by one of the Company's subsidiaries. As specific payment dates for these obligations are unknown, the related balances have not been reflected in the "Payments Due by Period" section of the table. See Note 12 — Employee Benefit Plans for more information.

### ***Pension and Post-Employment Obligations***

At March 31, 2011, we had \$30.2 million in liabilities related to our defined benefit pension plans and non-retirement post-employment benefit obligations, of which \$3.6 million is payable in the next 12 months. As specific payment dates for these obligations are unknown beyond a 12-month period, the related balances have not been reflected in the “Payments Due by Period” section of the table. See Note 12 — 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, 2011, there were no outstanding guaranteed purchase obligations. The maximum potential future payments for two of the three guarantee arrangements is limited to \$30.0 million in total. The third guarantee is 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 \$54.7 million as of March 31, 2011. As of March 31, 2011, \$10.3 million was outstanding under these guarantees. The parent holding company has also guaranteed the purchases of one of its subsidiaries under three guarantee arrangements. Two of these guarantees do not specify a maximum amount. The third guarantee is limited to \$7.0 million. As of March 31, 2011, \$4.9 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, but in some instances, includes 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 at March 31, 2011. 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, 2011, we had \$0.7 million of letters of credit in place, of which \$0.1 million was outstanding. These letters of credit relate primarily to equipment purchases by a subsidiary in China, and expire between April and December 2011.

## 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,		
	2011	2010	2009
EMEA .....	\$ 872,774	\$ 882,635	\$ 1,001,337
Americas .....	1,032,988	729,473	785,862
Asia Pacific .....	457,124	354,640	421,633
Total net sales .....	<u>\$2,362,886</u>	<u>\$1,966,748</u>	<u>\$2,208,832</u>

Revenues from sales to customers in Switzerland, our home domicile, represented a small portion of our total consolidated net sales in fiscal years 2011, 2010, and 2009. In fiscal years 2011 and 2009, no single country other than the United States represented more than 10% of our total consolidated net sales. The United States and Germany each represented more than 10% of our total consolidated net sales for fiscal year 2010.

In fiscal years 2011, 2010 and 2009, Ingram Micro Inc. and its affiliated entities together accounted for 12%, 13% and 14% of our net sales. No other customer individually accounted for more than 10% of our net sales during fiscal years 2011, 2010 and 2009. 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. Under one agreement, the Ingram Micro entity may return aged products or take a nominal credit for inventory held over 60 days.

#### *Marketing*

Logitech builds awareness of our products and recognition of the Logitech brand through targeted advertising, public relations efforts, social media, 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 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 retail channels, Logitech's direct sales force sells to distributors and large retailers. These distributors in North America include Ingram Micro, Tech Data Corporation, D&H Distributing, and Synnex Corporation. 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 and Copaco Dc B.V. in the Netherlands. In Asia, major distributors include Beijing Digital China Limited in China, Daiwabo in Japan, and the pan-Asian distributor, Ingram Micro. Our distributor customers typically resell products to retailers, value-added resellers, systems integrators and other distributors with whom Logitech does not have a direct relationship.

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, Wal-Mart, Staples, Target, and Office Depot. In Europe, chains include Metro Group (MediaMarkt and Saturn), Carrefour Group, Kesa Electricals, Fnac, and Dixons Stores Group PLC, and in Asia Pacific, Australia's Dick Smith Electronics Limited. 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. The trading symbol for Logitech shares is LOGI on Nasdaq and LOGN on the SIX Swiss Exchange. As of May 2, 2011, there were 191,606,620 shares issued (including 12,414,932 shares held as treasury stock) held by 20,842 holders of record, and the closing price of our shares was CHF 11.82 (\$13.65 based on exchange rates on such date) per share on the SIX Swiss Exchange and \$13.54 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	\$	\$
<b>Quarterly Highs and Lows:</b>				
Fiscal year 2011:				
First quarter .....	18.76	14.76	17.48	13.66
Second quarter .....	17.25	14.24	16.54	13.18
Third quarter .....	20.53	16.64	20.64	17.08
Fourth quarter .....	18.78	16.12	19.28	17.50
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.

	Price per share on Nasdaq	
	High	Low
	\$	\$
<b>Quarterly Highs and Lows:</b>		
Fiscal year 2011:		
First quarter .....	17.84	13.41
Second quarter .....	16.54	13.36
Third quarter .....	21.89	17.02
Fourth quarter .....	19.97	17.69
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.

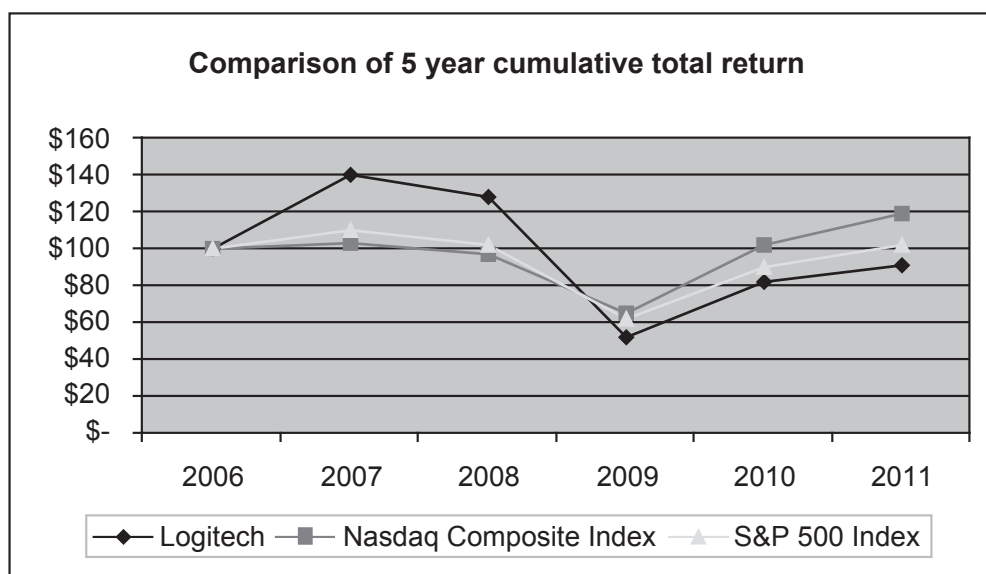
### **Share Repurchases**

In fiscal year 2011, we did not purchase any of our equity securities. In September 2008, our Board of Directors approved a share buyback program which authorizes the Company to invest up to \$250 million to purchase its own shares. As of May 25, 2011, 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, 2006, and calculates the annual return through March 31, 2011. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



	<u>March 31,</u>					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Logitech .....	\$100	\$140	\$128	\$52	\$82	\$91
Nasdaq Composite Index .....	\$100	\$103	\$97	\$65	\$102	\$119
S&P 500 IT Index.....	\$100	\$110	\$102	\$62	\$90	\$102



## SELECTED FINANCIAL DATA

The financial data below should be read in conjunction with Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These historical results are not necessarily indicative of the results to be expected in the future.

	Year ended March 31,				
	2011	2010	2009	2008	2007
	(In thousands, except per share amounts)				
<b>Consolidated statements of operations and cash flow data:</b>					
Net sales	\$ 2,362,886	\$ 1,966,748	\$ 2,208,832	\$ 2,370,496	\$ 2,066,569
Gross profit	836,506	626,896	691,226	849,118	709,525
Operating expenses:					
Marketing and selling	420,580	304,788	319,167	324,451	272,264
Research and development	156,390	135,813	128,755	124,544	108,256
General and administrative	116,880	106,147	113,103	113,443	98,143
Restructuring charges	—	1,784	20,547	—	—
Total operating expenses	693,850	548,532	581,572	562,438	478,663
Operating income	142,656	78,364	109,654	286,680	230,862
Net income	\$ 128,460	\$ 64,957	\$ 107,032	\$ 231,026	\$ 229,848
Net income per share:					
Basic	\$ 0.73	\$ 0.37	\$ 0.60	\$ 1.27	\$ 1.26
Diluted	\$ 0.72	\$ 0.36	\$ 0.59	\$ 1.23	\$ 1.20
Shares used to compute net income per share:					
Basic	176,928	177,279	178,811	181,362	182,635
Diluted	178,790	179,340	182,911	187,942	190,991
Net cash provided by operating activities	\$ 156,551	\$ 365,259	\$ 200,587	\$ 393,079	\$ 303,825
	March 31,				
	2011	2010	2009	2008	2007
	(In thousands)				
<b>Consolidated balance sheet data:</b>					
Cash and cash equivalents	\$ 477,931	\$ 319,944	\$ 492,759	\$ 482,352	\$ 196,197
Short-term investments	\$ —	\$ —	\$ 1,637	\$ 3,940	\$ 214,625
Total assets	\$ 1,861,556	\$ 1,599,678	\$ 1,421,530	\$ 1,526,932	\$ 1,327,463
Shareholders’ equity	\$ 1,205,001	\$ 999,715	\$ 997,708	\$ 960,044	\$ 844,524

## 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 CNY (Chinese renminbi), Taiwanese dollar, euro, British pound, Mexican peso, Japanese yen and Canadian dollar. The functional currency of the Company's operations is primarily the U.S. dollar. To a lesser extent, certain operations use the euro, Chinese renminbi, Swiss franc 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, 2011. The table also presents 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	\$58,969	\$ (5,361)	\$6,552
Taiwanese dollar . . . . .	U.S. dollar	21,377	(1,943)	2,375
Euro . . . . .	British pound	14,606	(1,328)	1,623
Mexican peso . . . . .	U.S. dollar	(8,715)	792	(968)
Japanese yen . . . . .	U.S. dollar	(7,345)	668	(816)
Euro . . . . .	U.S. dollar	(2,743)	249	(305)
Canadian dollar . . . . .	U.S. dollar	2,624	(239)	292
Euro . . . . .	Swedish krona	(1,591)	145	(177)
Euro . . . . .	Russian rouble	1,109	(101)	123
Euro . . . . .	Swiss franc	(1,095)	100	(122)
Australian dollar . . . . .	U.S. dollar	817	(74)	91
Euro . . . . .	United Arab Emirates dirham	(547)	50	(61)
		<u>\$77,466</u>	<u>\$ (7,042)</u>	<u>\$8,607</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 maintains a portion of its cash investments in CNY-denominated accounts. At March 31, 2011, net assets held in CNY totaled \$59.0 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 mature within three 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). As of March 31, 2011, the notional amounts of foreign exchange forward contracts outstanding related to forecasted inventory purchases were \$54.9 million (€38.7 million). Deferred realized losses of \$1.2 million are recorded in accumulated other comprehensive loss at March 31, 2011, and are expected to be reclassified to cost of goods sold when the related inventory is sold. Deferred unrealized losses of \$1.8 million related to open cash flow hedges are also recorded in accumulated other comprehensive loss as of March 31, 2011 and these forward contracts will be revalued in future periods until the related inventory is sold, at which time the resulting gains or losses will be reclassified to cost of goods 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 two 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, 2011 relating to foreign currency receivables or payables were \$12.9 million. Open forward contracts as of March 31, 2011 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, 2011 were \$17.1 million. Swap contracts outstanding at March 31, 2011 consisted of contracts in Canadian dollars, Japanese yen, and Mexican pesos. Unrealized net losses on the contracts outstanding at March 31, 2011 were \$0.4 million.

If the U.S. dollar had appreciated by 10% at March 31, 2011 compared with the foreign currencies in which we have forward or swap contracts, an unrealized gain of \$5.7 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 \$8.6 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, 2011 and March 31, 2010 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.

**LOGITECH INTERNATIONAL S.A.**

**QUARTERLY FINANCIAL DATA  
(Unaudited)**

The following table contains selected unaudited quarterly financial data for fiscal years 2011 and 2010 (in thousands except per share amounts):

	Year ended March 31, 2011				Year ended March 31, 2010			
	First	Second	Third	Fourth*	First	Second	Third	Fourth
Net sales . . . . .	\$479,330	\$581,884	\$754,054	\$547,618	\$326,110	\$498,093	\$617,101	\$525,444
Gross profit . . . . .	169,029	216,934	271,173	179,370	77,822	151,788	208,964	188,322
Operating expenses:								
Marketing and selling . . . . .	91,477	97,412	124,914	106,777	58,938	68,835	87,322	89,693
Research and development . . . . .	38,389	40,927	38,955	38,119	31,360	31,825	32,931	39,697
General and administrative . . . . .	27,360	27,420	31,264	30,836	21,181	23,739	30,284	30,943
Restructuring charges . . . . .	—	—	—	—	1,449	45	—	290
Total operating expense . . . . .	157,226	165,759	195,133	175,732	112,928	124,444	150,537	160,623
Operating income (loss) . . . . .	11,803	51,175	76,040	3,638	(35,106)	27,344	58,427	27,699
Net income (loss) . . . . .	\$19,522	\$41,160	\$65,002	\$2,776	\$(37,365)	\$20,743	\$57,086	\$24,493
Net income (loss) per share**:								
Basic . . . . .	\$0.11	\$0.23	\$0.37	\$0.02	\$(0.21)	\$0.12	\$0.33	\$0.14
Diluted . . . . .	\$0.11	\$0.23	\$0.36	\$0.02	\$(0.21)	\$0.11	\$0.32	\$0.14
Shares used to compute net income (loss) per share:								
Basic . . . . .	175,492	176,359	177,233	178,562	179,751	178,395	175,426	175,738
Diluted . . . . .	177,358	177,958	179,703	180,423	179,751	180,989	177,668	177,967

\* Net income for the fourth quarter includes \$5.7 million in pretax charges related to sales incentive allowances from fiscal year 2010 and prior quarters in fiscal year 2011. The Company reviewed the accounting errors utilizing SEC Staff Accounting Bulletin No. 99, *Materiality* and SEC Staff Accounting Bulletin No. 108, *Effects of Prior Year Misstatements on Current Year Financial Statements*, and determined the impact of the errors to be immaterial to any period presented.

