logitech

2015 Annual General Meeting
Invitation, Proxy Statement and Annual Report

To Our Shareholders

We are pleased to report that Fiscal Year 2015 was a strong year for Logitech, further advancing the Company's transformation that started two years ago.

This past year demonstrated the effectiveness of our strategy and its resilience even in the face of challenges. The PC market declined, the iPad market declined and we underwent a lengthy internal investigation. By November 2014 the internal investigation was behind us and our financial statements had been corrected. Against this backdrop, we delivered solid Fiscal Year 2015 results:

- Sales of $2.11 billion, down 1 percent compared to FY 2014, and up 2 percent in constant currency.

- GAAP operating income was $15 million with earnings per share at $0.06.

- Cash flow from operations was $179 million. We ended the year with more than $0.5 billion in cash, up $68 million over last year. That is after distributing $44 million in dividends to our shareholders.

While these numbers are solid, once you analyze them in more detail they are even more impressive.

Excellent results

Logitech's primary focus is on our Retail Strategic business – the company's Profit Maximization and Growth categories. It does not include OEM and Lifesize, which together broke even. Retail Strategic is nearly 90 percent of our business – the future of our company. If you look at our performance in this business – in constant currency to take out the unusually significant impact of exchange rates – you will see we grew FY 2015 sales by 6 percent compared to last year. In the last half of the year, they grew 7 percent. This means the business that represents the future of Logitech is *already* growing within our high-single-digit, long-term growth target. It also shows that we ended FY 2015 with momentum.

In FY 2015, we took a non-cash, non-tax-deductible goodwill impairment charge related to the acquisition of Lifesize of $123 million. We began to reorganize this business and accelerate the transition to Lifesize's new cloud-based offering, which is gaining significant market traction. If you put aside this one-time charge, Logitech delivered our best earnings in seven years in FY 2015 and we tripled profitability in just two years.

A few years ago, we promised to deliver fewer, bigger products. And we are delivering.

It's clear that those parts of Logitech's business that we focus on most – the Company's future – show great promise. Here's more detail:

Growth Category

Logitech's Growth category comprised Tablet and Other Accessories, Gaming, and Mobile Speakers at the start of Fiscal Year 2015. By Q4 we added a fourth business: Video Collaboration.

Our growth businesses are key engines of our growth transformation. And these engines showed horsepower: our Growth category contributed nearly $600 million in sales for FY 2015 and grew 25 percent year over year. Both our Mobile Speakers and Video Collaboration businesses more than doubled over the course of the fiscal year.

In constant currency, the Growth category increased by 28 percent year over year in FY 2015, and by 45 percent in Q4, demonstrating the momentum we carried into the new fiscal year.

Profit Maximization

In FY 2015, sales in our PC Peripherals business decreased by 5 percent year over year – 2 percent in constant currency.

We achieved this in a PC market environment that's declining between 5 and 7 percent. That means we grew share in most of our PC Peripheral categories. We have market leadership in all of them. We also delivered record gross margins and, through the strength of our product innovations, even drove 5 percent growth in constant currency in our Keyboards and Combos category.

We expect the Profit Maximization category to continue to decline. We will manage that decline, maximizing profit as category leaders along the way. And we will continue to optimize our performance in this business over the coming years, regardless of declines in the PC market.

Our Products Are Big Experiences

We have also been working to reinvent Logitech as a Design-centric company – one in which Design is part of our culture and used as a strategic differentiator.

To achieve this, we have changed our innovation machine. We have opened up our office spaces to make them more collaborative. We have encouraged a small company culture where hierarchy and bureaucracy are being replaced by team-work, hunger and speed. We are seeing the fruits of our Design-focused work. Thanks to our design and innovation teams, our products have evolved into big experiences.

A few years ago, we promised to deliver fewer, bigger products. And we are delivering. Take the UE BOOM mobile speaker for example. Not only was it our biggest product in Fiscal Year 2015, it has become our best performing product in the 34-year history of the company. The UE MEGABOOM – UE BOOM's big brother – immediately became a top five selling product in Q4. And we launched another family member, the wild child of UE BOOM, UE ROLL, just a few weeks ago.

Another example can be found in our Video Collaboration business. The Logitech ConferenceCam CC3000e – a video camera, mic and speaker in a single unit – has seen a very positive reception. It's another top-selling product, just like the G502 PROTEUS CORE Tunable Gaming Mouse that quickly became our biggest gaming mouse after launch last year.

Five of our top 13 products in the company are now from our Growth category. And innovative products from our traditional businesses, like the Logitech Bluetooth Multi-Device Keyboard K480, are catching consumers' attention too. Last quarter, six of our products were honored with Red Dot 2015 Product Design Awards. We were also multiple honorees at CES. Over the last eighteen months, we've received over 50 prestigious design awards – more product design awards than in any period in our history.

This shows the power of the long-term strategies we have put in place to transform Logitech for the future.

Looking Ahead

We closed a solid Fiscal Year 2015 with healthy momentum. Looking ahead, however, the strong U.S. dollar is presenting a challenge for Logitech.

The dollar's strength has negatively affected our margins over the last few months. We do not believe this is simply a short-term change and we went on the offensive.

We deployed price increases in impacted markets across most of our products and will continue to assess prices as products launch throughout Fiscal Year 2016. We developed new cost reduction initiatives targeting our products, overhead and infrastructure. These build on FY 2015's disciplined spend management – our operating expenses were down for the second consecutive year and fell to their lowest level in five years. We are also undertaking a targeted realignment of resources, notably exiting our OEM business and reorganizing Lifesize as a cloud-based provider.

Thanks to this price and cost management initiative, we expect to be able to invest more deeply into the many growth opportunities we see ahead of us. Over the last two years, we have already reduced our R&D spend in traditional PC Peripherals by over two thirds, reinvesting the savings into our Growth category and future projects. We will also invest in new capabilities, both in R&D and in our regional go-to-market organizations. Last, but not least, we are returning more value to you, our shareholders, through dividends and share buybacks.

Thanks to this price and cost management initiative, we expect to be able to invest more deeply into the many growth opportunities we see ahead of us.

We thank our committed and hard-working employees. They have helped transform Logitech into a company that can grow again. And we thank you, our most committed shareholders, for your loyalty over this last year. We look forward to Fiscal Year 2016 as we accelerate our transformation for growth.

Guerrino De Luca
Chairman of the Board

Bracken P. Darrell
President and Chief Executive Officer

logitech

2015 Annual General Meeting
Invitation, Proxy Statement and Annual Report

2015 Annual General Meeting Invitation, Proxy Statement

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July 24, 2015

To our shareholders:

You are cordially invited to attend Logitech's 2015 Annual General Meeting. The meeting will be held on Wednesday, September 9, 2015 at 2:00 p.m. at the SwissTech Convention Center, EPFL, 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, instructions 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.

Guerrino De Luca
Chairman of the Board

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LOGITECH INTERNATIONAL S.A.
Invitation to the Annual General Meeting
Wednesday, September 9, 2015
2:00 p.m. (registration starts at 1:30 p.m.)
SwissTech Convention Center, EPFL – Lausanne, Switzerland

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AGENDA

A. Reports

Report on Operations for the fiscal year ended March 31, 2015

B. Proposals

1. Approval of the Annual Report, the consolidated financial statements and the statutory financial statements of Logitech International S.A. for fiscal year 2015
2. Advisory vote to approve executive compensation
3. Appropriation of retained earnings and declaration of dividend
4. Release of the Board of Directors and Executive Officers from liability for activities during fiscal year 2015
5. Elections to the Board of Directors
   5.A. Re-election of Mr. Kee-Lock Chua
   5.B. Re-election of Mr. Bracken Darrell
   5.C. Re-election of Ms. Sally Davis
   5.D. Re-election of Mr. Guerrino De Luca
   5.E. Re-election of Mr. Didier Hirsch
   5.F. Re-election of Dr. Neil Hunt
   5.G. Re-election of Mr. Dimitri Panayotopoulos
   5.H. Election of Dr. Edouard Bugnion
   5.I. Election of Ms. Sue Gove
   5.J. Election of Dr. Lung Yeh
6. Election of the Chairman of the Board
7. Elections to the Compensation Committee
   7.A. Re-election of Ms. Sally Davis
   7.B. Re-election of Dr. Neil Hunt
   7.C. Election of Mr. Dimitri Panayotopoulos
8. Approval of Compensation for the Board of Directors for the 2015 to 2016 Board Year
9. Approval of Compensation for the Group Management Team for Fiscal Year 2017
10. Re-election of KPMG AG as Logitech's auditors and ratification of the appointment of KPMG LLP as Logitech's independent registered public accounting firm for fiscal year 2016
11. Re-election of Ms. Béatrice Ehlers as Independent Representative

Apples, Switzerland, July 24, 2015

The Board of Directors

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Questions and Answers about The Logitech 2015 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 made available 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 24, 2015.

The 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 9, 2015 at 2:00 p.m. at the SwissTech Convention Center, EPFL, 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, Computershare) on Thursday, September 3, 2015 have the right to vote. No shareholders will be entered in the Share Register between September 3, 2015 and the day following the meeting. As of June 30, 2015, there were 102,572,279 shares registered and entitled to vote out of a total of 164,430,567 Logitech shares outstanding. The actual number of registered shares that will be entitled to vote at the meeting will vary depending on how many more shares are registered, or deregistered, between June 30, 2015 and September 3, 2015.

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, Computershare, you are considered a registered shareholder, and this Invitation and Proxy Statement and related materials are being sent or made available to you by Logitech.

Questions and Answers about The Logitech 2015 Annual General Meeting

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 EPFL – Quartier de l'Innovation, Daniel Borel Innovation Center 1015 Lausanne, Switzerland, and our principal executive office in the United States is at 7700 Gateway Boulevard, Newark, California 94560. Logitech's main telephone number in Switzerland is +41-(0)21-863-5111 and our main telephone number in the United States is +1-510-795-8500.
HOW CAN I OBTAIN LOGITECH'S PROXY STATEMENT, ANNUAL REPORT AND OTHER ANNUAL REPORTING MATERIALS?	A copy of our 2015 Annual Report to Shareholders, this Invitation and Proxy Statement and our Annual Report on Form 10-K for fiscal year 2015 filed with the U.S. Securities and Exchange Commission (the "SEC") 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 SEC by Tuesday, September 15, 2015. A copy of the Form 8-K will be available on our website at *http://ir.logitech.com.*

Questions and Answers about The Logitech 2015 Annual General Meeting

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 3, 2015 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 Logitech International S.A., c/o Devigus Shareholder Services, Birkenstrasse 47, CH-6343 Rotkreuz, Switzerland, 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 appoint 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 Internet voting site for registered shareholders, *gvmanager.ch/logitech* for shareholders on the Swiss share register or *www.proxyvote.com* for shareholders on the U.S. share register, or on the Response Coupon or Proxy Card, as applicable.

SWISS SHARE REGISTER – INTERNET VOTING – Go to the Internet voting site *gvmanager.ch/logitech* and log in with your one-time code on the Response Coupon. Please use the menu item "Grant Procuration" and submit your instructions by clicking on the "Send" button. Your code is only valid once; it expires once you have submitted your voting or any other instructions and signed off the portal. As long as you remain signed in to the portal, you may change your voting instructions at your discretion.

SWISS SHARE REGISTER – RESPONSE COUPON – Mark the box under Option 3 on the enclosed Response Coupon. Please sign, date and promptly mail your completed Response Coupon to Ms. Béatrice Ehlers using the appropriate enclosed postage-paid envelope.

U.S. SHARE REGISTER – INTERNET VOTING – Go to the Internet voting site *www.proxyvote.com* and log in with your 16-digit voting control number printed in the box marked by the arrow on the Notice of Internet Availability of Proxy Materials that you received from us. Please follow the menus to select the Independent Representative, Ms. Béatrice Ehlers, to represent you at the meeting.

U.S. SHARE REGISTER – PROXY CARD – If you have requested a Proxy Card, mark the box "Yes" on the Proxy Card to select the Independent Representative, Ms. Béatrice Ehlers, to represent you at the meeting. Please sign, date and promptly mail your completed Proxy Card to Broadridge using the enclosed postage-paid envelope.

Questions and Answers about The Logitech 2015 Annual General Meeting

HOW CAN I ATTEND THE MEETING?

If you wish to attend the meeting, you will need to obtain an admission card. You may order your admission card on the Internet voting site for registered shareholders, *www.gvmanager.ch/logitech* for shareholders on the Swiss share register or *www.proxyvote.com* for shareholders on the U.S. share register, or on the Response Coupon or Proxy Card, as applicable, and 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 3, 2015, you may attend the meeting by presenting proof of identification at the meeting.

SWISS SHARE REGISTER – INTERNET VOTING – Go to the Internet voting site *gvmanager.ch/logitech* and log in with your one-time code on the Response Coupon. Please use the menu item "Order Admission Card". Your code is only valid once; it expires as soon as you have ordered an admission card by clicking on the "Send" button or submitted any other instructions and signed off the portal.

SWISS SHARE REGISTER – RESPONSE COUPON – Mark the box under Option 1 on the enclosed Response Coupon. Please send the completed, signed and dated Response Coupon to Logitech using the enclosed postage-paid envelope by Thursday, September 3, 2015.

U.S. SHARE REGISTER – INTERNET VOTING – Go to the Internet voting site *www.proxyvote.com* and log in with your 16-digit voting control number printed in the box marked by the arrow on the Notice of Internet Availability of Proxy Materials that you received from us. Please follow the menus to indicate that you will personally attend the meeting.

U.S. SHARE REGISTER – PROXY CARD – If you have requested a Proxy Card, mark the box "Yes" on the Proxy Card to indicate that you will personally attend the meeting. Please sign, date and promptly mail your completed Proxy Card to Broadridge using the enclosed postage-paid envelope by Thursday, September 3, 2015.

CAN I HAVE ANOTHER PERSON REPRESENT ME AT THE MEETING?

Yes. If you would like someone other than the Independent Representative to represent you at the meeting, please mark Option 2 on the Response Coupon (for shareholders on the Swiss share register) or, if you requested a Proxy Card (for shareholders on the U.S. share register), mark the box on the Proxy Card to authorize the person you name on the reverse side of the Proxy Card. On either the Response Coupon or the Proxy Card, please provide the name and address of the person you want to represent you. Please return the completed, signed and dated Response Coupon to Logitech or Proxy Card to Broadridge, using the enclosed postage-paid envelope by September 3, 2015. 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.

If you requested and received an admission card to attend the meeting, you can also authorize someone other than the Independent Representative to represent you at the meeting on the admission card and provide that signed, dated and completed admission card to your representative, together with your voting instructions.

You do not have the option to order an admission card for your representative on the Internet voting sites.

Questions and Answers about The Logitech 2015 Annual General Meeting

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 3, 2015 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, CAN I CHANGE MY VOTE AFTER I HAVE VOTED?	You may change your vote by Internet or by mail through September 3, 2015. You may also change your vote by attending the meeting and voting in person. For shareholders on the Swiss share register, you may revoke your vote by requesting a new one-time code and providing new voting instructions at *gvmanager.ch/logitech,* or by requesting and submitting a new Response Coupon from our Swiss Share Register at Devigus Shareholder Services (by telephone at +41-41-798-48-33 or by e-mail at *logitech@devigus.com*). For shareholders on the U.S. share register, you may revoke your vote by providing new voting instructions at *www.proxyvote.com*, if you voted by Internet, or by requesting and submitting a new Proxy Card. Your attendance at the meeting will not automatically revoke your vote or Response Coupon or Proxy Card unless you vote again at the meeting or specifically request in writing that your prior voting instructions be revoked.
	SWISS SHARE REGISTER – INTERNET VOTING – After you receive the new one-time code, go to the Internet voting site *gvmanager.ch/logitech* and log in. Please use the menu item “Grant Procuration”. Follow the directions on the site to complete and submit your new instructions until Thursday, September 3, 2015, 23:59 (Central European Time), or you may attend the meeting and vote in person. **SWISS SHARE REGISTER – RESPONSE COUPON –** If you request a new Response Coupon and wish to vote again, you may complete the new Response Coupon and return it to us by September 3, 2015, or you may attend the meeting and vote in person.
	U.S. SHARE REGISTER – INTERNET VOTING – Go to the Internet voting site *www.proxyvote.com* and log in with your 16-digit voting control number printed in the box marked by the arrow on the Notice of Internet Availability of Proxy Materials that you received from us. Please follow the menus to submit your new instructions until Thursday, September 3, 2015, 11:59 p.m. (U.S. Eastern Daylight Time), or you may attend the meeting and vote in person. **U.S. SHARE REGISTER – PROXY CARD –** If you request a new Proxy Card and wish to vote again, you may complete the new Proxy Card and return it to Broadridge by September 3, 2015, or you may attend the meeting and vote in person.

Questions and Answers about The Logitech 2015 Annual General Meeting

IF I VOTE BY PROXY, WHAT HAPPENS IF I DO NOT GIVE SPECIFIC VOTING INSTRUCTIONS?	**SWISS SHARE REGISTER – INTERNET VOTING –** If you are a registered shareholder and vote using the Internet voting site, you have to give specific voting instructions for all agenda items before you can submit your instructions. **SWISS SHARE REGISTER – RESPONSE COUPON –** If you are a registered shareholder and sign and return a Response Coupon without giving specific voting instructions for some or all agenda items, you thereby give instructions to the Independent Representative to vote your shares in accordance with the recommendations of the Board of Directors for such agenda items as well as for new and amended proposals that could be formulated during the course of the meeting.
	U.S. SHARE REGISTER – INTERNET VOTING – If you are a registered shareholder and vote using the Internet voting site without giving specific voting instructions for some or all agenda items, you thereby give instructions to the Independent Representative to vote your shares in accordance with the recommendations of the Board of Directors for such agenda items as well as for new and amended proposals that could be formulated during the course of the meeting. **U.S. SHARE REGISTER – PROXY CARD –** If you are a registered shareholder and sign and return a Proxy Card without giving specific voting instructions for some or all agenda items, you thereby give instructions to the Independent Representative to vote your shares in accordance with the recommendations of the Board of Directors for such agenda items as well as for new and amended proposals that could be formulated during the course of the meeting.
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.*

Questions and Answers about The Logitech 2015 Annual General Meeting

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 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.

Questions and Answers about The Logitech 2015 Annual General Meeting

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 10, 2015 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 10, 2015 and August 24, 2015, 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 10, 2015 votes but subsequently sells their shares before August 24, 2015, their votes will be cancelled. A U.S. or Canadian "street name" beneficial owner as of July 10, 2015 that has voted and subsequently increases or decreases their shareholdings but remains a beneficial owner as of August 24, 2015 will have their votes increased or decreased to reflect their shareholdings as of August 24, 2015.

If you acquire Logitech shares in "street name" after July 10, 2015 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 or made available to you, and for your voting instructions to be returned to us before the meeting, please begin the registration process as far before September 3, 2015 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, by mail or by telephone by following the instructions provided in the Notice or on the Proxy Card.

Questions and Answers about The Logitech 2015 Annual General Meeting

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 to approve executive compensation), Proposal 3 (Appropriation of retained earnings and declaration of dividend), Proposal 4 (Release of the Board of Directors and Executive Officers from liability for activities during fiscal year 2015), Proposal 5 (Elections to the Board of Directors), Proposal 6 (Election of the Chairman), Proposal 7 (Elections to the Compensation Committee), Proposal 8 (Approval of Compensation for the Board of Directors for the 2015 to 2016 Board Year), Proposal 9 (Approval of Compensation for the Group Management Team for Fiscal Year 2017), Proposal 11 (Election of the Independent Representative). 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 3, 2015 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.

Questions and Answers about The Logitech 2015 Annual General Meeting

HOW DO I OBTAIN A SEPARATE SET OF PROXY MATERIALS OR REQUEST A SINGLE SET FOR MY HOUSEHOLD IN THE UNITED STATES?

We have adopted a procedure approved by the SEC called "householding" for shareholders in the United States. Under this procedure, shareholders who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of our proxy statement and annual report unless one or more of these shareholders notifies us that they wish to continue receiving individual copies. This procedure reduces our printing costs and postage fees. Each U.S. shareholder who participates in householding will continue to be able to access or receive a separate proxy card.

If you wish to receive a separate proxy statement and annual report at this time, please request the additional copy by contacting our mailing agent, Broadridge, by telephone at +1-866-540-7095 or by e-mail at *sendmaterial@proxyvote.com*. If any shareholders in your household wish to receive a separate proxy statement and annual report in the future, they may call our investor relations group at +1-510-713-4220 or write to Investor Relations, 7700 Gateway Boulevard, Newark, California 94560. They may also send an email to our investor relations group at *logitechIR@logitech.com*. Other shareholders who have multiple accounts in their names or who share an address with other stockholders can authorize us to discontinue mailings of multiple proxy statements and annual reports by calling or writing to investor relations.

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 that deadline as possible.

Other Meeting Information

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 you are a registered shareholder:

SWISS SHARE REGISTER	**INTERNET VOTING –** If you are a registered shareholder and vote using the Internet voting site, you have to give specific voting instructions to all agenda items before you can submit your instructions. **RESPONSE COUPON –** If you are a registered shareholder and sign and return a Response Coupon without giving specific voting instructions for some or all agenda items, you thereby give instructions to the Independent Representative to vote your shares in accordance with the recommendations of the Board of Directors for such agenda items as well as for new and amended proposals that could be formulated during the course of the meeting.
U.S. SHARE REGISTER	**INTERNET VOTING –** If you are a registered shareholder and vote using the Internet voting site without giving specific voting instructions for some or all agenda items, you thereby give instructions to the Independent Representative to vote your shares in accordance with the recommendations of the Board of Directors for such agenda items as well as for new and amended proposals that could be formulated during the course of the meeting. **PROXY CARD –** If you are a registered shareholder and sign and return a Proxy Card without giving specific voting instructions for some or all agenda items, you thereby give instructions to the Independent Representative to vote your shares in accordance with the recommendations of the Board of Directors for such agenda items as well as for new and amended proposals that could be formulated during the course of the meeting.

If you are a beneficial owner of shares held in “street name” in the United States or Canada, if other matters are properly presented for voting at the meeting and you have provided discretionary voting instructions on a voting instruction card or through the Internet or other permitted voting mechanisms or have not provided voting instructions, your shares will be voted in accordance with the recommendations of the Board of Directors at the meeting on such matters.

Proxy Solicitation

We do not expect to retain a proxy solicitation firm. 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. 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.

Questions and Answers about The Logitech 2015 Annual General Meeting

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 2015 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 and describe the proposal. With respect to the 2015 Annual General Meeting, the deadline to receive proposals for the agenda was July 9, 2015. In addition, under Swiss law registered shareholders, or persons holding a valid proxy from a registered shareholder, may propose alternatives to items on the 2015 Annual General Meeting agenda before or at the meeting.

Shareholder Proposals for 2016 Annual General Meeting

We anticipate holding our 2016 Annual General Meeting on or about September 7, 2016, and therefore mailing the Invitation and Proxy Statement for the 2016 Annual General Meeting on or about July 22, 2016. 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 2016 Annual General Meeting of shareholders by delivering a written request describing the proposal to the Secretary of Logitech at our principal executive office in either Switzerland or the United States no later than July 8, 2016. 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 2016 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, 2016. 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 2016 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, 2015

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 2015.

Agenda Proposals and Explanations

B. Proposals

Proposal 1

Approval of the Annual Report, the Consolidated Financial Statements and the Statutory Financial Statements of Logitech International S.A. for Fiscal Year 2015

Proposal

The Board of Directors proposes that the Annual Report, the consolidated financial statements and the statutory financial statements of Logitech International S.A. for fiscal year 2015 be approved.

Explanation

The Logitech consolidated financial statements and the statutory financial statements of Logitech International S.A. for fiscal year 2015 are contained in Logitech's Annual Report, which was made available to all registered shareholders on or before the date of this Invitation and Proxy Statement. The Annual Report also contains the report of Logitech's auditors, the report of the statutory auditors, Logitech's Remuneration Report prepared in compliance with the Swiss Ordinance Against Excessive Compensation by Public Corporations (the so-called "Minder Ordinance") as well as the report of the statutory auditors on the Remuneration Report, 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. Copies of the Annual Report 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. 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 or the consolidated or statutory financial statements for fiscal year 2015.

KPMG AG, as Logitech auditors, issued an unqualified recommendation to the Annual General Meeting that the consolidated and statutory financial statements of Logitech International S.A. be approved. KPMG AG expressed their opinion that the "consolidated financial statements for the year ended March 31, 2015 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 (U.S. GAAP) and comply with Swiss law." They further expressed their opinion and confirmed 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. and the Remuneration Report contains the information required by Swiss law.

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 consolidated financial statements and the statutory financial statements of Logitech International S.A. for fiscal year 2015.

Proposal 2
Advisory Vote to Approve 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 2015.

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. Shareholders were supportive of our compensation philosophy, policies and practices in those years and every year since.

Beginning with the 2011 Annual General Meeting, a say-on-pay advisory vote was required for all public companies, including Logitech, that are subject to the applicable U.S. proxy statement rules. At the 2011 Annual General Meeting, shareholders approved a proposal to take this vote annually. Accordingly, 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. It is carried out as a best practice and to comply with applicable U.S. proxy statement rules, and is consequently independent from, and comes in addition to, the binding vote on the compensation of the Board of Directors for the 2015 to 2016 Board Year contemplated in Proposal 8 and the binding vote on the Approval of Compensation for the Group Management Team for Fiscal Year 2017 contemplated in Proposal 9 below. 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 2015 Compensation Report, Logitech has designed its compensation programs to:

- provide compensation sufficient to attract and retain the level of talent needed to create and manage an innovative, high growth global company in highly competitive and rapidly evolving markets;
- support a performance-oriented culture;
- maintain a balance between fixed and variable compensation and place a significant portion of total compensation at risk based on the Logitech's performance, while maintaining controls over inappropriate risk-taking by factoring in both annual and long-term performance;

- provide a balance between short-term and long-term objectives and results;
- align executive compensation with shareholders' interests by tying a significant portion of compensation to increasing share value; 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 through long-term equity incentive awards.

The Compensation Committee of the Board has developed a compensation program that is described more fully in the Compensation Report included in this Invitation and Proxy Statement. Logitech's compensation philosophy, compensation program risks and design, and compensation paid during fiscal year 2015 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, motivating and retaining 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 paid to Logitech's named executive officers as disclosed in the Compensation Report, including the "Compensation Discussion and Analysis," the Summary Compensation table and the related compensation tables, notes, and narrative discussion, is hereby approved."

Proposal 3

Appropriation of Retained Earnings and Declaration of Dividend

Proposal

The Board of Directors proposes that CHF 449,500,812 (approximately USD 462,221,685) based on the exchange rate on March 31, 2015) of retained earnings be appropriated as follows:

	Year ended March 31, 2015
Retained earnings available at the end of fiscal year 2015	CHF 449,500,812
Proposed dividends*	CHF (82,661,493)
Balance of retained earnings to be carried forward*	CHF 366,839,319

The Board of Directors proposes distribution of a gross aggregate dividend of approximately CHF 82,661,493, based on the Board-approved gross aggregate dividend of USD 85,000,000 and the exchange rate on March 31, 2015, or approximately CHF 0.5025 per share (approximately USD 0.5167).*

No distribution shall be made on shares held in treasury by the Company and its subsidiaries.

If the proposal of the Board of Directors is approved, the dividend payment of approximately CHF 0.5025 per share (or approximately CHF 0.3266 per share after deduction of 35% Swiss withholding tax whenever required) will be made on or about September 22, 2015 to all shareholders on record as of the record date (which will be on or about September 21, 2015). We expect that the shares will be traded ex dividend as of approximately September 17, 2015.

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 2015 Annual General Meeting are the earnings of Logitech International S.A., the Logitech parent holding company.

The proposal of the Board of Directors to distribute a gross dividend of approximately CHF 0.5025 per share represents an increase of approximately 91% over the prior year, following another year of strong cash flow from operations, and is an indication of the Board of Directors' confidence in the future of the Company. Since fiscal year 2013, the Board of Directors decided on a recurring annual gross dividend and not on an occasional one. As a consequence, the Company expects to propose such a dividend to the shareholders of the Company every year (subject to the approval of the Company's statutory auditors in the applicable year).

Other than the distribution of the dividend, the Board of Directors proposes the carry-forward of retained earnings based on the Board's belief 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.

Agenda Proposals and Explanations

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 proposed appropriation of retained earnings with respect to fiscal year 2015, including the payment of a dividend to shareholders in an amount of approximately CHF 0.5025 per share.*

* Calculated based on a gross aggregate dividend of USD 85,000,000 (approximately CHF 82,661,493 based on the exchange rate of CHF 1 = USD 1.0283 as of March 31, 2015), or approximately USD 0.5167 per share (approximately CHF 0.5025 per share based on the exchange rate as of March 31, 2015), subject to a maximum gross aggregate dividend equal to the retained earnings available at the end of fiscal year 2015. The per share approximations are based on 164,481,799 shares outstanding, net of treasury shares, as of March 31, 2015. Subject to the maximum gross aggregate dividend, the proposed dividend in Swiss Francs presented at Logitech's 2015 Annual General Meeting will be based on USD 85,000,000 and the currency exchange rate effective on the date of Logitech's 2015 Annual General Meeting. Distribution-bearing shares are all shares issued except for treasury shares held by Logitech International S.A. on the day preceding the payment of the distribution.

Proposal 4

Release of the Board of Directors and Executive Officers from Liability for Activities during Fiscal Year 2015

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 2015.

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 2015 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 2015 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 or of any Logitech executive officers.

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 2015.

Agenda Proposals and Explanations

Proposal 5
Elections to the Board of Directors

Our Board of Directors is presently composed of ten members. Each director was elected for a one-year term ending at the closing of the 2015 Annual General Meeting.

At the recommendation of the Nominating Committee, the Board has nominated the ten individuals below to serve as directors for a one-year term, beginning in each case as of the Annual General Meeting on September 9, 2015. Seven of the nominees currently serve as members of the Board of Directors. Their current terms expire upon the closing of the Annual General Meeting on September 9, 2015. The other three nominees were recommended by the Nominating Committee of the Board and approved by the Board in June 2015 as nominees for election to the Board. Dr. Bugnion's candidacy as a nominee was recommended by our director, Mr. Daniel Borel, and Korn Ferry in Switzerland, an executive search firm. Ms. Sue Gove's candidacy as a nominee was recommended by Russell Reynolds, an executive search firm. Dr. Lung Yeh's candidacy as a nominee was recommended by our director and Chair of the Nominating Committee, Mr. Kee-Lock Chua. Ms. Monika Ribar and Mr. Matthew Bousquette, having served the Company as members of the Board for eleven and ten years, respectively, have decided to retire and not to stand for re-election. Mr. Daniel Borel, the co-founder and former Chief Executive Officer and Chairman of the Company and a member of the Board for 27 years, has decided to retire and not to stand for re-election.

The term of office ends at the closing of the next Annual General Meeting. There will be a separate vote on each nominee.

Under Swiss law, Board members may only be appointed by shareholders. If the individuals below are elected, the Board will be composed of ten members. The Board has no reason to believe that any of our nominees will be unwilling or unable to serve if elected as a director.