\*\* 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, 2011				Year ended March 31, 2010			
	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 . . . . .	35.3	37.3	36.0	32.8	23.9	30.5	33.9	35.8
Operating expenses:								
Marketing and selling . . . . .	19.1	16.7	16.6	19.5	18.1	13.8	14.2	17.1
Research and development . . . . .	8.0	7.0	5.2	7.0	9.6	6.4	5.3	7.6
General and administrative . . . . .	5.7	4.7	4.1	5.6	6.5	4.8	4.9	5.9
Restructuring charges . . . . .	—	—	—	—	0.4	—	—	—
Total operating expense . . . . .	32.8	28.5	25.9	32.1	34.6	25.0	24.4	30.6
Operating income (loss) . . . . .	2.5	8.8	10.1	0.7	(10.7)	5.5	9.5	5.2
Net income (loss) . . . . .	4.1%	7.1%	8.6%	0.5%	(11.5)%	4.2%	9.3%	4.7%

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# **REPORT ON CORPORATE GOVERNANCE 2011**



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## 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 elsewhere in our Annual Report, Invitation and Proxy Statement for our 2011 Annual General Meeting, of which this Report is a part.

### 1. GROUP STRUCTURE AND SHAREHOLDERS

#### 1.1 *Operational Group Structure*

Logitech is a world leader in products that connect people to digital experiences. Spanning multiple computing, communication and entertainment platforms, we develop and market innovative hardware and software products that enable or enhance digital navigation, music and video entertainment, gaming, social networking, audio and video communication over the Internet, video security and home-entertainment control.

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 (including North and South America), EMEA (Europe, Middle East, Africa) and Asia Pacific (including, among other countries, China, Taiwan, Japan, India and Australia). 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, 2011, our market capitalization, based on outstanding shares of 179,173,006, net of treasury shares, amounted to approximately \$3.2 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, 2011.

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 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 pages 178 and 179. None of Logitech International S.A.'s subsidiaries have securities listed on a stock exchange as of March 31, 2011.

Please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations under the heading "Overview of our Company" in our Annual Report, Invitation and Proxy Statement for further information on Logitech's operational group structure.

## 1.2 Significant Shareholders

### Greater than 3% Shareholders as of March 31, 2011

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, 2011. The number of voting rights of the Company as of March 31, 2011 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, 2011, 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 on page 84 of the Company's Annual Report, Invitation and Proxy Statement for the 2011 Annual General Meeting, under the heading "Security Ownership of Certain Beneficial Owners and Management as of June 30, 2011".

<u>Name</u>	<u>Number of Shares</u>	<u>% of Voting Rights<sup>(1)</sup></u>	<u>Relevant Date</u>
Daniel Borel <sup>(2)</sup> . . . . .	11,356,636	5.9%	March 31, 2011
Logitech International S.A. . . . .	12,433,614	6.5%	March 31, 2011
FMR LLC <sup>(3)</sup> . . . . .	9,272,440	4.8%	December 31, 2010
Thornburg Investment Management <sup>(4)</sup> . . . . .	17,686,835	9.2%	July 30, 2010
The Bank of New York Mellon Corporation <sup>(5)</sup> . . . . .	6,467,865	3.4%	February 7, 2011
AXA Group <sup>(6)</sup> . . . . .	9,944,400	5.2%	November 23, 2010

- (1) 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, 2011.
- (2) Includes (a) 53,000 shares held by a charitable foundation, of which Mr. Borel and other members of his family are board members, (b) 26,500 shares held by one of Mr. Borel's children, and (c) 6,500 shares held by Mr. Borel's spouse. Mr. Borel has not entered into any written shareholders' agreements.
- (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 14, 2011, 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 on behalf of their investment clients is based on a notification received by the Company on August 2, 2010. After March 31, 2011 the Company was notified by Thornburg that their ownership fell below 3% effective May 30, 2011.
- (5) Number of shares held by The Bank of New York Mellon Corporation on behalf of certain direct and indirect subsidiaries is based on a notification received by the Company on February 14, 2011. After March 31, 2011 the Company was notified by The Bank of New York Mellon Corporation that their ownership fell below 3% effective June 9, 2011.
- (6) Number of shares held by the AXA Group and its subsidiaries is based on a notification received by the Company on November 26, 2010.

In addition, as of March 31, 2011, a total of 18,682,084 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. The notifications are published on the website of the SIX Swiss Exchange at [http://www.six-swiss-exchange.com/shares/companies/major\\_shareholders\\_en.html?fromDate=19980101&issuer=2769](http://www.six-swiss-exchange.com/shares/companies/major_shareholders_en.html?fromDate=19980101&issuer=2769)

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, 2011, 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, 2011 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 12 – 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, 2011, 2010, 2009 and 2008, 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,			
	2011	2010	2009	2008
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 . . . . .	281,565	419,770	389,648	400,710
Unappropriated retained earnings. . . . .	507,730	349,312	354,924	316,586
Total shareholders' equity . . . . .	<u>CHF 846,777</u>	<u>CHF 826,564</u>	<u>CHF 802,054</u>	<u>CHF 774,778</u>

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

	As of March 31,			
	2011	2010	2009	2008
Authorized share capital. . . . .	CHF —	CHF —	CHF —	CHF 10,000
First conditional share capital. . . . .	CHF 6,250	CHF 6,250	CHF 6,250	CHF 15,165
Second conditional share capital . . . . .	CHF 6,250	CHF 6,250	CHF 6,250	CHF —

For information on Logitech's shareholders' equity as of March 31, 2011 and 2010, refer to the Swiss Statutory Balance Sheets on page 231 of our Annual Report, Invitation and Proxy Statement.

During fiscal years 2011, 2010 and 2009, 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>
September 2008 . . . . .		\$250,000	September 2012	—	\$250,000
July 2007. . . . .		\$250,000	September 2010	March 2010	\$ —

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

	<u>Date of Announcement</u>	Amount Repurchased During Year ended March 31, <sup>(1)</sup>							
		<u>Program to date</u>		<u>2011</u>		<u>2010</u>		<u>2009</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>
September 2008 . . . . .		—	\$ —	—	\$ —	—	\$ —	—	\$ —
June 2007 . . . . .		11,978	\$ 250,555	—	\$ —	7,425	\$ 126,301	2,803	\$ 78,870

(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 this Annual Report, Invitation and Proxy Statement, under the heading "Equity Compensation Plan Information" at pages 125 to 126, 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 12 – 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 Annual Report, Invitation and Proxy Statement for the 2011 Annual General Meeting, under the heading "Corporate Governance and Board of Directors Matters" at pages 69 to 90.

## 4. Senior Management

### 4.1 Members of Senior Management

The members of our senior management, referred to by Logitech as our “executive officers,” are set out below.

<b>Guerrino De Luca</b> . . . . . 58 Years Old Director since 1998 Chairman of the Board of Directors, Acting President and Chief Executive Officer Italian and U.S. national	<i>Guerrino De Luca</i> has served as Chairman of the Logitech Board of Directors since January 2008 and as acting President and Chief Executive Officer since July 2011. 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.
<b>Gerald P. Quindlen</b> . . . . . 52 Years Old Former President and Chief Executive Officer U.S. national	<i>Gerald Quindlen</i> served as Logitech’s President and Chief Executive Officer from January 2008 to July 2011. 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.
<b>Erik Bardman</b> . . . . . 44 Years Old Senior Vice President, Finance and Chief Financial Officer U.S. national	<i>Erik Bardman</i> 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.



<p><b>Werner Heid</b> .....</p> <p>52 Years Old</p> <p>Senior Vice President, Worldwide Sales &amp; Marketing</p> <p>German national</p>	<p><i>Werner Heid</i> joined Logitech as Senior Vice President, Worldwide Sales &amp; 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>
<p><b>Junien Labrousse</b> .....</p> <p>53 Years Old</p> <p>Executive Vice President, Products and President, Logitech Europe</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, Executive Vice President, Products in March 2007 and President, Logitech Europe, in September 2010. Prior to joining Logitech, he was Vice President of Engineering from 1995 to 1997 at Winnov LP, a U.S. company engaged in the development and marketing of multimedia products. For more than 10 years he held several engineering and management positions at Royal Philips Electronics NV, a global electronics company, in research and in the semiconductor business division. Mr. Labrousse holds an MS degree in Electrical Engineering from the Ecole Superieure d'Ingenieurs de Marseille, France and an MBA degree from Santa Clara University in California.</p>
<p><b>L. Joseph Sullivan</b> .....</p> <p>58 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 on pages 91 to 126 of our Annual Report, Invitation and Proxy Statement for our 2011 Annual General Meeting, of which this Report is a part, 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 2011 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, 2011, among other disclosures, please refer to Note 18 – Other Disclosures Required by Swiss Law – in the Consolidated Financial Statements included in the 2011 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 2011 Annual General Meeting, and combined it with its Annual Report required under Swiss law and U.S. law to create one convenient document for shareholders. 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, 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 our Compensation Report at pages 91 to 126 of our Annual Report, Invitation and Proxy Statement for the 2011 Annual General Meeting, of which this Report is a part, for information on the severance and change of control agreements in place with Logitech's executive officers, and regarding the potential payments in the event of termination of service of an executive officer or a change-in-control of Logitech.

## 8. Auditors

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

The Company's auditors are currently PricewaterhouseCoopers SA, Lausanne branch, 45, Avenue C.F. Ramuz, P.O. Box 1172, CH-1001, Lausanne, Switzerland. PwC assumed its first audit mandate for Logitech in 1988. They were re-elected as the Company's auditors in September 2010. The responsible principal audit partner as of March 31, 2011 is Michael Foley. 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 Annual Report, Invitation and Proxy Statement for the 2011 Annual General Meeting, under the heading "Independent Public Accountants" and "Report of the Audit Committee" for further information regarding the audit and non-audit fees paid by Logitech to PricewaterhouseCoopers during fiscal year 2011, 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 27, 2011
Q3FY11 Earnings Release and Conference Call . . . . .	January 26, 2012
Q4FY11 Earnings Release and Conference Call . . . . .	April 26, 2012

The Company's 2011 Annual General Meeting is to be held September 7, 2011 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, Invitation and Proxy Statement, or a notice that such documents are available. The Annual Report section of the document 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 section of the document 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 10-K, 10-Q, 8-K, our proxy statement related to our annual shareholders' meeting, including our Compensation Report on executive officer and Board member compensation, and any amendments to those reports or statements filed or furnished pursuant to U.S. securities laws or Swiss 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](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: [investorrelations@logitech.com](mailto:investorrelations@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>	
<b>EUROPE</b>				
Labtec Europe S.A. . . . . .	Switzerland	100	CHF	150,000
Logi Trading and Services Limited Liability Company . . . . .	Hungary	100	HUF	3,000,000
Logitech U.K. Limited . . . . .	United Kingdom	100	EUR	20,000
Logitech (Jersey) Limited. . . . .	Jersey, Channel Islands	100	USD	188
Logitech Czech Republic, s.r.o. . . . .	Czech Republic	100	CZK	200,000
Logitech Espana BCN SL. . . . .	Spain	100	EUR	50,000
Logitech Europe S.A. . . . . .	Switzerland	100	CHF	100,000
SAS Logitech France . . . . .	Republic of France	100	EUR	182,939
Logitech GmbH . . . . .	Federal Republic of Germany	100	EUR	25,565
Logitech Ireland Services Limited. . . . .	Ireland	100	EUR	3
Logitech Italia SRL . . . . .	Republic of Italy	100	EUR	20,000
Logitech Nordic AB . . . . .	Sweden	100	SEK	100,000
Logitech Benelux B.V. . . . . .	Kingdom of the Netherlands	100	EUR	18,151
Logitech Poland Spolka z.o.o. . . . . .	Poland	100	PLN	50,000
Logitech S.A. . . . . .	Switzerland	100	CHF	200,000
Logitech Austria GmbH . . . . .	Austria	100	EUR	35,000
Logitech Middle East FZ-LLC . . . . .	United Arab Emirates	100	AED	100,000
Logitech (Streaming Media) SA. . . . .	Switzerland	100	CHF	100,000
Logitech Hellas MEPE . . . . .	Greece	100	EUR	18,000
Logitech Schweiz AG . . . . .	Switzerland	100	CHF	100,000
Logi Trading and Services LLC. . . . .	Romania	100	HUF	3,000,000
Limited Liability Company “Logitech” . . . . .	Russia	100	RUB	20,000
Logi Peripherals Technologies (South Africa) (Proprietary) Limited . . . . .	South Africa	100	ZAR	1,000
LifeSize Communications Limited . . . . .	United Kingdom	100	GBP	10,000
LifeSize Communications, GmbH. . . . .	Federal Republic of Germany	100	EUR	25,000
Logitech Norway AS . . . . .	Norway	100	NOK	100,000
<b>AMERICAS</b>				
Dexxa Accessorios De Informatica Do Brasil Ltda. . . . .	Brazil	100	BRL	10,000
Logitech (Intrigue) Inc. . . . . .	Canada	100	CAD	1,661,340
Logitech de Mexico S.A. de C.V. . . . . .	Mexico	100	MXN	50,000
Logitech Canada Inc. . . . . .	Canada	100	CAD	100
Logitech Inc. . . . . .	United States of America	100	USD	11,522,396
Logitech (Streaming Media) Inc. . . . . .	United States of America	100	USD	10
Logitech (Slim Devices) Inc. . . . . .	United States of America	100	USD	10
WiLife, Inc. . . . . .	United States of America	100	USD	10
Logitech Servicios Latinoamérica, S.A. de C.V. . . . . .	Mexico	100	MXN	50,000
Ultimate Ears LLC . . . . .	United States of America	100	USD	—
Ultimate Ears Incorporated . . . . .	United States of America	100	USD	10
UE Consumer, LLC . . . . .	United States of America	100	USD	—
SightSpeed, Inc. . . . . .	United States of America	100	USD	1
LifeSize Communications, Inc. . . . . .	United States of America	100	USD	1
UE Acquisition Inc. . . . . .	United States of America	100	USD	10
Logitech Latin America Inc. . . . . .	United States of America	100	USD	1

**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>	
<b>ASIA PACIFIC</b>				
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
Logitech Asia Logistics Limited . . . . .	Hong Kong	100	USD	13
Logitech Asia Pacific Limited . . . . .	Hong Kong	100	USD	13
Logitech Australia Computer Peripherals Pty Limited . . . . .	Commonwealth of Australia	100	AUD	12
Logitech (Beijing) Trading Company Limited . . . . .	People's Republic of China	100	CNY	5,000,000
Logitech Technology (Shenzhen) Consulting Co., Ltd. . . . . .	People's Republic of China	100	HKD	110,000
Logitech Trading Pvt Ltd . . . . .	India	100	INR	50,000
Logitech Engineering & Designs India Private Limited . . . . .	India	100	INR	500,000

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, 2011.

*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 auditing standards generally accepted in the United States of America. 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, 2011 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



Michael Foley  
Audit expert  
Auditor in charge



Aurélien Capt  
Audit expert

Lausanne, May 31, 2011

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, 2011, listed in the index appearing on page 181.

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

	Year ended March 31,		
	2011	2010	2009
Net sales . . . . .	\$2,362,886	\$1,966,748	\$2,208,832
Cost of goods sold . . . . .	1,526,380	1,339,852	1,517,606
Gross profit . . . . .	836,506	626,896	691,226
Operating expenses:			
Marketing and selling . . . . .	420,580	304,788	319,167
Research and development . . . . .	156,390	135,813	128,755
General and administrative . . . . .	116,880	106,147	113,103
Restructuring charges . . . . .	—	1,784	20,547
Total operating expenses . . . . .	693,850	548,532	581,572
Operating income . . . . .	142,656	78,364	109,654
Interest income, net . . . . .	2,316	2,120	8,628
Other income, net . . . . .	3,476	3,139	8,511
Income before income taxes . . . . .	148,448	83,623	126,793
Provision for income taxes . . . . .	19,988	18,666	19,761
Net income . . . . .	<u>\$ 128,460</u>	<u>\$ 64,957</u>	<u>\$ 107,032</u>
Net income per share:			
Basic . . . . .	\$ 0.73	\$ 0.37	\$ 0.60
Diluted . . . . .	\$ 0.72	\$ 0.36	\$ 0.59
Shares used to compute net income per share:			
Basic . . . . .	176,928	177,279	178,811
Diluted . . . . .	178,790	179,340	182,911

The accompanying notes are an integral part of these consolidated financial statements.

**LOGITECH INTERNATIONAL S.A.**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except per share amounts)

	March 31,	
	2011	2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents .....	\$ 477,931	\$ 319,944
Accounts receivable .....	258,294	195,247
Inventories .....	280,814	219,593
Other current assets .....	59,347	58,877
Total current assets .....	1,076,386	793,661
Property, plant and equipment .....	84,160	91,229
Goodwill .....	547,184	553,462
Other intangible assets .....	74,616	95,396
Other assets .....	79,210	65,930
Total assets .....	\$1,861,556	\$1,599,678
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable .....	\$ 298,160	\$ 257,955
Accrued liabilities .....	172,560	182,336
Total current liabilities .....	470,720	440,291
Other liabilities .....	185,835	159,672
Total liabilities .....	656,555	599,963
Commitments and contingencies		
Shareholders' equity:		
Shares, par value CHF 0.25 — 191,606 issued and authorized and 50,000 conditionally authorized at March 31, 2011 and 2010 .....	33,370	33,370
Additional paid-in capital .....	—	14,880
Shares in treasury, at cost, 12,433 at March 31, 2011 and 16,435 at March 31, 2010 .....	(264,019)	(382,512)
Retained earnings .....	1,514,168	1,406,618
Accumulated other comprehensive loss .....	(78,518)	(72,641)
Total shareholders' equity .....	1,205,001	999,715
Total liabilities and shareholders' equity .....	\$1,861,556	\$1,599,678

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,		
	2011	2010	2009
Cash flows from operating activities:			
Net income . . . . .	\$128,460	\$ 64,957	\$ 107,032
Non-cash items included in net income:			
Depreciation . . . . .	48,191	56,380	44,021
Amortization of other intangible assets . . . . .	27,800	14,515	8,166
Share-based compensation expense related to options, restricted stock units and stock purchase rights . . . . .	34,846	25,807	24,503
Write-down of investments . . . . .	43	643	2,727
Gain on disposal of fixed assets . . . . .	(838)	—	—
Excess tax benefits from share-based compensation . . . . .	(3,455)	(2,814)	(6,592)
Loss (gain) on cash surrender value of life insurance policies . . .	(901)	(1,223)	2,868
In-process research and development . . . . .	—	—	1,000
Deferred income taxes and other . . . . .	(8,683)	(17,895)	(10,387)
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable . . . . .	(54,684)	28,489	152,496
Inventories . . . . .	(60,482)	30,942	(9,078)
Other assets . . . . .	5,825	15,038	14,615
Accounts payable . . . . .	37,714	94,155	(123,802)
Accrued liabilities . . . . .	2,715	56,265	(6,982)
Net cash provided by operating activities . . . . .	<u>156,551</u>	<u>365,259</u>	<u>200,587</u>
Cash flows from investing activities:			
Purchases of property, plant and equipment . . . . .	(43,039)	(39,834)	(48,263)
Purchases of trading investments . . . . .	(19,075)	—	—
Proceeds from cash surrender of life insurance policies . . . . .	11,313	813	—
Proceeds from sale of business . . . . .	9,087	—	—
Acquisitions and investments, net of cash acquired . . . . .	(7,300)	(388,809)	(64,430)
Sales of trading investments . . . . .	6,470	—	—
Proceeds from sale of property, plant and equipment . . . . .	2,688	—	—
Premiums paid on cash surrender value life insurance policies . . . .	(5)	—	(427)
Net cash used in investing activities . . . . .	<u>(39,861)</u>	<u>(427,830)</u>	<u>(113,120)</u>
Cash flows from financing activities:			
Proceeds from sale of shares upon exercise of options and purchase rights . . . . .	42,969	28,917	31,119
Excess tax benefits from share-based compensation . . . . .	3,455	2,814	6,592
Purchases of treasury shares . . . . .	—	(126,301)	(78,870)
Repayments of debt . . . . .	—	(13,630)	—
Net cash provided by (used in) financing activities . . . . .	<u>46,424</u>	<u>(108,200)</u>	<u>(41,159)</u>
Effect of exchange rate changes on cash and cash equivalents . . . . .	(5,127)	(2,044)	(35,901)
Net increase (decrease) in cash and cash equivalents . . . . .	157,987	(172,815)	10,407
Cash and cash equivalents at beginning of period . . . . .	319,944	492,759	482,352
Cash and cash equivalents at end of period . . . . .	<u>\$477,931</u>	<u>\$ 319,944</u>	<u>\$ 492,759</u>
Supplemental cash flow information:			
Interest paid . . . . .	\$ 25	\$ 66	\$ 143
Income taxes paid . . . . .	\$ 16,619	\$ 9,436	\$ 15,268

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, 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	<u>191,606</u>	<u>\$33,370</u>	<u>\$ 45,012</u>	<u>12,124</u>	<u>\$(341,454)</u>	<u>\$ 1,341,661</u>	<u>\$(80,881)</u>	<u>\$ 997,708</u>
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	<u>191,606</u>	<u>\$33,370</u>	<u>\$ 14,880</u>	<u>16,435</u>	<u>\$(382,512)</u>	<u>\$ 1,406,618</u>	<u>\$(72,641)</u>	<u>\$ 999,715</u>
Net income	—	—	—	—	—	128,460	—	128,460
Cumulative translation adjustment	—	—	—	—	—	—	5,005	5,005
Net deferred hedging loss	—	—	—	—	—	—	(4,366)	(4,366)
Actuarial loss on pension plan, net of tax of \$241	—	—	—	—	—	—	(7,260)	(7,260)
Unrealized gain on investment	—	—	—	—	—	—	744	744
Total comprehensive income	—	—	—	—	—	—	—	\$ 122,583
Tax benefit from exercise of stock options	—	—	4,783	—	—	—	—	4,783
Purchase of treasury shares	—	—	—	—	—	—	—	—
Sale of shares upon exercise of options and purchase rights	—	—	(54,614)	(4,002)	118,493	(20,910)	—	42,969
Share-based compensation expense	—	—	34,951	—	—	—	—	34,951
March 31, 2011	<u>191,606</u>	<u>\$33,370</u>	<u>\$ 0</u>	<u>12,433</u>	<u>\$(264,019)</u>	<u>\$ 1,514,168</u>	<u>\$(78,518)</u>	<u>\$ 1,205,001</u>

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 products that connect people to digital experiences. Spanning multiple computing, communications and entertainment platforms, we develop and market innovative hardware and software products that enable or enhance digital navigation, music and video entertainment, gaming, social networking, audio and video communication over the Internet, video security and home-entertainment control. Our products for the PC include mice, trackballs, keyboards, interactive gaming controllers, multimedia speakers, headsets, webcams, and lapdesks. Our Internet communications products include webcams, headsets, video communications services, and digital video security systems for a home or small business. 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, Squeezebox wireless music solutions and, in the United States, a line of Logitech products for the Google TV platform. For gaming consoles, we offer a range of gaming controllers and microphones, as well as other accessories. Our LifeSize division offers scalable HD (high-definition) video communications endpoints, all-in-one HD video conferencing systems, video infrastructure bridges and integrated LifeSize/Logitech products and services.

We sell our peripheral products to a network of distributors and resellers and to OEMs (original equipment manufacturers). We sell our LifeSize products and services to distributors, value-added resellers, OEMs and direct enterprise customers. The large majority of our revenues have historically been derived from sales of our 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, EMEA (Europe, Middle East, Africa) 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 U.S. GAAP (accounting principles generally accepted in the United States of America). 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.

Certain prior year financial statement amounts have been reclassified to conform to the current year presentation with no impact on previously reported net income.

##### *Fiscal Year*

The Company's fiscal year ends on March 31. Interim quarters are thirteen-week periods, each ending on a Friday. For purposes of presentation, the Company has indicated its quarterly periods as ending on the month end.

##### *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect reported amounts of assets, liabilities, net sales and expenses, and the disclosure of contingent assets and liabilities. Although these estimates are based on management's best knowledge of current events and actions that may impact the Company in the future, actual results could differ from those estimates.

## ***Foreign Currencies***

The functional currency of the Company's operations is primarily the U.S. dollar. To a lesser extent, certain operations use the euro, Chinese renminbi, Swiss franc 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.

For sales of most hardware peripherals products and hardware bundled with software incidental to its functionality, these criteria are met at the time delivery has occurred and title and risk of loss have transferred to the customer.

For multiple-deliverable revenue arrangements that include both undelivered software elements and hardware with software essential its functionality, the Company began using the following hierarchy as of April 1, 2010 to determine the relative selling price for allocating revenue to the deliverables: (i) VSOE (vendor specific objective evidence) of fair value, if available; (ii) TPE (third party evidence), if VSOE is not available; or (iii) ESP (estimated selling price), if neither VSOE or TPE is available. Management judgment must be used to determine the appropriate deliverables and associated relative selling prices. The Company has identified Logitech Revue and the LifeSize video conferencing products as products sold with software components that qualify as multiple-deliverable revenue arrangements.

The sale of Logitech Revue consists of three deliverables: hardware with essential software delivered at the time of sale, standalone hardware, and unspecified upgrades to the essential software delivered on a when-and-if-available basis. The relative selling price of the hardware with essential software is based on ESP, using the cost-plus margin method. The relative selling price of the standalone hardware is based on VSOE from sales of the product on a standalone basis. As future unspecified upgrades to the essential software are not sold on a standalone basis by Logitech or its competitors, the ESP for future upgrades is estimated as a percentage of the total market price for similar software products sold by third parties which include upgrade rights. Amounts allocated to the delivered hardware and essential software are recognized at the time of sale provided the other conditions for revenue recognition have been met. Amounts allocated to the future unspecified software upgrade rights are deferred and recognized ratably over the estimated 24-month life of the hardware.

LifeSize products include the following deliverables:

- Hardware with software essential to the functionality of the hardware device delivered at time of sale;
- Non-essential software;
- Maintenance for hardware with essential software, including future, when-and-if available unspecified upgrades;

- Maintenance for non-essential software, including future, when-and-if available unspecified upgrades;
- Other services including training and installation.

The relative selling price for LifeSize hardware with essential software and non-essential software is based on ESP, as VSOE and TPE cannot be established due to variable price discounting. Key factors considered in developing ESP are historical selling prices of the product, pricing of substantially similar products, and other market conditions. LifeSize sells maintenance for non-essential software, maintenance for hardware with essential software, and other services on a standalone basis, and therefore has established VSOE for those deliverables. Amounts allocated to the delivered hardware with essential software and non-essential software are recognized at the time of sale provided the other conditions for revenue recognition have been met. Amounts allocated to maintenance are deferred and recognized ratably over the maintenance period. Amounts allocated to other services are deferred and recognized upon completion of services. Prior to adopting the selling price hierarchy on April 1, 2010, LifeSize had established VSOE for all undelivered elements, which continued to be used as the relative selling price.

Separately priced maintenance contracts and extended service revenue on other Logitech 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 limited to a percentage approved by management. 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. Return trends are influenced by product life cycle status, new product introductions, market acceptance of products, sales levels, product sell-through, the type of customer, seasonality, product quality issues, competitive pressures, operational policies and procedures, and other factors. Return rates can fluctuate over time, but are sufficiently predictable to allow us to estimate expected future product returns.

The Company enters into customer marketing programs with many of our distribution and retail customers, and with certain indirect partners, 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 these marketing 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 performance-based incentives and consumer rebates. The Company offers performance-based incentives to its distribution customers, retail customers and indirect partners based on pre-determined performance criteria. Allowances for performance-based incentives are recognized as a reduction of the sale price at the time of sale. Estimates of required allowances 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 for the primary benefit of 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 agreements with certain of its customers that contain terms allowing price protection credits to be issued in the event of a subsequent price reduction. 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 of selected products to specific indirect partners. Management's decision to make price reductions is influenced by product life cycle stage, market acceptance of products, the competitive environment, new product introductions and other factors. Estimates of expected future pricing actions are recognized at the time of sale based on analyses of historical pricing actions by customer and by products, 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.

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 \$184.8 million, \$118.1 million and \$161.5 million in fiscal years 2011, 2010 and 2009. 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, but is exposed to credit risk in the event of default by financial institutions to the extent that cash balances with individual financial institutions are in excess of amounts that are insured.

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, 2011 and 2010, one customer represented 13% and 14% 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 bank time deposits, marketable securities related to a management deferred compensation plan, and auction rate securities collateralized by residential and commercial mortgages.

The bank time deposits are classified as cash equivalents, and are recorded at cost, which approximates fair value.