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

5.A Re-election of Mr. Kee-Lock Chua

Proposal: The Board of Directors proposes that Mr. Kee-Lock Chua be re-elected to the Board for a one-year term ending at the closing of the 2016 Annual General Meeting.

For biographical information and qualifications of Mr. Chua, please refer to "Corporate Governance and Board of Directors Matters – Members of the Board of Directors" on page 34.

5.B Re-election of Mr. Bracken Darrell

Proposal: The Board of Directors proposes that the Company's President and Chief Executive Officer, Mr. Bracken Darrell, be re-elected to the Board for a one-year term ending at the closing of the 2016 Annual General Meeting.

For biographical information and qualifications of Mr. Darrell, please refer to "Corporate Governance and Board of Directors Matters – Members of the Board of Directors" on page 34.

5.C Re-election of Ms. Sally Davis

Proposal: The Board of Directors proposes that Ms. Sally Davis be re-elected to the Board for a one-year term ending at the closing of the 2016 Annual General Meeting.

For biographical information and qualifications of Ms. Davis, please refer to "Corporate Governance and Board of Directors Matters – Members of the Board of Directors" on page 35.

5.D Re-election of Mr. Guerrino De Luca

Proposal: The Board of Directors proposes that Mr. Guerrino De Luca be re-elected to the Board for a one-year term ending at the closing of the 2016 Annual General Meeting.

For biographical information and qualifications of Mr. De Luca, please refer to "Corporate Governance and Board of Directors Matters – Members of the Board of Directors" on page 35.

5.E Re-election of Mr. Didier Hirsch

Proposal: The Board of Directors proposes that Mr. Didier Hirsch be re-elected to the Board for a one-year term ending at the closing of the 2016 Annual General Meeting.

For biographical information and qualifications of Mr. Hirsch, please refer to "Corporate Governance and Board of Directors Matters – Members of the Board of Directors" on page 36.

5.F Re-election of Dr. Neil Hunt

Proposal: The Board of Directors proposes that Dr. Neil Hunt be re-elected to the Board for a one-year term ending at the closing of the 2016 Annual General Meeting.

For biographical information and qualifications of Dr. Hunt, please refer to "Corporate Governance and Board of Directors Matters – Members of the Board of Directors" on page 36.

5.G Re-election of Mr. Dimitri Panayotopoulos

Proposal: The Board of Directors proposes that Mr. Dimitri Panayotopoulos be re-elected to the Board for a one-year term ending at the closing of the 2016 Annual General Meeting.

For biographical information and qualifications of Mr. Panayotopoulos, please refer to "Corporate Governance and Board of Directors Matters – Members of the Board of Directors" on page 37.

5.H Election of Dr. Edouard Bugnion

Proposal: In accordance with the recommendation of the Nominating Committee, the Board of Directors proposes that Dr. Edouard Bugnion be elected to the Board for a one-year term ending at the closing of the 2016 Annual General Meeting.

Edouard Bugnion is a Professor in the School of Computer and Communication Sciences at the École Polytechnique Fédérale de Lausanne (EPFL). Prior to joining the EPFL in August 2012, Dr. Bugnion was a Founder and Chief Technology Officer of Nuova Systems, Inc., a developer of enterprise data center solutions, from October 2005 to May 2008. Nuova Systems was funded by and acquired by Cisco Systems, Inc., a worldwide leader in Internet Protocol-based networking products and services. He joined Cisco as a Vice President and Chief Technology Officer of Cisco's Server Access and Virtualization Business Unit from May 2008 to June 2011. Prior to Nuova, Dr. Bugnion was a Founder of VMware, a leading provider of cloud and virtualization software and services, where he held many positions, including Chief Technology Officer, from 1998 to 2005. Dr. Bugnion holds an Engineering Diplom from ETH Zürich, a Master's degree from Stanford University and a Ph.D. from Stanford University, all in Computer Science. He is 45 years old and is a Swiss and U.S. national.

Dr. Bugnion's significant expertise in technology, software and cloud computing, and his experience founding technology companies and as a member of the senior leadership of leading technology companies, provides the Board with technology and product strategy expertise as well as senior leadership.

The Board of Directors has determined that he will be an independent Director.

Agenda Proposals and Explanations

5.I Election of Ms. Sue Gove

Proposal: In accordance with the recommendation of the Nominating Committee, the Board of Directors proposes that Ms. Sue Gove be elected to the Board for a one-year term ending at the closing of the 2016 Annual General Meeting.

Sue Gove is the President of Excelsior Advisors, LLC, a retail consulting and advisory firm. Prior to founding Excelsior Advisors in August 2014, Ms. Gove was the President and Chief Executive Officer of Golfsmith International, a multi-channel specialty golf retailer, from October 2012 to April 2014 and President from February 2012 to April 2014. She also served Golfsmith as Chief Operating Officer from September 2008 to October 2012, as Chief Financial Officer from March 2009 to July 2012 and as Executive Vice President from September 2008 to February 2012. Prior to joining Golfsmith, Ms. Gove was an independent consultant, serving specialty retail and private equity clients from 2006 to 2008, which included consultancy for Prentice Capital Management, LP from April 2007 to March 2008 and for Alvarez and Marsal Business Consulting, L.L.C. from April 2006 to March 2007. Ms. Gove served Zale Corporation, a leading specialty jewelry retailer, from 1980 to 2006, including as Chief Operating Officer from August 2002 to March 2006, as Chief Financial Officer from December 1997 to February 2003 and as a Board member from September 2004 to March 2006. She currently serves on the Boards of Iconix Brand Group, a consumer brand licensing and marketing company, and AutoZone, Inc., a leading retailer and distributor of automotive replacement parts and accessories. Ms. Gove holds a BBA degree in Accounting from the University of Texas at Austin. She is 56 years old and is a U.S. national.

Ms. Gove has significant executive experience with international retail, marketing, merchandising and global operations, and brings to our Board senior leadership, strategic and financial experience. As a member of other public company boards, Ms. Gove also provides cross-board experience.

The Board of Directors has determined that she will be an independent Director and qualifies as an audit committee financial expert.

5.J Election of Dr. Lung Yeh

Proposal: In accordance with the recommendation of the Nominating Committee, the Board of Directors proposes that Dr. Lung Yeh be elected to the Board for a one-year term ending at the closing of the 2016 Annual General Meeting.

Lung Yeh is the Managing Director of Enspire Capital, a Singapore-based venture capital and private equity firm focusing on technology, media and telecommunications, internet and mobile investments in Silicon Valley, China, Taiwan, Hong Kong and Singapore. Prior to joining Enspire Capital in 2004, Dr. Yeh was the Vice President of Business Development at Centrality Communications, Inc., a leading provider of GPS semiconductor platforms for high-functional mobile devices, from 2003 to 2004, a Founder and Chief Executive Officer of Pico Communications Inc., a provider of integrated Bluetooth and mobile Internet access and networking solutions, from 1999 to 2003, Vice President of the Communication and Internet Division of Creative Labs Ltd., a leader in digital entertainment products, from 1993 to 1998, a Founder and Chief Executive Officer of ShareVision Technology, Inc., a desktop videoconferencing technology company, from 1991 to 1993, and served in various management and technical positions at Apple Inc., NYNEX and Kodak, from 1985 to 1991. Dr. Yeh holds a BSEE in Communication Engineering from National Chiao-Tung University and a Ph.D. in Electrical Engineering from the University of Wisconsin – Madison. He is 59 years old and a U.S. national.

Dr. Yeh has extensive investment and senior leadership experience, as a venture capitalist in Asia and the United States focused on multimedia, wireless and communications, and also as the founder and former Chief Executive Officer of several technology companies. He brings to the Board senior leadership, business development and global expertise.

The Board of Directors has determined that he will be 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 6

Election of the Chairman of the Board

Pursuant to the so-called “Minder Ordinance”, Swiss law requires that the Chairman of the Board of Directors be elected on the occasion of each Annual General Meeting for a one-year term ending at the closing of the following Annual General Meeting.

Proposal

The Board of Directors proposes that Mr. Guerrino De Luca be re-elected as Chairman of the Board of Directors for a one-year term ending at the closing of the 2016 Annual General Meeting.

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**” the election of Mr. Guerrino De Luca as Chairman of the Board of Directors.

Proposal 7
Elections to the Compensation Committee

Our Compensation Committee is presently composed of four members, two of whom are not standing for re-election to the Board of Directors. Following the amendment to the Swiss corporate law on January 1, 2014, the members of the Compensation Committee are to be elected annually and individually by the shareholders. Only members of the Board of Directors can be elected as members of the Compensation Committee.

At the recommendation of the Nominating Committee, the Board of Directors has nominated the three individuals below to serve as members of the Compensation Committee for a term of one year. Two of the nominees currently serve as members of the Compensation Committee and, as required by our Compensation Committee charter, all of the nominees are independent in accordance with the requirements of the listing standards of the Nasdaq Stock Market, the outside director definition of Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended, the definition of a "non-employee director" for purposes of Rule 16b-3 promulgated by the U.S. Securities and Exchange Commission, and Rule 10C-1(b)(1) of the U.S. Securities Exchange Act of 1934, as amended.

The term of office ends at the closing of the next Annual General Meeting. There will be a separate vote on each nominee.

7.A Re-election of Ms. Sally Davis

Proposal: The Board of Directors proposes that Ms. Sally Davis be re-elected to the Compensation Committee for a one-year term ending at the closing of the 2016 Annual General Meeting.

For biographical information and qualifications of Ms. Davis, please refer to "Corporate Governance and Board of Directors Matters – Members of the Board of Directors" on page 35.

7.B Re-election of Dr. Neil Hunt

Proposal: The Board of Directors proposes that Dr. Neil Hunt be re-elected to the Compensation Committee for a one-year term ending at the closing of the 2016 Annual General Meeting.

For biographical information and qualifications of Dr. Hunt, please refer to "Corporate Governance and Board of Directors Matters – Members of the Board of Directors" on page 36.

7.C Election of Mr. Dimitri Panayotopoulos

Proposal: The Board of Directors proposes that Mr. Dimitri Panayotopoulos be elected to the Compensation Committee for a one-year term ending at the closing of the 2016 Annual General Meeting.

For biographical information and qualifications of Mr. Panayotopoulos, please refer to. "Corporate Governance and Board of Directors Matters – Members of the Board of Directors" on page 37.

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

Our Board of Directors recommends a vote "**FOR**" the election to the Compensation Committee of each of the above nominees.

Agenda Proposals and Explanations

Proposal 8

Approval of Compensation for the Board of Directors for the 2015 to 2016 Board Year

Proposal

The Board of Directors proposes that the shareholders approve a maximum aggregate amount of the compensation of the Board of Directors of CHF 4,600,000 for the term of office from the Annual General Meeting 2015 until the Annual General Meeting 2016 (the "2015 – 2016 Board Year"), subject to adjustment for certain changes in the applicable currency exchange rate.*

Explanation

Pursuant to the so-called "Minder Ordinance", the compensation of the Board of Directors must be subject each year to a binding shareholder vote, in the manner contemplated by Logitech's Articles of Incorporation. Article 19 quarter, paragraph 1(a) of Logitech's Articles of Incorporation allows shareholders to approve the maximum aggregate amount of the compensation of the Board of Directors for the period up to the next Annual General Meeting. This required, binding vote on the compensation of the Board of Directors is independent from, and comes in addition to, the non-binding, advisory say-on-pay vote contemplated in Proposal 2.

Under the Company's Articles of Incorporation, the compensation of the members of the Board of Directors who do not have management responsibilities consists of cash payments and shares or share equivalents. The value of cash compensation and shares or share equivalents corresponds to a fixed amount, which reflects the functions and responsibilities assumed. The value of shares or share equivalents is calculated at market value at the time of grant.

Pursuant to Article 19 bis, paragraph 2 of the Company's Articles of Incorporation, the compensation of the members of the Board of Directors who have management responsibilities (i.e., executive members of the Board of Directors) is structured similarly to the compensation of the members of the Group Management Team.

The proposed maximum amount of CHF 4,600,000 has been determined based on the following non-binding assumptions:

With respect to the eight non-executive members of the Board of Directors:

- Cash payments of a maximum of approximately CHF 900,000. Cash payments for non-executive members of the Board of Directors include annual retainers for Board and committee service and travel fees.
- Share or share equivalent awards of a maximum of approximately CHF 1,200,000. The value of share or share equivalent awards corresponds to a fixed amount and the number shares granted will be calculated at market value at the time of their grant.
- Other payments, including the Company's contributions to social security, of a maximum of approximately CHF 300,000.

* For each increase of 0.01 in the exchange rate of the Swiss Franc against the U.S. Dollar above the assumed level of USD 1.0784 to CHF 1.00, if any, the maximum aggregate amount of the compensation of the Board of Directors will increase by CHF 21,000 for the 2015 – 2016 Board Year. This adjustment reflects the fact that the compensation of our Chairman, which is included in the maximum aggregate amount of the compensation for the Board of Directors, is set in U.S. Dollars.

With respect to executive members of the Board of Directors:

- Gross base compensation of a maximum of CHF 490,000.**
- Performance-based cash compensation of a maximum of CHF 980,000.** Performance-based cash compensation in the form of incentive cash payments may be earned under the Logitech Management Performance Bonus Plan (the "Bonus Plan") or other cash bonuses approved by the Compensation Committee. Payout under the Bonus Plan is variable, and is based on the achievement of the Company's, individual employees' or other performance goals. The proposed maximum amount of the performance-based bonus assumes full achievement of all performance goals.
- Equity incentive awards of a maximum of CHF 650,000.** Long-term equity incentive awards are generally granted in the form of performance-based restricted stock units, or PSUs, time-based restricted stock units, or RSUs, or other financial instruments contemplated in the applicable equity plans. The value of PSUs, RSUs or other financial instruments granted as equity incentive awards is calculated at market value at the time of their grant. The proposed maximum amount of the equity incentive awards assumes full achievement of all performance goals and full vesting of all time-based equity incentive awards.
- Other compensation of a maximum of CHF 80,000.** Other compensation may include car allowances, tax preparation services, 401(k) savings plan matching contributions, employee stock purchase plan discounts, premium for group term life insurance, relocation expenses, travel costs in lieu of relocation allowances, defined benefit pension plan employment contributions and other awards. The Company generally does not provide all of these components of other compensation to all executives each year, but the proposed maximum amount of compensation has been formulated to provide flexibility to cover these compensation components as applicable.

The executive member of the Board of Directors to whom the proposed compensation referred to above applies is Mr. Guerrino De Luca, the Company's Chairman. In his capacity as a member of the Group Management Team, Mr. Bracken Darrell is not entitled to compensation for his services on the Company's Board of Directors.

In the event of a negative vote on this proposal by shareholders, the Board of Directors will submit an alternative proposal to the same or a subsequent general meeting.

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**" the approval of the maximum aggregate amount of the compensation of the members of the Board of Directors of CHF 4,600,000 for the term of office from the Annual General Meeting 2015 until the Annual General Meeting 2016, subject to adjustment as set forth in the proposal.

** Mr. De Luca's compensation is set in U.S. Dollars. The estimated amounts in U.S. Dollars used in these assumptions were converted using an assumed exchange rate of 1 Swiss Franc to 1.0784 U.S. Dollar based on the 12 month (April 2014 to March 2015) average exchange rate.

Proposal 9

Approval of Compensation for the Group Management Team for Fiscal Year 2017

Proposal

The Board of Directors proposes that the shareholders approve a maximum aggregate amount of the compensation of the Group Management Team of USD 19,200,000 for fiscal year 2017, subject to adjustment for certain changes in the applicable currency exchange rate.*

Explanation

Pursuant to the so-called "Minder Ordinance", the compensation of the Company's Group Management Team must be subject each year to a binding shareholder vote, in the manner contemplated by Logitech's Articles of Incorporation. Article 19 quarter, paragraph 1(b) of Logitech's Articles of Incorporation allows shareholders to approve the maximum aggregate amount of the compensation of the Group Management Team for the next fiscal year. As a new requirement arising at the 2015 Annual General Meeting, taking place in the middle of Logitech's fiscal year 2016, the applicable next fiscal year is fiscal year 2017. This required, binding vote on the compensation of the Group Management Team is independent from, and comes in addition to, the non-binding, advisory say-on-pay vote contemplated in Proposal 2.

Logitech's Group Management Team currently consists of Messrs. Bracken Darrell, President and Chief Executive Officer, Vincent Pilette, Chief Financial Officer, Marcel Stolk, Senior Vice President, Consumer Computing Platforms Business Group, and L. Joseph Sullivan, Senior Vice President, Worldwide Operations.

Logitech's compensation philosophy, compensation program risks and design, and compensation paid during fiscal year 2015 are set forth in the Compensation Report.

The proposed maximum amount of USD 19,200,000 has been determined based on the following non-binding assumptions for Logitech's Group Management Team as an aggregate group:

- Gross base salary of a maximum of USD 2,450,000.
- Performance-based cash compensation of a maximum of USD 4,900,000. Performance-based cash compensation in the form of incentive cash payments may be earned under the Logitech Management Performance Bonus Plan (the "Bonus Plan") or other cash bonuses approved by the Compensation Committee. Payout under the Bonus Plan is variable, and is based on the achievement of the Company's, individual executives' or other performance goals, and for fiscal year 2017 is expected to continue to range from 0% to 200% of the executive's target incentive. The proposed maximum amount of the performance-based bonus for fiscal year 2017 assumes full achievement of all performance goals.
- Equity incentive awards of a maximum of USD 11,300,000. Long-term equity incentive awards are generally granted in the form of performance-based restricted stock units, or PSUs, time-based restricted stock units, or RSUs, or other financial instruments contemplated in the applicable equity plans. The value

* For each reduction of 0.01 in the exchange rate of the Swiss Franc against the U.S. Dollar below the assumed level of USD 1.0784 to CHF 1.00, if any, the maximum aggregate amount of the compensation of the Group Management Team will increase by USD 27,000 for fiscal year 2017. This adjustment reflects the fact that the compensation of one member of our Group Management Team is set in Swiss Francs.

of PSUs, RSUs or other financial instruments granted as equity incentive awards is calculated at market value at the time of their grant. The proposed maximum amount of the equity incentive awards assumes full achievement of all performance goals and full vesting of all time-based equity incentive awards.

- Other compensation of a maximum of USD 550,000. Other compensation includes car allowances, tax preparation services, 401(k) savings plan matching contributions, employee stock purchase plan discounts, premium for group term life insurance, relocation expenses, travel costs in lieu of relocation allowances, defined benefit pension plan employment contributions and other awards. The Company generally does not provide all of these components of other compensation to all executives each year, but the proposed maximum amount of compensation has been formulated to provide flexibility to cover these compensation components as applicable.

The actual pay-out to the members of the Group Management Team for fiscal year 2017 will be disclosed in the Compensation Report in the Invitation and Proxy Statement for the 2017 Annual General Meeting.

In the event of a negative vote on this proposal by shareholders, the Board of Directors will submit an alternative proposal to the same or a subsequent general meeting.

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**" the approval of the maximum aggregate amount of the compensation of the Group Management Team of USD 19,200,000 for fiscal year 2017, subject to adjustment as set forth in the proposal.

Proposal 10

Re-election of KPMG AG as Logitech's Auditors and Ratification of the Appointment of KPMG LLP as Logitech's Independent Registered Public Accounting Firm for Fiscal Year 2016

Proposal

The Board of Directors proposes that KPMG AG be re-elected as auditors of Logitech International S.A. for a one-year term and that the appointment of KPMG LLP as Logitech's independent registered public accounting firm for fiscal year 2016 be ratified.

Explanation

KPMG AG, 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. KPMG AG assumed its first audit mandate for Logitech during fiscal year 2015.

The Audit Committee has also appointed KPMG LLP, the U.S. affiliate of KPMG AG, as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2016 for purposes of U.S. securities law reporting. Logitech's Articles of Incorporation do not require that shareholders ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm. However, Logitech is submitting the appointment of KPMG LLP to shareholders for ratification as a matter of good corporate governance. If shareholders do not ratify the appointment, the Audit Committee will reconsider whether to retain KPMG LLP. Even if the appointment is ratified, the Audit Committee may, in its discretion, change the appointment during the year if the Committee determines that such a change would be in the best interests of Logitech and its shareholders.

Information on the fees paid by Logitech to KPMG AG and KPMG LLP, the Company's auditors and independent registered public accounting firm for fiscal year 2015, respectively, as well as further information regarding KPMG AG and KPMG LLP, is set out below under the heading "Independent Auditors" and "Report of the Audit Committee."

Members of KPMG AG 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 KPMG AG as auditors of Logitech International S.A. and the ratification of the appointment of KPMG LLP as Logitech's independent registered public accounting firm, each for the fiscal year ending March 31, 2016.

Proposal 11

Re-election of Ms. Béatrice Ehlers as Independent Representative

Pursuant to the so-called "Minder Ordinance", Swiss law requires that the independent representative of the shareholders (Independent Representative) be elected on the occasion of each Annual General Meeting for a one-year term ending at the closing of the following Annual General Meeting.

Proposal

The Board of Directors proposes that Ms. Béatrice Ehlers be re-elected as Independent Representative for a one-year term ending at the closing of the 2016 Annual General Meeting.

Explanation

Shareholders may either represent their shares themselves or have them represented by a third party, whether or not a shareholder, if the latter is given a written proxy. In accordance with Swiss law, each shareholder may be represented at the general meeting by the Independent Representative, Ms. Béatrice Ehlers, or by a third-party proxy. Ms. Ehlers is a notary public and has served as the Independent Representative at previous annual general meetings.

Under Swiss corporate law, the Independent Representative must satisfy strict independence requirements. In the absence of instructions, the Independent Representative must abstain from voting. General voting instructions can be given with respect to a particular general meeting of shareholders with respect to proposals and agenda items that have not been disclosed in the invitation to the general meeting.

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 Ms. Béatrice Ehlers as Independent Representative.

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, 2015. If all of the nominees to the Board presented in Proposal 5 are elected, the Board will have ten members.

Board of Directors Independence

The Board of Directors has determined that each of our directors and director nominees, other than Daniel Borel, Bracken Darrell and Guerrino De Luca, qualifies as independent in accordance with the published listing requirements of the Nasdaq Stock Market and Swiss corporate governance best practices guidelines. The Company's independent directors and director nominees include Matthew Bousquette, Kee-Lock Chua, Sally Davis, Didier Hirsch, Neil Hunt, Dimitri Panayotopoulos, Monika Ribar, Edouard Bugnion, Sue Gove and Lung Yeh. 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.

Corporate Governance and Board of Directors Matters

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.

Daniel Borel 65 Years Old Director since 1988

Co-Founder and former Chief Executive Officer and Chairman, Logitech International S.A.
Swiss national

Daniel Borel is a Logitech founder and served from May 1988 until January 1, 2008 as the Chairman of the Board. From July 1992 to February 1998, he also served as Chief Executive Officer. He has held various other executive positions with Logitech. 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. 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.

As a Logitech co-founder, and its former Chairman and Chief Executive Officer, 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.

Mr. Borel has decided to retire and not to stand for re-election at the 2015 Annual General Meeting.

Matthew Bousquette 56 Years Old Director since 2005

Former Chairman, EGI Holdings LLC
U.S. national

Matthew Bousquette is the former Chairman of the Board of EGI Holdings LLC, a U.S.-based producer of giftware and home and garden décor products, a position he held from 2007 through 2012. 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, Inc., Teleflora and the Procter & Gamble Company. He serves on the Board and as President of the District 181 Foundation, a foundation supporting initiatives that benefit local district students. Mr. Bousquette earned a BBA degree from the University of Michigan.

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

Mr. Bousquette currently serves on the Audit Committee, Compensation Committee and Nominating Committee. He is also the Company's Lead Independent Director. The Board of Directors has determined that he is an independent Director.

Mr. Bousquette has decided to retire and not to stand for re-election at the 2015 Annual General Meeting.

Kee-Lock Chua 54 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 in September 2008, 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, from 2006 to 2008. 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. He serves on the Board of Yongmao Holdings Limited (where he is lead independent director), a publicly traded company in Singapore, and IGG Inc., a Singapore-based online gaming company publicly traded on the Stock Exchange of Hong Kong Growth Enterprise Market. 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.

Mr. Chua has extensive investment and senior leadership experience, as a venture capitalist in Asia and the United States, and also as the former Chief Executive Officer 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.

Mr. Chua currently is Chair of the Nominating Committee and serves on the Audit Committee. The Board of Directors has determined that he is an independent Director.

Bracken Darrell 52 Years Old Director since 2013

President and Chief Executive Officer, Logitech International S.A.
U.S. national

Bracken Darrell joined Logitech as President in April 2012 and became Chief Executive Officer in January 2013. Prior to joining Logitech, Mr. Darrell served as President of Whirlpool EMEA and Executive Vice President of Whirlpool Corporation, a home appliance manufacturer and marketing company, from January 2009 to March 2012. Previously, Mr. Darrell had been Senior Vice President, Operations of Whirlpool EMEA from May 2008 to January 2009. From 2002 to May 2008, Mr. Darrell was with P&G (The Procter & Gamble Company), a consumer brand company, most recently as the President of its Braun GmbH subsidiary. Prior to rejoining P&G in 2002, Mr. Darrell served in various executive and managerial positions with General Electric Company from 1997 to 2002, with P&G from 1991 to 1997, and with PepsiCo Inc. from 1987 to 1989. Mr. Darrell holds a BA degree from Hendrix College and an MBA from Harvard University.

In addition to being the President and Chief Executive Officer of the Company, Mr. Darrell brings senior leadership, consumer brand marketing and global experience to the Board.

Sally Davis 61 Years Old Director since 2007

Former Chief Executive Officer, BT Wholesale
British national

Sally Davis is the former Chief Executive Officer of BT Wholesale, a division of BT Group responsible for providing telecommunications services and bandwidth to carriers and service providers globally, a position she held from 2007 until she retired in August 2011. She was the Chief Portfolio Officer of British Telecom from 2005 to 2007. She had previously held senior executive roles within BT since joining the company in 1999, including President, Global Products, Global Services from 2002 to 2005, President, BT Ignite Applications Hosting from 2001 to 2002 and Director, Group Internet and Multimedia from 1999 to 2001. Before joining BT, Ms. Davis held leading roles in several major communications companies, including Bell Atlantic in the United States and Mercury Communications in the United Kingdom. Ms. Davis is a member of the Board of Telenor Group, a global mobile communications services company, and a member of the Board of CityFibre Infrastructure Holdings PLC, a fibre optic infrastructure company. She holds a BA degree from and is a Fellow of University College, London.

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

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

Guerrino De Luca 62 Years Old Director since 1998

Chairman, 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. Mr. De Luca served as Logitech's Chief Executive Officer from April 2012 to January 2013 and as acting President and Chief Executive Officer from July 2011 to April 2012. Previously, Mr. De Luca served as Logitech's President and Chief Executive Officer from February 1998, when he joined the Company, to January 2008. Prior to joining Logitech, Mr. De Luca served as Executive Vice President of Worldwide Marketing for Apple Computer, Inc., a consumer electronics and computer company, 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 Laurea degree in Electronic Engineering from the University of Rome, Italy.

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

Mr. De Luca currently is Chairman of the Board.

Didier Hirsch 64 Years Old Director since 2012

Senior Vice President and Chief Financial Officer, Agilent Technologies, Inc.
French national

Didier Hirsch is the Senior Vice President and Chief Financial Officer of Agilent Technologies, Inc., a global leader in life sciences, diagnostics and applied chemical markets. He has served in his current position since July 2010 and served in various senior finance positions with Agilent since 1999. Mr. Hirsch had joined Hewlett-Packard Company in 1989, and served as Director of Finance and Administration of Hewlett-Packard Europe, Middle East and Africa (EMEA) from 1996 to 1999, Director of Finance and Administration of Hewlett-Packard Asia Pacific from 1993 to 1996, and Director of Finance and Administration of Hewlett-Packard France from 1989 to 1993. Prior to Hewlett-Packard, Mr. Hirsch worked in finance positions with Valeo Inc., Gemplus S.C.A., SGS-Thomson Microelectronics, I.B.H. Holding S.A., Bendix Corporation and Ford Motor Company. He serves on the Board of Knowles Corporation, a New York Stock Exchange (NYSE)-listed global supplier of advanced micro-acoustic solutions and specialty components serving the mobile communications, consumer electronics, medical technology, military, aerospace and industrial markets. Mr. Hirsch holds an MS degree in Computer Sciences from Toulouse University and an MS degree in Industrial Administration from Purdue University.

As Chief Financial Officer of a leading public technology company, and with significant finance expertise developed over several decades at technology and manufacturing companies in the U.S.A., EMEA and Asia Pacific, Mr. Hirsch brings senior leadership, finance (including U.S. GAAP), technology and global experience to the Board.

Mr. Hirsch currently is Chair of the Audit Committee. The Board of Directors has determined that he is an independent Director.

Neil Hunt 53 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 Internet TV service operating in more than 50 countries worldwide. He has been with Netflix since 1999, and is responsible for the design, implementation and operation of the technology at Netflix. Prior to his current position, he served as Vice President, Internet Engineering at Netflix from 1999 to 2002. From 1997 to 1999, Dr. 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. Dr. Hunt is a member of the Board of Directors of Simply Hired, Inc., a private online job listings company. Dr. 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.

Dr. 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 technology, product strategy and global expertise as well as senior leadership.

Dr. Hunt currently serves on the Compensation Committee. The Board of Directors has determined that he is an independent Director.

Dimitri Panayotopoulos 63 Years Old Director since 2014

Senior Advisor, The Boston Consulting Group
U.K. national

Dimitri Panayotopoulos is a Senior Advisor at The Boston Consulting Group, a global management consulting firm. Prior to joining The Boston Consulting Group in April 2014, Mr. Panayotopoulos served with The Procter & Gamble Company ("P&G"), a consumer brand company, from 1977 to 2014. At P&G, he served as Vice Chairman and Advisor to the Chairman & Chief Executive Officer at P&G from July 2013 to January 2014, Vice Chairman of Global Business Units from May 2011 to July 2013, Vice Chairman of Global Household Care Group from July 2007 to May 2011, Group President of Global Fabric Care from July 2004 to July 2007, President of Central and Eastern Europe, Middle East and Africa from July 2001 to July 2004, and President-Greater China from 1999 to July 2001. Mr. Panayotopoulos served in various executive, managerial and other positions with P&G in sales, brand management and advertising in Europe (including Switzerland), Egypt and the Far East from 1977 to 1999. He serves on the Board of British American Tobacco p.l.c., a London Stock Exchange (LSE)-listed global tobacco company. Mr. Panayotopoulos holds a BA degree from Sussex University, U.K.

Mr. Panayotopoulos brings senior leadership, strategic, financial, consumer brand marketing and global experience to the Board from his former leadership positions with P&G in a broad spectrum of regions.

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

Monika Ribar 55 Years Old Director since 2004

Former President and Chief Executive Officer, Panalpina Group
Swiss national

Monika Ribar is the former President and Chief Executive Officer of the Panalpina Group, a Swiss freight forwarding and logistics services provider, a position she held from October 2006 until she retired in May 2013. Ms. Ribar was a member of Panalpina's Executive Board from February 2000 to May 2013, serving 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 on the Boards of the Lufthansa Group, an aviation group with global operations, Rexel SA, a French distributor of electrical supplies to professional users, SIKA AG, a SIX Swiss Exchange-listed supplier of specialty chemical products and industrial materials, and Swiss International Air Lines Ltd., the flag carrier airline of Switzerland and a subsidiary of the Lufthansa Group, and is the Vice Chairman of the Swiss Railway SBB, the Swiss rail carrier fully-owned by the Swiss government. Ms. Ribar holds a Master's 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 other public company boards, Ms. Ribar also provides cross-board experience.

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

Ms. Ribar has decided to retire and not to stand for re-election at the 2015 Annual General Meeting.

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., EPFL - Quartier de l'Innovation, Daniel Borel Innovation Center, 1015 Lausanne, Switzerland, or c/o Logitech Inc., 7700 Gateway Boulevard, Newark, CA 94560, 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 2015 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 "Board Composition" 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. Until 2012, each director was elected for a term of three years. At the Company's 2012 Annual General Meeting, shareholders approved a change such that each director, starting with the directors elected at the 2012 Annual General Meeting, will be subject to a term of one year. Eight of our ten directors are being presented for re-election to the Board of Directors at the 2015 Annual General Meeting, with two directors deciding to retire and not stand for re-election. Each director is eligible for re-election until his or her seventieth birthday. Directors may not seek reelection 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 his or her term of office as a director. A director may be indefinitely re-elected as Chairman, subject to the age limit mentioned above.

The year of appointment and remaining term of office as of March 31, 2015 for each director are as follows:

Name	Year First Appointed	Year Current Term Expires
Daniel Borel(1)	1988	Annual General Meeting 2015
Matthew Bousquette(1)	2005	Annual General Meeting 2015
Kee-Lock Chua(1)	2000	Annual General Meeting 2015
Bracken Darrell(2)	2013	Annual General Meeting 2015
Sally Davis(1)	2007	Annual General Meeting 2015
Guerrino De Luca(2)	1998	Annual General Meeting 2015
Didier Hirsch(1)	2012	Annual General Meeting 2015
Neil Hunt(1)	2010	Annual General Meeting 2015
Dimitri Panayotopoulos(1)	2014	Annual General Meeting 2015
Monika Ribar(1)	2004	Annual General Meeting 2015

(1) Non-executive member of the Board of Directors.

(2) Executive member of the Board of Directors.

Corporate Governance and Board of Directors Matters

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 investments or acquisitions of more than USD 10 million in the aggregate not included in the approved budgets;
- the approval of any expenditure of more than USD10 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 Chief Executive Officer should be held by separate persons as an aid in the Board's oversight of management. Since 1997, the Chairman has been a former Chief Executive Officer of the Company and has served as a full-time senior executive. Logitech believes that there are advantages to having a former Chief Executive Officer as Chairman, for matters such as: leadership continuity; day-to-day assistance to and oversight of the Chief Executive Officer and other executive officers; and facilitating communications and relations between the Board, the Chief Executive Officer, and other senior management.

Mr. De Luca, the Company's former Chief Executive Officer 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. The Board appointed Bracken Darrell as President as of April 9, 2012, and he became the Chief Executive Officer as of January 1, 2013. The Board considered the holding of both the Chairman and Chief Executive Officer positions by Mr. De Luca as a temporary arrangement, and returned to its general practice of the positions being held by separate persons upon the appointment of Mr. Darrell as Chief Executive Officer.

The Chairman of the Board is elected by the shareholders on an annual basis, at the Annual General Meeting of Shareholders. The Secretary of the Board of Directors is appointed at the Board meeting coinciding with the Annual General Meeting of Shareholders. As of June 30, 2015, the Secretary was Mr. Bryan Ko, the Company's General Counsel.

Role of the Chairman and of the Chief Executive Officer

The Chairman 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. Bousquette 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. The Lead Independent Director is elected annually by the Independent Directors.

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, 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, 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" below.
- 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 Chief Executive Officer. 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.

The Board typically holds regularly scheduled Board meetings twice each quarter: once for a review and discussion of the Company, its strategy or both, which lasts a full day to a day-and-a-half and in which all directors participate in person except in special individual circumstances; and once for a quarterly earnings-related meeting, which lasts for approximately one to two hours and in which directors participate in person or by teleconference or video conference. Additional meetings of the Board may be held by teleconference or video conference and the duration of such meetings varies depending on the subject matters considered.

Corporate Governance and Board of Directors Matters

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 2015.

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 2015, separate sessions of the independent directors were held at six separate meetings.

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 to assist the Board in carrying out its duties. Each of the Board committees is composed entirely of directors that are independent in accordance with the published listing requirements of the Nasdaq Stock Market and Swiss corporate governance best practices guidelines. 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.

Director	Audit	Compensation	Nominating
Daniel Borel			
Matthew Bousquette	X	X	X
Kee-Lock Chua	X		Chair
Bracken Darrell			
Sally Davis	X	Chair	X
Guerrino De Luca			
Didier Hirsch	Chair		
Neil Hunt		X	
Dimitri Panayotopoulos			
Monika Ribar	X	X	

Corporate Governance and Board of Directors Matters

Attendance at Board, Committee and Annual Shareholders' Meetings

In fiscal year 2015 the Board met eleven times, nine of which were regularly scheduled meetings. In addition, the Audit Committee met 17 times, the Compensation Committee met ten times, and the Nominating Committee met six times. The Board also met or held conference calls at least 13 times during fiscal year 2015 with respect to the Audit Committee's independent investigation of certain accounting matters related to Logitech's previously issued financial statements. In addition to its meetings, the Board took six actions for approval by written consent during fiscal year 2015. 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. Nine of our ten directors attended the 2014 Annual General Meeting. All of the incumbent 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 2015 is as follows:

	Board of Directors	Audit Committee	Compensation Committee	Nominating Committee
# of meetings held	11	17	10	6
Daniel Borel	10			
Matthew Bousquette	11	17	10	6
Kee-Lock Chua	10	16		6
Bracken Darrell	11			
Sally Davis	9	16	9	6
Guerrino De Luca	10			
Didier Hirsch	11	17		
Neil Hunt	11		10	
Dimitri Panayotopoulos(1)	4			
Monika Ribar	9	15	7	

(1) Mr. Panayotopoulos was elected to the Board as of the Annual General Meeting on December 18, 2014, and attended all four of the Board meetings that were held on or after that date.

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 and disclosure controls and procedures;
- 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 Mr. Hirsch, Chairperson, Mr. Bousquette, Mr. Chua, Ms. Davis and Ms. Ribar. 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 Mr. Hirsch, Mr. Bousquette and Ms. Ribar are audit committee financial experts as defined by the applicable rules and regulations of the SEC.

The Audit Committee met 17 times in fiscal year 2015. Four meetings were held in person on the day prior to the regularly scheduled quarterly Board meeting, for approximately two to three hours, and thirteen were held by teleconference, for approximately half-an-hour to two-and-a-half hours preceding the Company's quarterly report of financial results, preceding the filing of the Company's quarterly report on Form 10-Q or in special circumstances. The Committee received reports and presentations before the meetings in order to allow them time to prepare adequately. At the Committee's invitation, the Company's Chief Financial Officer, Corporate Controller, Vice President of Internal Audit and General Counsel or Associate General Counsel attended each meeting, and representatives from the Company's then-current independent registered public accounting firm, PwC LLP or KPMG LLP, also attended fifteen of the seventeen meetings. Other members of management also participated in certain meetings. Five meetings also included a separate session with representatives of the independent registered public accounting firm and separate sessions with the Chief Financial Officer, with the head of Internal Audit or both. In addition to its regular and special meetings, the Audit Committee met or held conference calls at least 32 times during fiscal year 2015 with respect to the Committee's independent investigation of certain accounting matters related to Logitech's previously issued financial statements.

Compensation Committee

The Compensation Committee reviews and approves, or recommends to the Board for approval, the compensation of executive officers and non-executive Board members 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 Ms. Davis, Chairperson, Mr. Bousquette, Dr. Hunt and Ms. Ribar. The Board of Directors has determined that each member of the Committee meets the independence requirements of the Nasdaq Stock Market listing standards.

The Compensation Committee met ten times in fiscal year 2015. At the Committee's invitation, the Company's Vice President of People & Culture and the Vice President, Total Rewards (formerly Worldwide Compensation & Benefits) attended each meeting, and the Committee's independent advisors from Radford Consulting, Compensia or Agnes Blust Consulting attended five meetings. Four of the meetings were held in person and each meeting lasted for approximately half-an-hour to three-and-a-half hours. In addition to its meetings, the Committee took nine actions for approval by written consent during fiscal year 2015.

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

Nominating Committee

The Nominating Committee is composed of at least three members, with each of the 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. Chua, Chairperson, Mr. Bousquette and Ms. Davis. The Board of Directors has determined that Mr. Chua, Mr. Bousquette 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 six times in fiscal year 2015. The meetings were held in person or by teleconference and lasted approximately half-an-hour to one hour.

Corporate Governance and Board of Directors Matters

Compensation Committee Interlocks and Insider Participation

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

Communications with the Board of Directors

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

Logitech International S.A.
Attn: Corporate Secretary
EPFL - Quartier de l'Innovation
Daniel Borel Innovation Center
1015 Lausanne, Switzerland

All such shareholder communications will be forwarded to the appropriate member or members of the Board of Directors or, if none is specified, to the Chairman of the Board of Directors.

Security Ownership of Certain Beneficial Owners and Management as of June 30, 2015

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, 2015 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, 2015;
- each director and each nominee for director;
- the persons named in the Summary Compensation Table in the Compensation Report (the "named executive officers"); and
- all directors and current executive officers as a group.

Beneficial Owner(1)	Number of Shares Owned(2)	Shares that May be Acquired Within 60 Days(3)	Total Beneficial Ownership	Total as a Percentage of Shares Outstanding(4)
5% shareholders:				
Credit Suisse AG(5)	11,228,056	—	11,228,056	6.8%
Daniel Borel(6)	9,264,038	—	9,264,038	5.6%
Director, not including the Chairman or the CEO:				
Daniel Borel(6)	9,264,038	—	9,264,038	5.6%
Matthew Bousquette	51,148	15,000	66,148	*
Kee-Lock Chua	82,487	15,000	97,487	*
Sally Davis	79,798	30,000	109,798	*
Didier Hirsch	25,230	—	25,230	*
Neil Hunt	42,128	—	42,128	*
Dimitri Panayotopoulos(7)	—	—	—	*
Monika Ribar	60,540	15,000	75,540	*
Nominees for Director:				
Edouard Bugnion	—	—	—	*
Sue Gove	—	—	—	*
Lung Yeh	—	—	—	*
Named Executive Officers:				
Guerrino De Luca	249,844	245,000	494,844	*
Bracken Darrell	186,922	775,000	961,922	*
Vincent Pilette	293,800	—	293,800	*
Marcel Stolk	49,473	112,500	161,973	*
L. Joseph Sullivan	73,173	172,500	245,673	*
Current Directors and Executive Officers as a Group(13)	10,458,581	1,380,000	11,838,581	7.1%

* *Less than 1%*

(1) *Unless otherwise indicated, the address for each beneficial owner listed in this table is c/o Logitech International S.A., EPFL, Quartier de l'Innovation, Daniel Borel Innovation Center, 1015 Lausanne, Switzerland / 7700 Gateway Boulevard, Newark, California 94560.*

(2) *To Logitech's knowledge, except as otherwise noted in the footnotes to this table, each director and executive officer has sole voting and investment power over the shares reported as beneficially owned in accordance with SEC rules, subject to community property laws where applicable.*

(3) *Includes shares represented by vested, unexercised options as of June 30, 2015 and options and restricted stock units that are expected to vest within 60 days after June 30, 2015. 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 164,430,567 shares outstanding on June 30, 2015 (173,106,620 shares outstanding less 8,676,053 treasury shares outstanding).*

(5) *Based on information set forth in a Schedule 13G filed with the U.S. Securities and Exchange Commission on February 12, 2015 by Credit Suisse AG, reporting ownership of Logitech's shares as of December 31, 2014, and indicating shared investment and voting power with respect to all of the shares. The address of Credit Suisse AG is Uetlibergstrasse 231, P.O. Box 900, CH 8070, Zurich, Switzerland.*

(6) *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 and (b) 6,500 shares held by Mr. Borel's spouse. As of June 30, 2015, Mr. Borel's indicated sole investment and voting power with respect to 9,204,538 shares, shared investment power with respect to 59,500 shares and shared voting power with respect to 53,000 shares.*

(7) *Mr. Panayotopoulos was first elected as a director of the Company at the Annual General Meeting on December 18, 2014.*

Share Ownership Guidelines

Members of the Board of Directors and executive officers and other officers who report directly to the Chief Executive Officer or President are subject to share ownership guidelines.

Directors are required to own Logitech shares with a market value equal to 3 times the annual Board retainer under guidelines adopted by the Board in June 2006 and revised in June 2013. Directors are required to achieve this ownership within five years of joining the Board, or, in the case of directors serving at the time the guidelines were originally adopted, within five years of the effective date of adoption of the guidelines. The guidelines will be adjusted to reflect any capital adjustments, and will be re-evaluated by the Board from time to time. As of June 30, 2015, 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 Chief Executive Officer or President effective September 2008 and revised in September 2013. These guidelines now apply to executive officers and other officers who report directly to the Chief Executive Officer. These guidelines require:

- the Chief Executive Officer to hold a number of Logitech shares with a market value equal to 5 times his annual base salary;

Security Ownership

- the Chief Financial Officer to hold a number of Logitech shares with a market value equal to 3 time his annual base salary;
- executive officers, other than the Chief Executive Officer and Chief Financial Officer, to hold a number of Logitech shares with a market value equal to 2 times their respective annual base salaries; and
- remaining officers who report directly to the Chief Executive Officer to hold a number of Logitech shares with a market value equal to their respective annual base salaries.

Officers subject to the guidelines are required to achieve the guideline within five 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 originally adopted, within five years of the effective date of adoption of the guidelines. The guidelines will be adjusted to reflect any 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 five years, the Chief Executive Officer 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 executive officers and Chief Executive Officer 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. In addition, if the guideline is not met, the officer will have 50% of the after-tax value of any earned bonuses under the Leadership Team Bonus Program paid in fully vested Logitech shares. This provision was enforced for two officers in connection with the fiscal year 2014 bonuses. As of June 30, 2015, all of the executive officers and other officers who report directly to Chief Executive 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 Business Ethics and Conflict of Interest 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 Board, and any transaction that is a related party transaction under U.S. securities laws must be approved by the Audit Committee or another independent committee of the Board.

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 and nominee to be a director, other than Mr. Borel, Mr. Darrell 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. Since April 1, 2014, 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 US $120,000 and in which any current director, director nominee, 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. 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 2015: 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 for fiscal year 2015 were KPMG AG, Zurich, Switzerland. KPMG AG assumed its first audit mandate for Logitech in fiscal year 2015. They were elected by the shareholders as Logitech's auditors at the Annual General Meeting in December 2014. For purposes of U.S. securities law reporting, KPMG LLP, Santa Clara, California, served as the Company's independent registered public accounting firm for fiscal year 2015. Together, KPMG AG and KPMG LLP are referred to as "KPMG." 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 KPMG were invited to attend all regular meetings of the Audit Committee. During fiscal year 2015, KPMG representatives attended all of the Audit Committee meetings following the engagement of KPMG. The Committee met separately two times with representatives of KPMG in closed sessions of Committee meetings.

On a quarterly basis, KPMG 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 KPMG 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 KPMG's audit plan and evaluates the performance of KPMG 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 KPMG as to its independence.

Change in Independent Auditor

As disclosed in a Current Report on Form 8-K filed by the Company on November 13, 2014, PricewaterhouseCoopers S.A. (referred to as "PwC S.A.") and PricewaterhouseCoopers LLP (referred to as "PwC LLP" and, together with PwC S.A., referred to as "PwC") declined to stand for re-election as Logitech's independent auditors and as Logitech's independent registered public accounting firm, respectively, for the fiscal year ending March 31, 2015. On November 12, 2014, the Audit Committee of the Board of Directors (the "Audit Committee") of Logitech appointed KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2015 for purposes of U.S. securities law reporting purposes.

Information about PricewaterhouseCoopers LLP

The reports of PwC on the Company's financial statements for the fiscal years ended March 31, 2013 and March 31, 2014 did not contain an adverse opinion or a disclaimer of opinion; nor were they qualified or modified as to uncertainty, audit scope or accounting principles. In connection with the audits of the Company's financial statements for the fiscal years ended March 31, 2014 and 2013 and in the subsequent interim period through November 6, 2014 there were no "disagreements" (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K) with PwC LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures which, if not resolved to the satisfaction of PwC LLP would have caused PwC LLP to make reference to the matter in their reports.

Independent Auditors

There were "reportable events" (as that term is defined in Item 304(a)(1)(v) of Regulation S-K) during the fiscal years ended March 31, 2014 and March 31, 2013 and the subsequent interim period through November 6, 2014, as follows. On September 2, 2014 (U.S. time), the Company announced that the Audit Committee concluded that the consolidated financial statements for the years ended March 31, 2011 and 2012 included in Logitech's Annual Reports on Form 10-K for the fiscal years ended March 31, 2013, 2012 and 2011 and for the three months ended June 30, 2011 included in Logitech's Quarterly Report on Form 10-Q for the three months ended June 30, 2011 can no longer be relied on due to an accounting misstatement for inventory valuation reserves for Logitech's now discontinued Revue product. The restated fiscal year 2012 consolidated financial statements are included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2014. In addition, as previously disclosed in the Company's Annual Report on Form 10-K/A for the fiscal year ended March 31, 2013, the Company's management concluded that material weaknesses existed as of March 31, 2013, as follows:

- The Company did not design and maintain effective controls over the review of supporting information to determine the completeness and accuracy of the consolidated statement of cash flows, the consolidated statement of comprehensive income (loss) and disclosures in the notes to the consolidated financial statements; and
- The Company did not maintain effective controls related to developing an appropriate methodology to accrue the costs of product warranties given to end customers, including an on-going review of the assumptions within the methodology to determine the completeness and accuracy of the warranty accrual.

In addition to these material weaknesses, which continued to exist as of March 31, 2014, as a result of the Audit Committee's investigation and the restatement of the Company's financial statements the Company's management concluded that two additional material weaknesses existed as of March 31, 2014, including:

- The Company did not maintain an effective control environment as former finance management exercised bad judgment and failed to provide effective oversight, which resulted in ineffective information and communication, whereby certain of the Company's finance personnel did not adequately document and communicate accounting issues across the organization, including to our independent registered public accounting firm. Additionally, there was an insufficient complement of personnel with appropriate accounting knowledge, experience and competence, resulting in incorrect conclusions in the application of generally accepted accounting principles; and
- The Company did not design and maintain effective controls to consider all relevant information and document the underlying assumptions in our assessment of the valuation of finished goods, work in process and components inventory, including non-cancelable orders for such inventory, related to our now discontinued Revue product.

These material weaknesses, as well as the Company's plans to remediate them, are set forth in Item 9A of the Company's Annual Report on Form 10-K/A for the fiscal year ended March 31, 2013 and in Item 9A of the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2014. Accordingly, the reports of PwC LLP on the Company's internal control over financial reporting as of March 31, 2013 and as of March 31, 2014 as well as management's reports as of the same date, which were included in the Company's Annual Reports on Form 10-K for Fiscal Years 2013 and 2014, respectively, contained qualified opinions thereon. The material weaknesses in the Company's internal control over financial reporting that the Company disclosed in its Annual Report on Form 10-K for Fiscal Year 2014 continued to exist during the subsequent interim period through November 6, 2014.

The Audit Committee discussed the subject matter of the reportable events with PwC. Other than as disclosed above, there were no reportable events during the fiscal years ended March 31, 2014 and 2013 and through the subsequent interim period through November 6, 2014.

Logitech provided PwC with a copy of the disclosure set forth in this section, which disclosure was set forth in the Current Report on Form 8-K filed by the Company on November 13, 2014. PwC furnished Logitech with a letter addressed to the Securities and Exchange Commission stating their agreement with such disclosure. A copy of the letter was filed as Exhibit 16.1 to such Current Report on Form 8-K.

Information about KPMG LLP

On November 12, 2014, the Audit Committee appointed KPMG LLP to serve as its new independent registered public accounting firm to audit the Company's financial statements for the fiscal year ending March 31, 2015. KPMG LLP's engagement to serve as the Company's new independent registered public accounting firm became effective on November 13, 2014.

During the Company's two most recent fiscal years ended March 31, 2014 and 2013 and prior to engaging KPMG, neither the Company nor anyone on its behalf consulted KPMG regarding either: (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements, in connection with which either a written report or oral advice was provided to the Company that KPMG concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue; or (ii) any matter that was the subject of a disagreement or reportable event as defined in Regulation S-K, Item 304(a)(1)(iv) and Item 304(a)(1)(v), respectively.

The Company authorized PwC to respond fully and without limitation to all requests of KPMG concerning all matters related to the audited periods by PwC, including with respect to the subject matter of the reportable events summarized above.

Audit and Non-Audit Fees

The following table sets forth the aggregate fees billed to us for the audit and other services provided by KPMG during the fiscal year ended March 31, 2015 (in thousands):

	2015
Audit fees[(1)]	$2,596

(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.*

Independent Auditors

Pre-Approval Procedures and Policies

The Audit Committee pre-approves all audit and non-audit services provided by KPMG. 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 KPMG 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 KPMG with a set dollar limit per type of service. The Vice President, Corporate Controller is responsible for ensuring that the work performed is within the scope and dollar limit as approved by the Audit Committee. Management must report to the Audit Committee the status of each project or service provided by KPMG.

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 KPMG, 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, 2015, with our management. In addition, the Audit Committee has discussed with the independent auditors the matters required to be discussed by Auditing Standard No. 16 as adopted by the Public Company Accounting Oversight Board.

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 Audit 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, 2015.

Submitted by the Audit Committee of the Board

Didier Hirsch, Chairperson
Matthew Bousquette
Kee-Lock Chua
Sally Davis
Monika Ribar

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 2015, with the exceptions noted below:

- A late Form 4 report was filed for L. Joseph Sullivan on May 22, 2014 to report the grant of restricted stock units on May 14, 2014.

Compensation Report for Fiscal Year 2015

This Compensation Report has been designed to comply with both the proxy statement rules under U.S. securities laws and Swiss regulations. This Report is an integrated part of our Annual Report, Invitation, and Proxy Statement for our 2015 Annual General Meeting.

Compensation Discussion and Analysis

This Compensation Discussion and Analysis is intended to assist our shareholders in understanding our executive compensation program by providing an overview of our executive compensation-related policies, practices, and decisions for fiscal year 2015. It also explains how we determined the material elements of compensation for our Chief Executive Officer, our Chief Financial Officer, and the three executive officers (other than our Chief Executive Officer and Chief Financial Officer) who were our most highly-compensated executive officers for fiscal year 2015, and who we refer to as our "Named Executive Officers." For fiscal year 2015, our Named Executive Officers were:

- Guerrino De Luca, our Executive Chairman;
- Bracken Darrell, our President and Chief Executive Officer;
- Vincent Pilette, our Chief Financial Officer;
- Marcel Stolk, our Senior Vice President, CCP Business Group; and
- L. Joseph Sullivan, our Senior Vice President, Worldwide Operations.

Executive Summary

The Compensation Committee believes the design of our executive compensation programs has and will continue to meet our goal of providing our executives with market-competitive compensation packages that provide for above market rewards when Logitech outperforms both our internal goals and the overall market, and limited rewards when Logitech's performance does not meet these objectives. Overall, our Compensation Committee has developed executive compensation programs that it believes will provide an incentive to drive the Company's performance and reward both our shareholders and our executives.

Business Highlights

During fiscal year 2015, Logitech had strong performance and good momentum in spite of currency headwinds. Excluding the non-cash goodwill impairment with respect to our video conferencing segment, we had the best operating income and earnings per share results since fiscal year 2008. Our performance reflected the many changes made to improve company sales with a significant increase in revenue in our growth category businesses while rigorously managing operating expenses to improve profitability. Please see the section entitled *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Annual Report for a more detailed discussion of our fiscal year 2015 financial results.

Compensation Report for Fiscal Year 2015

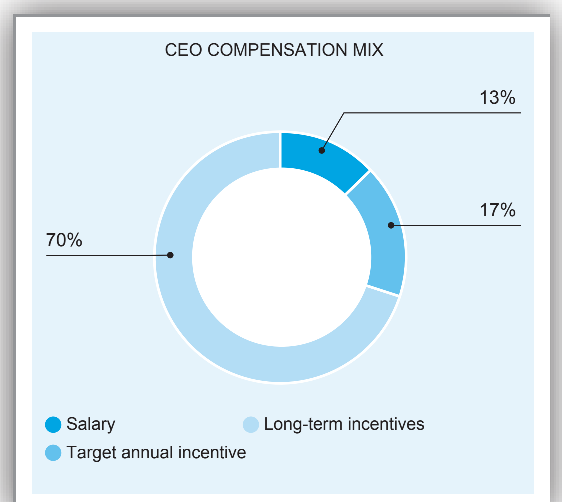
Executive Compensation Highlights

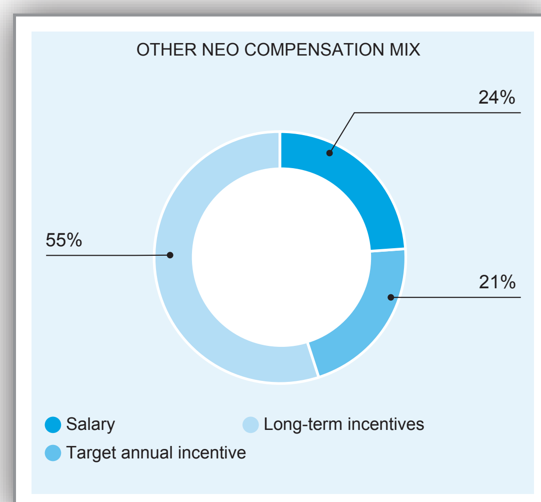
Consistent with our strong performance and compensation philosophy, the Compensation Committee took the following compensation actions for our executive officers for fiscal year 2015:

Named Executive Officer	FY 2015 Base Salary Increase from FY 2014	FY 2015 Annual Bonus as a Percentage of Target Bonus	FY 2015 Annual Time-Based Restricted Stock Units Award (# of shares)	FY 2015 Annual Performance-Based Restricted Stock Units Award (# of shares at target)
Guerrino De Luca	0%	113%	13,072	19,608
Bracken Darrell	10%	113%	134,840	202,260
Vincent Pilette	0%	140%	110,210	110,210
Marcel Stolk	2%	121%	25,358	38,037
L. Joseph Sullivan	3%	113%	17,090	25,635

Emphasis on Variable and Performance-Based Compensation

The annual compensation of our executive officers varies from year to year based on our corporate financial and operational results and individual performance. Our executive compensation program emphasizes "variable" performance-based pay over "fixed" pay and seeks to balance short-term and long-term incentives as well as performance-based and time-based incentives. In fiscal year 2015, the majority of the target total direct compensation of our CEO consisted of performance-based pay, including cash awarded under our annual bonus plan and long-term incentives in the form of equity awards for which value is variable. Fixed pay, primarily consisting of base salary, made up only 13% of our CEO's target total direct compensation in fiscal year 2015, while performance-based pay, consisting of both annual bonus and long-term equity incentives, made up 87% of his target total direct compensation. This same philosophy was applied to our other executive officers. The following charts show the percentages of target variable pay versus target fixed pay for fiscal year 2015:





Executive Compensation Best Practices

We strive to maintain sound executive compensation policies and practices, including compensation-related corporate governance standards, consistent with our executive compensation philosophy. We have the following executive compensation policies and practices in place, including both those that we have implemented to drive performance and policies and practices that either prohibit or minimize behaviors that we do not believe serve our shareholders' long-term interests:

What We Do

- ✓ ***Compensation Committee Independence*** – Our Board of Directors maintains a Compensation Committee comprised solely of independent directors.
- ✓ ***Compensation Committee Advisor Independence*** – The Compensation Committee engages and retains its own advisors. During fiscal year 2015, the Compensation Committee engaged Radford, an Aon Hewitt company, Compensia, Inc. and Agnès Blust Consulting to assist with its responsibilities.
- ✓ ***Annual Compensation Review –*** The Compensation Committee conducts an annual review of our executive compensation philosophy and strategy, including a review of the compensation peer group used for comparative purposes.
- ✓ ***Compensation-Related Risk Assessment –*** The Compensation Committee conducts an annual evaluation of our compensation programs, policies, and practices, which are designed to ensure that they reflect an appropriate level of risk-taking but do not encourage our employees to take excessive or unnecessary risks that could have a material adverse impact on the Company.
- ✓ ***Emphasize Performance-based Incentive Compensation –*** The Compensation Committee designs our executive compensation program to use performance-based short-term and long-term incentive compensation awards to align the interests of our executive officers with the interests of our shareholders.
- ✓ ***Emphasize Long-Term Equity Compensation –*** The Compensation Committee uses equity awards to deliver long-term incentive compensation opportunities to our executive officers. These equity awards vest or may be earned over multi-year periods, which better serves our long-term value creation goals and retention objectives.
- ✓ ***Limited Executive Perquisites –*** We do not provide perquisites or other personal benefits to our executive officers. The executive officers participate in our health and welfare benefit programs on the same basis as all of our employees.
- ✓ ***Stock Ownership Policy –*** We maintain a stock ownership policy for our directors and executive officers which requires each of them to own a specified amount of our registered shares as a multiple of their salary or annual board retainer.
- ✓ ***Compensation Recovery Policy –*** We have adopted a policy that provides for the recoupment of bonus and other incentive compensation and equity compensation from our executive officers resulting from fraud or intentional misconduct of an executive officer or if the executive officer knew of the fraud or misconduct.
- ✓ ***"Double-Trigger" Change of Control Arrangements –*** The post-employment compensation arrangements for our executive officers are based on a "double-trigger" arrangement that provides for the receipt of payments and benefits only in the event of (i) a change in control of the Company and (ii) a qualifying termination of employment. To comply with the Ordinance against excessive compensation in stock exchange listed companies in Switzerland (the "Minder Ordinance") by the end of calendar year 2015, we will be terminating

such arrangements for executive officers that are members of our Group Management Team (Messrs. Darrell, Pilette, Stolk and Sullivan).

- ✓ ***Reasonable Change of Control Arrangements –*** The post-employment compensation arrangements for our executive officers provide for amounts and multiples that we believe are within reasonable market norms.
- ✓ ***Prohibition on Hedging and Pledging –*** Under our Insider Trading Policy, we prohibit our executive officers from hedging any Company securities and from pledging any Company securities as collateral for a loan.
- ✓ ***Succession Planning –*** Our Board of Directors reviews on an annual basis our succession strategies and plans for our most critical positions.

What We Do Not Do

- × ***Retirement Programs –*** Other than our Section 401(k) plan and our Swiss Pension plan generally available to all employees in the U.S. and Switzerland respectively, we do not offer defined benefit or contribution retirement plans or arrangements for our executive officers.
- × ***No Tax "Gross-Ups" or Payments –*** We do not provide any "gross-ups" or tax payments in connection with any compensation element or any excise tax "gross-up" or tax reimbursement in connection with any change in control payments or benefits.
- × ***No Unearned Dividends –*** We do not pay dividends or dividend equivalents on unvested or unearned restricted stock unit or performance-based restricted stock unit awards.
- × ***No Stock Option Repricing –*** We do not reprice options to purchase our registered shares without stockholder approval.