The marketable securities are classified as non-current trading investments, and are recorded at fair value based on quoted market prices. Earnings, gains and losses on trading investments are included in other income (expense), net.

The auction rate securities are classified as non-current available-for-sale assets, and are recorded at estimated fair value. Declines in fair value of the auction rate securities are deemed other-than-temporary and are included in other income (expense), net. Increases in fair value are deemed temporary and are included in accumulated other comprehensive income (loss).

#### ***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.

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. Beginning in fiscal year 2011, tooling is depreciated using the straight-line method over the forecasted life of the tool, not to exceed one year from the time it is placed into production. Prior to fiscal year 2011, depreciation for tooling was 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 and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable from 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 the impairment loss.

### ***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 trading investments are reported at fair value based on quoted market prices, and available-for-sale 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 RSUs (restricted stock units) 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.

### ***Treasury Shares***

The Company periodically repurchases shares in the market at fair value. Treasury shares repurchased are recorded at cost, as a reduction of total shareholders' equity. Treasury shares held are reissued to satisfy the exercise of employee stock options and purchase rights, and the vesting of restricted stock units.

### ***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 hedge against exposure to changes in foreign currency exchange rates related to its subsidiaries' forecasted inventory purchases. These forward contracts generally mature within one to three months. The Company may also enter into foreign exchange swap contracts to extend the terms of its foreign exchange forward contracts.

Gains and losses in the fair value of the effective portion of our forward contracts related to forecasted inventory purchases are deferred as a component of accumulated other comprehensive loss until the hedged inventory purchases are sold, at which time the gains or losses are reclassified to cost of goods sold. Gains or losses in fair value on forward contracts which offset translation losses or gains on foreign currency receivables or payables are recognized in earnings monthly and are included in other income (expense), net.

### ***Recent Accounting Pronouncements***

In December 2010, the FASB (Financial Accounting Standards Board) issued ASU 2010-28, *Intangibles — Goodwill and Other (Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts*. For reporting units with zero or negative carrying amounts, if it is more likely than not that a goodwill impairment exists, ASU 2010-28 requires performance of an additional test to determine whether goodwill has been impaired and to calculate the amount of impairment. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. ASU 2010-28 is effective for fiscal years and interim periods within those years beginning after December 15, 2010. Logitech will adopt ASU 2009-28 in the first quarter of fiscal year 2012. The impact of adopting ASU 2010-28 will not be known until the Company performs its evaluations of goodwill impairment.

In December 2010, the FASB issued ASU 2010-29, *Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations*. ASU 2010-29 specifies that, for material business combinations when comparative financial statements are presented, revenue and earnings of the combined entity should be disclosed as though the business combination had occurred as of the beginning of the comparable prior annual reporting period. ASU 2010-09 also expands the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. ASU 2010-09 is effective prospectively for business combinations with an acquisition date on or after the beginning of the first annual reporting period after December 15, 2010. We will adopt this guidance for acquisitions beginning in fiscal year 2012.

### **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):

	<b>Year ended March 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Net income — basic and diluted . . . . .	\$128,460	\$ 64,957	\$107,032
Weighted average shares — basic . . . . .	176,928	177,279	178,811
Effect of dilutive stock options . . . . .	1,862	2,061	4,100
Weighted average shares — diluted . . . . .	178,790	179,340	182,911
Net income per share — basic . . . . .	\$ 0.73	\$ 0.37	\$ 0.60
Net income per share — diluted . . . . .	\$ 0.72	\$ 0.36	\$ 0.59

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.

During fiscal years 2011, 2010 and 2009, 13,705,406, 15,186,997 and 10,567,217 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.

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

	<u>Year ended March 31</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Basic weighted average shares outstanding as of March 31 . . . . .	176,928	177,279	178,811
Stock options and RSUs granted . . . . .	2,431	3,902	4,239
Stock options and restricted stock assumed in LifeSize acquisition . . . . .	—	1,078	—
Stock options and RSUs canceled, forfeited, or expired . . . . .	(1,411)	(1,440)	(1,163)
Net awards granted and assumed . . . . .	1,020	3,540	3,076
Grant dilution <sup>(1)</sup> . . . . .	0.6%	2.0%	1.7%
Stock options exercised and RSUs vested . . . . .	2,889	1,980	2,037
Exercise dilution <sup>(2)</sup> . . . . .	1.6%	1.1%	1.1%

(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, 2011 and 2010, classified by the level within the fair value hierarchy (in thousands):

	March 31, 2011			March 31, 2010		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash and cash equivalents . . . . .	\$477,931	\$ —	\$ —	\$ 319,944	\$ —	\$ —
Trading investments . . . . .	13,113	—	—	—	—	—
Available-for-sale securities . . . . .	—	—	1,695	—	—	994
Foreign exchange derivative assets . . . . .	566	—	—	599	—	—
Total assets at fair value . . . . .	<u>\$491,610</u>	<u>\$ —</u>	<u>\$1,695</u>	<u>\$320,543</u>	<u>\$ —</u>	<u>\$994</u>
Foreign exchange derivative liabilities . . . . .	\$ 1,881	\$ —	\$ —	\$ 366	\$ —	\$ —
Total liabilities at fair value . . . . .	<u>\$ 1,881</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 366</u>	<u>\$ —</u>	<u>\$ —</u>

Notes 5 and 14 describe the valuation techniques and inputs 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 original terms of less than 32 days. Cash and cash equivalents are carried at cost, which approximates fair value.

The Company's investment securities consist of marketable securities related to a management deferred compensation plan and auction rate securities collateralized by residential and commercial mortgages.

The marketable securities are classified as non-current trading investments and do not have maturity dates. Since participants in the management deferred compensation plan may select the mutual funds in which their compensation deferrals are invested, and may actively trade funds within the confines of the Rabbi Trust which holds the marketable securities, the Company has designated these marketable securities as trading investments. Management has classified the investments as non-current assets because final sale of the investments or realization of proceeds by plan participants is not expected within the Company's normal operating cycle of one year. The marketable securities are recorded at a fair value of \$13.1 million as of March 31, 2011, based on quoted market prices. Quoted market prices are observable inputs that are classified as Level 1 within the fair value hierarchy. Earnings, gains and losses on trading investments are included in other income (expense), net.

The auction rate securities are classified as non-current available-for-sale securities. These securities are collateralized by residential and commercial mortgages, and are second-priority senior secured floating rate notes with maturity dates in excess of 10 years. Interest rates on these notes were intended to reset through an auction every 28 days, however auctions for these securities have failed since August 2007. Four of the securities with par value of \$32.2 million and estimated fair value of \$0.9 million have experienced events of default, and two of these four securities have declared acceleration. The auction rate securities are currently rated below investment grade. The Company does not expect to realize the proceeds, if any, from these securities until a future auction of these securities is successful or a buyer is found outside of the auction process. The auction rate securities are reported at estimated fair value at March 31, 2011 and 2010 of \$1.7 million and \$1.0 million. The estimated fair value was determined by estimating future cash flows through time according to each security's terms, including periodic consideration of overcollateralization and interest coverage tests, and incorporating estimates of default rate, loss severity, prepayment, and delinquency assumptions when available, for the underlying assets in the securities based on representative indices and various research reports. The estimated coupon and principal payments are discounted at the rate of return required by investors, based on the characteristics of each security as calculated from the indices. The par value of the auction rate securities at March 31, 2011 and 2010 was \$47.5 million. Declines in fair value of the auction rate securities are deemed other-than-temporary and are included in other income (expense), net. Increases in fair value are deemed not-other-than-temporary and are included in accumulated other comprehensive income (loss).

The following table presents the changes in fair value of the Company's auction rate securities during fiscal years 2011 and 2010:

	March 31,	
	2011	2010
Auction rate securities, beginning balance .....	\$ 994	\$ 1,637
Unrealized gain .....	744	—
Unrealized loss .....	(43)	(643)
Auction rate securities, ending balance .....	<u>\$ 1,695</u>	<u>\$ 994</u>

## **Note 6 — Acquisitions and Divestitures**

### ***Paradial***

On July 6, 2010, Logitech acquired substantially all of the assets and employees of Paradial AS, a Norwegian company providing firewall and NAT (network address translation) traversal solutions for video communications. The acquisition will allow the Company to closely integrate firewall and NAT traversal across its video communications product portfolio, enabling end-to-end HD video calling over highly protected networks. 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 \$7.3 million was allocated based on estimated fair values to \$7.0 million of identifiable intangible assets and \$0.1 million of assumed liabilities, with the remaining balance allocated to goodwill. The intangible assets acquired are amortized on a straight-line basis over their estimated useful lives of five years. The goodwill associated with the acquisition is not subject to amortization and is not expected to be deductible for income tax purposes.

### ***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 trustee disbursed 50% of the escrow fund to the former holders of LifeSize capital stock, vested options and warrants in December 2010, and the remaining fifty percent will be disbursed in June 2011, subject 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. As of March 31, 2011, approximately \$5.6 million has been accrued for this cash incentive. 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):

	<u>December 11, 2009</u>	<u>Estimated Life</u>
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	\$ 82
Net income per share — basic . . . . .	\$ 0.25	\$ 0.46
Net income per share — diluted . . . . .	\$ 0.25	\$ 0.45

### ***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 .....	18,751	—
	<u>31,643</u>	
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 \$6.1 million has been disbursed and \$0.8 million is recorded as a liability as of March 31, 2011. 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.

### ***3Dconnexion***

On March 31, 2011, the Company sold its equity interest in certain 3Dconnexion subsidiaries, the provider of the Company's 3D controllers, and its intellectual property rights related to the manufacture and sale of certain 3Dconnexion products, to a group of third party individuals and certain 3Dconnexion employees. The sale price was \$9.1 million, not including cash retained. Under the sale agreement, the Company will continue to manufacture 3Dconnexion products and sell to the buyers for a period of three years. The loss resulting from the sale was not material.

## Note 7 — Balance Sheet Components

The following provides the components of certain balance sheet asset amounts as of March 31, 2011 and 2010 (in thousands):

	March 31,	
	2011	2010
Accounts receivable:		
Accounts receivable . . . . .	\$ 435,331	\$ 349,722
Allowance for doubtful accounts . . . . .	(4,086)	(5,870)
Allowance for returns . . . . .	(29,666)	(23,657)
Cooperative marketing arrangements . . . . .	(28,669)	(17,527)
Customer incentive programs . . . . .	(52,358)	(44,306)
Pricing programs . . . . .	(62,258)	(63,115)
	<u>\$ 258,294</u>	<u>\$ 195,247</u>
Inventories:		
Raw materials . . . . .	\$ 37,126	\$ 31,630
Work-in-process . . . . .	3	86
Finished goods . . . . .	243,685	187,877
	<u>\$ 280,814</u>	<u>\$ 219,593</u>
Other current assets:		
Tax and VAT refund receivables . . . . .	\$ 17,810	\$ 20,305
Deferred taxes . . . . .	27,018	27,064
Prepaid expenses and other . . . . .	14,519	11,508
	<u>\$ 59,347</u>	<u>\$ 58,877</u>
Property, plant and equipment:		
Plant, buildings and improvements . . . . .	\$ 52,681	\$ 58,629
Equipment . . . . .	137,248	112,454
Computer equipment . . . . .	60,344	53,576
Computer software . . . . .	85,338	78,156
	<u>335,611</u>	<u>302,815</u>
Less: accumulated depreciation . . . . .	(260,283)	(224,485)
	75,328	78,330
Construction-in-progress . . . . .	5,974	9,751
Land . . . . .	2,858	3,148
	<u>\$ 84,160</u>	<u>\$ 91,229</u>
Other assets:		
Deferred taxes . . . . .	\$ 55,897	\$ 45,257
Trading investments . . . . .	13,113	—
Cash surrender value of life insurance contracts . . . . .	—	11,097
Deposits and other . . . . .	10,200	9,576
	<u>\$ 79,210</u>	<u>\$ 65,930</u>

The following provides the components of certain balance sheet liability amounts as of March 31, 2011 and 2010 (in thousands):

	<b>March 31,</b>	
	<u>2011</u>	<u>2010</u>
Accrued liabilities:		
Accrued personnel expenses . . . . .	\$ 50,552	\$ 51,378
Accrued marketing expenses . . . . .	32,599	28,052
Deferred revenue . . . . .	15,859	16,683
Accrued freight and duty . . . . .	12,497	12,696
Accrued royalties . . . . .	5,144	4,402
Warranty accrual . . . . .	4,970	3,002
Non-retirement post-employment benefit obligations . . . . .	3,563	2,761
Income taxes payable — current . . . . .	2,569	8,875
Accrued restructuring . . . . .	—	399
Other accrued liabilities . . . . .	44,807	54,088
	<u>\$172,560</u>	<u>\$182,336</u>
Long-term liabilities:		
Income taxes payable — non-current . . . . .	\$131,968	\$116,456
Obligation for management deferred compensation . . . . .	13,076	10,307
Defined benefit pension plan liability . . . . .	26,645	19,343
Other long-term liabilities . . . . .	14,146	13,566
	<u>\$185,835</u>	<u>\$159,672</u>

The following table presents the changes in the allowance for doubtful accounts during fiscal years ended March 31, 2011, 2010 and 2009 (in thousands):

	<b>March 31,</b>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Allowance for doubtful accounts, beginning balance . . . . .	\$ 5,870	\$6,705	\$2,497
Bad debt expense . . . . .	663	(72)	5,102
Write-offs net of recoveries . . . . .	(2,447)	(763)	(894)
Allowance for doubtful accounts, ending balance . . . . .	<u>\$ 4,086</u>	<u>\$5,870</u>	<u>\$6,705</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, 2011 and 2010 (in thousands):

	<b>March 31,</b>	
	<u>2011</u>	<u>2010</u>
Goodwill, beginning balance . . . . .	\$553,462	\$242,909
Additions . . . . .	332	313,041
Sale of business . . . . .	(6,610)	—
Other adjustments . . . . .	—	(2,488)
Goodwill, ending balance . . . . .	<u>\$547,184</u>	<u>\$553,462</u>

Additions to goodwill during fiscal year 2011 related to our acquisition of Paradial. Additions to goodwill during fiscal year 2010 primarily related to our acquisitions of LifeSize and TV Compass. The divestiture relates to goodwill associated with the 3Dconnexion entities which were sold on March 31, 2011. The adjustment to goodwill in fiscal year 2010 represents an adjustment of the deferred tax asset recognized in connection with the acquisitions of SightSpeed, Inc. and the Ultimate Ears companies.