Say-on-Pay

Logitech has been a leader in providing our shareholders with an opportunity for 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 provides shareholders the ability to periodically cast advisory votes on executive compensation, and is reflected in the proposals for our 2015 Annual General Meeting. 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.

Beginning this year, in compliance with the Minder Ordinance, we are also instituting binding shareholder votes on the aggregate compensation amounts for our directors and for members of our Group Management Team consistent with the compensation structure that shareholders approved in amendments to our Articles of Incorporation at our 2014 Annual General Meeting.

At our 2014 Annual General Meeting, more than 81% of the votes cast on our annual Say-on-Pay proposal supported our named executive officer compensation program. The Compensation Committee was mindful of shareholder support for our pay-for-performance compensation philosophy in maintaining our general compensation practices and setting fiscal year 2015 compensation for our executive officers. For more information regarding our annual Say-on-Pay proposal for fiscal year 2015, see *Proposal 2 – Advisory vote to approve executive compensation.*

Compensation Report for Fiscal Year 2015

Compensation Philosophy and Guiding Principles

We have designed our executive compensation program to:

- Provide compensation sufficient to attract and retain the level of talent needed to create and manage an innovative, high growth global company in highly competitive and rapidly evolving markets;
- Support a performance-oriented culture;
- 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 by factoring in both annual and long-term performance;
- Provide a balance between short-term and long-term objectives and results;
- Align executive compensation with shareholders' interests by tying a significant portion of compensation to increasing share value; and
- Reflect the executive's role and past performance through base salary and short-term cash incentives, and his or her potential for future contribution through long-term equity incentive awards.

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 our 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, motivating, and retaining executives and employees.

The Compensation Committee periodically reviews and analyzes market trends and the prevalence of various compensation delivery vehicles and adjusts the design and operation of our executive compensation program from time to time as it deems necessary and appropriate. In designing and implementing the various elements of our executive compensation program, the Compensation Committee considers market and industry practices, as well as our compensation structure's tax efficiency and its impact on our financial condition. While the Compensation Committee considers all of these factors in its deliberations, it places no formal weighting on any one factor.

The Compensation Committee evaluates our compensation philosophy and program objectives as circumstances require. At a minimum, we expect the Compensation Committee to review executive compensation annually.

Compensation-Setting Process

Role of the Compensation Committee

The Compensation Committee, among its other responsibilities, establishes our overall compensation philosophy and reviews and approves our executive compensation program, including the specific compensation of our executive officers. The Compensation Committee has the authority to retain special counsel and other advisors, including compensation consultants, to assist in carrying out its responsibilities. The Compensation Committee's authority, duties, and responsibilities are described in its charter, which is reviewed annually and updated as warranted. The charter is available on our Company website at *ir.logitech.com*.

Compensation Report for Fiscal Year 2015

While the Compensation Committee determines our overall compensation philosophy and approves the compensation of our executive officers, it relies on its compensation consultants and legal counsel, as well as our CEO, our CFO, our Vice President of People & Culture, and our compensation department to formulate recommendations with respect to specific compensation actions. The Compensation Committee makes all final decisions regarding executive compensation, including base salary levels, target annual cash bonus opportunities, actual cash bonus payments, and long-term incentives in the form of equity awards. The Compensation Committee meets on a regularly-scheduled basis and at other times as needed. The Compensation Committee periodically reviews compensation matters with our Board of Directors. The chair of the Compensation Committee reports to the Board of Directors on the activities of the Compensation Committee at quarterly board meeting and the minutes of the Compensation Committee meetings are available to the members of the Board of Directors.

At the beginning of each year, the Compensation Committee reviews our executive compensation program to assess whether our compensation elements, actions, and decisions (i) are properly coordinated, (ii) are aligned with our vision, mission, values, and corporate goals, (iii) provide appropriate short-term and long-term incentives for our executive officers, (iv) achieve their intended purposes, and (v) are competitive with the compensation of executives in comparable positions at the companies with which we compete for executive talent. Following this assessment, the Compensation Committee makes any necessary or appropriate modifications to our existing plans and arrangements or adopts new plans or arrangements.

The Compensation Committee also conducts an annual review of our executive compensation strategy to ensure that it is appropriately aligned with our business strategy and achieving our desired objectives. Further, the Compensation Committee reviews market trends and changes in competitive compensation practices, as further described below.

The factors considered by the Compensation Committee in determining the compensation of our executive officers for fiscal year 2015 included:

- Each individual executive's performance;
- Each individual executive's skills, experience, qualifications and marketability;
- The Company's performance against financial goals and objectives;
- The Company's performance relative to both industry competitors and its compensation peer group;
- The positioning of the amount of each executive's compensation in a ranking of peer compensation;
- The compensation practices of the Company's peer group; and
- The recommendations of our CEO (except with respect to his own compensation and the compensation of our Executive Chairman) as described below.

The Compensation Committee did not weight these factors in any predetermined or formulaic manner in making its decisions. The members of the Compensation Committee considered this information in light of their individual experience, knowledge of the Company, knowledge of each executive officer, knowledge of the competitive market, and business judgment in making their decisions regarding executive compensation and our executive compensation program.

As part of this process, our Executive Chairman works closely with the Compensation Committee in determining the compensation of our CEO. The Compensation Committee, in consultation with the non-employee members of the Board of Directors, also evaluates the performance of our Executive Chairman and our

CEO each year and makes all decisions regarding their base salary adjustments, target annual cash bonus opportunities, actual cash bonus payments, and long-term incentives in the form of equity awards. Our Executive Chairman and our CEO are not present during any of the deliberations regarding their compensation.

Role of our CEO

Our CEO works closely with the Compensation Committee in determining the compensation of our other executive officers, excluding our Executive Chairman. Typically, our CEO works with the Compensation Committee to recommend the structure of the annual bonus plan, and to identify and develop corporate performance objectives for such plan, and to evaluate actual performance against the selected measures.

At the beginning of each year, our CEO reviews the prior year's performance of our executive officers who report to him and then makes recommendations to the Compensation Committee for each element of compensation. Using his evaluation of each executive officer's performance and taking into consideration historical compensation awards to our executive officers and our corporate performance during the preceding year, these recommendations cover base salary adjustments, target annual cash bonus opportunities, actual bonus payments, and long-term incentives in the form of equity awards for each of our executive officers (other than himself and our Executive Chairman) based on our results, the individual executive officer's contribution to these results, and his or her performance toward achieving his or her individual performance goals. The Compensation Committee then reviews these recommendations and makes decisions as to the target total direct compensation of each executive officer, as well as each individual compensation element.

While the Compensation Committee considers our CEO's recommendations, as well as the competitive market analysis prepared by its compensation consultant, these recommendations and market data serve as only two of several factors in making its decisions with respect to the compensation of our executive officers. Ultimately, the Compensation Committee applies its own business judgment and experience to determine the individual compensation elements and amount of each element for our executive officers. Moreover, no executive officer participates in the determination of the amounts or elements of his or her own compensation.

Role of Compensation Consultants

Pursuant to its charter, the Compensation Committee has the authority to engage its own legal counsel and other advisors, including compensation consultants, as it determines in its sole discretion, to assist in carrying out its responsibilities. The Compensation Committee makes all determinations regarding the engagement, fees, and services of these advisors, and any such advisor reports directly to the Compensation Committee. The Compensation Committee may replace its compensation consultant or hire additional advisors at any time.

In fiscal year 2015, pursuant to this authority, the Compensation Committee engaged national compensation consulting firms Radford for the majority of fiscal year 2015 and Compensia, Inc., in December 2014. The Compensation Committee also engaged Swiss compensation consulting firm Agnès Blust Consulting in September 2014. The Compensation Committee engages compensation consultants to provide information, analysis, and other assistance relating to our executive compensation program on an ongoing basis. The nature and scope of the services provided to the Compensation Committee by the independent compensation consultants in fiscal year 2015 were as follows:

- reviewed and recommended updates to the compensation peer group;
- provided advice with respect to compensation best practices and market trends for executive officers and members of our Board of Directors;

- conducted an analysis of the levels of overall compensation and each element of compensation for of our executive officers;
- conducted an analysis of the levels of overall compensation and each element of compensation for the members of our Board of Directors; and
- provided legislative updates and ad hoc advice and support throughout the year.

The independent compensation consultants attend Compensation Committee meetings as requested and also communicate with the Compensation Committee outside of meetings. The compensation consultants report to the Compensation Committee rather than to management, although the compensation consultants typically meet with members of management, including our CEO and members of our executive compensation staff, for purposes of gathering information on proposals that management may make to the Compensation Committee.

The Compensation Committee has assessed the independence of the compensation consultants taking into account, among other things, the six independence related factors as set forth in Exchange Act Rule 10C-1 issued by the SEC under the Dodd-Frank Act and the enhanced independence standards and factors set forth in the applicable listing standards of the Nasdaq Stock Market, and has concluded that its relationship with each independent compensation consultant and the work of each of them on behalf of the Compensation Committee has not raised any conflict of interest.

Logitech paid fees of less than $200,000 to various divisions and subsidiaries of Aon Corporation for services not related to executive compensation consulting services. The majority of these additional services consisted of activities Radford or Aon Hewitt have provided to Logitech for several years, and include the purchase of Radford's industry compensation surveys, the accounting valuations of equity grants, and the calculation of PSU grant performance. Compensia and Agnès Blust Consulting have not provided any other services to us and have received no compensation other than with respect to the services described above.

Compensation Peer Group

As part of its deliberations, the Compensation Committee considers competitive market data on executive compensation levels and practices and a related analysis of such data. This data is drawn from a select group of peer companies developed by the Compensation Committee, as well as compensation survey data.

Fiscal Year 2015 Compensation Peer Group

For fiscal year 2015, the Compensation Committee directed its compensation consultant to formulate a group of peer companies to be used as a reference for market positioning and for assessing competitive market practices. The compensation consultant undertook a detailed review of the pool of U.S.-based publicly-traded companies, taking into consideration involvement in the PC-based consumer electronics industry, revenues approximately equal to Logitech's and a presence near Silicon Valley in the San Francisco Bay Area. Although we are a Swiss company, we primarily compete for executive management talent with technology companies in the United States, and particularly in the high-technology area of Silicon Valley.

Following this review, the Compensation Committee approved the following peer group to consist of 15 publicly-traded companies for fiscal year 2015:

Adobe Systems Incorporated	Intuit, Inc.	Plantronics, Inc.
Autodesk, Inc.	Lexmark International, Inc.	Polycom, Inc.
Brocade Communications Systems, Inc.	NETGEAR, Inc.	SanDisk Corporation
Electronic Arts, Inc.	Nuance Communications, Inc.	Trimble Navigation Limited
Garmin Ltd.	NVIDIA Corporation	VeriFone Systems, Inc.

Following is the peer group financial data as reflected at the time the fiscal year 2015 executive compensation review was performed:

(in millions)	Revenues	Market Capitalization
75th Percentile	$ 3,933.9	$10,601.4
50th Percentile	2,287.0	8,245.8
25th Percentile	1,804.1	2,790.3
Logitech	2,093.5	2,520.1
Percentile Rank	33%	22%

Revenue reflects most recently available four quarters as of March 2014 and market capitalization as of February 7, 2014, as provided by Radford.

This compensation peer group was used by the Compensation Committee in connection with its annual review of our executive compensation program in fiscal year 2015. Specifically, the Compensation Committee reviewed the compensation data drawn from the compensation peer group, in combination with industry-specific compensation survey data, to develop a subjective representation of the "competitive market" with respect to current executive compensation levels and related policies and practices. The Compensation Committee then evaluated how our pay practices and the compensation levels of our executive officers compared to the competitive market. As part of this evaluation, the Compensation Committee also reviewed the performance measures and performance goals generally used within the competitive market to reward performance.

Fiscal Year 2016 Compensation Peer Group

In fiscal year 2015, looking forward to fiscal year 2016, the compensation consultant evaluated the existing compensation peer group and used the criteria set forth in the following table to objectively identify companies for inclusion in our compensation peer group for fiscal year 2016:

Criteria	Rationale
Industry	We compete for talent with companies in the following industries: • Technology • Consumer Products
Financial Scope	Our Named Executive Officer compensation should be similar to senior managers at companies that have comparable financial characteristics including revenues and market capitalization
Other Factors	As appropriate, utilize additional refinement criteria (objective or subjective) such as revenue growth, profitability, valuation, headcount, business model

Based on these criteria, the Compensation Committee selected the following peer group of 16 publicly-traded companies, which the Compensation Committee subsequently approved and considered when making compensation decisions toward the end of fiscal year 2015 and with respect to setting compensation for fiscal year 2016:

Belden Inc.	JDS Uniphase	Polycom, Inc.
Brocade Communications Systems, Inc.	Knowles Corporation	Synaptics Inc.
Diebold, Incorporated	Lexmark International, Inc.	Trimble Navigation Limited
Garmin Ltd.	NETGEAR, Inc.	VeriFone Systems, Inc.
GoPro, Inc.	Plantronics, Inc.	Zebra Technologies Corporation
Hasbro, Inc.		

Following is the fiscal 2016 peer group financial data as of March 2015:

(in millions)	**Revenues**	**Market Capitalization**
75th Percentile	$ 2,514	$ 5,288
50th Percentile	1,804	3,384
25th Percentile	1,325	2,166
Logitech	2,137	2,423
Percentile Rank	58%	30%

Revenue reflects most recently available four quarters as of March 3, 2015 and 30-day average market capitalization as of March 3, 2015, as provided by Compensia.

The Compensation Committee believes that information regarding the compensation practices at other companies is useful in at least two respects. First, the Compensation Committee recognizes that our compensation policies and practices must be competitive in the marketplace. Second, this information is useful in assessing the reasonableness and appropriateness of individual executive compensation elements and of our overall executive compensation packages. This information is only one of several factors that the Compensation Committee considers, however, in making its decisions with respect to the compensation of our executive officers.

Compensation Elements

The three primary elements of our executive compensation programs are: (1) base salary, (2) annual cash bonus opportunities, and (3) long-term incentives in the form of equity awards, as described below:

Compensation Element	What This Element Rewards	Purpose and Key Features of Element
Base salary	• Individual performance, level of experience, expected future performance and contributions.	• Provides competitive level of fixed compensation determined by the market value of the position, with actual base salaries established based on the facts and circumstances of each executive officer and each individual position.
Annual cash bonuses	• Achievement of pre-established corporate performance objectives (for fiscal year 2015, focused on growing revenue and profitability), as well as management objectives and individual contributions.	• Motivates executive officers to achieve above target performance • Generally, performance levels are established to incentivize our executive officers to achieve or exceed performance objectives. For fiscal year 2015, payouts for corporate performance objectives could range from 0% to 200%, depending on actual achievement.

Compensation Report for Fiscal Year 2015

Compensation Element	What This Element Rewards	Purpose and Key Features of Element
Long-term incentives/equity awards	• Achievement of corporate performance objectives designed to enhance long-term shareholder value and attract, retain, motivate, and reward executive officers over extended periods for achieving important corporate objectives.	• Provide a variable “at risk” pay opportunity that aligns executive and shareholder interests through annual equity awards that vest over multiple years. • Because the ultimate value of these equity awards is directly related to the market price of our registered shares, and the awards are only earned over an extended period of time subject to vesting, they serve to focus management on the creation and maintenance of long-term shareholder value. • Performance-based equity links compensation to key financial metrics, such as growth and profitability, that requires strong performance for target or any substantial vesting to occur, and provides an extraordinary payout if performance significantly exceeds that of the objective or the benchmark group. • Vesting requirements promote retention.

Our executive officers also participate in the standard employee benefit plans available to most of our employees. In addition, during fiscal year 2015, our executive officers were eligible for post-employment (severance or change in control or both) payments and benefits under certain circumstances. Each of these compensation elements is discussed in greater detail below, including a description of the particular elements and how each element fits into our overall executive compensation and a discussion of the amounts of compensation paid to our executive officers in fiscal year 2015 under each of these elements.

Base Salary

We believe that a competitive base salary is a necessary element of our executive compensation program, so that we can attract and retain a stable management team. Base salaries for our executive officers are also intended to be competitive with those received by other individuals in similar positions at the companies with which we compete for talent, as well as equitable across the executive team.

Generally, we establish the initial base salaries of our executive officers through arm’s-length negotiation at the time we hire the individual executive officer, taking into account his or her position, qualifications, experience, prior salary level, competitive and market considerations, and the base salaries of our other executive officers.

Thereafter, the Compensation Committee reviews the base salaries of our executive officers annually and makes adjustments to base salaries as it determines to be necessary or appropriate.

In fiscal year 2015, the Compensation Committee reviewed the base salaries of our executive officers, taking into consideration a competitive market analysis performed by the then current compensation consultant, the scope of each executive officer's role, and the recommendations of our CEO (except with respect to his own base salary and the base salary of our Executive Chairman), as well as the other factors described above. Following this review, the Compensation Committee set the base salaries of our executive officers at levels that it believed were appropriate to maintain their competitiveness. In review of Mr. Darrell's compensation, the Compensation Committee decided to provide a base salary increase to Mr. Darrell to bring his target cash compensation in line with the CEOs in our compensation peer group. The base salaries of our executive officers for fiscal year 2015 were as follows:

Named Executive Officer	Fiscal Year 2015 Base Salary	Fiscal Year 2014 Base Salary	Percentage Adjustment
Guerrino De Luca	$500,000	$500,000	0%
Bracken Darrell	$825,000	$750,000	10%
Vincent Pilette	$500,000	$500,000	0%
Marcel Stolk	CHF 523,510	CHF 513,000	2%
L. Joseph Sullivan	$427,500	$415,000	3%

The base salaries of our executive officers during fiscal year 2015 are set forth in the "2015 Summary Compensation Table" below.

Annual Cash Bonuses

We use annual bonuses to motivate our executive officers to achieve our short-term financial and operational objectives while making progress towards our longer-term growth and other goals. Consistent with our executive compensation philosophy, these annual bonuses are intended to help us to deliver a competitive total compensation opportunity to our executive officers. Annual cash bonuses are entirely performance-based, are not guaranteed, and may vary materially from year-to-year.

Typically, the Compensation Committee establishes cash bonus opportunities pursuant to a formal cash bonus plan that measures and rewards our executive officers for our actual corporate and their individual performance over our fiscal year. The cash bonus plan is designed to pay above-target bonuses when we exceed our annual corporate objectives and below-target bonuses or no bonus when we do not achieve these objectives.

In fiscal year 2015, the Compensation Committee determined cash bonus opportunities for our executive officers pursuant to the cash bonus plan for fiscal year 2015 under the Logitech Management Performance Bonus Plan (the "Bonus Plan"). Under the Bonus Plan, the Compensation Committee had the authority to select the performance measures and related target levels applicable to the annual cash bonus opportunities for our executive officers.

Compensation Report for Fiscal Year 2015

Target Bonus Opportunities

For fiscal year 2015, the target annual cash bonus opportunities for each of our executive officers under the Bonus Plan, expressed as a percentage of his or her annual base salary, were as follows:

Named Executive Officer	Annual Base Salary	Target Bonus Opportunity (as a percentage of base salary)	Target Bonus Opportunity ($)
Guerrino De Luca	$500,000	100%	$500,000
Bracken Darrell	$825,000	125%	$1,031,250
Vincent Pilette	$500,000	80%	$400,000
Marcel Stolk	CHF 523,510	80%	CHF 418,808
L. Joseph Sullivan	$427,500	75%	$320,625

In setting the amount of the target incentive, the Compensation Committee takes into account competitive market data and the individual's role and contribution to performance. In review of Mr. Darrell's compensation, the Compensation Committee decided to increase his bonus target opportunity for fiscal year 2015 from 100% to 125% of base salary to bring his target cash compensation in line with the CEOs in our compensation peer group. No changes were made to target bonus opportunities for the rest of the executive officers for fiscal year 2015.

Corporate Performance Objectives

For purposes of the Bonus Plan, the Compensation Committee selected Revenue and Non-GAAP Operating Income as the corporate performance measures. Each of these corporate performance measures was equally weighted. The Compensation Committee believed these performance measures were appropriate for our business because they provided a balance between generating revenue, managing our expenses, increasing profitability, and growing our business, which it believes most directly influences long-term shareholder value. The Compensation Committee established target performance levels for each of these measures at levels that it believed to be challenging, but attainable, through the successful execution of our Board approved annual operating plan.

For purposes of the Bonus Plan, the corporate performance measures were to be calculated as follows:

- "Revenue" meant Net Sales; and
- "Non-GAAP Operating Income" meant GAAP Operating Income, excluding share-based compensation expense, amortization of other intangible assets, restructure charges (credits), other restructuring-related charges, investment impairment (recovery), benefit from (provision for) income taxes, one-time special charges and other items.

The minimum, target, and maximum levels of achievement for each corporate performance measure and their respective payment levels were as follows:

Corporate Performance Measure	Threshold Performance Level	Threshold Payment Level	Target Performance Level	Target Payment Level	Maximum Performance Level	Maximum Payment Level
Revenue	97%	25%	100%	100%	108%	200%
Non-GAAP Operating Income	95%	50%	100%	100%	146%	200%

Compensation Report for Fiscal Year 2015

For any bonus payment to be made under the fiscal year 2015 Bonus Plan, the minimum performance requirements must both be met for each of the plan metrics. In the event of actual performance between the threshold and target, and target and maximum, performance levels, the payment amount was to be calculated between each designated segment on a linear basis.

The Compensation Committee established the following target levels for each of the corporate performance measures under the Bonus Plan:

Corporate Performance Measure	Weighting	Fiscal Year 2015 Target Level
Revenue	50%	$2.18B
Non-GAAP Operating Income	50%	$153M

Individual and Business Group Performance

For executive officers who are business group or regional leaders we factor in metrics with respect to their areas of responsibility, all of which the Compensation Committee believes are critical to driving long-term shareholder value. As a result, Mr. Stolk's annual bonus was based 50% on achievement of the corporate performance measures described above and 50% on measures specific to the performance of the business group for which he is responsible.

In addition to the corporate performance objectives, 25% of the annual cash bonuses for our executive officers, other than our CEO and our Executive Chairman, could be adjusted based on each executive officer's individual performance and other exogenous factors as reviewed and assessed by our CEO.

2015 Performance Results and Bonus Decisions

For fiscal year 2015, the Compensation Committee determined that our actual achievement with respect to the corporate financial objectives under the Bonus Plan was as follows:

Corporate Performance Measure	Weighting	Fiscal Year 2015 Target Level	Fiscal Year 2015 Actual Result	Fiscal Year 2015 Funding Percentage
Revenue	50%	$2.18B	$2.16B(1)	72%
Non-GAAP Operating Income	50%	$153.0M	$191.1M	154%
Weighted Result				**113%**

(1) Measured in "constant currency" sales, which excludes the impact of currency exchange rate fluctuations. Constant currency sales are calculated by translating sales in each local currency at the current period's average exchange rate for that currency. For additional information regarding "constant currency" sales, please refer to the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report.

Historically we have measured our annual performance results in U.S. Dollars which have included normal currency fluctuations, however, for fiscal year 2015, based on the unusual and unprecedented level of currency fluctuation during the second half of the 2015 fiscal year and our strong performance, the Compensation Committee exercised its discretion and approved the fiscal year 2015 revenue results using constant currency which is a common approach among many other companies and is how we will measure revenue performance going forward under the Bonus Plan. Currencies of many countries depreciated significantly against the dollar in the fourth quarter of fiscal year 2015, including by up to 17% in Euro-based countries, far beyond the normal fluctuations. Based on management's recommendation and consistent with the presentation of our financial results to investors, the constant currency adjustment was made only to the revenue metric and not to the non-GAAP operating income performance measure. The Compensation Committee determined that, based on our actual performance with respect to each corporate performance measure on a constant currency sales basis, as applicable, the corporate performance objectives had been achieved, in the aggregate, at a 113% level. Based on our CEO's review of individual performance for fiscal year 2015, the CEO recommended, and the Compensation Committee agreed and determined, that Mr. Pilette receive an annual incentive at 140% of target. The Compensation Committee determined that this bonus amount appropriately reflected not only Mr. Pilette's strong performance in reducing operating expenses, and contributing to the good 113% performance of the company, but also the additional and highly intensive tasks of leading and helping to resolve the Company's internal accounting investigation and restatement of financial statements based on issues that predated his tenure, reorganizing and enhancing the finance and accounting organization to remediate material weaknesses that also predated his tenure, and assisting with the transition to new auditors upon PwC's independence issue to preserve the Company's ability to file its fiscal year 2014 and 2015 periodic reports.

Mr. Stolk received an annual incentive at 121% of target based on achievement of the corporate performance measures described above and business group performance for which he is responsible.

Based on its review of our overall corporate and business group performance, and taking into account the CEO's recommendations with respect to individual performance for the executive officers other than himself and the Executive Chairman, the Compensation Committee approved bonus payments as follows for our executive officers for fiscal year 2015:

Named Executive Officer	Target Annual Cash Bonus Opportunity	Actual Annual Cash Bonus Payment	Percentage of Target Annual Cash Bonus Opportunity
Guerrino De Luca	$500,000	$565,000	113%
Bracken Darrell	$1,031,250	$1,165,313	113%
Vincent Pilette	$400,000	$560,000	140%
Marcel Stolk	CHF 418,808	CHF 506,758	121%
L. Joseph Sullivan	$320,625	$362,306	113%

The annual cash bonuses paid to our executive officers for fiscal 2015 are set forth in the "2015 Summary Compensation Table" below.

Long-Term Incentive Compensation

We use long-term incentive compensation in the form of equity awards to motivate our executive officers by providing them with the opportunity to build an equity interest in the Company and to share in the potential appreciation of the value of our registered shares. We primarily use restricted stock unit ("RSU") awards that may be settled for shares of our common stock as the principal vehicles for delivering long-term incentive compensation opportunities to our executive officers. The Compensation Committee views equity awards, whether the awards are subject to time-based vesting requirements or are to be earned based on the attainment of specific performance objectives, as inherently variable since the grant date fair value of these awards may not necessarily be indicative of their value when, and if, our registered shares underlying these awards are ever earned or purchased. The Compensation Committee further believes these awards enable us to attract and retain key talent in our industry and aligns our executive officers' interests with the long-term interests of our shareholders. The Compensation Committee uses RSUs because they are less dilutive than stock options.

At the beginning of fiscal year 2015, the Compensation Committee approved equity awards for four of our executive officers in recognition of our financial results and each executive officer's individual performance for fiscal year 2014. In determining the amount of each executive officer's equity award, the Compensation Committee took into consideration the recommendations of our CEO (except with respect to his own equity award and the Executive Chairman's equity award), as well as the factors described above. The Compensation Committee considers the dilutive effect of our long-term incentive compensation practices, and the overall impact that these equity awards, as well as awards to other employees, will have on shareholder value. The Compensation Committee also considered the existing equity holdings of each executive officer, including the current economic value of their unvested equity awards and the ability of these unvested holdings to satisfy our retention objectives.

The Compensation Committee did not grant an award to our CFO, Mr. Pilette, at the beginning of fiscal year 2015 since he had recently joined the company and received a new-hire grant at the start of his employment in September 2013. In March 2015, based on Mr. Pilette's extraordinary performance during fiscal year 2015 and taking into consideration Mr. Pilette's unvested equity at the time of the grant and the competitive market for strong CFOs in Silicon Valley, the Compensation Committee approved an equity award for Mr. Pilette for fiscal year 2015. Due to the timing of Mr. Pilette's award, the Compensation Committee structured the grant consistent with the PSU structure approved by the Compensation Committee for fiscal year 2016 including a second financial metric to the PSU awards. The Compensation Committee believes that measuring a company's performance with multiple metrics will provide a more complete picture of the Company's performance. Mr. Pilette's PSU grant was based on two performance measures – 50% on Logitech's relative TSR described below and 50% on achievement of a Non-GAAP Operating Margin metric. Under this portion of the award, 100% of the shares will be earned when Logitech achieves a targeted level of Non-GAAP Operating Margin over four consecutive trailing quarters in a three-year performance period. The award will vest annually over three years; however, no shares will vest until we have achieved the targeted Non-GAAP Operating Margin.

The equity awards for our executive officers were composed of 60% performance-based RSUs ("PSUs") and 40% time-based RSUs that may be settled for our registered shares, except for Mr. Pilette, who received his award as 50% PSUs and 50% time-based RSUs. During fiscal year 2015, as part of the Compensation Committee's risk analysis, it determined that certain roles within our finance department, including our CFO, should receive more of their equity in time-based RSUs than awards based on financial results. The equity awards granted to our executive officers in fiscal year 2015 were as follows:

	Performance Share Units		Restricted Stock Units	
Named Executive Officer	**Number of Shares**	**Grant Date Fair Value**	**Number of Shares**	**Grant Date Fair Value**
Guerrino De Luca	19,608	$255,884	13,072	$171,505
Bracken Darrell	202,260	$2,639,493	134,840	$1,769,101
Vincent Pilette	110,210	$1,369,910	110,210	$1,331,337
Marcel Stolk	38,037	$496,383	25,358	$329,714
L. Joseph Sullivan	25,635	$324,553	17,090	$221,049

Performance Share Units

The PSU awards granted to our executive officers in fiscal year 2015 were subject to Logitech's relative total shareholder return ("TSR") versus the TSR of companies included in the Nasdaq-100 Index.

The PSUs are "at-risk" compensation because Logitech's relative total shareholder return performance must be at or above the minimum threshold percentile against the Nasdaq-100 Index over the performance period of three years in order for the executive to receive any shares from the PSU grant. If, at the end of the performance period, threshold performance is achieved, the number of shares in which the executive officer vests is pro-rated according to performance.

The Compensation Committee believes this measure reflects 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 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.

The vesting structure of the PSUs granted in fiscal year 2015 is summarized in the table below:

Percentile Rank of Logitech TSR Against Nasdaq-100 Index TSR	Percentage of Shares that Vest
Below 30th Percentile Rank (threshold)	0%
30th Percentile Rank	50%
50th Percentile Rank (target)	100%
75th Percentile Rank and Above (maximum)	150%

The vested percentage attributable to a TSR Percentile Rank between the 30th and 50th percentiles, or between the 50th and 75th percentiles, will be determined by straight-line interpolation.

Restricted Stock Unit Awards

The RSU awards granted to our executive officers in fiscal year 2015 were subject to a time-based vesting requirement and have our typical four-year vesting period which vest in four equal annual installments based on the continued service of the executive officer on each such vesting date.

The equity awards granted to our executive officers in fiscal year 2015 are set forth in the "2015 Summary Compensation Table" and the "2015 Grants of Plan-Based Awards Table" below.

Welfare and Health Benefits

We maintain a tax-qualified retirement plan under Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code"), for our employees in the U.S., including our executive officers, that provides them with an opportunity to save for retirement on a tax-advantaged basis. We intend for this plan to qualify under Sections 401(a) and 501(a) of the Code so that contributions by employees to the plan, and income earned on plan contributions, are not taxable to employees until distributed from the plan. In addition, all contributions are deductible by us when made.

All participants' interests in their deferrals are 100% vested when contributed under the plan. In fiscal year 2015, we made matching contributions into the Section 401(k) plan for our employees, including our executive officers. Under the plan, pre-tax contributions are allocated to each participant's individual account and are then invested in selected investment alternatives according to the participants' directions.

In compliance with the Swiss federal pension law, we maintain a Cash Balance pension plan for our employees in Switzerland, including Mr. Stolk, with employee and employer contributions which provides benefits in case of retirement and death and disability due to sickness.

In addition, we provide other benefits to our executive officers on the same basis as all of our full-time employees. These benefits include health, dental and vision benefits, health and dependent care flexible spending accounts, short-term and long-term disability insurance, accidental death and dismemberment insurance, and basic life insurance coverage. We provide vacation and other paid holidays to all employees, including our executive officers. We also offer our employees the opportunity to participate in the Logitech Employee Share Purchase Plans.

We design our employee benefits programs to be affordable and competitive in relation to the market, as well as compliant with applicable laws and practices. We adjust our employee benefits programs as needed based on regular monitoring of applicable laws and practices, the competitive market and our employees' needs.

Deferred Compensation Plan

Eligible employees, including our executive officers based in the United States, are also eligible to participate in the Logitech Inc. Deferred Compensation Plan and a predecessor plan, which are unfunded and unsecured plans that allow 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 of employment or other specified dates chosen by the participants, and deferred amounts are credited with earnings based on investment benchmarks chosen by the participants from a number of mutual funds selected by Logitech Inc.'s Deferred Compensation Committee. 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 executive officer participation in the deferred compensation plans can be found in the Non-Qualified Deferred Compensation for Fiscal Year 2015 table and the accompanying narrative below.

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" below.

Perquisites and Other Personal Benefits

Currently, we do not view perquisites or other personal benefits as a significant component of our executive compensation program. Accordingly, Logitech's executive officer benefit programs are substantially the same as for all other eligible employees. All future practices with respect to perquisites or other personal benefits will be approved and subject to periodic review by the Compensation Committee.

Employment Arrangements

We have extended written employment agreements or offer letters or both to each of our executive officers, including our CEO and our other executive officers. Each of these arrangements was approved on our behalf by our Board of Directors or the Compensation Committee, as applicable. We believe that these arrangements were appropriate to induce these individuals to forego other employment opportunities or leave their current employer for the uncertainty of a demanding position in a new and unfamiliar organization.

In filling these executive positions, our Board of Directors or the Compensation Committee, as applicable, was aware that it would be necessary to recruit candidates with the requisite experience and skills to manage a growing business in a dynamic environment. Accordingly, it recognized that it would need to develop competitive compensation packages to attract qualified candidates in a highly-competitive labor market. At the same time, our Board of Directors or the Compensation Committee, as applicable, was sensitive to the need to integrate new executive officers into the executive compensation structure that it was seeking to develop, balancing both competitive and internal equity considerations.

Each of these employment arrangements provides for "at will" employment and sets forth the initial compensation arrangements for the Named Executive Officer, including an initial base salary, a target annual cash bonus opportunity, and, in some instances, a recommendation for an equity award.

For a summary of the material terms and conditions of the employment arrangements with each of our executive officers, see "Employment Arrangements" below.

Post-Employment Compensation

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" below. These Agreements are being reviewed by the Compensation Committee with respect to compliance with the Minder Ordinance by the end of calendar year 2015.

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" below. The RSU and PSU award agreements for executive officers generally 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 (a "double trigger").

In the event of an involuntary termination within 12 months after a change of control with respect to awards granted before fiscal year 2015:

- All unvested shares subject to the RSUs will vest in full. 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 occurs 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.

In the event of an involuntary termination within 12 months after a change of control with respect to awards granted in April and May 2014:

- No acceleration of any unvested RSUs or PSUs.

In the event of an involuntary termination within 12 months after a change of control with respect to awards granted in March 2015 or later:

- All RSUs and PSUs containing time-based elements would accelerate in full with respect to shares that are subject to time-based vesting. No shares subject to RSUS or PSUs containing performance-based vesting requirements would accelerate.

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

Logitech does not provide any payments to reimburse its executive officers for additional taxes incurred (also known as "gross-ups") in connection with a change of control.

Our CEO and CFO have severance arrangements from their original offer letters. Mr. Pilette's severance arrangement will phase out in calendar year 2015. For a summary of the post-employment compensation arrangements with our executive officers, see "—*Potential Payments upon Termination or Change in Control*" below.

Other Compensation Policies

Stock Ownership Policy

We believe that stock ownership by our directors and executive officers is important to link the risks and rewards inherent in stock ownership of these individuals and our shareholders. The Compensation Committee has adopted a stock ownership policy that requires our executive officers to own a minimum number of our registered shares. These mandatory ownership levels are intended to create a clear standard that ties a portion of these individuals' net worth to the performance of our stock price. The current ownership levels are as follows:

Named Executive Officer	Minimum Required Level of Stock Ownership
Chief Executive Officer	5x Base Salary
Chief Financial Officer	3x Base Salary
Other Executive Officers	2x Base Salary

Equity interests that count toward the satisfaction of the ownership guidelines include shares owned outright by the executive officer and 50% of vested, unexercised stock options. Newly hired or promoted executives have five years from the date of the commencement of their appointment to attain these ownership levels. The CEO must hold 100% of his after-tax shares until the ownership requirements are met. The other executive officers must hold at least 50% of their after-tax shares until the ownership requirements are met. If an executive officer does not meet the applicable guideline by the end of the five-year period, the executive officer will have 50% of the after-tax value of any earned bonuses under the Leadership Team Bonus Program paid in fully vested Logitech shares. Our CEO and each of our other executive officers have either currently satisfied his or her required stock ownership levels or have remaining time to achieve the required levels of ownership.

Additionally, we have instituted stock ownership guidelines for our non-employee directors. For information regarding these guidelines, see the section entitled "Security Ownership - Share Ownership Guidelines" above.

Compensation Recovery Policy

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 (a "clawback"). 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 U.S. 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. The Compensation Committee will amend the policy, as necessary, to comply with the final SEC rules regarding claw-back policies required by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Equity Award Grant Practices

Determination of long-term equity incentive awards

The Compensation Committee is responsible for approving which executive officers should receive equity incentive awards, when the awards should be made, the vesting schedule, and the number of shares or other rights to be granted. Long-term equity incentive awards to executive officers 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.

Timing of grants

Long-term equity incentive award grants to executive officers are typically and predominantly approved at regularly scheduled, predetermined meetings of the Compensation Committee. These meeting are generally scheduled at least 18 months in advance and take place before the regularly scheduled, predetermined meetings of the full Board. On limited occasions, grants may be approved at an interim meeting of the Compensation Committee or by written consent, for the purpose of approving the hiring and compensation package for newly hired or promoted executives.

Compensation Report for Fiscal Year 2015

In fiscal year 2015, grants were made to new hires and promoted employees through regularly scheduled monthly written consents of the Compensation Committee. 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.

Derivatives Trading, Hedging, and Pledging Policies

We have adopted a policy prohibiting our employees, including our executive officers, and members of our Board of Directors from speculating in our equity securities, including the use of short sales, "sales against the box" or any equivalent transaction involving our equity securities. In addition, they may not engage in any other hedging transactions, such as "cashless" collars, forward sales, equity swaps and other similar or related arrangements, with respect to the securities that they hold. Finally, no employee, including an executive officer or member of our Board of Directors may acquire, sell, or trade in any interest or position relating to the future price of our equity securities.

We also have adopted a policy prohibiting the pledging of our securities by our employees, including our executive officers, and members of our Board of Directors.

Tax and Accounting Considerations

Deductibility of Executive Compensation

Favorable accounting and tax treatment of the various elements of our compensation program is a relevant consideration in their design. However, the Company and the Compensation Committee have placed a higher priority on structuring flexible compensation programs to promote the recruitment, retention, and performance of our officers than on maximizing tax deductibility. Section 162(m) of the Code, as amended (the "Tax Code"), places a limit of $1 million on the amount of compensation that Logitech may deduct in any one year with respect to certain executive officers. The Compensation Committee has the ability through the use of Logitech International S.A. 2006 Stock Incentive Plan to grant awards that qualify as "performance-based compensation" exempt from that $1 million limitation but, to maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the Compensation Committee has not adopted a policy requiring all compensation to be deductible, and has in the past and will in the future make compensation awards that do not qualify to be exempt from the $1 million limitation when it believes that it is appropriate to meet its compensation objectives.

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 Risks Assessment

Since March 2010, the Compensation Committee has conducted an annual review, with the assistance of the Compensation Committee's independent compensation consultant, of Logitech's compensation programs to assess the risks associated with their design and associated risk controls. The Compensation Committee reviews in particular the following compensation programs and associated practices:

- Equity grants made under the 2006 Stock Incentive Plan.
- Management Performance Bonus Plan.
- Employee Performance Bonus Plan.
- Sales Commission Plans.
- Change of Control Agreements.

As in past years, based on the March 2015 review, the Compensation Committee has concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

Compensation Report for Fiscal Year 2015

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 2015 Invitation and Proxy Statement and Annual Report.

Compensation Committee

Sally Davis, Chairman
Matthew Bousquette
Neil Hunt
Monika Ribar

Compensation Report for Fiscal Year 2015

Summary Compensation Table for Fiscal Year 2015

The following table provides information regarding the compensation and benefits earned during fiscal years 2015, 2014, and 2013 by our named executive officers. For more information, please refer to "Compensation Disclosure and Analysis," as well as "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table."

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(1)	Non-equity Incentive Plan Compensation ($)(2)	Changes in Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(3)	Total ($)
Guerrino De Luca(4)	FY15	500,000	—	427,389	—	565,000	—	18,994	1,511,383
Chairman of the Board	FY14	500,000	460,000	2,684,200	—	575,000	—	15,764	4,234,964
	FY13	500,000	—	—	335,400	—	—	31,314	866,714
Bracken Darrell(5)	FY15	825,000	—	4,408,594	—	1,165,313	—	27,531	6,426,438
President and Chief Executive Officer	FY14	750,000	—	3,279,270	—	862,500	—	13,767	4,905,537
	FY13	735,577	—	803,000	4,840,000	—	—	226,164	6,604,741
Vincent Pilette(6)	FY15	500,000	—	2,701,247	—	560,000	—	16,816	3,778,063
Chief Financial Officer	FY14	286,538	—	5,067,550	—	512,000	—	2,673	5,868,761
Marcel Stolk(7)	FY15	564,558	345,091	826,097	—	546,492	—	104,583	2,386,821
Senior Vice President, CCP Business Group	FY14	535,714	—	1,100,100	—	589,643	—	105,517	2,330,974
L. Joseph Sullivan	FY15	427,500	—	545,602	—	362,306	—	17,687	1,353,095
Senior Vice President, Worldwide Operations	FY14	415,000	—	733,400	—	385,950	—	14,418	1,548,768
	FY13	402,000	—	258,390	580,500	—	—	12,358	1,253,248

(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 stock awards and stock options to each of the listed officers in the fiscal years shown. The key assumptions and methodology of valuation of stock awards and stock options are presented in Note 4 to the Consolidated Financial Statements included in Logitech's Annual Report to Shareholders.*

For FY15: The amount shown includes an aggregate grant date fair value of the shares issuable for PSUs granted in fiscal year 2015 at target achievement. Assuming the highest level of performance is achieved, the maximum possible value of the PSUs allocated in FY15, using the market value of our shares on the grant date of the PSUs, was: (a) in the case of Mr. De Luca, $402,062; (b) in the case of Mr. Darrell, $4,147,341; (c) in the case of Mr. Pilette $1,851,528; (d) in the case of Mr. Stolk, $779,949; and (e) in the case of Mr. Sullivan, $518,509.

For FY14: The amount shown includes an aggregate grant date fair value of the shares issuable for PSUs granted in fiscal year 2014 at target achievement. Assuming the highest level of performance is achieved, the maximum possible value of the PSUs allocated in FY14, using the market value of our shares on the grant date of the PSUs, was: (a) in the case of Mr. De Luca, $315,450; (b) in the case of Mr. Darrell, $2,839,050; (c) in the case of Mr. Stolk, $946,350; and (d) in the case of Mr. Sullivan, $630,900.

(2) Except as noted below, reflects amounts earned under the Logitech Management Performance Bonus Plan. This non-equity incentive plan compensation was earned during the applicable fiscal year but, for executive officers, was paid during the next fiscal year in accordance with the terms of the Logitech Management Performance Bonus Plan. For fiscal year 2015, based on the unexpected and unprecedented level of currency fluctuation during the second half of the fiscal year, the Compensation Committee exercised discretion and approved the fiscal year 2015 revenue metric results with respect to the Bonus Plan using constant currency. Other than that adjustment, the bonus payments for fiscal year 2015 followed the fiscal year 2015 bonus program under the Bonus Plan established by the Compensation Committee at the beginning of the fiscal year.

(3) Details regarding the various amounts included in this column are provided in the following table entitled "All Other Compensation."

(4) Mr. De Luca received a bonus of $460,000 and an RSU grant of 250,000 shares in fiscal year 2014 in recognition for his service as Logitech's acting Chief Executive Officer from July 2011 through January 2013.

(5) Mr. Darrell joined the Company as President on April 9, 2012 and was appointed as Chief Executive Officer of the Company effective January 1, 2013.

(6) Mr. Pilette joined the Company as Chief Financial Officer on September 3, 2013.

(7) Mr. Stolk was designated as an executive officer in September 2013. Mr. Stolk's fiscal year 2015 compensation amounts in Swiss Francs were converted using the 12 month average (April 2014 to March 2015) exchange rate of 1 Swiss Franc to 1.0784 U.S. Dollars. Mr. Stolk's fiscal year 2014 compensation amounts in Swiss Francs were converted using the 12 month average (April 2013 to March 2014) exchange rate of 1 Swiss Franc to 1.13 U.S. Dollars. In January 2015, Mr. Stolk received a special retention bonus of CHF320,000 (or $345,091 in U.S. Dollars) in recognition of his leadership role in helping transform Logitech.

ALL OTHER COMPENSATION TABLE

Name	Year	Car Use or Service ($)[1]	Tax Preparation Services ($)	401(k) ($)[2]	Group Term Life Insurance ($)	Relocation or Travel in lieu of Relocation ($)[3]	Premium for Deferred Compensation Insurance ($)	Defined Benefit Pension Plan Employer Contrib. ($)[4]	Other Awards ($)[5]	Total ($)
Guerrino De Luca	FY15	—	—	7,800	11,194	—	—	—	—	18,994
	FY14	—	—	7,650	8,114	—	—	—	—	15,764
	FY13	15,882	—	7,500	7,932	—	—	—	—	31,314
Bracken Darrell	FY15	—	12,181	8,559	6,791	—	—	—	—	27,531
	FY14	—	1,525	7,650	4,592	—	—	—	—	13,767
	FY13	—	—	5,063	3,321	202,780	—	—	15,000	226,164
Vincent Pilette	FY15	—	—	8,473	2,946	1,672	—	—	3,725	16,816
	FY14	—	—	1,731	942	—	—	—	—	2,673
Marcel Stolk	FY15	—	—	—	—	—	—	104,583	—	104,583
	FY14	—	—	—	—	—	—	105,517	—	105,517
L. Joseph Sullivan	FY15	—	—	7,673	9,592	—	—	—	422	17,687
	FY14	—	—	7,650	6,768	—	—	—	—	14,418
	FY13	—	—	7,500	4,858	—	—	—	—	12,358

(1) *Represents the cost to Logitech of $15,882 in fiscal year 2013 related to Mr. De Luca's occasional use of a company car and driver to and from work.*

(2) *Represents 401(k) savings plan matching contributions, which are available to all of our regular employees who are on our U.S. payroll.*

(3) *Represents costs associated with the reimbursement of expenses for Mr. Darrell's relocation from Switzerland to the United States in fiscal year 2013, including airfare, home purchase and sales assistance, tax advice assistance, moving costs, temporary living benefits and other costs.*

(4) *Represents the matching contributions to the Logitech Employee Pension Fund in Switzerland for Mr. Stolk, which are available to all of the Company's similarly-situated regular employees who are on its Swiss payroll.*

(5) *In the case of Mr. Darrell, for fiscal year 2013, this represents a lump sum payment of $15,000, net of taxes, to be applied towards attorney's fees associated with review of his offer of employment.*

Grants of Plan-Based Awards Table for Fiscal Year 2015

The following table sets forth certain information regarding grants of plan-based awards to each of our executive officers during fiscal year 2015. For more information, please refer to “Compensation Disclosure and Analysis.”

				Estimated Future Payouts Under Non-Equity Incentive Plan Awards[(1)]				Estimated Future Payouts Under Equity Incentive Plan Awards				
Name	**Type**	**Grant Date (MM/DD/YY)**	**Approval Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Actual ($)[(2)]**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**All Other Stock Awards: Number of Shares of Stock or Units (#)[(3)]**	**Grant Date Fair Value ($)[(4)]**
Guerrino De Luca	RSU	04/15/14	04/15/14	—	—	—	—	—	—	—	13,072	171,505
	PSU[(5)]	04/15/14	04/15/14	—	—	—	—	9,804	19,608	29,412	—	255,884
	FY15 Bonus	N/A	N/A	187,500	500,000	1,000,000	565,000	—	—	—	—	—
Bracken Darrell	RSU	04/15/14	04/15/14	—	—	—	—	—	—	—	134,840	1,769,101
	PSU[(5)]	04/15/14	04/15/14	—	—	—	—	101,130	202,260	303,390	—	2,639,493
	FY15 Bonus	N/A	N/A	386,719	1,031,250	2,062,500	1,165,313	—	—	—	—	—
Vincent Pilette	RSU	03/25/15	03/25/15	—	—	—	—	—	—	—	110,210	1,331,337
	PSU[(5)]	03/25/15	03/25/15	—	—	—	—	27,553	55,105	82,658	—	688,812
	PSU[(6)]	03/25/15	03/25/15	—	—	—	—	55,105	55,105	55,105	—	681,098
	FY15 Bonus	N/A	N/A	150,000	400,000	800,000	560,000	—	—	—	—	—
Marcel Stolk	RSU	04/15/14	04/15/14	—	—	—	—	—	—	—	25,358	329,714
	PSU[(5)]	04/15/14	04/15/14	—	—	—	—	19,019	38,037	57,056	—	496,383
	FY15 Bonus[(7)]	N/A	N/A	169,366	451,643	903,285	546,492	—	—	—	—	—
L. Joseph Sullivan	RSU	04/15/14	04/15/14	—	—	—	—	—	—	—	11,890	155,997
	PSU[(5)]	04/15/14	04/15/14	—	—	—	—	8,918	17,835	26,753	—	232,747
	RSU	05/14/14	05/14/14	—	—	—	—	—	—	—	5,200	65,052
	PSU[(5)]	05/14/14	05/14/14	—	—	—	—	3,900	7,800	11,700	—	91,806
	FY15 Bonus	N/A	N/A	120,234	320,625	641,250	362,306	—	—	—	—	—

(1) *The amounts in these columns reflect potential payouts with respect to each applicable performance period for the fiscal year 2015 bonus programs under the Bonus Plan described in “Compensation Discussion and Analysis” above.*

(2) *Except as noted below, the amounts in this column reflect actual payouts with respect to each applicable performance period for the fiscal year 2015 bonus programs under the Bonus Plan. The actual payout amounts are reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table for fiscal year 2015. For fiscal year 2015, based on the unexpected and unprecedented level of currency fluctuation during the second half of the fiscal year, the Compensation Committee exercised discretion and approved the fiscal year 2015 revenue metric results with respect to the Bonus Plan using constant currency. Other than that adjustment, the bonus payments for fiscal year 2015 followed the fiscal year 2015 bonus program under the Bonus Plan established by the Compensation Committee at the beginning of the fiscal year.*

(3) *RSUs vest at a rate of 25% per year over four years, on each yearly anniversary of the grant date.*

(4) *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 RSUs calculated in accordance with Accounting Standards Codification (ASC) 718 but does not include any reduction for estimated forfeitures. For performance-based RSUs ("PSUs") based on Total Shareholder Return ("TSR"), that number is calculated by multiplying the value determined using the Monte Carlo method by the target number of units awarded. For RSUs and PSUs based on Non-GAAP Operating Income Margin, that number calculated based on the closing price of Logitech shares on the grant date multiplied by the number of shares granted, adjusted for dividend yield. The key assumptions for the valuation of the PSUs are presented in Note 4 to the Consolidated Financial Statements included in Logitech's Annual Report to Shareholders and Annual Report on Form 10-K for fiscal year 2015.*

(5) *Represents PSUs based on TSR. All shares subject to the PSU vesting conditions are unvested. The actual amount, if any, of shares that will vest under the PSU grants will not be known until March 31, 2017. The actual amount, if any, that may vest depends on Logitech's TSR performance versus the Nasdaq-100 Index TSR benchmark over the performance period.*

(6) *Represents PSUs based on Non-GAAP Operating Income Margin. All shares subject to the PSU vesting conditions are unvested. The actual amount, if any, of shares that will vest under the PSU grants will not be known until March 31, 2017. The actual amount, if any, may vest depends on the achievement of a target level of Non-GAAP Operating Income Margin.*

(7) *Mr. Stolk's bonus amounts were converted using the 12 month average (April 2014 to March 2015) exchange rate of 1 Swiss Franc to 1.0784 U.S. Dollars.*

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 2015 was not the result of any terms of their employment agreements or offer letters.

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 2015. In addition, please refer to "Compensation Disclosure and Analysis—Compensation Elements—Long-Term Incentive Compensation" for a discussion of performance measures under the PSUs granted to executive officers during fiscal year 2015.

Outstanding Equity Awards at Fiscal Year 2015 Year-End Table

The following table provides information regarding outstanding equity awards for each of our named executive officers as of March 31, 2015. This table includes unexercised and unvested stock options, unexercised and unvested performance stock options, unvested PSUs, and unvested RSUs.

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. The market value for stock options, including Premium Priced Options or PPOs and Performance Stock Options or PSOs, is calculated by taking the difference between the closing price of Logitech shares on the Nasdaq Global Select Market on the last trading day of the fiscal year ($13.15 on March 31, 2015) and the option exercise price, and multiplying it by the number of outstanding options. The market value for stock awards (RSUs and PSUs) is determined by multiplying the number of shares subject to such awards by the closing price of Logitech shares on the Nasdaq Global Select Market on the last trading day of the fiscal year.

		Option Awards					Stock Awards			
Name	Grant Date (MM/DD/YY)	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 ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[1]
Guerrino De Luca	04/01/05	200,000	—	19.07[2]	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	15,000	—	26.67	04/01/18	—	—	—	—	—
	04/01/09	15,000	—	10.64	04/01/19	37,650	—	—	—	—
	01/04/13	65,000	65,000	7.83	01/04/23	691,600	—	—	—	—
	04/15/13	—	—	—	—	—	—	—	30,000	394,500
	04/15/13	—	—	—	—	—	15,000	197,250	—	—
	10/15/13	—	—	—	—	—	125,000	1,643,750	—	—
	04/15/14	—	—	—	—	—	—	—	19,608	257,845
	04/15/14	—	—	—	—	—	13,072	171,897	—	—
	Total	**445,000**	**65,000**			**729,250**	**153,072**	**2,012,897**	**49,608**	**652,345**
Bracken Darrell	04/16/12	250,000	250,000	8.03	04/16/22	2,560,000	—	—	—	—
	04/16/12	400,000	—	14.05	04/16/22	—	—	—	—	—
	04/16/12	—	400,000	16.06	04/16/22	—	—	—	—	—
	04/16/12	—	400,000	20.08	04/16/22	—	—	—	—	—
	04/16/12	—	—	—	—	—	50,000	657,500	—	—
	04/15/13	—	—	—	—	—	—	—	270,000	3,550,500
	04/15/13	—	—	—	—	—	132,750	1,745,663	—	—
	04/15/14	—	—	—	—	—	—	—	202,260	2,659,719
	04/15/14	—	—	—	—	—	134,840	1,773,146	—	—
	Total	**650,000**	**1,050,000**			**2,560,000**	**317,590**	**4,176,309**	**472,260**	**6,210,219**

		Option Awards					Stock Awards			
Name	**Grant Date (MM/DD/YY)**	**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 ($)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[1]**
Vincent Pilette	09/15/13	—	—	—	—	—	116,666	1,534,158	—	—
	03/25/15	—	—	—	—	—	110,210	1,449,262	—	—
	03/25/15	—	—	—	—	—	—	—	55,105	724,631
	03/25/15	—	—	—	—	—	—	—	55,105	724,631
	Total	**—**	**—**	**—**	**—**	**—**	**226,876**	**2,983,419**	**110,210**	**1,449,262**
Marcel Stolk	01/04/13	112,500	112,500	7.46[3]	01/04/23	1,280,250	—	—	—	—
	01/04/13	—	—	—	—	—	11,000	144,650	—	—
	04/15/13	—	—	—	—	—	45,000	591,750	—	—
	04/15/13	—	—	—	—	—	—	—	90,000	1,183,500
	04/15/14	—	—	—	—	—	—	—	38,037	500,187
	04/15/14	—	—	—	—	—	25,358	333,458	—	—
	Total	**112,500**	**112,500**			**1,280,250**	**81,358**	**1,069,858**	**128,037**	**1,683,687**
L. Joseph Sullivan	11/02/05	25,000	—	20.25	10/24/15	—	—	—	—	—
	03/23/06	25,000	—	19.96	03/23/16	—	—	—	—	—
	10/02/06	22,500	—	21.61	10/02/16	—	—	—	—	—
	10/02/07	50,000	—	30.09	10/02/17	—	—	—	—	—
	10/01/08	50,000	—	22.59	10/01/18	—	—	—	—	—
	12/12/08	25,000	—	13.48	12/12/18	—	—	—	—	—
	06/29/09	48,750	—	14.02	06/29/19	—	—	—	—	—
	04/11/11	—	—	—	—	—	4,000	52,600	—	—
	01/04/13	112,500	112,500	7.83	01/04/23	1,197,000	—	—	—	—
	01/04/13	—	—	—	—	—	11,000	144,650	—	—
	04/15/13	—	—	—	—	—	—	—	60,000	789,000
	04/15/13	—	—	—	—	—	30,000	394,500	—	—
	04/15/14	—	—	—	—	—	—	—	17,835	234,530
	04/15/14	—	—	—	—	—	11,890	156,354	—	—
	05/14/14	—	—	—	—	—	—	—	7,800	102,570
	05/14/14	—	—	—	—	—	5,200	68,380	—	—
	Total	**358,750**	**112,500**			**1,197,000**	**62,090**	**816,484**	**85,635**	**1,126,100**

(1) *The actual conversion, if any, of the PSUs granted in each of fiscal years 2012, 2014 and 2015 into Logitech shares following the conclusion of the 3-year performance period will range between 50% and 150% of that target amount, depending upon Logitech's TSR performance versus the Nasdaq-100 index TSR benchmark over the performance period.*

(2) *The exercise price of the option as granted (as split-adjusted) is 18.55 Swiss Francs per share and 19.07 US Dollars per share. Amounts in Swiss Francs were converted using the exchange rate of 1 Swiss Franc to 1.0283 U.S. Dollars as of March 31, 2015.*

Option Exercises and Stock Vested Table for Fiscal Year 2015

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 2015 by each of our named executive officers. No shares resulted from PSUs whose performance period ended during fiscal year 2015 because the minimum performance condition was not met.

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)(1)**	**Number Of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)(2)**
Guerrino De Luca	—	—	130,000	1,890,850
Bracken Darrell	—	—	69,250	955,648
Vincent Pilette	—	—	253,334	3,693,610
Marcel Stolk	—	—	26,000	337,228
L. Joseph Sullivan	—	—	29,500	403,770

(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 the Nasdaq Global Select Market on the date of vesting of underlying awards.*

Pension Benefits Table for Fiscal Year 2015

Marcel Stolk, Senior Vice President, Consumer Computing Platforms Business Group, is a participant in Logitech's Swiss Pension plan, which is a benefit offered to all eligible Swiss employees.

No other executive officers are beneficiaries under any pension plan benefits maintained by Logitech.

Name	**Plan Name**	**Number of Years of Credited Service (#)**	**Present Value of Accumulated Benefit ($)**
Guerrino De Luca	N/A	N/A	—
Bracken Darrell	N/A	N/A	—
Vincent Pilette	N/A	N/A	—
Marcel Stolk	Logitech Employee Pension Fund	4.00	675,140
L. Joseph Sullivan	N/A	N/A	—

Non-qualified Deferred Compensation for Fiscal Year 2015

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 2015 and at fiscal year-end.

Name	Executive Contributions in Last Fiscal Year ($)(1)	Logitech Contributions in Last Fiscal Year ($)	Aggregate Earnings in Last Fiscal Year ($)(2)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year End ($)
Guerrino De Luca	—	—	—	—	—
Bracken Darrell	—	—	—	—	—
Vincent Pilette	—	—	—	—	—
Marcel Stolk	—	—	—	—	—
L. Joseph Sullivan	54,255	—	31,954	—	583,312

(1) Amounts are included in the Summary Compensation table in the "Salary" column for fiscal year 2015. All contributions were made under the Logitech Inc. Deferred Compensation Plan.

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

Narrative Disclosure to Non-Qualified Deferred Compensation Table

Please refer to "Compensation Disclosure and Analysis—Compensation Elements—Deferred Compensation Plan" for a discussion of the Logitech Inc. U.S. Deferred Compensation Plan, effective January 1, 2009.

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 an executive officer may receive certain benefits if he or she is subject to an involuntary termination within 12 months after a "change of control" because his or her employment is terminated without cause or because the executive resigns for good reason.
- PSU, RSU, and PSO award agreements that provide for the accelerated vesting of the shares subject to the award agreements under certain circumstances, including the same circumstances as under the change of control agreements.
- Offer letters with Bracken Darrell and Vincent Pilette, under which they are entitled to severance benefits if we terminate their employment without cause or if they resign for good reason.
- An employment agreement with Marcel Stolk, under which he is entitled to receive a three-month notice period if we terminate his employment or if he resigns.

These agreements are described in more detail in the subsections 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.

In fiscal year 2014, Mr. De Luca was awarded an RSU grant of 250,000 shares in recognition of his service as Logitech's acting Chief Executive Officer from July 2011 through January 2013. Given that the award was based on past service, if Mr. De Luca's service with the Company terminates by reason of death or disability or if Mr. De Luca ceases to be Chairman of the Board at the request or upon action of the Board or by action of the Company's shareholders or is not re-elected to the Board, all then unvested RSUs under the award will vest immediately.

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 executive officers has executed a change of control severance agreement with Logitech. The change of control agreements with Mr. De Luca and Mr. Pilette 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. To comply with the Minder Ordinance by the end of calendar year 2015, we will be terminating such arrangements for executive officers that are members or our Group Management Team.

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 (except in the case of Mr. Pilette, which is 18 months if he is terminated or resigns for good reason in the first two years of his employment);
- 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 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. 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 Chief Executive Officer, are subject to acceleration under the agreement. Options granted to him after January 28, 2008 are not subject to acceleration.