Logitech maintains discrete financial information for LifeSize and accordingly, the acquired goodwill related to the LifeSize acquisition is separately evaluated for impairment at the entity level. The Company has fully integrated the Paradial business into LifeSize, and discrete financial information for Paradial is not maintained. Accordingly, the acquired goodwill related to Paradial is evaluated for impairment at the LifeSize entity level.

The Company has fully integrated the TV Compass business into the Company's other 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 Company performs its annual goodwill impairment analyses of our operating segments during its fourth fiscal quarter or more frequently if events or circumstances indicate that an impairment may have occurred. Based on the impairment analyses performed, the fair value of each of our operating segments exceeded the carrying value of the segment by more than 50% of the carrying value.

The Company's acquired other intangible assets subject to amortization were as follows (in thousands):

	March 31, 2011			March 31, 2010		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademark/tradename . . . . .	\$ 31,907	\$(23,290)	\$ 8,617	\$ 32,051	\$(20,421)	\$ 11,630
Technology . . . . .	88,068	(45,686)	42,382	87,968	(36,033)	51,935
Customer contracts . . . . .	38,537	(14,920)	23,617	38,517	(6,686)	31,831
	<u>\$158,512</u>	<u>\$(83,896)</u>	<u>\$74,616</u>	<u>\$158,536</u>	<u>\$(63,140)</u>	<u>\$95,396</u>

During fiscal year 2011, changes in the gross carrying value of other intangible assets related primarily to our acquisition of Paradial. During fiscal year 2010, changes in the gross carrying value of other intangible assets related primarily to our acquisitions of LifeSize and TV Compass.

For fiscal years 2011, 2010 and 2009, amortization expense for other intangible assets was \$27.8 million, \$14.5 million and \$8.2 million. The Company expects that annual amortization expense for the fiscal years ending 2012, 2013, 2014, and 2015 will be \$26.0 million, \$23.1 million, \$16.9 million, \$8.2 million, and \$0.4 million thereafter.

**Note 9 — Financing Arrangements**

The Company had several uncommitted, unsecured bank lines of credit aggregating \$117.1 million at March 31, 2011. There are no financial covenants under these lines of credit with which the Company must comply. At March 31, 2011, 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 12,433,614 of which were held in treasury as of March 31, 2011.

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 507.7 million or \$554.6 million based on exchange rates at March 31, 2011) 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 \$10.5 million at March 31, 2011 (based on exchange rates at March 31, 2011).

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 \$307.6 million at March 31, 2011.

### ***Share Repurchases***

During fiscal years 2011, 2010 and 2009, 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>
September 2008 .....	\$250,000	September 2012	—	\$250,000
June 2007 .....	\$250,000	September 2010	March 2010	\$ —

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,<sup>(1)</sup></u>							
	<u>Program to date</u>		<u>2011</u>		<u>2010</u>		<u>2009</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) Represents the amount in U.S. dollars, calculated based on exchange rates on the repurchase dates.

The Company has not started repurchases under the September 2008 program.

### Accumulated Other Comprehensive Loss

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

	March 31,	
	2011	2010
Cumulative translation adjustment . . . . .	\$(58,641)	\$(63,646)
Pension liability adjustments, net of tax of \$759 and \$936 . . . . .	(18,073)	(10,813)
Unrealized gain on investments . . . . .	1,168	424
Net deferred hedging gains (losses) . . . . .	(2,972)	1,394
	<u>\$(78,518)</u>	<u>\$(72,641)</u>

### Note 11 — Restructuring

In January 2009, Logitech initiated the 2009 Restructuring Plan in order to reduce operating expenses and improve financial results in response to deteriorating global economic conditions. We completed the restructuring plan in fiscal year 2010. The following table summarizes restructuring related activities during fiscal years 2011, 2010 and 2009 (in thousands):

	Total	Termination Benefits	Asset Impairments	Contract Termination Costs	Other
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>
Cash payments . . . . .	(322)	(9)	—	(334)	21
Other . . . . .	(74)	(149)	—	—	75
Foreign exchange . . . . .	(3)	—	—	—	(3)
Balance at March 31, 2011 . . . . .	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</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.



## Note 12 — Employee Benefit Plans

### *Employee Share Purchase Plans and Stock Incentive Plans*

As of March 31, 2011, the Company offers the 2006 ESPP (2006 Employee Share Purchase Plan (Non-U.S.)), the 1996 ESPP (1996 Employee Share Purchase Plan (U.S.)) and the 2006 Plan (2006 Stock Incentive Plan). Shares issued to employees as a result of purchases or exercises under these plans are generally issued from shares held in treasury.

The following table summarizes the share-based compensation expense and related tax benefit recognized for fiscal years 2011, 2010 and 2009 (in thousands).

	Year Ended March 31,		
	2011	2010	2009
Cost of goods sold . . . . .	\$ 4,223	\$ 3,073	\$ 3,163
Share-based compensation expense included in gross profit . . . . .	4,223	3,073	3,163
Operating expenses:			
Marketing and selling . . . . .	12,030	9,201	7,989
Research and development . . . . .	7,829	4,902	4,488
General and administrative . . . . .	10,764	8,631	8,863
Share-based compensation expense included in operating expenses . . . . .	30,623	22,734	21,340
Total share-based compensation expense . . . . .	34,846	25,807	24,503
Tax benefit . . . . .	8,279	5,768	3,102
Share-based compensation expense, net of income tax . . . . .	<u>\$26,567</u>	<u>\$20,039</u>	<u>\$21,401</u>

As of March 31, 2011, 2010 and 2009, \$1.0 million, \$0.9 million and \$0.8 million of share-based compensation cost was capitalized to inventory. The following table summarizes total share-based compensation cost not yet recognized and the number of months over which such cost is expected to be recognized, on a weighted-average basis by type of grant (in thousands, except number of months):

	March 31, 2011	
	Compensation Cost Not Yet Recognized	Months of Future Recognition
Non-vested stock options . . . . .	\$55,691	30
Time-based RSUs . . . . .	29,775	48
Performance-based RSUs . . . . .	13,330	33
Total compensation cost not yet recognized . . . . .	<u>\$98,796</u>	

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. An aggregate of 16,000,000 shares was reserved for issuance under the 1996 and 2006 ESPP plans. As of March 31, 2011, a total of 1,643,369 shares were available for issuance under these plans.

The 2006 Plan provides for the grant to eligible employees and non-employee directors of stock options, stock appreciation rights, restricted stock and RSUs (restricted stock units), which are bookkeeping entries reflecting the equivalent of shares. Awards under the 2006 Plan may be conditioned on continued employment, the passage of time or the satisfaction of performance vesting criteria. The 2006 Stock Plan has an expiration date of June 16, 2016. Stock options granted under the 2006 Plan generally vest over three years for non-executive Directors and over four years for employees. All stock options under this plan have terms not exceeding ten years and are issued at exercise prices not less than the fair market value on the date of grant. Time-based RSUs granted to employees under the 2006 Plan vest in four equal annual installments on the grant date anniversary. Time-based RSUs granted

to non-executive board members under the 2006 Plan vest in one annual installment on the grant date anniversary. Performance-based RSUS granted under the 2006 Plan vest at the end of the performance period upon meeting certain share price performance criteria measured against market conditions. The performance period is three years for performance-based RSU grants made in fiscal year 2011 and two years for performance-based RSU grants made in fiscal years 2010 and 2009. An aggregate of 17,500,000 shares was reserved for issuance under the 2006 Plan. As of March 31, 2011, a total of 4,493,291 shares were available for issuance under this plan.

A summary of the Company's stock option activity for fiscal years 2011, 2010 and 2009 is as follows (in thousands, except per share data; exercise prices are weighted averages):

	Year ended March 31,					
	2011		2010		2009	
	Number	Exercise Price	Number	Exercise Price	Number	Exercise Price
Outstanding, beginning of year . . . . .	20,037	\$ 18	18,897	\$ 18	17,952	\$ 17
Granted . . . . .	294	\$ 16	3,520	\$ 14	4,145	\$ 21
Assumed in LifeSize acquisition . . . . .	—	\$—	1,024	\$ 5	—	\$—
Exercised . . . . .	(2,747)	\$ 10	(1,980)	\$ 8	(2,037)	\$ 9
Cancelled or expired . . . . .	(1,272)	\$ 21	(1,424)	\$ 17	(1,163)	\$ 24
Outstanding, end of year . . . . .	<u>16,312</u>	\$ 19	<u>20,037</u>	\$ 18	<u>18,897</u>	\$ 18
Exercisable, end of year . . . . .	<u>11,205</u>	\$ 20	<u>11,287</u>	\$ 17	<u>10,981</u>	\$ 14

The total pretax intrinsic value of stock options exercised during the fiscal years ended March 31, 2011, 2010 and 2009 was \$23.1 million, \$15.0 million and \$33.2 million and the tax benefit realized for the tax deduction from options exercised during those periods was \$7.6 million, \$3.9 million and \$8.5 million. The total fair value of options vested as of March 31, 2011, 2010 and 2009 was \$74.3 million, \$66.4 million and \$57.7 million.

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,					
	2011	2010	2009	2011	2010	2009
	Purchase Plans			Stock Option Plans		
Dividend yield . . . . .	0%	0%	0%	0%	0%	0%
Expected life . . . . .	6 months	6 months	6 months	4 years	3.3 years	3.7 years
Expected volatility . . . . .	35%	59%	63%	48%	47%	36%
Risk-free interest rate . . . . .	0.16%	0.19%	1.23%	1.57%	1.64%	2.40%

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 option 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 presents the weighted average grant-date fair values of options granted and the expected forfeiture rates:

	Year ended March 31,					
	2011			2010		
	2011	2010	2009	2011	2010	2009
	Purchase Plans			Stock Option Plans		
Weighted average grant-date fair value of options granted . . . . .	\$4.26	\$4.23	\$5.46	\$6.11	\$6.66	\$6.25
Expected forfeitures . . . . .	0%	0%	0%	9%	9%	7%

The following table summarizes significant ranges of outstanding and exercisable options as of March 31, 2011 (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 . . . . .	2,870	\$ 9	3.8	\$27,256	2,359	\$ 9	2.9	\$20,768
\$ 11.46—\$16.35 . . . . .	3,964	\$15	6.8	14,511	1,695	\$14	4.8	6,663
\$ 16.36—\$23.35 . . . . .	5,468	\$20	5.7	1,340	4,127	\$20	5.0	846
\$ 23.36—\$50.00 . . . . .	4,010	\$31	6.2	—	3,024	\$31	6.1	—
\$ 1.00—\$50.00 . . . . .	<u>16,312</u>			<u>\$43,107</u>	<u>11,205</u>			<u>\$28,277</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 \$18.13 at March 31, 2011, 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, 2011 was 4,883,941. As of March 31, 2011, 5,107,861 options were unvested, of which 4,648,154 are expected to vest, based on an estimated forfeiture rate of 9%.

A summary of the Company's time- and performance-based RSU activity for fiscal years 2011, 2010 and 2009 is as follows (in thousands, except per share values; grant-date fair values are weighted averages):

	Year ended March 31,					
	2011		2010		2009	
	Number	Grant Date Fair Value	Number	Grant Date Fair Value	Number	Grant Date Fair Value
Outstanding, beginning of year . . . . .	514	\$ 18	94	\$ 28	—	\$ —
Time-based RSUs granted . . . . .	1,599	\$ 20	267	\$ 15	—	\$ —
Performance-based RSUs granted . . . . .	538	\$ 28	115	\$ 18	94	\$ 28
Assumed in LifeSize acquisition . . . . .	—	\$ —	54	\$ 5	—	\$ —
Vested . . . . .	(142)	\$ 15	—	\$ —	—	\$ —
Cancelled or expired . . . . .	(139)	\$ 24	(16)	\$ 23	—	\$ —
Outstanding, end of year . . . . .	<u>2,370</u>	\$ 21	<u>514</u>	\$ 18	<u>94</u>	\$ 28

The Company estimates the fair value of the time-based RSUs based on the share market price on the date of grant. The fair value of the performance-based RSUs is estimated using the Monte-Carlo simulation model applying the following assumptions:

	FY 2011 Grants	FY 2010 Grants	FY 2009 Grants
Dividend yield . . . . .	0%	0%	0%
Expected life . . . . .	3 years	2 years	2 years
Expected volatility . . . . .	51%	58%	41%
Risk-free interest rate . . . . .	0.81%	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 the performance-based 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 equal to the years of expected life. The risk free interest rate is derived from the yield on US Treasury Bonds for a term of the same number of years as the expected life.

As of March 31, 2011, the grant date fair values of outstanding RSUs ranged from \$14 to \$28 per RSU, and the weighted average contractual life was 3.8 years.

#### ***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 2011, 2010 and 2009, were \$8.9 million, \$8.2 million and \$8.3 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 shareholders' equity. Each plan's assets and benefit obligations are measured approximately as of March 31.

The net periodic benefit cost of the defined benefit pension plans and the non-retirement post-employment benefit obligations for fiscal years 2011, 2010 and 2009 was as follows (in thousands):

	Year ended March 31,		
	2011	2010	2009
Service cost . . . . .	\$ 4,396	\$ 3,983	\$ 2,814
Interest cost . . . . .	1,745	1,430	1,520
Expected return on plan assets . . . . .	(1,818)	(1,200)	(1,488)
Amortization of net transition obligation . . . . .	4	4	5
Amortization of net prior service cost . . . . .	161	138	—
Settlement . . . . .	2	—	—
Recognized net actuarial loss . . . . .	482	1,239	232
Net periodic benefit cost . . . . .	<u>\$ 4,972</u>	<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 2011 and 2010 were as follows (in thousands):

	<b>March 31,</b>	
	<b>2011</b>	<b>2010</b>
Projected benefit obligation, beginning of year . . . . .	\$ 57,531	\$48,135
Service cost . . . . .	4,396	3,983
Interest cost . . . . .	1,745	1,430
Plan participant contributions . . . . .	2,321	1,848
Actuarial (gain) loss . . . . .	3,911	(78)
Benefits paid . . . . .	(2,220)	(1,037)
Plan amendments . . . . .	19	—
Settlement . . . . .	(218)	—
Administrative expense paid . . . . .	(131)	(177)
Foreign currency exchange rate changes . . . . .	8,791	3,427
Projected benefit obligation, end of year . . . . .	<u>\$ 76,145</u>	<u>\$ 57,531</u>

The accumulated benefit obligation for all defined benefit pension plans as of March 31, 2011 and 2010 was \$60.2 million and \$46.3 million.