The change of control agreement with Mr. Pilette is the same as for the other executive officers, except that (i) the continuation of the executive's "current compensation" is for 18 months if Mr. Pilette's employment is terminated following a change of control during the first two years of his employment, (ii) current compensation is based on base salary and annual target bonus, and (iii) executive-level outplacement services of a value of up to $15,000.

PSU and RSU Award Agreements

The PSU and RSU award agreements prior to fiscal year 2015 for named executive officers provide for the acceleration of vesting of the equity awards 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; and
- 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.

The RSU award agreement and the PSU award agreement are based on the achievement of a non-GAAP Operating Margin metric for Mr. Pilette in fiscal year 2015, provide for the acceleration of time-based vesting of the equity awards subject to the award agreements under the same circumstances and conditions as under the change of control agreements described above. The fiscal year 2015 PSU award agreements will not vest except to the extent that the performance-based vesting conditions have been attained.

Bracken Darrell Offer Letter

We entered into an offer letter with Bracken Darrell dated March 13, 2012. Under his offer letter, in the event he is terminated without "cause" or resigns (within 30 days after Logitech fails to remedy the condition reported to be good reason during a 30-day cure period) for "good reason", other than after a change of control, he is entitled to receive severance benefits as follows:

- If the termination had occurred within one year after his employment start date (note that, as of April 9, 2013, the one-year anniversary of his employment start date, Mr. Darrell is no longer entitled to these benefits), he would have been entitled to:
  - an amount equal to 200% of his then-current annual base salary, less applicable withholdings; plus
  - an amount equal to 200% of his then-current annual targeted bonus amount, less applicable withholdings; plus
  - 25% of his initial stock option grant for 500,000 Logitech shares and 25% of his initial restricted stock unit grant for 100,000 shares will accelerate and vest.
- If the termination had occurred more than one year but within two years after his employment start date (note that, as of April 9, 2014, the two-year anniversary, Mr. Darrell is no longer entitled to these benefits), he would have been entitled to:

  - an amount equal to 150% of his then-current annual base salary, less applicable withholdings; plus
  - an amount equal to 150% of his then-current annual targeted bonus amount, less applicable withholdings.
- If the termination occurs more than two years after his employment start date, he is entitled to:
  - an amount equal to 100% of his then-current annual base salary, less applicable withholdings; plus
  - an amount equal to 100% of his then-current annual targeted bonus amount, less applicable withholdings.

In each case, Mr. Darrell would also be entitled to have Logitech pay the premiums to continue his group health insurance coverage under COBRA during the applicable severance period, subject to any maximum length of coverage limits under applicable law or until he becomes eligible for benefits from a subsequent employer.

"Cause" in Mr. Darrell's offer letter is defined as: (i) theft, dishonesty, misconduct or falsification of any employment or Logitech records; (ii) improper disclosure of Logitech's confidential or proprietary information; (iii) failure or inability to perform any assigned duties after written notice from Logitech of, and a reasonable opportunity to cure, such failure or inability; (iv) conviction (including any plea of guilty or no contest) of a felony, or of any other criminal act if that act impairs his ability to perform his duties; or (v) failure to cooperate in good faith with a governmental or internal investigation of Logitech or its directors, officers or employees, if Logitech has requested his cooperation. "Good reason" in Mr. Darrell's offer letter is defined as: (i) a material reduction of his authority, duties or responsibilities, or (ii) if, by January 31, 2013, he is not reporting directly to the Logitech International Board of Directors as Chief Executive Officer. Mr. Darrell became Chief Executive Officer, reporting directly to the Board, on January 1, 2013.

If any amounts become payable to Mr. Darrell under his change of control agreement, or any successor agreement, the aggregate amount of any amounts payable to Mr. Darrell under his offer letter will be reduced to the extent necessary so as to prevent the duplication of severance payments to him.

If amounts payable to Mr. Darrell under any arrangement or agreement with Logitech are payable as a result of a change of ownership or control of Logitech and exceed the amount allowed under section 280G of the Code, and would be subject to the excise tax imposed by section 4999 of the Code, then, prior to the making of any Payments to Mr. Darrell, a "best-of" calculation will be made comparing (1) the total benefit to Mr. Darrell from the Payments after payment of the excise tax, to (2) the total benefit to Mr. Darrell if the payments are reduced to the extent necessary to avoid being subject to the excise tax, and Mr. Darrell will be entitled to the payments under the more favorable outcome.

Vincent Pilette Offer Letter

We entered into an offer letter with Vincent Pilette dated August 26, 2013. Under his offer letter, in the event he is terminated within the first two years after his employment start date without "cause" or resigns for good reason, other than after a change of control, he is entitled to receive severance benefits as follows:

- An amount equal to 100% of his then-current annual base salary, less applicable withholdings; plus
- An amount equal to 100% of his then-current annual targeted bonus amount, less applicable withholdings; plus
- One-third of his initial RSU grant for 175,000 units will accelerate and vest (as of September 15, 2014, 116,666 shares from this grant remain unvested); plus

- If the separation of service had occurred within the first year of service (note that, as of September 3, 2014, the one-year anniversary, Mr. Pilette is no longer entitled to these benefits), 100% of his initial RSU grant for 195,000 units would have accelerated and vested (as of September 15, 2014, this grant was completely vested); plus
- Executive-level outplacement services, in the amount of up to $15,000.

In each case, Mr. Pilette would also be entitled to have Logitech pay the premiums to continue his group health insurance coverage under COBRA for a period of up to 12 months or until he becomes eligible for benefits from a subsequent employer.

“Cause” in Mr. Pilette’s offer letter is defined as: (i) willful dishonesty or fraud with respect to the business affairs of Logitech; (ii) intentional falsification of any employment or Logitech records, (iii) conviction (including any plea of guilty or no contest) of a felony which the Board of Directors of Logitech International reasonably believes materially impairs his ability to perform his duties for Logitech or adversely affects Logitech’s reputation or standing in the community, (iv) a willful act by him which constitutes misconduct (including, but not limited to, improper use or disclosure of the confidential or proprietary information of Logitech) and is injurious to Logitech, or (v) continued willful violations by him of his obligations to Logitech after there has been delivered to him a written demand for performance from Logitech which describes the basis for Logitech’s belief that he have not substantially performed his duties.

“Good reason” in Mr. Pilette’s offer letter is defined as: (i) a substantial reduction of the facilities and perquisites (including office space and location) available to him immediately prior to such reduction, without his expressed written consent and without good business reasons, (ii) a material reduction of his base salary, (iii) a material reduction in the kind or level of employee benefits to which he is entitled immediately prior to such reduction, with the result that his overall benefits package is significantly reduced, (iv) his relocation to a facility or location more than thirty (30) miles from his current location, without his expressed written consent, (v) the failure of Logitech and Logitech International to obtain the assumption of his letter agreement by any successor, or (vi) a material reduction of his duties, position or responsibilities relative to his duties, position or responsibilities in effect immediately prior to such reduction, without his expressed written consent (“demotion”).

If any amounts become payable to Mr. Pilette under his change of control agreement, or any successor agreement, the aggregate amount of any amounts payable to Mr. Pilette under his offer letter will be reduced to the extent necessary so as to prevent the duplication of severance payments to him.

If amounts payable to Mr. Pilette under any arrangement or agreement with Logitech are payable as a result of a change of ownership or control of Logitech and exceed the amount allowed under section 280G of the Code, and would be subject to the excise tax imposed by section 4999 of the Code, then the payments are reduced to the extent necessary to avoid being subject to the excise tax.

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 executive officer without cause after a change in control, assuming that each of the terminations was effective as of March 31, 2015, subject to the terms of the change of control agreement and the terms of the PSO, PSU and RSU award agreements with each of the listed executive officers.

For Mr. Darrell and Mr. Pilette, the additional table below estimates the amount of compensation that would have been paid in the event of an involuntary termination without cause, assuming that the termination was effective as of March 31, 2015, subject to the terms of the agreements with them. As of March 31, 2015, 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 the Nasdaq Global Select Market on March 31, 2015, the last business day of the fiscal year, of $13.15.

POTENTIAL PAYMENTS UPON INVOLUNTARY TERMINATION AFTER CHANGE IN CONTROL

Name	Base Salary ($)(1)	Bonus(2)	Other Benefits(3)	Value of Accelerated Equity Awards(4)	280G cut-back(5)	Total
Guerrino De Luca	500,000	565,000	13,343	2,432,750	—	3,511,093
Bracken Darrell(6)	825,000	1,165,313	31,647	9,008,913	—	11,030,873
Vincent Pilette	500,000	400,000	27,514	2,983,419	—	3,910,933
Marcel Stolk	538,325	521,099	8,085	2,511,650	N/A	3,579,159
L. Joseph Sullivan	427,500	362,306	22,538	1,775,250	(125,427)	2,462,167

(1) *Represents fiscal year 2015 annual base salary in effect on March 31, 2015. Mr. Pilette's agreement calls for 18 months of compensation continuation if his employment is terminated following a change of control during the first two years of his employment. Thereafter, Mr. Pilette is eligible for 12 months of compensation continuation. Mr. Stolk's salary amount was converted using the exchange rate of 1 CHF to 1.0283 USD as of March 31, 2015.*

(2) *Represents the amount of bonuses paid for fiscal year 2015 except for Mr. Pilette. Mr. Pilette's agreement provides for bonus based on annual target bonus. Mr. Stolk's bonus amount was converted using the exchange rate of 1 CHF to 1.0283 USD as of March 31, 2015.*

(3) *Represents the estimated cost of medical and other health insurance premiums (COBRA) for one year after termination (18 months for Mr. Pilette) and $5,000 in outplacement services ($15,000 for Mr. Pilette).*

(4) *Represents, as of March 31, 2015, the aggregate intrinsic value (market value less exercise price) of unvested options and the aggregate market value of shares underlying all unvested RSUs and PSUs, in each case held by the named executive officer as of March 31, 2015 that are subject to acceleration according to a change of control agreement or the terms of an equity award agreement. For the PSUs granted April 15, 2013, as of March 31, 2015 the performance condition were at a level which would have produced a payout percentage of 150%, therefore, 150% of such value was attributed to the shares subject to such PSUs.*

(5) *Under the Change of Control agreements for the executive officers listed above other than Mr. Darrell and Mr. Stolk, 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.*

(6) *For Mr. Darrell, if amounts payable under any arrangement or agreement with Logitech are payable as a result of a change of ownership or control of Logitech and exceed the amount allowed under section 280G of the Code, and would be subject to the excise tax imposed by section 4999 of the Code, then, prior to the making of any Payments to Mr. Darrell, a "best-of" calculation will be made comparing (1) the total benefit to Mr. Darrell from the payments after payment of the excise tax, to (2) the total benefit to Mr. Darrell if the payments are reduced to the extent necessary to avoid being subject to the excise tax, and Mr. Darrell will be entitled to the Payments under the more favorable outcome.*

POTENTIAL PAYMENTS UPON INVOLUNTARY TERMINATION

Name	Base Salary	Bonus	Other Benefits(5)	Equity	Total
Bracken Darrell *(if terminating after April 9, 2014)*	$825,000[1]	$1,031,250[2]	$26,647	N/A	**$1,882,897**
Vincent Pilettte *(if terminating prior to September 3, 2015)*	$500,000[3]	$400,000[4]	$23,343	$767,079[6]	**$1,690,422**

(1) *Represents 100% of Mr. Darrell's fiscal year 2015 annual base salary in effect on March 31, 2015.*

(2) *Represents 100% of Mr. Darrell's fiscal year 2015 target bonus in effect on March 31, 2015.*

(3) *Represents 100% of Mr. Pilette's fiscal year 2015 annual base salary in effect on March 31, 2015.*

(4) *Represents 100% of Mr. Pilette's fiscal year 2015 target bonus in effect on March 31, 2015.*

(5) *Represents the estimated cost of medical and other health insurance premiums (COBRA) for one year after termination and $15,000 in outplacement services for Mr. Pilette.*

(6) *Represents the value of 33% vesting of Mr. Pilette's initial restricted stock unit grant for 175,000 shares based on Logitech's stock price in effect on March 31, 2015.*

Compensation of Non-Employee Directors

For fiscal year 2015, the compensation of the members of the Board of Directors that are not Logitech employees, or non-employee directors, was determined by the Compensation Committee, consisting entirely of independent directors, and recommended to the full Board for approval.

The general policy is that compensation for non-employee directors should consist of a mix of cash and equity-based compensation. For fiscal year 2015, to assist the Compensation Committee in its annual review of director compensation, Logitech's compensation department provided director pay practices and compensation data compiled from the annual reports and proxy statements of companies within our compensation peer group.

For fiscal year 2015, cash compensation of non-employee directors consists solely of annual retainers based on Board and committee service and payment for travel days in connection with attendance at Board meetings. Non-employee directors also receive an annual RSU grant based on a fixed market value. These annual RSU grants are generally made on the day after our Annual General Meeting and vest August 31 prior to the next Annual General Meeting. For fiscal year 2015, the annual RSU grant value was adjusted from CHF 135,000 ($145,584) to CHF 150,000 ($161,760) to reflect increases in the market for 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:

	Amount (CHF)	Amount ($)[(1)]
Annual cash retainer	60,000	$64,705
An additional annual cash retainer for the lead independent director	20,000	21,568
Annual retainer for the Audit Committee chair	40,000	43,136
Annual retainer for the Compensation Committee chair	40,000	43,136
Annual retainer for the Nominating Committee chair	8,000	8,627
Annual retainer for non-chair Audit Committee members	15,000	16,176
Annual retainer for non-chair Compensation Committee members	15,000	16,176
Annual retainer for non-chair Nominating Committee members	5,000	5,392
Annual retainer for Lifesize Board members	15,000	16,176
Annual RSU grant	150,000	161,762
Compensation for the number of travel days spent traveling to attend Board and committee meetings, per day rate.	2,500	2,696
Reimbursement of reasonable expenses for non-local travel (business class)		

(1) Amounts in Swiss Francs were converted using the 12 month average (April 2014 to March 2015) exchange rate of 1 Swiss Franc to 1.0784 U.S. Dollar.

Except for fees earned between Logitech's 2013 Annual General Meeting and 2014 Annual General Meeting, non-employee Board members may elect to receive their Board fees in shares, net of withholdings at the market price on the date of the Annual General Meeting. Any such shares are to be issued under the 2006 Stock Incentive Plan.

The following table summarizes the total compensation earned or paid by Logitech during fiscal year 2015 to continuing members of the Board of Directors who were not executive officers as of March 31, 2015. 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 Meetings, usually held in September each year, except for last year when the fiscal 2014 Annual General Meeting was held in December 2014, the amounts in the table do not necessarily align with the description of Board compensation above.

Information regarding compensation paid to and the option and stock awards held by Guerrino De Luca and Bracken Darrell, the members of the Board of Directors that are Logitech executive officers as of fiscal year-end 2015, are presented in the Summary Compensation Table and the Outstanding Equity Awards at Fiscal Year-End Table, respectively.

NON-EMPLOYEE DIRECTOR SUMMARY COMPENSATION FOR FISCAL YEAR 2015

Name	Standard Fees Earned in Cash ($)(1)	Additional Fees Earned in Cash ($)(2)	Stock Awards ($)(3)	Total ($)
Daniel Borel	70,097	—	153,000	223,097
Matthew Bousquette	163,559	111,615	152,350	427,524
Kee-Lock Chua	111,076	60,391	152,350	323,817
Sally Davis	147,383	69,827	153,000	370,210
Didier Hirsch	118,625	114,311	152,350	385,286
Neil Hunt	105,594	30,735	152,350	288,679
Dimitri Panayotopoulos	48,528	—	153,000	201,528
Monika Ribar	105,594	60,391	153,000	318,985

(1) *Amounts in Swiss Francs were converted using the 12 month average (April 2014 to March 2015) exchange rate of 1 Swiss Franc to 1.0784 U.S. Dollar.*

(2) *Additional fees awarded in recognition of the additional Audit Committee and Board meetings and calls and other additional work related to the Audit Committee investigation during fiscal year 2015 of accounting issues from prior years. The Audit Committee and the independent members of the Board met or held conference calls on a frequent basis in addition to their regular meetings.*

(3) *Amounts shown do not reflect compensation actually received by the director. Instead, the amount shown is the aggregate grant date fair value of stock-related awards in fiscal year 2015 computed in accordance with ASC Topic 718 -- Compensation -- Stock Compensation, disregarding forfeiture assumptions. The market value used to calculate the aggregate value for fiscal year 2015 was $13.85 or CHF 13.59 per share.*

The following table presents additional information with respect to the equity awards held as of March 31, 2015 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 since fiscal year 2010 fully vest on approximately the one-year anniversary date of the grant.

The market value for stock options is calculated by taking the difference between the closing price of Logitech shares on the Nasdaq Global Select Market on the last trading day of the fiscal year ($13.15 on March 31, 2015) and the option exercise price, and multiplying it by the number of outstanding options. The market value for RSUs is determined by multiplying the number of shares subject to the award by the closing price of Logitech shares on the Nasdaq Global Select Market on the last trading day of the fiscal year.

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 an exchange rate of 1 Swiss Franc to 1.0283 U.S. Dollars as of March 31, 2015.

OUTSTANDING EQUITY AWARDS FOR NON-EMPLOYEE DIRECTORS AT FISCAL 2015 YEAR-END

		Option Awards				Stock Awards	
Name	**Grant Date (MM/DD/YY)**	**Number of Securities Underlying Unexercised Options Exercisable (#)**	**Number of Securities Underlying Unexercised Options Unexercisable (#)**	**Option Exercise Price / Share ($)**	**Market Value of Unexercised Options ($)**	**Number of Shares or Units of Stock That Have Not Vested (#)[1]**	**Market Value of Shares or Units of Stock That Have Not Vested ($)**
Daniel Borel	12/19/14	—	—	—	—	11,000	144,650
	Total	**—**	**—**			**11,000**	**144,650**
Matthew Bousquette	06/16/05	60,000	—	15.41	—	—	—
	09/10/08	15,000	—	23.29	—	—	—
	12/19/14	—	—	—	—	11,000	144,650
	Total	**75,000**	**—**			**11,000**	**144,650**
Kee-Lock Chua	06/16/06	15,000	—	19.43	—	—	—
	12/19/14	—	—	—	—	11,000	144,650
	Total	**15,000**	**—**			**11,000**	**144,650**
Sally Davis	06/20/07	30,000	—	35.42[2]	—	—	—
	12/19/14	—	—	—	—	11,000	144,650
	Total	**30,000**	**—**			**11,000**	**144,650**
Didier Hirsch	09/05/12	—	—	—	—	9,066[3]	119,218
	12/19/14	—	—	—	—	11,000	144,650
	Total	**—**	**—**	**—**	**—**	**20,066**	**263,868**
Neil Hunt	12/19/14	—	—	—	—	11,000	144,650
	Total	**—**	**—**			**11,000**	**144,650**
Dimitri Panayotopoulos	12/19/14	—	—	—	—	11,000	144,650
	Total	**—**	**—**			**11,000**	**144,650**
Monika Ribar	06/20/07	15,000	—	35.42[2]	—	—	—
	12/19/14	—	—	—	—	11,000	144,650
	Total	**15,000**	**—**			**11,000**	**144,650**

(1) *Unless otherwise indicated, the shares subject to these stock awards vest in full on August 31, 2015.*

(2) *The exercise price of the option as granted is 34.45 Swiss Francs per share.*

(3) *Represents a stock award of 27,200 shares, granted to Mr. Hirsch as a new director in 2012, which vests at a rate of 33% per year over 3 years from the grant date, on each yearly anniversary of the grant date.*

Equity Compensation Plan Information

The following table summarizes the shares that may be issued upon the exercise of options (including PSOs and PPOs), RSUs, PSUs, and other rights under our employee equity compensation plans as of March 31, 2015. These plans include the 1996 Employee Share Purchase Plan (U.S.) and 2006 Employee Share Purchase Plan (Non-U.S.) (together, the "ESPPs"), 2006 Stock Incentive Plan and 2012 Stock Inducement Equity Plan. The table also includes shares that may be issued upon the exercise of outstanding options under the 1996 Stock Plan (this plan terminated in 2006).

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (#)	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights[1]	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a)) (#)
Equity Compensation Plans Approved by Security Holders	11,064,601[2]	$18	17,362,015
Equity Compensation Plans Not Approved by Security Holders	1,750,000[3]	14	—
Total	12,814,601	$17	17,362,015

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

(2) *Includes options and rights to acquire shares outstanding under our 1996 Employee Share Purchase Plan (U.S.), 2006 Employee Share Purchase Plan (Non-U.S.), 2006 Stock Incentive Plan and 1996 Stock Plan (which plan terminated in 2006).*

(3) *Includes options and rights to acquire shares outstanding under our 2012 Stock Inducement Equity Plan adopted under the Nasdaq rules.*

2012 Stock Inducement Equity Plan

Under the 2012 Stock Inducement Equity Plan, stock options and RSUs may be granted to eligible employees to serve as inducement material to enter into employment with the Company. Awards under the 2012 Stock Inducement Equity Plan may be conditioned on continued employment, the passage of time or the satisfaction of performance vesting criteria, based on individual written employment offer letters. The 2012 Stock Inducement Equity Plan has an expiration date of March 31, 2022. As of March 31, 2015, an aggregate of 1,800,000 shares was reserved for issuance under the 2012 Stock Inducement Equity Plan. As of March 31, 2015, no shares were available for issuance under this plan.

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. As of March 31, 2015, Logitech has granted stock options (including PSOs), RSUs, and

PSUs under the 2006 Stock Incentive Plan and has made no grants of restricted shares or stock appreciation rights. Stock options granted under the 2006 Stock Incentive 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 Stock Incentive Plan may be conditioned on continued employment, the passage of time, or the satisfaction of performance vesting criteria. As of March 31, 2015, an aggregate of 24.8 million shares is reserved for issuance under the 2006 Stock Incentive Plan. As of March 31, 2015, a total of 9,095,315 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 Stock 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 Stock Plan. No further awards will be granted under the 1996 Stock 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.), or 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.), or 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. During each offering period, 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 29 million shares have been reserved for issuance under both the 1996 and 2006 ESPPs. As of March 31, 2015, a total of 8,266,700 shares were available for issuance under these plans.

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Annual Report
Fiscal Year 2015

Annual Report Fiscal Year 2015

MANAGEMENT'S 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 in the Company's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission and posted to the Company's Investor Relations website, under Item 1A, Risk Factors, in Item 7A, Quantitative and Qualitative Disclosures about Market Risk (which also appears below), and elsewhere. Terms used and not otherwise defined in this Annual Report have the meanings set forth in the Company's Annual Report on Form 10-K.

Overview of Our Company

Logitech is a world leader in products that connect people to the digital experiences they care about. 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 and home-entertainment control. We have two reporting segments: peripherals and video conferencing.

Our peripherals segment encompasses the design, manufacturing and marketing of peripherals for PCs, tablets and other digital platforms. Within our peripherals segment, we classify our retail product categories as growth, profit maximization, and non-strategic. Our growth product categories are: Mobile Speakers, Gaming, Video Collaboration and Tablet & Other Accessories. Our profit maximization categories are: Pointing Devices, Keyboards & Combos, Audio-PC & Wearables, PC Webcams, and Home Control.

Our brand, portfolio management, product development and engineering teams in our peripherals segment are responsible for product strategy, technological innovation, product design and development and to bring our products to market.

Our global marketing organization is responsible for developing and building the Logitech brand, consumer insights, public relations, social media and digital marketing. Our regional retail sales and marketing activities are organized into three geographic areas: Americas (North and South America), EMEA (Europe, Middle East and Africa) and Asia Pacific (including, among other countries, China, Taiwan, Japan and Australia).

We sell our peripherals products to a network of retailers, including direct sales to retailers and indirect sales through distributors. Our worldwide retail network includes wholesale distributors, consumer electronics retailers, mass merchandisers, specialty electronics, computers and telecommunications stores, value-added resellers and online merchants. Sales of our retail peripherals were 89%, 88% and 87% of our net sales for fiscal years 2015, 2014 and 2013, respectively. The large majority of our revenues have historically been derived from sales of our peripherals products for use by consumers. Our OEM customers include several of the world's largest PC manufacturers. Sales to OEM customers were 6% of our net sales for each of fiscal years 2015, 2014 and 2013.

Our video conferencing segment encompasses the Cloud-based video conferencing solution, design, manufacturing and marketing of Lifesize branded video conferencing products, infrastructure and services for the enterprise, public sector and other small to medium business markets. Video conferencing products include scalable high-definition, or HD, 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 video conferencing segment maintains a separate marketing and sales organization, which sells Lifesize products and services worldwide. Video conferencing product development and product management organizations are separate, but coordinated with our peripherals business, particularly our Consumer Computing Platform group. In April 2015, we announced our intent to reorganize Lifesize with the goal of de-emphasizing Lifesize's legacy offerings more quickly to enable maximum traction with Lifesize Cloud. We plan to shrink our Lifesize business to grow the cloud opportunity faster. We sell our video conferencing products and services to distributors, value-added resellers, OEMs and, occasionally, direct enterprise customers. Net sales of video conferencing products and services were 5%, 6% and 7% of our net sales in the fiscal year 2015, 2014 and 2013, respectively. During fiscal years 2015 and 2013, we recorded goodwill impairment charges of $122.7 million and $214.5 million related to our video conferencing reporting segment, respectively.

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 digital home, and the enterprise 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 consumer trends with new and improved product technologies, partnering with others where our strengths are complementary, as well as leveraging the value of the Logitech and Lifesize brands from a competitive, channel partner and consumer experience perspective.

We believe that innovation, design and product quality are important to gaining market acceptance and maintaining market leadership.

We have been expanding the categories of products we sell and entering new markets, such as the markets for mobile speakers. 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 new 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.

From time to time, we may seek to partner with, or acquire when appropriate, companies that have products, personnel, and technologies that complement our strategic direction. We continually review our product offerings and our strategic direction in light of our profitability targets, competitive conditions, changing consumer trends and the evolving nature of the interface between the consumer and the digital world. In April 2015, we announced our intent to exit the OEM business and to reorganize the Lifesize business to sharpen its focus on its Cloud-based offering.

Summary of Financial Results

Our total net sales for fiscal year 2015 decreased 1% in comparison to fiscal year 2014 due to decreases in video conferencing sales and OEM sales, partially offset by an increase in retail sales.

Retail sales and units sold during fiscal year 2015 increased 1% and 2%, respectively, compared to fiscal year 2014. Retail sales increased 8% and 2% in AMR and Asia Pacific, respectively, partially offset by a decrease of 7% in EMEA.

OEM sales and units sold during fiscal year 2015 decreased 17% and 25%, respectively, compared to fiscal year 2014.

Sales of Lifesize video conferencing products, which were 5% of total net sales during fiscal year 2015, decreased 10% during fiscal year 2015, compared to fiscal year 2014. Lifesize is in the early stages of transitioning its product portfolio to the recently announced Lifesize Cloud, a software-as-a-service (SaaS) offering. While sales of the Cloud offering are growing rapidly, they are not yet large enough to offset the combination of the short-term portfolio transition and soft market conditions for video conferencing infrastructure.

Our gross margin for fiscal year 2015 increased to 36.6%, compared to 34.2% for fiscal year 2014. The increase in gross margin primarily reflects the combination of a significant improvement in both our Profit Maximization categories and Mobile Speakers category, driven largely by product cost reductions and economies of scale, as well as the benefit from exiting the products included in the Non-Strategic category.

Operating expenses for fiscal year 2015 were 35.9% of net sales, compared to 30.6% for fiscal year 2014. The increase in total operating expenses as a percentage of net sales was primarily due to a goodwill impairment charge of $122.7 million relating to our video conferencing reporting unit, $23.7 million in expenses related to the Audit Committee's Independent investigation (as described in our Annual Report on Form 10-K for fiscal year 2014) and related expenses, partially offset by a restructuring credit of $4.9 million during fiscal year 2015 resulting from partial lease termination of our Silicon Valley campus, which was previously vacated and under a restructuring plan during fiscal year 2014, as opposed to a restructuring charge of $13.8 million during fiscal year 2014, as well as savings from prior year's restructuring actions and the ongoing rationalization of infrastructure.

Net income for fiscal year 2015 was $9.3 million, compared to net income of $74.3 million for fiscal year 2014. The decline was primarily due to a goodwill impairment charge of $122.7 million during fiscal year 2015 partially offset by improvements in gross margin as discussed above.

Given our global sales presence and the reporting of our financial results in U.S. Dollars, our financial results for fiscal year 2015 were affected by significant shifts in currency exchange rates during fiscal year 2015. See "Results of Operations" beginning on page 13 for information on the effect of currency exchange results on our net sales. If the U.S. Dollar remains at its current strong levels in comparison to other currencies, this will affect our results of operations in future periods as well.

Trends in Our Business

Our sales of PC peripherals for use by consumers in Americas and Europe have historically made up the large majority of our revenues. In the last several years, the PC market has changed dramatically and there continues to be significant weakness in the global market for new PCs. This weakness had a negative impact on our net sales in all of our PC-related categories. We believe that this weakness reflects the growing popularity of tablets and smartphones as mobile computing devices.

We believe our future growth will be determined by our ability to rapidly create innovative products across multiple digital platforms - especially accessories for mobility-related products, including tablets and smartphones, gaming and digital music devices, to offset the decline in our PC peripherals. The following discussion represents key trends specific to each of our two operating segments: peripherals and video conferencing.

<u>*Trends Specific to our Peripherals Segment*</u>

Mobile Speakers: The mobile speaker market grew throughout fiscal year 2015 based on consumer smartphones, consumption of music through tablets, and the growth of music services and Internet radio. This market growth, together with our investments in the UE brand, our introduction of new products and our ability to gain market share during fiscal year 2015, has driven our growth in Mobile Speakers.

PC Peripherals (Pointing Devices, Keyboards & Combos, PC Webcams, Gaming and Audio PC & Wearables): Although the installed base of PC users is large, consumer demand for new PCs has declined in recent years, and we believe it will continue to decline in future years. As a consequence, consumer demand for PC peripherals is slowing, or in some cases declining. As the quality of PC-embedded webcams improves along with the increasing popularity of tablets and smartphones with embedded webcams, we expect future sales of our PC-connected webcams will continue to be weak (or continue to decline on a year-over-year basis). The PC Gaming platform continues to show strong growth as online gaming and multi-platform experiences gain greater popularity and gaming content becomes increasingly more demanding. We believe Logitech is well positioned to benefit from the PC Gaming market growth.

Enterprise Market: We are continuing our efforts to create and sell products and services to enterprises, including Video Collaboration products. For example, we have introduced the Logitech ConferenceCam CC3000e video collaboration product. Growing our enterprise peripherals business will continue to require investment in selected business-specific products, targeted product marketing, and sales channel development.

Tablets and Other Accessories: Smaller mobile computing devices, such as tablets with touch interfaces, have created new markets and usage models for peripherals and accessories. We offer a number of products to enhance the use of mobile devices, including keyboard folios for the iPad and iPad mini, and keyboard covers and folios for the iPad Air. We have also introduced keyboard folios for the Samsung Galaxy tablet. While we achieved growth in sales of our tablet covers for the iPad, we have seen the market decline through fiscal year 2015 for the iPad platform, which has impacted the sales of our tablet peripherals.

OEM Business: Sales of our OEM mice and keyboards have historically made up the bulk of our OEM sales. In recent years, there has been a dramatic shift away from desktop PCs and there continues to be weakness in the global market for PCs, which has adversely affected our sales of OEM mice and keyboards, all of which are sold with name-brand desktop PCs. We expect this trend to continue in the future, and we plan to exit the OEM business as we see limited opportunities for profitable growth.

Trends in Non-Strategic Peripherals Product Categories: We continue to evaluate our product offerings and exit those which no longer support our strategic direction.

<u>*Trends Specific to our Video Conferencing Segment*</u>

The trend among businesses and institutions to use video conferencing offers a long-term growth opportunity for us. However, the overall video conferencing industry has experienced a slowdown in recent quarters. In addition, there has been an increase in the competitive environment. Lifesize is in the early stages of transitioning its product portfolio to Lifesize Cloud. While sales of this software-as-a-service offering are growing rapidly, they are not yet large enough to offset the combination of the short-term portfolio transition and soft market conditions for video conferencing infrastructure. Looking at this growth opportunity, recently in April 2015, we decided to reorganize Lifesize with the goal of de-emphasizing Lifesize's legacy offerings more quickly to enable maximum traction with Lifesize Cloud. We plan to shrink our Lifesize business to grow the Cloud opportunity faster. This resulted in an estimated

$122.7 million non-cash goodwill impairment charge in the quarter ended March 31, 2015. We believe the growth in our video conferencing segment depends in part on our ability to increase sales of our new Cloud offering and smooth transition from our legacy infrastructure business.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with U.S. GAAP (Generally Accepted Accounting Principles in the United States of America) requires us 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 our 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 us 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. An allowance against accounts receivable is recorded for accruals and program activity related to our direct customers and indirect customers who receive payments for program activity through our direct customers. A liability is recorded for accruals and program activity related to our indirect customers who receive payments directly and do not have a right of offset against a receivable balance. The estimated cost of these programs is usually recorded as a reduction of revenue. If we receive a separately identifiable benefit from the customer and can reasonably estimate the fair value of that benefit, such cost is reflected in cost of sales or in operating expenses. Significant management judgment and estimates must be used to determine the cost of these programs in any accounting period.

Returns. We grant limited rights to return products. Return rights vary by customer, and range from just the right to return defective product to stock rotation rights limited to a percentage of sales 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. Upon recognition, we reduce sales and cost of sales for the estimated return. 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 our products, or a fixed dollar credit for various marketing programs. The objective of these arrangements is to encourage advertising and promotional events to increase sales of our products. Accruals for these marketing arrangements are recorded at the later of 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. Accruals for performance-based incentives are recognized as a reduction of the sale price at the time of sale. Estimates of required accruals 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 our discretion for the primary benefit of end-users. Accruals for the estimated costs of consumer rebates and similar incentives are recorded at the later of time of sale or when 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 customers that contain terms allowing price protection credits to be issued in the event of a subsequent price reduction. At our 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. Accruals for estimated expected future pricing actions are recognized at the time of sale based on analysis 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.

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 us 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 increases or reductions to revenue or operating expenses. If, at any future time, we become unable to reasonably estimate these costs, recognition of revenue might be deferred until products are sold to users, which would adversely impact revenue in the period of transition.

Inventory Valuation

We must order components for our 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 that 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. Inventory on hand which is not expected to be sold or utilized 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 cost basis per unit, 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 that 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. 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) that 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 closing market price on the date of grant, adjusted by estimated dividends yield prior to vesting.

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 our 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 our 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

We operate in multiple jurisdictions and our profits are taxed pursuant to the tax laws of these jurisdictions. Our effective income tax rate may be affected by the changes in or interpretations of tax laws and tax agreements in any given jurisdiction, utilization of net operating loss and tax credit carryforwards, changes in geographical mix of income and expense, and changes in our 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. 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 when 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 laws, 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.

Goodwill

We conduct a goodwill impairment analysis annually at December 31 or more frequently if indicators of impairment exist or if a decision is made to sell or exit a business. A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include deterioration in general economic conditions, negative developments in equity and credit markets, adverse changes in the markets in which an entity operates, increases in input costs that have a negative effect on earnings and cash flows, or a trend of negative or declining cash flows or a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods, or other relevant entity-specific events such as changes in management, key personnel, strategy, or customers, contemplation of bankruptcy, or litigation. The fair value that could be realized in an actual transaction may differ from that used to evaluate the impairment of goodwill.

In reviewing goodwill for impairment, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (greater than 50%) that the estimated fair value of a reporting unit is less than its carrying amount. If an entity elects to perform a qualitative assessment and determines that an impairment is more likely than not, the entity is then required to perform the two-step quantitative impairment test; otherwise, no further analysis is required. An entity also may elect not to perform the qualitative assessment and, instead, proceed directly to the two-step quantitative impairment test. The ultimate outcome of the goodwill impairment review for a reporting unit should be the same whether an entity chooses to perform the qualitative assessment or proceeds directly to the two-step quantitative impairment test. Goodwill is allocated among and evaluated for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment. We have two reporting units, peripherals and video conferencing.

Peripherals

We performed our annual impairment analysis of the goodwill for our peripherals reporting unit at December 31, 2014 by performing a qualitative assessment and concluded that it was more likely than not that the fair value of our peripherals reporting unit exceeded its carrying amount. In assessing the qualitative factors, we considered the impact of these key factors: change in industry and competitive environment, growth in market capitalization of $2.3 billion as of December 31, 2014 from $2.2 billion a year ago, and budgeted-to-actual revenue performance from the prior year. The peripherals reporting unit has seen an improvement in operating income from $64.8 million and $117.8 million for the three and nine months ended December 31, 2013 to $76.1 million and $160.3 million for the three and nine months ended December 31, 2014, respectively.

Video Conferencing

We proceeded directly to the two-step quantitative impairment test for the video conferencing reporting unit and performed a Step 1 assessment at December 31, 2014. The Step 1 test involves measuring the recoverability of goodwill at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the estimated fair value of the reporting unit. The fair value is estimated using an income approach employing a discounted cash flow ("DCF") and a market-based model. The DCF model is based on projected cash flows from our approved most recent forecast ("assessment forecast") developed in connection with the video conferencing reporting unit to perform the goodwill impairment assessment. The assessment forecast is based on a number of key assumptions, including, but not limited to, discount rate, compound annual growth rate (“CAGR”) during the forecast period, and terminal value. The terminal value is based on an exit price at the end of the assessment forecast using an earning multiple applied to the final year of the assessment forecast. The discount rate is applied to the projected cash flows to reflect the risks inherent in the timing and amount of the projected cash flows, including the terminal value, and is derived from the weighted average cost of capital of market participants in similar businesses. The market approach is based on applying certain revenue and earnings multiples of comparable companies relevant to each of its reporting units to the respective revenue and earnings metrics of our reporting units. The income approach and the market approach require the exercise of significant judgment, including assumptions about appropriate discount rates, long-term growth rates for purposes of determining a terminal value at the end of the discrete forecast period, economic expectations, timing of expected future cash flows, and expectations of returns on equity that will be achieved. Such assumptions are subject to change as a result of changing economic and competitive conditions. If the carrying amount of the reporting unit exceeds its fair value as determined by these assessments, goodwill is considered impaired and the Step 2 test is performed to measure the amount of impairment loss. The Step 2 test measures the impairment loss by allocating the reporting unit’s fair value to its assets, including unrecognized intangibles which are not carried on the books, and liabilities other than goodwill, and comparing the resulting implied fair value of goodwill with its carrying amount. The implied fair value of goodwill is the excess of the fair value of the reporting unit over the fair value amounts assigned to all of the assets and liabilities of that unit as if the reporting unit was acquired in a business combination and the fair value of the reporting unit represented the purchase price. If the carrying value of goodwill exceeds its implied fair value, an impairment loss equal to such excess would be recognized.

We use a third party valuation expert in the development of our market and income approach models. The annual Step 1 assessment performed as of December 31, 2014 resulted in us determining that the video conferencing reporting unit passed the Step 1 test because the estimated fair value of video conferencing reporting unit from the Step 1 assessment exceeded its carrying value by approximately 38.0%, thus not requiring a Step 2 assessment of this reporting unit. Therefore, we concluded it was more likely than not that the goodwill of the video conferencing reporting unit was not impaired as of December 31, 2014.

During the fourth quarter of the fiscal year ended March 31, 2015, the net sales of the video conferencing reporting unit decreased to $24.9 million from $31.0 million in the fourth quarter of the fiscal year ended March 31, 2014 and from $29.9 million in the third quarter of fiscal year ended March 31, 2015. The sales decline was concentrated in the video conferencing infrastructure legacy business primarily due to faster shift of customer preference towards Cloud infrastructure conferencing versus on-premise infrastructure solutions and resource realignment, which was not anticipated during annual impairment assessment as of December 31, 2014. This quick shift towards Cloud-based offering resulted in the change in business strategy to de-emphasize Lifesize’s legacy offerings more quickly than planned to enable maximum traction of the Lifesize Cloud, which would result in shrinking the legacy Lifesize business but could grow the Cloud opportunity faster. In the last nine months, the sales of Cloud-based offerings have grown rapidly; however, they are not yet large enough to offset the combination of the short-term portfolio transition. As a result of the lower-than-expected performance in the legacy infrastructure sales, we made a strategic decision to sharpen our focus on our new Cloud-based offering. We plan to realign our costs and operations to this new strategy as part of a restructuring plan announced during April 2015 and are exploring various other options for our Lifesize business. The significant change in business strategy has adversely affected the near-term projections and we expect that it will shrink the Lifesize revenue for the next several years, including lowering the overall growth, pushing out the break-even point and increasing the operating loss as well as increasing uncertainty in the near term. In light of the aforementioned, we concluded it was appropriate to perform the Step 1 goodwill impairment assessment.

As of March 31, 2015, taking into consideration the video conferencing reporting unit's updated business outlook for fiscal year 2016 based on the factors discussed above and the risk of execution of its refocused strategy, we updated the future cash flow assumptions for the video conferencing reporting unit and calculated updated estimates of fair value using the income approach. In particular, we lowered our December 31, 2014 goodwill impairment test projections of future revenue and operating income (loss) growth and adjusted other factors (such as working capital and capital expenditure). After updating the assumptions and projections, we then calculated a present value of the cash flow to arrive at an estimate of fair value under the income approach as of March 31, 2015. Key assumptions included in the income approach were significant reduction in the revenue assumption for fiscal year 2016 through fiscal year 2021 compared with the revenue assumption used in our annual goodwill impairment assessment as of December 31, 2014, CAGR at 7.2%, discount rate at 14.0%, and terminal growth rate at 4.0%. Consistent with the annual impairment test on December 31, 2014, we also updated the estimates of fair value determined under the market approach. Based on the income approach and market approach, the estimated fair value of the video conferencing reporting unit under the Step 1 assessment was lower than the carrying amount of the net asset including goodwill.

The video conferencing reporting unit failed the Step 1 test as prescribed under ASC 350, thus requiring a Step 2 assessment of this reporting unit to determine the goodwill impairment. In determining the impairment amount, the fair value of the video conferencing reporting unit was allocated to its assets and liabilities, including any unrecognized intangible assets not on the balance sheet, based on their respective fair values. Assumptions used in measuring the value of these assets and liabilities included the discount rates, working capital, and technology obsolescence rates used in valuing the intangible assets, and pricing of comparable transactions in the market in valuing the tangible assets. Based on this allocation, the implied value of intangible assets and tangible net assets fully absorbed the fair value of the business, leaving no implied fair value left to be allocated to the goodwill. The video conferencing reporting unit's carrying value of goodwill exceeded the implied fair value of goodwill, resulting in a goodwill impairment charge of $122.7 million, which is recorded in the Consolidated Statement of Operations.

The current assessment represents the fair value of the video conferencing business as of March 31, 2015. If we dispose all or any equity interest of the video conferencing reporting unit in the future, it may result in a gain. The gain will be recognized as a difference between the carrying amount of the video conferencing reporting unit and the proceeds, if any, received from such a disposal.

During fiscal year 2013, our video conferencing reporting unit failed the Step 1 test because the estimated fair value was less than its carrying value, thus requiring Step 2 assessment of this reporting unit. This impairment primarily resulted from a decrease in the expected CAGR during the assessment forecast period based on greater evidence of the overall enterprise video conferencing industry experiencing a slowdown, combined with lower demand related to new product launches, increased competition during fiscal year 2013, and other market data. These factors had an adverse effect on our video conferencing operating results and future outlook. During fiscal year 2013, we recorded goodwill impairment and other charges of $214.5 million related to our video conferencing reporting unit.

Determining the fair value of a reporting unit is judgmental in nature and requires the use of significant estimates and assumptions, including revenue growth rates, operating margins, discount rates and future market conditions, among others. If we are required to take further substantial impairment charges in future periods, our operating results would be materially and adversely affected in such period.

Product Warranty Accrual

We estimate the cost of product warranties at the time the related revenue is recognized based on historical and projected warranty claim rates, historical and projected costs, and knowledge of specific product failures that are outside of our typical experience. Each quarter, we reevaluate estimates to assess the adequacy of recorded warranty liabilities considering the size of the installed base of products subject to warranty protection and adjust the amounts as necessary. If actual product failure rates or repair costs differ from estimates, revisions to the estimated warranty liabilities would be required and could materially affect our results of operations.

Results of Operations

Non-GAAP Measures

We refer to our net sales excluding the impact of currency exchange rate fluctuations as "constant dollar" sales. Constant dollar sales is 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. Percentage of constant dollar sales growth is calculated by translating prior period sales in each local currency at the current period's average exchange rate for that currency and comparing that to current period sales.

Net Sales

Net sales by channel for fiscal years 2015, 2014 and 2013 were as follows (in thousands):

	Years Ended March 31,			Change	
	2015	2014	2013	2015 vs. 2014	2014 vs. 2013
Retail	$1,887,446	$1,866,279	$1,821,051	1%	2%
OEM	117,462	141,749	141,186	(17)	—
Video conferencing	109,039	120,685	137,040	(10)	(12)
Total net sales	$2,113,947	$2,128,713	$2,099,277	(1)	1

Retail:

During fiscal year 2015, retail sales increased 1% and units sold increased 2%, respectively, compared to fiscal year 2014. If currency exchange rates had been constant in 2015 and 2014, our constant dollar retail sales would have increased 4%. The increase in retail sales is primarily due to triple-digit growth in Mobile Speakers and Video Collaboration, and double-digit growth in Gaming, partially offset by declines in Audio-PC & Wearables, Tablet & Other Accessories, PC webcams and our Non-Strategic categories, compared to fiscal year 2014. Our retail average selling price decreased by 1% during fiscal year 2015 compared to fiscal year 2014.

During fiscal year 2014, retail sales increased 2% and units sold decreased 3%, compared to fiscal year 2013. Retail sales increased in Americas and Asia Pacific and decreased in EMEA during fiscal year 2014, compared to fiscal year 2013. The increase in retail sales is primarily due to triple-digit growth in Mobile Speakers, double-digit growth in Tablets & Other Accessories and Gaming, offset in part by a decline in Audio-PC & Wearables, Video, and our Non-Strategic categories, compared to fiscal year 2013.

OEM:

During fiscal year 2015, OEM sales and units sold decreased 17% and 25%, respectively, compared to fiscal year 2014. If currency exchange rates had been constant in 2015 and 2014, our constant dollar OEM net sales would have decreased 17%. The decline was primarily due to the continued weakness in global PCs market and loss of volume shares from certain PC manufactures. Given our heightened focus on our growing Retail Strategic business, we plan to exit the OEM business.

During fiscal year 2014, OEM sales and units sold remained flat, compared to fiscal year 2013.

Video conferencing:

During fiscal year 2015, video conferencing net sales decreased 10%, compared to fiscal year 2014. If currency exchange rates had been constant in 2015 and 2014, our constant dollar video conferencing net sales would have decreased 10%. Lifesize is in the process of transitioning its product portfolio to the recently announced Lifesize Cloud, a software-as-a-service (SaaS) offering that provides an affordable, simple and scalable video conferencing solution with little to no need for IT involvement. While sales of the Cloud offering are growing rapidly, they are not yet large enough to offset the combination of the short-term portfolio transition and soft market conditions for video conferencing infrastructure. To align our refocus on Lifesize Cloud offering and transition from Lifesize legacy business, we announced a restructuring plan subsequently in April 2015.

During fiscal year 2014, video conferencing net sales decreased 12%, compared to fiscal year 2013. The decrease primarily resulted from the combination of a changing industry landscape caused by a shift to less expensive, Cloud-based video conferencing solutions, an evolving Lifesize product line and challenges in execution.

Sales Denominated in Other Currencies

Although our financial results are reported in U.S. Dollars, a portion of our sales were generated in currencies other than the U.S. Dollar, such as the Euro, Chinese Renminbi, Japanese Yen, Canadian Dollar, Taiwan Dollar, British Pound and Australian Dollar. During fiscal years 2015, 2014 and 2013, 44%, 45% and 45% of our net sales were denominated in currencies other than the U.S. Dollar, respectively.

Retail Sales by Region

The following table presents the change in retail sales by region for the fiscal year 2015 compared with fiscal year 2014 and fiscal year 2014 compared with fiscal year 2013:

	2015 vs. 2014	**2014 vs. 2013**
Americas	8%	9%
EMEA	(7)	(4)
Asia Pacific	2	2

Americas

During fiscal year 2015, retail sales in Americas increased 8%, compared to fiscal year 2014. If currency exchange rates had been constant in 2015 and 2014, our constant dollar retail sales would have increased 9% in the Americas. We achieved sales increases in all strategic categories except Audio-PC & Wearables, PC webcams, and Tablets & Other Accessories. This increase was led by triple digit growth in Mobile Speakers mainly from UE BOOM and our recently launched UE MEGABOOM, and triple digit growth in Video Collaboration mainly from our ConferenceCam CC3000e and Webcam C930e.

During fiscal year 2014, retail sales in Americas increased 9%, compared to fiscal year 2013. Retail sales increased in Mobile Speakers, Gaming, Tablet & Other Accessories, Keyboards & Combos and Pointing Devices, partially offset by decreases in Non-Strategic, Audio-PC & Wearables, Home Control, and PC Webcams. The increase in Tablet & Other Accessories was led by sales of our Ultrathin Keyboard Cover for the iPad and from our recently introduced Keyboard Folio suite of products designed for the iPad, iPad mini and iPad Air. The increase in Mobile Speakers was primarily from the UE BOOM. The increase in Gaming was due to the recent launch of our new gaming products. The increase in Keyboards & Combos was driven by low-end, mid-range and high-end products. Retail sales improved in the United States and Canada during fiscal year 2014, compared to fiscal year 2013.

EMEA

During fiscal year 2015, retail sales in EMEA decreased 7%, compared to fiscal year 2014. If currency exchange rates had been constant in 2015 and 2014, our constant dollar retail sales would have decreased 3% in the EMEA region. Retail sales decreased across all strategic categories except Gaming, Mobile Speakers, Video Collaboration, Home Control and Keyboards and Combos product categories. The decline in sales was heavily impacted by market weakness in Russia and Ukraine. We achieved a triple digit growth in Video Collaboration, and a double digit growth in both Mobile Speakers and Gaming during fiscal year 2015 compared to fiscal year 2014.

During fiscal year 2014, retail sales in EMEA decreased 4%, compared to fiscal year 2013. Retail sales decreased in Pointing Devices, PC Webcams, Audio-PC & Wearables, and Non-Strategic, partially offset by increases in Mobile Speakers, Gaming, Tablet & Other Accessories and Home Control. We experienced a significant decrease in Germany due to sales challenges which we overcame in the second half of fiscal year 2014. The decrease in Germany was partially offset by an increase in the United Kingdom.

Asia Pacific

During fiscal year 2015, retail sales in Asia Pacific increased 2%, compared to fiscal year 2014. If currency exchange rates had been constant in 2015 and 2014, our constant dollar retail sales would have increased 4% in the Asia Pacific region. We achieved triple digit growths in both Mobile Speakers and Video Collaboration, partially offset by the decline in Tablets & Other Accessories, Audio - PC Wearables, and Non-Strategic.

During fiscal year 2014, retail sales in Asia Pacific increased 2%, compared to fiscal year 2013. Retail sales increased in Mobile Speakers, Gaming, Tablet & Other Accessories and Remotes, partially offset by decreases in Non-Strategic, Audio- PC & Wearables, Video, and Pointing Devices and PC keyboards & Desktops. In addition, retail sell-through in Asia Pacific increased 2% during fiscal year 2014, compared to fiscal year 2013.

Net Sales by Product Categories and Sales Channels

Net sales by product categories and sales channels for fiscal years 2015, 2014 and 2013 were as follows (in thousands):

	Years Ended March 31,			Change	
	2015	2014	2013	2015 vs. 2014	2014 vs. 2013
Peripherals:					
Mobile Speakers	$ 178,038	$ 87,414	$ 33,408	104%	162%
Gaming	211,911	186,926	144,512	13	29
Video Collaboration	62,215	29,058	18,700	114	55
Tablet & Other Accessories	140,994	172,484	119,856	(18)	44
Growth	593,158	475,882	316,476	25	50
Pointing Devices	487,210	506,884	521,083	(4)	(3)
Keyboards & Combos	426,117	415,314	399,144	3	4
Audio-PC & Wearables	213,496	250,037	289,313	(15)	(14)
PC Webcams	96,680	113,791	137,292	(15)	(17)
Home Control	68,060	67,371	71,641	1	(6)
Profit Maximization	1,291,563	1,353,397	1,418,473	(5)	(5)
Retail Strategic Sales(1)	1,884,721	1,829,279	1,734,949	3	5
Non-Strategic	2,725	37,000	86,102	(93)	(57)
OEM	117,462	141,749	141,186	(17)	—
	2,004,908	2,008,028	1,962,237	—	2
Video Conferencing	109,039	120,685	137,040	(10)	(12)
	$2,113,947	$2,128,713	$2,099,277	(1)	1

(1) Certain products within the retail product families presented in prior years have been reclassified to conform to the current year presentation. There's no impact over total net retail sales.

Retail Strategic Sales

During fiscal year 2015, retail strategic sales increased 3% compared to fiscal year 2014. If currency exchange rates had been constant in 2015 and 2014, our constant dollar retail strategic sales would have increased 6%.

During fiscal year 2014, retail strategic sales increased 5% compared to fiscal year 2013.

Retail Strategic - Growth Categories:

Mobile Speakers

Our retail Mobile Speakers category products are portable Bluetooth wireless speakers.

During fiscal year 2015, retail sales of Mobile Speakers increased 104% and units sold increased 99%, compared to fiscal year 2014. The sales increased significantly across our all three regions, with a triple digit growth in both Americas and Asia Pacific regions, are primarily due to strong demand for the UE BOOM, which is our top revenue generating wireless speaker and experienced a triple digit growth in fiscal year 2015, compared to fiscal year 2014. The successful launch of UE MEGABOOM during the fourth quarter of fiscal year 2015 contributed 6% of total Mobile Speakers sales for fiscal year 2015.

During fiscal year 2014, retail sales of Mobile Speakers increased 162% and units sold increased 88%, compared to fiscal year 2013. The 162% increase in our wireless speakers for smartphones and tablets was driven by a strong demand primarily for the UE BOOM. Our top revenue-generating wireless speaker products during fiscal year 2014 included the UE BOOM and the UE Mini BOOM.

Gaming

Our retail Gaming category comprises gaming mice, keyboards, headsets, gamepads and steering wheels.

During fiscal year 2015, retail sales of Gaming increased 13% and units sold increased 21%, compared to fiscal year 2014. This growth was primarily from gaming headsets and gaming mice due to the launch of our new gaming products, including mice, keyboards and headsets. New products made up 12% of total Gaming revenue for fiscal year 2015. Our top revenue-generating Gaming products included the Logitech G502 Proteus Core, the Logitech G27 Racing Wheel, the Logitech G930 Wireless Gaming Headset, and the G430 Cordless Mice.

During fiscal year 2014, retail sales of Gaming increased 29% and units sold increased 24%, compared to fiscal year 2013. This growth was primarily due to the recent launch of our new gaming products, including mice, keyboards and headsets. New products made up 23% of total Gaming revenue for fiscal year 2014. Our top revenue-generating Gaming products included the Logitech G27 Racing Wheel, the Logitech G930 Wireless Gaming Headset, the G500s Laser Gaming Mouse, the G700s Rechargeable Gaming Mouse, and the G710+ Mechanical Gaming Keyboard.

Video Collaboration

Our retail Video Collaboration category primarily includes video products and certain headset products that can connect small and medium sized user groups.

During fiscal year 2015, retail sales of Video Collaboration increased 114% and units sold increased 49%, compared to fiscal year 2014. The sales increased significantly across all products in this category was primarily driven by the success of the Logitech ConferenceCam CC3000e and Logitech ConferenceCam C930e.

During fiscal year 2014, retail sales of Video Collaboration increased 55% and units sold increased 33%, compared to fiscal year 2013. The significant increase in sales across all products in this category was primarily driven by the success of the Logitech Webcam C930e.

Tablet & Other Accessories

Our retail Tablet & Other Accessories category comprises keyboards and covers for tablets and smartphones as well as other accessories for mobile devices.

During fiscal year 2015, retail sales of Tablet & Other Accessories decreased 18% and units sold decreased 5%, compared to fiscal year 2014. The reduction in sales, primarily from tablet keyboards, reflects the combination of a declining demand for iPad tablet platform and increased competition, partially offset by sales growth with our tablet covers for the iPad.

During fiscal year 2014, retail sales of Tablet & Other Accessories increased 44% and units sold increased 87%, compared to fiscal year 2013. The increase was driven by demand for the Logitech Ultrathin Keyboard Cover for the iPad, as well as strong sales from recently introduced products such as the Logitech Ultrathin Keyboard Cover for the iPad Mini and from the Logitech Keyboard Folio suite of products designed for the iPad, iPad mini, and iPad Air. The faster growth in unit shipments reflected the broadening of our portfolio to address a larger portion of the tablet accessory market, including tablet cases.

Retail Strategic - Profit Maximization Categories:

Pointing Devices

Our retail Pointing Devices category comprises PC and Mac-related mice, touchpads and presenters.

During fiscal year 2015, retail sales of Pointing Devices decreased 4% and units sold increased 2%, compared to fiscal year 2014. The decrease in retail sales was primarily due to the continued weakness in the global PC market. The decrease was primarily from our high-end product offerings, which decreased 12%, followed by our low-end product offerings which decreased 5%, partially offset by our mid-range product offerings which increased 1%. Retail sales of corded mice decreased 4% and units sold remained flat. Retail sales of cordless mice decreased 5% and units sold increased 2%.

During fiscal year 2014, retail sales of Pointing Devices decreased 3% and units sold decreased 1%, compared to fiscal year 2013. The decrease in retail sales was primarily due to the continued weakness in the global PC market. The decrease was primarily from our high-end product offerings, which decreased 14%, followed by our mid-range product offerings, which decreased 6%, and our low-end product offerings increased by 1%. Retail sales of corded mice decreased 9% and units sold decreased 10%. Retail sales of cordless mice decreased 1% and units sold increased 4%.

Keyboards & Combos

Our retail Keyboards & Combos category comprises PC keyboards and keyboard/mice combo products.

During fiscal year 2015, retail sales of Keyboards & Combos increased 3% and units sold increased 7%, compared to fiscal year 2014. The sales increase was primarily due to sales increase in our corded and cordless combos. Retail sales of corded and cordless combos increased 19% and 6%, respectively, and units sold increased 25% and 10%, respectively. Our best selling products in this category were the Logitech Wireless Combo MK270 and Wireless Combo MK520, which feature powerful and reliable wireless connections and plug-and-play simplicity. Retail sales of corded and cordless keyboards decreased 9% and 7%, respectively, and units sold decreased 4% and 3%, respectively.

During fiscal year 2014, retail sales of Keyboards & Combos increased 4% and units sold decreased 1%, compared to fiscal year 2013. The sales increase was primarily due to sales increase in our corded and cordless combo. Our best selling product in this category was the Wireless Touch Keyboard K400, which features an integrated touchpad and has been popular for use in the living room. Retail sales of corded and cordless keyboards decreased 17% and 5%, respectively, and units sold decreased 21% and 6%, respectively. Retail sales of corded and cordless combos increased 3% and 7%, respectively, and units sold decreased 1% and increased 10%, respectively.

Audio-PC & Wearables

Our retail Audio-PC & Wearables category comprises PC speakers, PC headsets and in-ear headphones.

During fiscal year 2015, retail sales of Audio-PC decreased 15% and units sold decreased 10%, compared to fiscal year 2014. The decrease was primarily due to decreases in PC speaker retail sales, reflecting a category that appears to be in structural decline as music consumption continues to migrate to mobile platforms, which benefits our mobile speaker product category. Retail sales of our headset products decreased 4% and units decreased 6%. Retail sales of our Wearables products declined 35%.

During fiscal year 2014, retail sales of Audio-PC decreased 14% and units sold decreased 17%, compared to fiscal year 2013. The decrease was primarily due to decreases in PC speaker retail sales of 10% and units sold of 11%. These decreases reflect both a weakness in the overall market for new PCs and a market shift toward mobile audio devices. Retail sales of our Wearables products declined 39%, as we phased out the headphone category.

PC Webcams

Our PC Webcams category comprises PC-based webcams targeted primarily at consumers.

During fiscal year 2015, retail sales of PC Webcams decreased 15% and units sold decreased 18%, compared to fiscal year 2014. The weak sales reflect the ongoing structural decline of the consumer webcam market, which continues to contract.

During fiscal year 2014, retail sales of PC Webcams decreased 17% and units sold decreased 28%, compared to fiscal year 2013. The decrease was due to weakness in our consumer webcam product line, which continued to be negatively impacted by the combination of market trends, including the popularity of embedded webcams in mobile devices, and the overall weakness of the PC market.

Home Control

Our retail Home Control category comprises our Harmony remotes and recently-launched, new Harmony Home Control.

During fiscal year 2015, retail sales of Remotes increased 1% and units sold increased 22%, compared to fiscal year 2014. The increase in Home Control was primarily concentrated in our mid-range and low-end products, partially offset by decreases in our high-end products. New products contributed to 17% of total retail sales of Home Control for fiscal year 2015.

During fiscal year 2014, retail sales of Home Control decreased 6% and units sold decreased 23%, compared to fiscal year 2013. The decrease in Home Control was primarily concentrated in our high-end and low-end products, partially offset by increases in our mid-range product lines.

Non-Strategic

This category comprises a variety of products that we currently intend to transition out of, or have already transitioned out of, because they are no longer strategic to our business. Products currently included in this category include TV camera, Digital Video Security, TV and home speakers, Google TV products, Keyboard/Desktop accessories, and music docks.

During fiscal year 2015, retail sales of this category decreased 93%, compared to fiscal year 2014. During fiscal year 2014, retail sales of this category decreased 57%, compared to fiscal year 2013.

OEM

During fiscal year 2015, OEM sales and units sold decreased 17% and 25%, respectively, compared to fiscal year 2014. This decrease was primarily due to weak mice sales which was expected as we elected not to participate in lower margin opportunities with several customers. We plan to exit the OEM business as we see limited opportunities for profitable growth.