The following table presents the changes in the fair value of defined benefit pension plan assets for fiscal years 2011 and 2010 (in thousands):

	<b>March 31,</b>	
	<b>2011</b>	<b>2010</b>
Fair value of plan assets, beginning of year . . . . .	\$35,427	\$23,415
Actual return on plan assets . . . . .	34	5,267
Employer contributions . . . . .	4,409	4,137
Plan participant contributions . . . . .	2,321	1,848
Benefits paid . . . . .	(2,016)	(864)
Settlement . . . . .	(85)	—
Administrative expenses paid . . . . .	(131)	(177)
Foreign currency exchange rate changes . . . . .	5,978	1,801
Fair value of plan assets, end of year . . . . .	<u>\$45,937</u>	<u>\$35,427</u>

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

	<b>March 31,</b>	
	<b>2011</b>	<b>2010</b>
Equity securities . . . . .	33.4%	34.8%
Debt securities . . . . .	43.3%	43.6%
Real estate . . . . .	6.5%	10.7%
Other . . . . .	16.8%	10.9%
	<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 \$30.2 million and \$22.1 million as of March 31, 2011 and 2010. Amounts recognized on the balance sheet for the plans were as follows (in thousands):

	<u>March 31,</u>	
	<u>2011</u>	<u>2010</u>
Current assets . . . . .	\$ 759	\$ 936
Current liabilities . . . . .	(3,563)	(2,761)
Non-current liabilities . . . . .	<u>(26,645)</u>	<u>(19,343)</u>
Net liability . . . . .	<u>\$ (29,449)</u>	<u>\$ (21,168)</u>

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

	<u>March 31,</u>	
	<u>2011</u>	<u>2010</u>
Net prior service cost . . . . .	\$ (2,084)	\$ (2,075)
Net actuarial loss . . . . .	(16,714)	(9,641)
Amortization of net transition obligation . . . . .	<u>(34)</u>	<u>(33)</u>
Accumulated other comprehensive income . . . . .	(18,832)	(11,749)
Deferred tax benefit . . . . .	759	936
Accumulated other comprehensive loss, net of tax . . . . .	<u>\$ (18,073)</u>	<u>\$ (10,813)</u>

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

	<u>March 31,</u>	
	<u>2011</u>	<u>2010</u>
Accumulated other comprehensive loss, beginning of year . . . . .	\$ (10,813)	\$ (15,122)
Transition obligation recognized . . . . .	5	4
Prior service cost recognized . . . . .	146	120
Loss recognized . . . . .	396	1,276
Settlement loss recognized . . . . .	23	—
Gain (loss) occurred . . . . .	(5,609)	4,143
Deferred tax expense . . . . .	(241)	(122)
Foreign currency exchange rate changes . . . . .	<u>(1,980)</u>	<u>(1,112)</u>
Accumulated other comprehensive loss, end of year . . . . .	<u>\$ (18,073)</u>	<u>\$ (10,813)</u>

The following table presents the amounts included in accumulated other comprehensive loss as of March 31, 2011, which are expected to be recognized as a component of net periodic benefit cost in fiscal year 2012 (in thousands):

	<u>March 31, 2011</u>
Amortization of net transition obligation . . . . .	\$ 5
Amortization of net prior service costs . . . . .	152
Amortization of net actuarial loss . . . . .	<u>837</u>
	<u>\$ 994</u>

The Company reassesses its benefit plan assumptions on a regular basis. The actuarial assumptions for the pension plans for fiscal years 2011 and 2010 were as follows:

	2011		2010	
	Benefit Obligation	Periodic Cost	Benefit Obligation	Periodic Cost
Discount rate . . . . .	2.00% to 3.75%	2.00% to 3.75%	2.00% to 3.25%	2.00% to 3.00%
Estimated rate of compensation increase . . . . .	3.00% to 5.00%	2.50% to 5.00%	2.50% to 5.00%	2.50% to 5.00%
Expected average rate of return on plan assets . . . . .	1.00% to 4.00%	1.00% to 4.75%	1.00% to 4.75%	1.00% to 4.25%

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,	
2012 . . . . .	\$ 3,898
2013 . . . . .	4,024
2014 . . . . .	4,058
2015 . . . . .	4,018
2016 . . . . .	4,217
Thereafter . . . . .	19,360
	<u>\$39,575</u>

The Company expects to contribute approximately \$4.1 million to its defined benefit pension plans during fiscal year 2012.

**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. The Company does not make contributions to the plan. Prior to December 2010, the participants' deferrals were invested in Company-owned life insurance contracts held in a Rabbi Trust. In December 2010, the Company surrendered the life insurance contracts for cash, and invested the proceeds of \$11.3 million, in addition to \$0.8 million in cash held by the Rabbi Trust, investment earnings and employee contributions, in a Company-selected portfolio of marketable securities, which are also held by the Rabbi Trust.

The fair value of the deferred compensation plan's assets is included in other assets in the statements of financial position. The marketable securities are classified as trading investments and are recorded at a fair value of \$13.1 million as of March 31, 2011, based on quoted market prices. Earnings, gains and losses on trading investments are included in other income (expense), net. The cash surrender value of the insurance contracts was approximately \$10.4 million and trust cash balances were \$0.7 million as of March 31, 2010. Expenses and gains or losses related to the insurance contracts are included in other income (expense), net.

The unsecured obligation to pay the compensation deferred, adjusted to reflect the positive or negative performance of investment options selected by each participant, was approximately \$13.1 million and \$10.3 million at March 31, 2011 and 2010 and was included in other liabilities.



### Note 13 — 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, 2011, 2010 and 2009 is summarized as follows (in thousands):

	Year ended March 31,		
	2011	2010	2009
Income before income taxes:			
Swiss . . . . .	\$ 50,219	\$ 13,352	\$ 40,717
Non-Swiss . . . . .	98,229	70,271	86,076
Total . . . . .	<u>\$148,448</u>	<u>\$83,623</u>	<u>\$ 126,793</u>

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

	Year ended March 31,		
	2011	2010	2009
Current:			
Swiss . . . . .	\$ (1,073)	\$ 1,463	\$ 53
Non-Swiss . . . . .	26,218	22,279	32,274
Deferred:			
Swiss . . . . .	—	—	(36)
Non-Swiss . . . . .	(5,157)	(5,076)	(12,530)
Total . . . . .	<u>\$19,988</u>	<u>\$ 18,666</u>	<u>\$ 19,761</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):

	Year ended March 31,		
	2011	2010	2009
Expected tax provision at statutory income tax rates . . . . .	\$ 12,618	\$ 7,108	\$ 10,777
Income taxes at different rates . . . . .	6,476	10,473	9,370
Research and development tax credits . . . . .	(2,315)	(1,628)	(2,524)
Unrealized investment income . . . . .	(315)	(428)	1,004
Stock compensation . . . . .	551	713	618
Transaction costs . . . . .	—	1,257	—
Valuation allowance . . . . .	2,309	—	—
Other . . . . .	664	1,171	516
Total provision for income taxes . . . . .	<u>\$19,988</u>	<u>\$ 18,666</u>	<u>\$ 19,761</u>

The Company negotiated a tax holiday on certain earnings in China which was effective from January 2006 through December 2010. The tax holiday was a tax exemption aimed to attract foreign technological investment in China. The tax holiday decreased income tax expense by approximately \$3.6 million, \$2.4 million, and \$4.0 million for fiscal years 2011, 2010 and 2009. The benefit of the tax holiday on net income per share (diluted) was approximately \$0.02, \$0.01 and \$0.02 in fiscal years 2011, 2010 and 2009.

On December 17, 2010, the enactment in the U.S. of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 extended retroactively through the end of calendar year 2011 the U.S. federal research and development credit, which had expired on December 31, 2009. Accordingly, the Company's income tax provision for the fiscal year ended March 31, 2011 includes a tax benefit of \$2.2 million related to the U.S. federal research tax credit.

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. The Company anticipates that the election to use only sales in apportioning income to California will lower the effective state tax rate in the future. The Company's income tax provision as of March 31, 2011 reflects an income tax expense of \$0.4 million from adjustments to deferred tax assets resulting from the change in the effective state tax rate.

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

	<u>March 31,</u>	
	<u>2011</u>	<u>2010</u>
Deferred tax assets:		
Net operating loss carryforwards . . . . .	\$ 33,029	\$ 40,878
Tax credit carryforwards . . . . .	5,645	3,367
Accruals . . . . .	35,172	35,346
Depreciation and amortization . . . . .	12,310	11,473
Share-based compensation. . . . .	21,997	17,438
Valuation allowance. . . . .	(2,309)	—
Gross deferred tax assets . . . . .	<u>105,844</u>	<u>108,502</u>
Deferred tax liabilities:		
Acquired intangible assets . . . . .	(24,013)	(37,264)
Gross deferred tax liabilities . . . . .	<u>(24,013)</u>	<u>(37,264)</u>
Net deferred tax assets. . . . .	<u>\$ 81,831</u>	<u>\$ 71,238</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.

The Company established \$2.3 million of valuation allowance in fiscal year 2011. In March 2011, the Company sold its equity interest in certain 3Dconnexion subsidiaries, and its intellectual property rights related to the manufacture and sale of certain 3Dconnexion products, to a group of third party individuals and certain 3Dconnexion employees. A full valuation allowance of \$2.2 million was provided for \$5.7 million of capital loss carryforward from the sale of 3Dconnexion Inc. in the U.S. as the Company determined that it is more likely than not that the Company would not generate adequate capital gains in the next five years before the capital loss expires under the U.S. tax law. The remaining valuation allowance of \$0.1 million represents a full valuation allowance for certain foreign tax credit carryforwards in the U.S.

Deferred tax assets relating to tax benefits of employee stock option grants and RSUs have been reduced to reflect exercises in fiscal years 2011 and 2010. 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 2011 and 2010, the Company recorded a credit to equity of \$4.8 million and \$0.3 million.

As of March 31, 2011, the Company had foreign net operating loss and tax credit carryforwards for income tax purposes of \$285.9 million and \$25.4 million. Approximately \$121.7 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. A full valuation allowance has been provided for foreign tax credits of \$0.1 million. 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.

As of March 31, 2011, the Company had capital loss carryforwards of approximately \$5.7 million for which a full valuation allowance has been provided. The loss will begin to expire in fiscal year 2016.

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, 2011 and 2010, the total amount of unrecognized tax benefits was \$138.1 million and \$125.2 million, of which \$118.2 million and \$101.4 million would affect the effective income tax rate if realized. The Company classified the unrecognized tax benefits as non-current income taxes payable.

The aggregate changes in gross unrecognized tax benefits in fiscal years 2011, 2010 and 2009 were as follow (in thousands):

Beginning balance as of March 31, 2008 . . . . .	\$ 92,647
Lapse of statute of limitations . . . . .	(1,978)
Increases in balances related to tax positions taken during the current period . . . . .	6,958
Balance as of March 31, 2009 . . . . .	\$ 97,627
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 prior periods . . . . .	2,690
Increases in balances related to tax positions taken during the current period . . . . .	17,207
Balance as of March 31, 2010 . . . . .	\$ 113,628
Lapse of statute of limitations . . . . .	(4,760)
Settlements with tax authorities . . . . .	(6,290)
Increases in balances related to tax positions taken during the current period . . . . .	27,550
Balance as of March 31, 2011 . . . . .	<u>\$ 130,128</u>

The Company continues to recognize interest and penalties related to unrecognized tax positions in income tax expense. The Company recognized \$1.3 million, \$1.9 million and \$1.8 million in interest and penalties in income tax expense during fiscal years 2011, 2010 and 2009. As of March 31, 2011, 2010 and 2009, the Company had approximately \$8.0 million, \$12.5 million and \$10.7 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. During the third quarter of fiscal year 2011, the U.S. Internal Revenue Service expanded its examination of the Company's U.S. subsidiary to include fiscal years 2008 and 2009 in addition to fiscal years 2006 and 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 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. Although the timing of the resolution or closure on audits is highly uncertain, the Company does not believe it is reasonably possible that the unrecognized tax benefits would materially change in the next twelve months.

#### **Note 14 — 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 mature within three 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, 2011, 2010 and 2009. Cash flows from such hedges are classified as operating activities in the consolidated statements of cash flows. The notional amounts of foreign exchange forward contracts outstanding related to forecasted inventory purchases were \$54.9 million (€38.7 million) and \$46.2 million (€34.3 million) at March 31, 2011 and 2010. 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 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, 2011 and 2010 relating to foreign currency receivables or payables were \$12.9 million and \$15.1 million. Open forward contracts as of March 31, 2011 and 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, 2011 and 2010 were \$17.1 million and \$38.9 million. Swap contracts outstanding at March 31, 2011 consisted of contracts in Canadian dollars, Japanese yen, and Mexican pesos. Swap contracts outstanding at March 31, 2010 consisted of contracts in British pounds, Japanese yen, Mexican pesos and Canadian dollars.

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, 2011 and 2010 (in thousands):

	Asset Derivatives			Liability Derivatives		
	Location	Fair Value		Location	Fair Value	
		March 31, 2011	2010		March 31, 2011	2010
Derivatives designated as hedging instruments:						
Cash Flow Hedges . . . . .	Other assets	\$ —	\$ 136	Other liabilities	\$ 1,763	\$ 10
		<u>—</u>	<u>136</u>		<u>1,763</u>	<u>10</u>
Derivatives not designated as hedging instruments:						
Foreign Exchange Forward Contracts . . . . .	Other assets	486	11	Other liabilities	—	—
Foreign Exchange Swap Contracts . . . . .	Other assets	80	452	Other liabilities	118	356
		<u>566</u>	<u>463</u>		<u>118</u>	<u>356</u>
		<u>\$ 566</u>	<u>\$ 599</u>		<u>\$ 1,881</u>	<u>\$ 366</u>

The following table presents the amounts of gains and losses on the Company's derivative instruments for the fiscal years ended March 31, 2011 and 2010 and their locations on its Consolidated 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	
	2011	2010		2011	2010		2011	2010
	Derivatives designated as hedging instruments:							
Cash Flow Hedges . . . . .	\$ (4,366)	\$ 1,178	Cost of goods sold	\$ 6,078	\$ (5,615)	Other income/expense	\$ (5)	\$ (57)
	<u>(4,366)</u>	<u>1,178</u>		<u>6,078</u>	<u>(5,615)</u>		<u>(5)</u>	<u>(57)</u>
Derivatives not designated as hedging instruments:								
Foreign Exchange Forward Contracts . . . . .	—	—		—	—	Other income/expense	855	(831)
Foreign Exchange Swap Contracts . . . . .	—	—		—	—	Other income/expense	(2,865)	(2,306)
	<u>—</u>	<u>—</u>		<u>—</u>	<u>—</u>		<u>(2,010)</u>	<u>(3,137)</u>
	<u>\$ (4,366)</u>	<u>\$ 1,178</u>		<u>\$ 6,078</u>	<u>\$ (5,615)</u>		<u>\$ (2,015)</u>	<u>\$ (3,194)</u>

## Note 15 — Commitments and Contingencies

### *Operating Leases*

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, 2011 are as follows (in thousands):

Year ending March 31,	
2012 .....	\$ 18,023
2013 .....	15,594
2014 .....	9,875
2015 .....	7,870
2016 .....	6,962
Thereafter .....	14,267
	<u>\$ 72,591</u>

Rent expense was \$19.8 million, \$16.3 million and \$15.5 million for the years ended March 31, 2011, 2010 and 2009.

In May, 2011 we signed a new lease for facilities which will house our Americas operations in Northern California, replacing our leased facilities in Fremont, California. Our future contractual obligation in connection with this lease is approximately \$35 million over an 11 year period.

In connection with its leased facilities, the Company has recognized a liability for asset retirement obligations representing the present value of estimated remediation costs to be incurred at lease expiration. The following table describes changes to the Company's asset retirement obligation liability for the years ended March 31, 2011 and 2010 (in thousands):

	<b>March 31,</b>	
	<b>2011</b>	<b>2010</b>
Asset retirement obligation, beginning of year .....	\$ 1,374	\$ 1,255
Liabilities incurred .....	275	44
Liabilities settled .....	(120)	(18)
Accretion expense .....	71	71
Foreign currency translation .....	36	22
Asset retirement obligation, end of year .....	<u>\$ 1,636</u>	<u>\$ 1,374</u>

### *Product Warranties*

Certain of the Company's products are covered by warranty to be free from defects in material and workmanship for periods ranging from one year to five years. At the time of sale, the Company accrues a warranty liability for estimated costs to provide products, parts or services to repair or replace products in satisfaction of the warranty obligation. The Company's estimate of costs to fulfill its warranty obligations is based on historical experience and expectations of future conditions. When the Company experiences changes in warranty claim activity or costs associated with fulfilling those claims, the warranty liability is adjusted accordingly. Changes in the Company's warranty liability for the years ended March 31, 2010 and 2011 were as follows (in thousands):

	<b>March 31,</b>	
	<b>2011</b>	<b>2010</b>
Warranty liability, beginning of year .....	\$ 3,002	\$ 2,867
Provision for warranties issued during the year .....	18,666	16,344
Settlements made during the year .....	(16,698)	(16,209)
Warranty liability, end of year .....	<u>\$ 4,970</u>	<u>\$ 3,002</u>

### ***Purchase Commitments***

At March 31, 2011, the Company had the following outstanding purchase commitments:

	<u>March 31, 2011</u>
Inventory purchases .....	\$ 165,286
Operating expenses .....	49,839
Capital expenditures .....	<u>10,724</u>
Total purchase commitments .....	<u>\$225,849</u>

Commitments for inventory purchases are made in the normal course of business to original design manufacturers, contract manufacturers and other suppliers and are expected to be fulfilled by September 2011. Operating expense commitments are for consulting services, marketing arrangements, advertising, outsourced customer services and other services. Fixed purchase commitments for capital expenditures primarily related to commitments for manufacturing equipment and tooling. 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.

### ***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 Logitech's guarantees similarly vary. At March 31, 2011, there were no outstanding guaranteed purchase obligations. The maximum potential future payments under two of the three guarantee arrangements is limited to \$30.0 million. The third guarantee is 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 \$54.7 million as of March 31, 2011. As of March 31, 2011, \$10.3 million was outstanding under these guarantees. The parent holding company has also guaranteed the purchases of one of its subsidiaries under three guarantee agreements. Two of these guarantees do not specify a maximum amount. The third guarantee is limited to \$7.0 million. As of March 31, 2011, \$4.9 million was outstanding under these guarantees.

### ***Indemnifications***

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, 2011. 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.

### ***Letters of Credit***

Logitech 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, 2011, the Company had \$0.7 million of letters of credit in place, of which \$0.1 million was outstanding. These letters of credit relate primarily to equipment purchases by a subsidiary in China, and expire between April and December 2011.



### ***Acquisition Earn-Out***

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 provided for a performance-based payment, payable in the first calendar quarter of 2011, based on net revenues attributed to WiLife during calendar 2010. Because the minimum performance threshold was not met, no performance-based payment is due under the WiLife acquisition agreement.

### ***Legal Proceedings***

On May 23, 2011, a class action complaint was filed against Logitech and certain of its officers. This action was filed in the United States District Court for the Southern District of New York on behalf of individuals who purchased Logitech shares between October 28, 2010 and April 1, 2011. The complaint relates to Logitech's disclosure on March 31, 2011 that its results for fiscal year 2011 would fall below expectations and seeks unspecified monetary damages and other relief against the defendants.

In addition, 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, 2011 were not material.

### **Note 16 — Interest and Other Income**

Interest and other income (expense), net was comprised of the following (in thousands):

	Year ended March 31,		
	2011	2010	2009
Interest income . . . . .	\$2,343	\$ 2,406	\$ 8,648
Interest expense . . . . .	(27)	(286)	(20)
Interest income, net . . . . .	<u>\$ 2,316</u>	<u>\$ 2,120</u>	<u>\$ 8,628</u>
Foreign currency exchange gains, net . . . . .	\$ 480	\$ 1,720	\$13,680
Investment income (loss) related to management deferred compensation plan . . . . .	1,409	1,221	(2,883)
Gain on sale of building . . . . .	838	—	—
Write-down of investments . . . . .	(43)	(643)	(2,727)
Other, net . . . . .	<u>792</u>	<u>841</u>	<u>441</u>
Other income, net . . . . .	<u>\$ 3,476</u>	<u>\$ 3,139</u>	<u>\$ 8,511</u>

## Note 17 — Segment Information

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

	Year ended March 31,		
	2011	2010	2009
Retail — Pointing Devices . . . . .	\$ 618,404	\$ 528,236	\$ 579,775
Retail — Keyboards & Desktops . . . . .	390,426	329,038	384,809
Retail — Audio . . . . .	466,927	454,957	445,362
Retail — Video . . . . .	255,015	228,344	248,339
Retail — Gaming . . . . .	104,459	107,595	127,052
Retail — Digital Home <sup>(1)</sup> . . . . .	169,979	96,982	102,006
OEM . . . . .	223,775	198,364	321,489
Peripherals . . . . .	2,228,985	1,943,516	2,208,832
LifeSize . . . . .	133,901	23,232	—
Total net sales . . . . .	<u>\$2,362,886</u>	<u>\$1,966,748</u>	<u>\$2,208,832</u>

(1) Digital Home is a new product family combining Harmony Remotes, Logitech Revue with Google TV and peripherals associated with the Google TV platform.

The Company has two operating segments, peripherals and video conferencing, based on product markets and internal organizational structure. The peripherals segment encompasses the design, manufacturing and marketing of peripheral products for the PC (personal computer) and other digital platforms. The peripherals operating segment meets the quantitative thresholds for separate disclosure of financial information. The video conferencing segment consists of the LifeSize division, and encompasses the design, manufacturing and marketing of video conferencing products, infrastructure and services for the enterprise, public sector and other business markets. The video conferencing operating segment does not meet the quantitative thresholds for separate disclosure of financial information. The Company's operating segments do not record revenue on sales between segments, as such sales are not material.

Operating performance measures for the peripherals segment and the video conferencing segment are reported separately to Logitech's Chief Executive Officer, who is considered to be the Company's chief operating decision maker. These operating performance measures do not include share-based compensation expense, amortization of intangible assets, and assets by operating segment. Share-based compensation expense and amortization of intangible assets are presented in the following financial information by operating segment as "all other." Long-lived assets are presented by geographic region. Net sales, operating income and depreciation and amortization for the Company's operating segments were as follows (in thousands):

	Year ended March 31		
	2011	2010	2009
Net sales by operating segment			
Peripherals . . . . .	\$2,228,985	\$1,943,516	\$2,208,832
LifeSize . . . . .	133,901	23,232	—
Total net sales . . . . .	<u>\$2,362,886</u>	<u>\$1,966,748</u>	<u>\$2,208,832</u>
Operating income by segment			
Peripherals . . . . .	\$ 204,202	\$ 127,530	\$ 143,323
LifeSize . . . . .	1,100	(8,844)	—
All other . . . . .	(62,646)	(40,322)	(33,669)
Total operating income . . . . .	<u>\$ 142,656</u>	<u>\$ 78,364</u>	<u>\$ 109,654</u>
Depreciation and amortization by segment			
Peripherals . . . . .	\$ 55,816	\$ 65,130	\$ 53,187
LifeSize . . . . .	20,175	5,765	—
Total depreciation and amortization . . . . .	<u>\$ 75,991</u>	<u>\$ 70,895</u>	<u>\$ 53,187</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,		
	2011	2010	2009
EMEA . . . . .	\$ 872,774	\$ 882,635	\$ 1,001,337
Americas . . . . .	1,032,988	729,473	785,862
Asia Pacific . . . . .	457,124	354,640	421,633
Total net sales . . . . .	<u>\$ 2,362,886</u>	<u>\$ 1,966,748</u>	<u>\$ 2,208,832</u>

In fiscal years 2011 and 2009, no single country other than the United States represented more than 10% of the Company's total consolidated net sales. In fiscal year 2010, the United States and Germany each represented more than 10% of the Company's total consolidated net sales. Revenues from sales to customers in Switzerland, our home domicile, represented a small portion of the Company's total consolidated net sales in all periods presented. In fiscal years 2011, 2010 and 2009, one customer group represented 12%, 13% and 14% of net sales. As of March 31, 2011 and 2010, one customer represented 13% and 14% of total accounts receivable.

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

	March 31,	
	2011	2010
EMEA . . . . .	\$ 9,774	\$ 11,053
Americas . . . . .	34,587	40,165
Asia Pacific . . . . .	45,272	43,765
Total long-lived assets . . . . .	<u>\$ 89,633</u>	<u>\$ 94,983</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, 2011 and 2010.

**Note 18 — Other Disclosures Required by Swiss Law**

***Balance Sheet Items***

The amounts of certain balance sheet items were as follows (in thousands):

	March 31,	
	2011	2010
Prepayments and accrued income . . . . .	\$ 10,953	\$ 8,098
Non-current assets . . . . .	\$ 785,170	\$ 806,017
Pension liabilities, current . . . . .	\$ 3,563	\$ 2,761
Fire insurance value of property, plant and equipment . . . .	\$ 197,155	\$ 191,600

***Statement of Income Items***

Total personnel expenses amounted to \$364.2 million, \$292.3 million and \$282.9 million in fiscal years 2011, 2010 and 2009.

***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, 2011, 2010 and 2009:

	Fiscal Year	Base Salary <sup>(1)</sup>	Bonus <sup>(2)</sup>	Non-equity			Option Awards <sup>(4)</sup>	Other Compensation <sup>(5)</sup>	Total
				Incentive Plan Compensation <sup>(3)</sup>	Stock Awards <sup>(4)</sup>				
Daniel Borel	2011	\$ 63,499	\$ —	\$ —	\$ 118,770	\$ —	\$ —	\$ 182,269	
	2010	72,974	—	—	110,580	—	—	183,554	
	2009	74,882	—	—	—	—	—	74,882	
Matthew Bousquette	2011	110,918	—	—	116,994	—	—	227,912	
	2010	124,762	—	—	109,680	—	—	234,442	
	2009	94,533	—	—	—	104,850	—	199,383	
Erh-Hsun Chang	2011	87,002	—	—	116,994	—	—	203,996	
	2010	87,098	—	—	127,960	—	—	215,058	
	2009	75,321	—	—	—	—	—	75,321	
Kee-Lock Chua	2011	101,104	—	—	116,994	—	—	218,098	
	2010	108,284	—	—	127,960	—	—	236,244	
	2009	99,504	—	—	—	—	—	99,504	
Sally Davis	2011	91,208	—	—	118,770	—	—	209,978	
	2010	101,222	—	—	110,580	—	—	211,802	
	2009	95,598	—	—	—	—	—	95,598	
Neil Hunt	2011	44,532	—	—	235,569	—	—	280,101	
Richard Laube	2011	71,746	—	—	118,770	—	—	190,516	
	2010	87,098	—	—	110,580	—	—	197,678	
	2009	58,168	—	—	—	208,500	—	266,668	
Robert Malcolm	2011	28,863	—	—	—	—	—	28,863	
	2010	87,098	—	—	109,680	—	—	196,778	
	2009	85,841	—	—	—	—	—	85,841	
Monika Ribar	2011	102,671	—	—	118,770	—	—	221,441	
	2010	110,638	—	—	110,580	—	—	221,218	
	2009	107,017	—	—	—	—	—	107,017	
Total Non-Executive Board Members	2011	<u>\$ 701,543</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,061,631</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,763,174</u>	
	2010	<u>\$ 779,174</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 917,600</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,696,774</u>	
	2009	<u>\$ 690,864</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 313,350</u>	<u>\$ —</u>	<u>\$ 1,004,214</u>	
Highest Paid Executive Officer									
Gerald Quindlen	2011	\$ 825,000	\$ —	\$ 1,083,000	\$ 5,835,050	\$ —	\$ 62,365	\$ 7,805,415	
Gerald Quindlen	2010	\$ 787,500	\$ —	\$ 1,299,000	\$ 1,007,600	\$ 394,000	\$ 50,370	\$ 3,538,470	
Gerald Quindlen	2009	\$ 787,500	\$ —	\$ —	\$ 697,500	\$ 1,151,000	\$ 31,549	\$ 2,667,549	
Total Executive Officers <sup>(6)</sup>	2011	\$ 3,836,280	\$ 133,547	\$ 3,250,276	\$ 12,257,300	\$ —	\$ 1,400,897	\$ 20,878,300	
	2010	\$ 3,634,808	\$ 40,467	\$ 4,557,000	\$ 2,641,020	\$ 2,783,850	\$ 107,745	\$ 13,764,890	
	2009	\$ 3,340,962	\$ —	\$ 584,403	\$ 1,918,125	\$ 3,585,950	\$ 168,509	\$ 9,597,949	

- (1) Base salary for non-executive members of the Board of Directors includes fees to attend meetings, annual retainers and travel fees.
- (2) In fiscal year 2011, a bonus was granted to an executive officer to offset taxes incurred on a life insurance contract on the executive officer's life held by the Company in connection with the Company's management deferred compensation plan. The Company surrendered the life insurance contract for cash in December 2010. In fiscal year 2010, a bonus was 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 2011, 2010 or 2009.
- (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 12.

- (5) Other compensation includes term life insurance premiums, car allowance, tax preparation services (and associated tax gross-up), relocation expenses, travel costs in lieu of relocation, and matching contributions made by the Company to the Logitech Inc. 401(k) plan or the Logitech Employee Pension Fund.
- (6) Includes compensation paid to Mr. David Henry, a former Sr. Vice President, Customer Experience and Chief Marketing Officer of the Company. Mr. Henry resigned from the Company in December 2010.

No additional fees or compensation have been paid during fiscal years 2011, 2010 and 2009 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 2011, 2010 and 2009 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 2011, 2010 and 2009 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, 2011:

	<u>Shares Held</u>	<u>Options, PRSUs and RSUs Held<sup>(1)</sup></u>	<u>Exercise Price</u>	<u>Fiscal Years of Expiration</u>
Non-Executive Members				
of the Board of Directors:				
Daniel Borel <sup>(2)</sup> . . . . .	11,356,636	7,400	n/a	n/a
Matthew Bousquette . . . . .	14,242	82,400	\$15.41–\$23.29	2016–2019
Erh-Hsun Chang . . . . .	152,949	326,400	\$7.76–\$20.25	2014–2017
Kee-Lock Chua . . . . .	23,499	62,400	\$10.78–\$19.43 <sup>(3)</sup>	2014–2017
Sally Davis . . . . .	15,602	37,400	\$27.76 <sup>(4)</sup>	2018
Neil Hunt . . . . .	—	14,900	n/a	n/a
Richard Laube . . . . .	67,751	37,400	\$23.27 <sup>(5)</sup>	2019
Monika Ribar . . . . .	<u>10,657</u>	<u>102,400</u>	\$11.71–\$27.76 <sup>(6)</sup>	2015–2018
Total Non-Executive Members of the Board of Directors: . . . . .	<u>11,641,336</u>	<u>670,700</u>		
Executive Officers:				
Guerrino De Luca . . . . .	164,018	980,538	\$6.84–\$27.95	2013–2020
Gerald Quindlen . . . . .	2,803	1,250,000	\$10.64–\$34.39	2016–2020
Erik Bardman . . . . .	—	160,000	\$18.76	2020
Werner Heid . . . . .	8,686	312,250	\$8.01–\$17.44	2019–2020
Junien Labrousse . . . . .	20,210	617,250	\$13.48–\$30.09	2016–2020
L. Joseph Sullivan . . . . .	400	311,000	\$13.48–\$30.09	2016–2020
Total Executive Officers . . . . .	<u>196,117</u>	<u>3,631,038</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 or three 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 four equal annual installments from the date of grant. RSUs granted to non-executive Directors vest in one installment on the grant date anniversary.

- (2) The number of shares held includes (a) 53,000 shares held by a charitable foundation, of which Mr. Borel and other members of his family are board members, (b) 26,500 shares held by one of Mr. Borel's children, and (c) 6,500 shares held by Mr. Borel's spouse. Mr. Borel has not entered into any written shareholders' agreements.
- (3) One of the option grants to Mr. Chua has an exercise price of CHF 14.29, and the other has a U.S. dollar exercise price of \$19.43. For the grant denominated in Swiss francs, the U.S. dollar exercise price is based on the Swiss franc to U.S. dollar conversion rate on the trading day immediately preceding the grant date. The range of the U.S. dollar exercise prices as of March 31, 2011 was \$15.61 - \$19.43.
- (4) The exercise price of the option as granted to Ms. Davis is CHF 34.45. The U.S. dollar exercise price shown is based on the Swiss franc 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, 2011 was \$37.63.
- (5) The exercise price of the option as granted to Mr. Laube is CHF 26.18. The U.S. dollar exercise price shown is based on the Swiss franc 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, 2011 was \$28.60.
- (6) The two option grants to Ms. Ribar have exercise prices of CHF 14.68 and CHF 34.45. The U.S. dollar exercise prices in the range are based on the Swiss franc to U.S. dollar conversion rate on the trading day immediately preceding the grant dates. The range of the U.S. dollar exercise prices as of March 31, 2011 was \$16.04 - \$37.63.

### ***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,	
	2011	2010
<b>ASSETS</b>		
Current assets:		
Cash .....	CHF 89,936	CHF 32,548
Short-term bank deposits .....	39,272	56,109
Accrued interest and other receivables .....	280	15
Advances to and amounts receivable from group companies .....	32,901	81,353
Total current assets .....	162,389	170,025
Long-term assets:		
Other long-term assets .....	1,552	1,054
Investments in subsidiaries .....	513,720	513,702
Loans to subsidiaries .....	268,578	324,474
Provisions on investments in and loans to subsidiaries .....	(2,507)	(2,507)
Treasury shares .....	281,565	419,770
Provision on treasury shares .....	(87,743)	(178,766)
Total long-term assets .....	975,165	1,077,727
Total assets .....	CHF 1,137,554	CHF 1,247,752
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Payables to group companies .....	CHF 12,524	CHF 33,249
Accruals and other liabilities .....	1,198	2,490
Deferred unrealized exchange gains .....	—	2,829
Total current liabilities .....	13,722	38,568
Long-term liabilities:		
Other long-term liabilities .....	38	103
Payables to group companies .....	277,017	382,517
Total liabilities .....	290,777	421,188
Shareholders' equity:		
Share capital .....	47,902	47,902
Legal reserves:		
General reserve .....	9,580	9,580
Reserve for treasury shares .....	281,565	419,770
Unappropriated retained earnings .....	507,730	349,312
Total shareholders' equity .....	846,777	826,564
Total liabilities and shareholders' equity .....	CHF 1,137,554	CHF 1,247,752

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)**

	<b>Year ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
Dividend income . . . . .	CHF 35,332	CHF 11,500
Royalty fees . . . . .	25,562	42,914
Interest income from third parties . . . . .	614	920
Interest income from subsidiaries . . . . .	12,598	3,915
	<u>74,106</u>	<u>59,249</u>
Administrative expenses . . . . .	4,390	4,267
Brand development expenses . . . . .	12,754	12,713
Amortization of intangibles . . . . .	—	39
Interest paid to subsidiaries . . . . .	20,513	8,933
Income, capital and non-recoverable withholding taxes . . . . .	438	2,045
Loss on disposal of treasury shares . . . . .	5,334	5,983
(Gain) loss on long-term investments . . . . .	(1,026)	686
Realized exchange losses, net of exchange gains . . . . .	11,461	56
Other expenses . . . . .	29	17
	<u>53,893</u>	<u>34,739</u>
Net income . . . . .	<u>CHF 20,213</u>	<u>CHF 24,510</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 91,205,000 and CHF 101,690,000 at March 31, 2011 and March 31, 2010 for lines of credit available to its subsidiaries. At March 31, 2011 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 50,075,000 as of March 31, 2011. As of March 31, 2011, CHF 9,419,000 was outstanding under these guarantees. The Holding Company has also guaranteed the purchases of one of its subsidiaries under three guarantee agreements. Two of these guarantees do not specify a maximum amount. The third guarantee is limited to CHF 6,407,800. As of March 31, 2011, CHF 4,471,000 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 2010 and 2011, repurchases of and issuances from the Holding Company's treasury shares were as follows (total cost in thousands):

	<b>Number of shares</b>	<b>Total cost (in thousands)</b>
Held by the Holding Company at March 31, 2009 .....	12,124,078	CHF 389,648
Additions .....	7,425,125	134,771
Disposals .....	<u>(3,113,675)</u>	<u>(104,649)</u>
Held by the Holding Company at March 31, 2010 .....	16,435,528	419,770
Additions .....	—	—
Disposals .....	<u>(4,001,914)</u>	<u>(138,205)</u>
Held by the Holding Company at March 31, 2011 .....	<u>12,433,614</u>	<u>CHF 281,565</u>

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 March 31, 2011, 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.

As of March 31, 2010 the net value of treasury shares contained a reserve of CHF 44,152,294. As of March 31, 2011 CHF 31,700,188.48 of this reserve has been released.

**Note 5 — Authorized and Conditional Share Capital Increases:**

***Conditional capital***

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 approved previously 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.

**LOGITECH INTERNATIONAL S.A., APPLES**

**NOTES TO SWISS STATUTORY FINANCIAL STATEMENTS (continued)**

As of March 31, 2011, none of the aforementioned conditional registered shares had been issued. During fiscal years 2011 and 2010, all employee equity incentive commitments were satisfied from treasury shares held by the Holding Company. A description of the employee equity incentive commitments still outstanding is presented in the consolidated financial statements of Logitech International S.A.

**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, 2011 were as follows:

<u>Name</u>	<u>Number of Shares<sup>(1)</sup></u>	<u>% of Voting Rights<sup>(2)</sup></u>	<u>Relevant Date</u>
Daniel Borel <sup>(3)</sup> . . . . .	11,356,636	5.9%	March 31, 2011
FMR LLC <sup>(4)</sup> . . . . .	9,272,440	4.8%	December 31, 2010
Thornburg Investment Management <sup>(5)</sup> . . . . .	17,686,835	9.2%	July 30, 2010
The Bank of New York Mellon Corporation <sup>(6)</sup> . . . . .	6,467,865	3.4%	February 7, 2011
AXA Group <sup>(7)</sup> . . . . .	9,944,400	5.2%	November 23, 2010

- (1) Financial instruments other than shares are not taken into consideration for the calculation of the relevant shareholdings.
- (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, 2011.
- (3) The number of shares held includes (a) 53,000 shares held by a charitable foundation, of which Mr. Borel and other members of his family are board members, (b) 26,500 shares held by one of Mr. Borel's children, and (c) 6,500 shares held by Mr. Borel's spouse. Mr. Borel has not entered into any written shareholders' agreements.
- (4) Number of shares held by FMR LLC is based on a notification filed by FMR LLC with the U.S. Securities and Exchange Commission on February 14, 2011 indicating the ownership of FMR LLC, on behalf of funds managed by and clients of FMR LLC and its direct and indirect subsidiaries as of December 31, 2010.
- (5) On August 2, 2010, Thornburg Investment Management notified us that as of July 30, 2010 they held 17,686,835 shares as an investment manager on behalf of their investment clients.
- (6) On February 14, 2011, The Bank of New York Mellon Corporation notified us that as of February 7, 2011 The Bank of New York Mellon Corporation and certain direct and indirect subsidiaries held 6,467,865 shares.
- (7) On November 26, 2010, AXA Group notified us that as of November 23, 2010 AXA Group and its subsidiaries held 9,944,400 shares.

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 2011 and 2010, movements on retained earnings were as follows (in thousands):

	Year ended March 31,	
	2011	2010
Retained earnings at the beginning of the year . . . . .	CHF 349,312	CHF 354,924
Release from (attribution to) reserve for treasury shares. . . . .	138,205	(30,122)
Net income for the year . . . . .	20,213	24,510
Retained earnings at the disposal of the Annual General Assembly. . . . .	CHF 507,730	CHF 349,312

**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.

**Note 9 — Risk Assessment:**

A discussion of the Holding Company's risk assessment is included in Note 18-Other Disclosures Required by Swiss Law in the consolidated financial statements of Logitech International S.A.

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## 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 2011 and 2010 (in thousands):

	Year ended March 31,	
	2011	2010
	Proposal of the Board of Directors	Resolution of the General Assembly
To be carried forward . . . . .	<u>CHF 507,730</u>	<u>CHF 349,312</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, 2011.

*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, 2011 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



Michael Foley  
Audit expert  
Auditor in charge



Aurélien Capt  
Audit expert

Lausanne, Switzerland  
May 31, 2011

Enclosures:

Financial statements (balance sheet, statement of income and notes) for the year ended March 31, 2011 and the proposed appropriation of the available earnings, listed in the index appearing on page 230.

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## Executive Team

### **Guerrino De Luca**

Chairman of the Board  
Acting President and Chief Executive Officer

### **Erik K. Bardman**

Chief Financial Officer and  
Senior Vice President, Finance

### **Junien Labrousse**

Executive Vice President, Products and  
President, Logitech Europe

### **Werner Heid**

Senior Vice President,  
Worldwide Sales and Marketing

### **M. Ehtisham Rabbani**

Senior Vice President and Chief Marketing Officer

### **Craig Malloy**

Chief Executive Officer, LifeSize Communications,  
Senior Vice President, 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  
Acting President and Chief Executive Officer  
Logitech

### **Daniel Borel**

Co-Founder and Former Chairman of the Board  
Logitech

### **Matthew Bousquette**

Chairman  
EGI Holdings 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

### **Neil Hunt**

Chief Product Officer  
Netflix, Inc.

### **Richard Laube**

Chief Executive Officer  
Nobel Biocare Holding A.G.

### **Monika Ribar**

President and Chief Executive Officer  
Panalpina Group

## Investor Relations

Investor inquiries may be directed to:  
[LogitechIR@logitech.com](mailto:LogitechIR@logitech.com)

## Annual Meeting

Logitech's annual meeting of shareholders will be held at 14:30 Central European Summer Time, September 7, 2011, 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](http://www.logitech.com).