During fiscal year 2014, OEM sales and units sold remained flat compared to fiscal year 2013.

Video Conferencing

During fiscal year 2015, video conferencing sales decreased 10% compared to fiscal year 2014. If currency exchange rates had been constant in 2015 and 2014, our constant dollar video conferencing net sales would have decreased 10%. Lifesize is in the process of transitioning its product portfolio to the recently announced Lifesize Cloud, a software-as-a-service (SaaS) offering that provides an affordable, simple and scalable video conferencing solution with little to no need for IT involvement. While sales of the Cloud offering are growing rapidly, they are not yet large enough to offset the combination of the short-term portfolio transition and soft market conditions for video conferencing infrastructure. We recently decided to reorganize Lifesize with the goal of de-emphasizing Lifesize's legacy offerings more quickly to enable maximum traction with Lifesize Cloud. We plan to shrink our Lifesize business to grow the Cloud opportunity faster.

During fiscal year 2014, video conferencing sales decreased 12% compared to fiscal year 2013. The decrease was primarily due to a combination of a changing industry landscape caused by a shift to less expensive, Cloud-based video conferencing solutions, an evolving Lifesize product line and challenges in execution experienced in all geographic regions.

Gross Profit

Gross profit for fiscal years 2015, 2014 and 2013 was as follows (in thousands):

	Years Ended March 31,			Change	
	2015	2014	2013	2015 vs. 2014	2014 vs. 2013
Net sales	$2,113,947	$2,128,713	$2,099,277	(1)%	1%
Cost of goods sold	1,339,750	1,400,844	1,389,643	(4)	1
Gross profit	$ 774,197	$ 727,869	$ 709,634	6	3
Gross margin	36.6%	34.2%	33.8%		

Gross profit consists of net sales, less cost of goods sold, which includes materials, direct labor and related overhead costs, costs of manufacturing facilities, costs of purchasing components from outside suppliers, distribution costs, shipping and handling cost, outside processing costs, write-down of inventories and amortization of intangible assets.

The increase in gross margin during fiscal year 2015, compared to fiscal year 2014, primarily resulted from a 0.5% improvement attributable to cost reduction initiatives across the Pointing Devices, Keyboards & Combos and Mobile Speakers product categories, a 0.5% improvement attributable to exiting non-strategic product categories, a 0.7% improvement attributable to the combination of a $5.8 million reduction in amortization of other intangible assets and a $5.2 million prior year discontinued products write off, and a 0.5% improvement attributable to lower inventory reserves in fiscal year 2015 that was partially offset by a higher percentage of air shipments in fiscal 2015.

The increase in gross margin during fiscal year 2014, compared to fiscal year 2013, was primarily due to cost improvements across all PC-related categories, actions we took since fiscal year 2013 to streamline our product portfolio, inventory reserves of several discontinued Music category products and the discontinuation of projects in 2013 due to restructuring.

Operating Expenses

Operating expenses for fiscal years 2015, 2014 and 2013 were as follows (in thousands):

	Years Ended March 31,			Change	
	2015	2014	2013	2015 vs. 2014	2014 vs. 2013
Marketing and selling	$378,593	$379,747	$431,886	—%	(12)%
% of net sales	17.9%	17.8%	20.6%		
Research and development	131,012	139,385	155,012	(6)	(10)
% of net sales	6.2%	6.5%	7.4%		
General and administrative	131,446	118,940	114,381	11	4
% of net sales	6.2%	5.6%	5.4%		
Impairment of goodwill and other assets	122,734	—	216,688	NM	(100)
% of net sales	5.8%	—%	10.3%		
Restructuring charges (Credits), net.	(4,888)	13,811	43,704	(135)	(68)
% of net sales	(0.2)%	0.6%	2.1%		
Total operating expenses	$758,897	$651,883	$961,671	16	(32)
% of net sales	35.9%	30.6%	45.8%		

NM—Not Meaningful.

The increase in total operating expenses during fiscal year 2015, compared to fiscal year 2014, was primarily due to a goodwill impairment charge of $122.7 million relating to our video conferencing reporting unit and $23.7 million in expense related to the Audit Committee's Independent investigation during fiscal 2015, partially offset by a restructuring credit of $4.9 million during fiscal year 2015 resulting from partial lease termination of our Silicon Valley campus, which was previously vacated and under a restructuring plan during fiscal year 2014, as opposed to a restructuring charge of $13.8 million during fiscal year 2014.

The decrease in total operating expenses during fiscal year 2014, compared to fiscal year 2013, was primarily due to the $216.7 million impairment of goodwill and other assets recorded in fiscal year 2013, combined with the restructuring plans initiated in fiscal year 2013, which reduced personnel-related expenses in fiscal year 2014 as well as resulted in a $30.0 million decrease in restructuring expenses in fiscal 2013.

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.

During fiscal year 2015, marketing and selling expense remained flat compared to fiscal year 2014.

During fiscal year 2014, marketing and selling expense decreased 12%, compared to fiscal year 2013. The decrease was primarily due to $15 million lower personnel-related expenses from the workforce reduction in video conferencing reporting unit as a result of the restructuring plan initiated during fiscal 2014 and $24 million lower advertising and marketing costs related to the launch of new Music category in fiscal year 2013.

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.

During fiscal year 2015, research and development expense decreased 6%, compared to fiscal year 2014. The decrease was primarily due to $2.8 million lower personnel-related expenses from the workforce reduction in the video conferencing reporting unit as a result of the restructuring plan initiated during fiscal year 2014, $1.3 million decrease in stock-based compensation expense due to fewer grants during fiscal year 2015, and $1.6 million savings from depreciation and amortization expense.

During fiscal year 2014, research and development expense decreased 10%, compared to fiscal year 2013. The decrease was primarily due to $6 million lower personnel-related expenses from the workforce reduction in video conferencing reporting unit as a result of the plan initiated during fiscal 2014 and $9 million lower design and development cost related to the launch of the new Music category in fiscal 2013.

General and Administrative

General and administrative expense consists primarily of personnel and related overhead and facilities costs for the finance, information systems, executives, human resources and legal functions.

During fiscal year 2015, general and administrative expense increased 11% compared to fiscal year 2014. The increase was primarily due to $23.7 million in expense related to the Audit Committee Independent investigation and related expenses, partially offset by infrastructure cost savings such as $6.5 million decrease in information technology costs, including third party vendor cost, and $6.1 million decrease in facility expense as a result of the consolidation of properties.

During fiscal year 2014, general and administrative expense increased 4%, compared to fiscal year 2013. The increase was primarily due to an $8 million increase in personnel-related expenses due to higher variable compensation costs related to our improved performance and share-based compensation expense, partially offset by a $4 million decrease in facility related expenses due to our restructuring plans initiated in fiscal year 2013.

Impairment of Goodwill and Other Assets

We recorded an impairment charge of goodwill of $122.7 million related to our video conferencing reporting unit in fiscal year 2015, and therefore the goodwill of video conferencing reporting unit is reduced to zero as of March 31, 2015. There was no impairment of goodwill and other assets for fiscal year 2014. We recorded an impairment charge of goodwill and other assets of $216.7 million primarily related to the video conferencing reporting unit in fiscal year 2013.

Restructuring Charges

The following table summarizes restructuring-related activities during the years ended March 31, 2015, 2014 and 2013 (in thousands):

	Restructuring		
	Termination Benefits	Lease Exit Costs	Total
Accrual balance at March 31, 2013	$ 13,383	$ 75	$ 13,458
Charges	6,463	7,348	13,811
Adjustment for deferred rent	—	1,450	1,450
Cash payments	(19,534)	(1,454)	(20,988)
Currency exchange impact	(170)	—	(170)
Accrual balance at March 31, 2014	142	7,419	7,561
Credits	(86)	(4,802)	(4,888)
Cash payments	(56)	(1,578)	(1,634)
Accrual balance at March 31, 2015	$ —	$ 1,039	$ 1,039

During the second quarter of fiscal year 2014, we implemented a restructuring plan solely affecting our video conferencing operating segment to align our organization to our strategic priorities of increasing focus on a tighter range of products, and improving profitability. Restructuring charges under this plan primarily consist of severance and other one-time termination benefits. During fiscal year 2014, restructuring charges under this plan included $5.0 million in termination benefits and $0.6 million in lease exit costs. We substantially completed this restructuring plan by March 31, 2014.

During the fourth quarter of fiscal year 2013, we implemented a restructuring plan to align our organization to our strategic priorities of increasing focus on mobility products, improving profitability in PC-related products and enhancing global operational efficiencies. As part of this restructuring plan, we reduced our worldwide non-direct labor workforce. Restructuring charges under this plan primarily consisted of severance and other one-time termination benefits. During fiscal year 2015, we recorded $4.9 million restructuring credits as a result of partial termination of our lease agreement for the Silicon Valley campus, which was partially vacated during fiscal year 2014. During fiscal year 2014, restructuring charges under this plan included $1.5 million in termination benefits and $6.7 million in lease exit costs, $5.4 million of which pertains to the consolidation of our Silicon Valley campus from two buildings down to one during the quarter ended March 31, 2014. We substantially completed this restructuring plan by the fourth quarter of fiscal year 2014.

Interest Income (Expense), Net

Interest income and expense for fiscal years 2015, 2014 and 2013 were as follows (in thousands):

	Years Ended March 31,		
	2015	2014	2013
Interest income	$1,225	$ 1,831	$ 2,215
Interest expense	—	(2,228)	(1,308)
	$1,225	$ (397)	$ 907

Interest expense decreased during fiscal year 2015, compared to fiscal year 2014. The decrease was primarily due to the termination of our $250 million Senior Revolving Credit Facility during fiscal year 2014. There were no new borrowings since then.

Interest expense increased during fiscal year 2014, compared to fiscal year 2013. The increase was primarily due to the write-off of $1.0 million capitalized deferred loan fees related to our $250.0 million Senior Revolving Credit Facility which we chose to terminate during fiscal year 2014.

Other Income (Expense), Net

Other income and expense for fiscal years 2015, 2014 and 2013 were as follows (in thousands):

	Years Ended March 31,		
	2015	2014	2013
Investment income related to deferred compensation plan	$ 1,055	$1,487	$ 933
Gain on sale of securities	—	—	831
Impairment of investments	(2,298)	(624)	(3,600)
Currency exchange gain (loss), net	(1,280)	62	104
Other	(229)	1,068	(466)
	$(2,752)	$1,993	$(2,198)

Investment income for fiscal years 2015, 2014 and 2013 represents earnings, gains, and losses on trading investments related to a deferred compensation plan offered by one of our subsidiaries.

The $2.3 million, $0.6 million and $3.6 million investment impairment charges in fiscal years 2015, 2014 and 2013, respectively, primarily resulted from the write-down of investments in privately-held companies.

During fiscal year 2013, we sold two available-for-sale securities with a total carrying value of $0.4 million and a total par value of $15.2 million for $0.9 million. This sale resulted in a $0.8 million gain recognized in other income (expense), net, $0.3 million of which resulted from the recognition of a temporary increase in fair value previously recorded in accumulated other comprehensive loss. Following the sales in fiscal year 2013, we have not held any available for sale securities.

Currency exchange gains or losses relate to balances denominated in currencies other than the functional currency in our subsidiaries, as well as to the sale of currencies, and to gains or losses recognized on foreign exchange forward contracts. We do not speculate in currency positions, but we are alert to opportunities to maximize foreign exchange gains and minimize foreign exchange losses.

Provision for (Benefit from) Income Taxes

The provision for (benefit from) income taxes and the effective income tax rate for fiscal years 2015, 2014 and 2013 were as follows (in thousands):

	Years Ended March 31,		
	2015	2014	2013
Provision for (benefit from) income taxes	$4,490	$3,278	$(25,810)
Effective income tax rate	32.6%	4.2%	10.2%

The change in the effective income tax rate between fiscal year 2015 and 2014 was primarily due to the non-tax deductible goodwill impairment charge of $122.7 million during fiscal year 2015, the mix of income and losses in the various tax jurisdictions in which we operate and a tax benefit of $16.4 million during fiscal year 2015, related to the reversal of uncertain tax positions resulting from the expiration of the statutes of limitations and the closure of tax examination in the state of California of the United States. The effective income tax rate excluding the goodwill impairment charge in fiscal year 2015 is 3.3%. In fiscal year 2014, there was a tax benefit of $14.3 million related to the reversal of uncertain tax positions resulting from the expiration of the statutes of limitations.

The change in the effective income tax rate between fiscal year 2014 and 2013 was primarily due to the mix of income and losses in the various tax jurisdictions and a tax benefit of $14.3 million during fiscal year 2014, related to the reversal of uncertain tax positions resulting from the expiration of the statutes of limitations. In fiscal year 2013, there was a tax benefit of $35.6 million related to the reversal of uncertain tax positions resulting from the closure of federal income tax examinations in the United States.

On December 19, 2014, the enactment of the Tax Increase Prevention Act of 2014 in the United States extended the federal research and development tax credit through December 31, 2014 which had previously expired on December 31, 2013. The provision for income taxes for fiscal year ended March 31, 2015 reflected a $0.9 million tax benefit as a result of the extension of the tax credit.

As of March 31, 2015 and March 31, 2014, the total amount of unrecognized tax benefits due to uncertain tax positions was $79.0 million and $91.0 million, respectively, of which $79.0 million and $86.1 million would affect the effective income tax rate if recognized, respectively.

As of March 31, 2015, we had $72.1 million in non-current income taxes payable and $0.1 million in current income taxes payable, including interest and penalties, related to our income tax liability for uncertain tax positions. As of March 31, 2014, we had $93.1 million in non-current income taxes payable and $0.3 million in current income taxes payable. Pursuant to ASU 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists,* which became effective in the first quarter of fiscal year 2015, we reclassified $10.3 million of unrecognized tax benefits previously presented as non-current income taxes payable to a reduction in non-current deferred tax assets primarily for tax credit carryforwards.

We continue to recognize interest and penalties related to unrecognized tax positions in income tax expense. We recognized $0.8 million, $1.1 million and $1.0 million in interest and penalties in income tax expense during fiscal years 2015, 2014 and 2013, respectively. As of March 31, 2015, 2014 and 2013, we had approximately $4.9 million, $5.6 million and $6.6 million of accrued interest and penalties related to uncertain tax positions.

We file Swiss and foreign tax returns. We received final tax assessments in Switzerland through fiscal year 2012. For other foreign jurisdictions such as the United States, we are generally not subject to tax examinations for years prior to fiscal year 2011. We are under examination and have received assessment notices in foreign tax jurisdictions. If the examinations are resolved unfavorably, there is a possibility they may have a material negative impact on our results of operations.

Liquidity and Capital Resources

Cash Balances, Available Borrowings, and Capital Resources

At March 31, 2015, we had cash and cash equivalents of $537.0 million, compared with $469.4 million at March 31, 2014. Our cash and cash equivalents consist of bank demand deposits and short-term time deposits of which 81% is held by our Swiss-based entities and 11% is held by our subsidiaries in Hong Kong and China. We do not expect to incur any material adverse tax impact or be significantly inhibited by any country in which we do business from the repatriation of funds to Switzerland, our home domicile.

At March 31, 2015, our working capital was $557.1 million compared with working capital of $478.2 million at March 31, 2014. The increase in working capital over the prior year was primarily due to higher cash and inventory balances, partially offset by higher accounts payable balances at March 31, 2015.

During fiscal year 2015, we generated $178.6 million cash from operating activities. Our main sources of operating cash flows were from net income after adding back non-cash expenses of depreciation, amortization, impairment of goodwill and share-based compensation expense, and from an increase in accounts payable, partially offset by increases in inventories and accounts receivable and a decrease in accrued and other liabilities. Net cash used in investing activities was $48.3 million, primarily for purchase of property, plant, and equipment of $45.3 million and investments in privately held companies of $2.6 million. Net cash used in financing activities was $48.9 million, primarily for the $43.8 million cash dividend payment, $9.2 million tax withholdings related to net share settlements of restricted stock units, partially offset by $4.1 million in proceeds received from the sale of shares upon exercise of options and purchase rights.

We had several uncommitted, unsecured bank lines of credit aggregating to $38.1 million as of March 31, 2015. There are no financial covenants under these lines of credit which we must comply with. As of March 31, 2015, we had outstanding bank guarantees of $5.1 million under these lines of credit. There are no financial covenants under these credit lines.

The following table summarizes our Consolidated Statements of Cash Flows (in thousands):

	Years Ended March 31,		
	2015	2014	2013
Net cash provided by operating activities	$178,632	$205,421	$ 122,389
Net cash used in investing activities	(48,289)	(46,803)	(57,723)
Net cash used in financing activities	(48,854)	(22,681)	(207,641)
Effect of exchange rate changes on cash and cash equivalents	(13,863)	(349)	(1,571)
Net increase (decrease) in cash and cash equivalents	$ 67,626	$135,588	$(144,546)

Cash Flow from Operating Activities

The following table presents selected financial information and statistics for fiscal years 2015, 2014 and 2013 (dollars in thousands):

	March 31,		
	2015	2014	2013
Accounts receivable, net	$179,823	$182,029	$178,959
Inventories	270,730	222,402	262,644
Working capital	557,113	478,213	385,073
Days sales in accounts receivable ("DSO")(Days)(1)	35	34	34
Inventory turnover ("ITO")(x)(2)	4.6	5.9	4.7

(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).

ITO as of March 31, 2015 decreased compared to March 31, 2014. The decrease was primarily due to higher inventory levels due to the port strike in the west coast of the United States and change in shipping strategy from air to ocean during the fourth quarter of fiscal year 2015.

ITO as of March 31, 2014 increased, compared to March 31, 2013. The increase was primarily due to lower inventory levels in relation to net sales during the fourth quarter of fiscal year 2014.

Cash Flow from Investing Activities

	Years Ended March 31,		
	2015	2014	2013
Purchases of property, plant and equipment	$(45,253)	$(46,658)	$(54,487)
Investment in privately held companies	(2,550)	(300)	(4,420)
Acquisitions, net of cash acquired	(926)	(650)	—
Proceeds from sales of available-for-sale securities	—	—	917
Proceeds from return of investment from strategic investments	—	261	—
Purchase of trading investments	(5,034)	(8,450)	(4,196)
Proceeds from sales of trading investments	5,474	8,994	4,463
	$(48,289)	$(46,803)	$(57,723)

Our expenditures for property, plant and equipment during fiscal year 2015, 2014 and 2013 were primarily expenditures for leasehold improvements, computer hardware and software, tooling and equipment.

During fiscal year 2015, purchases of property, plant and equipment remained relatively stable compared to fiscal year 2014. We made a $2.5 million strategic investment in one privately held company and acquired one privately held company for $0.9 million, during fiscal year 2015.

During fiscal year 2014, purchases of property, plant and equipment decreased, compared to fiscal year 2013, primarily due to leasehold improvements related to our new Silicon Valley campus during fiscal year 2013. During fiscal year 2014, we made a $0.7 million investment.

During fiscal year 2013, we purchased a strategic investment for $4.0 million in exchange for convertible preferred stock. We accounted for this investment under the cost method of accounting since we have less than 20% ownership interest and we lack the ability to exercise significant influence over the operating and financial policies of the investee. We also purchased another strategic investment for $0.4 million. In addition, we sold our two remaining available-for-sale securities for $0.9 million.

The purchases and sales of trading investments during fiscal years 2015, 2014 and 2013 represent mutual fund activity directed by participants in a deferred compensation plan offered by one of our subsidiaries. The mutual funds are held by a Rabbi Trust.

Cash Flow from Financing Activities

	Years Ended March 31,		
	2015	2014	2013
Payment of cash dividends	$(43,767)	$(36,123)	$(133,462)
Purchases of treasury shares	(1,663)	—	(87,812)
Contingent consideration related to prior acquisition	(100)	—	—
Repurchase of ESPP awards	(1,078)	—	—
Proceeds from sales of shares upon exercise of options and purchase rights	4,138	16,914	15,982
Tax withholdings related to net share settlements of restricted stock units	(9,215)	(5,718)	(2,375)
Excess tax benefits from share-based compensation	2,831	2,246	26
	$(48,854)	$(22,681)	$(207,641)

During fiscal year 2015 and 2014, we paid annual cash dividends of $43.8 million and $36.1 million, respectively, compared to a special one-time distribution of $133.5 million during fiscal year 2013.

During fiscal year 2015, we repurchased 0.1 million shares for $1.7 million. There were no stock repurchases during fiscal year 2014. During fiscal year 2013, we repurchased 8.6 million shares for $87.8 million.

Proceeds from the sale of shares upon exercise of options and purchase rights pursuant to our stock plans during fiscal years 2015, 2014 and 2013 were $4.1 million, $16.9 million and $16.0 million, respectively. The payments of tax withholdings related to net share settlements of RSUs (restricted stock units) during fiscal years 2015, 2014 and 2013 were $9.2 million, $5.7 million and $2.4 million, respectively.

Translation effect of exchange rate changes on cash and cash equivalents

During fiscal year 2015, there was a $13.9 million currency translation exchange rate effect on cash and cash equivalents. This is primarily due to the 22% weakening of Euro versus U.S. Dollar during fiscal year 2015 which had an adverse impact on our cash and cash equivalents balances in subsidiaries with functional currency as Euro.

Cash Outlook

Our principal sources of liquidity are our cash and cash equivalents, cash flow generated from operations and, to a much lesser extent, capital markets and borrowings. Our future working capital requirements and capital expenditures may increase to support investment in product innovations and growth opportunities, or to acquire or invest in complementary businesses, products, services, and technologies.

In March 2015, we announced a plan to pay $250 million in cumulative dividends for fiscal year 2015 through fiscal year 2017. The Board of Directors plans to request shareholder approval of the Swiss Franc equivalent of an $85 million dividend for fiscal year 2015 at our next annual general meeting. Based on exchange rates of 1.0283 and the number of shares outstanding as of March 31, 2015, this represents approximately CHF 0.51 per share, compared to dividend of CHF 0.26 per share for fiscal year 2015. During fiscal year 2015, we paid a cash dividend of CHF 43.1 million (U.S. Dollar amount of $43.8 million) out of retained earnings.

In March 2014, our Board of Directors approved a new share buyback program, which authorizes us to invest up to $250.0 million to purchase our own shares. Our share buyback program provides us with the opportunity to make repurchases during periods of favorable market conditions and is expected to remain in effect for a period of three years. Shares may be repurchased from time to time on the open market, through block trades or otherwise. Purchases may be started or stopped at any time without prior notice depending on market conditions and other factors. During fiscal year 2015, 0.1 million shares were repurchased for $1.7 million under this program.

During the first quarter of fiscal year 2016, we announced that we are committing to pursue a restructuring, including exiting the OEM business, reorganizing Lifesize to sharpen its focus on its Cloud-based offering, and streamlining the Company’s overall cost structure through product, overhead and infrastructure cost reductions with a targeted resource realignment. We expect that we will recognize restructuring charges of approximately $15 million to $20 million, consisting primarily of severance, other one-time termination benefits, and other restructuring charges. We expect this restructuring will save personnel-related costs and other overhead costs and we expect to use the savings from the restructuring to offset currency headwinds and to invest in future growth.

Our other contractual obligations and commitments that require cash are described in the following sections.

For over ten years, we have generated positive cash flows from our operating activities, including cash from operations of $178.6 million, $205.4 million and $122.4 million during fiscal years 2015, 2014 and 2013, respectively. If we do not generate sufficient operating cash flows to support our operations and future planned cash requirements, our operations could be harmed and our access to credit facilities could be restricted or eliminated. However, we believe that the trend of our historical cash flow generation, our projections of future operations and reduced expenses and our available cash balances will provide sufficient liquidity to fund our operations for at least the next 12 months.

Contractual Obligations and Commitments

As of March 31, 2015, our outstanding contractual obligations and commitments included: (i) inventory purchase commitments and obligations, (ii) capital expenditure purchase commitments, and (iii) facilities leased under operating lease commitments. The following table summarizes our contractual obligations and commitments as of March 31, 2015 (in thousands):

		Payments Due by Period			
	March 31, 2015	<1 year	1-3 years	4-5 years	>5 years
Inventory commitments	$165,912	$165,912	$ —	$ —	$ —
Capital commitments	14,390	14,390	—	—	—
Operating leases	54,232	13,829	18,727	11,768	9,908
	$234,534	$194,131	$18,727	$11,768	$9,908

Operating Leases

We lease facilities under operating leases, certain of which require us to pay property taxes, insurance and maintenance costs. Operating leases for facilities are generally renewable at our option and usually include escalation clauses linked to inflation. The remaining terms on our non-cancelable operating leases expire in various years through 2030.

Purchase Commitments

As of March 31, 2015, we have fixed purchase commitments of $165.9 million for inventory purchases made in the normal course of business to original design manufacturers, contract manufacturers and other suppliers, the majority of which are expected to be fulfilled during the first quarter of fiscal year 2016. We record a liability for firm, non-cancelable, and unhedged inventory purchase commitments in excess of anticipated demand or market value consistent with our valuation of excess and obsolete inventory. As of March 31, 2015, the liability for these purchase commitments was $9.8 million and is recorded in accrued and other current liabilities and is not included in the preceding table. We have fixed purchase commitments of $14.4 million for capital expenditures, primarily related to commitments for tooling, computer hardware and leasehold improvements. We expect to continue making capital expenditures in the future to support product development activities and ongoing and expanded operations. 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

As of March 31, 2015, we had $72.1 million in non-current income taxes payable, including interest and penalties, related to our income tax liability for uncertain tax positions. At this time, we are unable to make a reasonably reliable estimate of the timing of payments in individual years in connection with these tax liabilities; therefore, such amounts are not included in the above contractual obligation table.

Off-Balance Sheet Arrangements

We have 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 us.

Investment Commitments

During 2015, we entered into a limited partnership agreement with a private investment fund specialized in early-stage start-up consumer hardware electronics companies and committed a capital contribution of $4.0 million over the life of the fund. As of March 31, 2015, no capital contribution has been called by the fund.

Other Contingencies

We are subject to an ongoing formal investigation by the SEC's Enforcement Division, relating to certain issues including the accounting for Revue inventory valuation reserves that resulted in the restatement described in the Fiscal Year 2014 Annual Report on Form 10-K, revision to our consolidated financial statements concerning warranty accruals and amortization of intangible assets presented in our Amended Annual Report on Form 10-K/A, filed on August 7, 2013, and our transactions with a distributor for Fiscal Year 2007 through Fiscal Year 2009. We have entered into an agreement with the SEC to extend the statute of limitations. We are cooperating with the investigation and recently engaged in discussions to settle the matter with the SEC, including making offers of monetary amounts for a civil penalty. In accordance with U.S. GAAP, we have made an accrual in our financial statements. We cannot predict the timing, range of possible loss or final outcome of this matter.

Guarantees

Logitech Europe S.A. guaranteed payments of third-party contract manufacturers' purchase obligations. As of March 31, 2015, the maximum amount of this guarantee was $3.8 million, of which $1.7 million of guaranteed purchase obligations were outstanding.

Indemnifications

We indemnify certain of our suppliers and customers for losses arising from matters such as intellectual property disputes 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. As of March 31, 2015, no amounts have been accrued for indemnification provisions. We do not believe, based on historical experience and information currently available, that it is probable that any material amounts will be required to be paid under our indemnification arrangements.

We also indemnify our current and former directors and certain of our current and former officers. Certain costs incurred for providing such indemnification may be recoverable under various insurance policies. We are unable to reasonably estimate the maximum amount that could be payable under these arrangements because these exposures are not capped, the obligations are conditional in nature, and the facts and circumstances involved in any situation that might arise are variable.

Research and Development

For a discussion of our research and development activities, patents and licenses, please refer to Item 1, Business, in the Company's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission and posted to the Company's Investor Relations website.

ADDITIONAL FINANCIAL DISCLOSURES

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ADDITIONAL FINANCIAL DISCLOSURES

MARKETING, SALES AND DISTRIBUTION

Marketing and Design

Logitech's Design and Marketing team strives to understand consumers so that we can innovate, create and deliver amazing design to our users at each and every touch point of the consumer experience with the Logitech brand and products.

We believe that by creating products that people desire and love, we maximize the number of consumers who actively buy and recommend Logitech products, fueling brand preference within and across our many product categories.

We are making good progress building a strong internal Design and Marketing team, while partnering with world renowned design agencies to further our "design-led" approach to product development and launch. Our key design centers are in the United States, Switzerland, Ireland and Taiwan.

Principal Markets

Net sales to unaffiliated customers by geographic region for fiscal years 2015, 2014 and 2013 (based on the customers' location) are as follows (in thousands):

	Year Ended March 31,		
	2015	2014	2013
Americas	$ 915,478	$ 859,893	$ 808,618
EMEA	710,966	767,017	799,075
Asia Pacific	487,503	501,803	491,584
	$2,113,947	$2,128,713	$2,099,277

Revenues from sales to customers in Switzerland, our home domicile, represented 2% of our total consolidated net sales in each of fiscal years 2015, 2014 and 2013. In fiscal years 2015, 2014 and 2013, the United States represented 36%, 35% and 33% of our total consolidated net sales, respectively. No other single country represented more than 10% of our total consolidated net sales for fiscal years 2015, 2014 or 2013.

Sales and Distribution

We primarily sell our peripherals products to a network of distributors and retailers. We support these channels with third-party distribution centers located in North America, Europe and Asia Pacific. Some of these distribution centers perform product localization with local language manuals, packaging and power plugs.

Logitech directly sells peripherals products to distributors and large retailers. 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.

In fiscal years 2015, 2014 and 2013, Ingram Micro Inc. and its affiliated entities together accounted for 14%, 14% and 11% of our net sales, respectively. No other customer individually accounted for more than 10% of our net sales during fiscal years 2015, 2014 and 2013. 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 stock rotation return rights, which vary by agreement.

Logitech's peripherals 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, Office Depot and Target. In Europe, chains include Metro Group (Media-Saturn Group), Carrefour Group, Kesa Electricals, Fnac, and Dixons Stores Group PLC. In Asia Pacific, retail chains include Australia's Dick Smith Electronics Limited. Logitech products can also be purchased online either directly from Logitech.com or through e-tailers, such as 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. While OEM business has been an important part of our history, given our heightened focus on our growing retail business, we plan to exit OEM.

Our video conferencing Lifesize division maintains a marketing and sales organization, separate from the Peripherals segment 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 small-to-medium businesses, public healthcare providers, educational institutions and government organizations.

Through our operating subsidiaries, we maintain sales offices or sales representatives in approximately 43 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 LOGN on the SIX Swiss Exchange and LOGI on Nasdaq. As of May 12, 2015, there were 173,106,620 shares issued (including 8,547,748 shares held as treasury stock) held by 14,252 holders of record, and the closing price of our shares was CHF 14.05 ($15.11 based on exchange rates on such date) per share on the SIX Swiss Exchange and $15.11 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.

	SIX Swiss Exchange	
	High CHF	Low CHF
Fiscal Year Ended March 31, 2015		
First quarter	13.80	11.00
Second quarter	13.95	11.15
Third quarter	14.60	10.75
Fourth quarter	14.25	11.60
Fiscal Year Ended March 31, 2014		
First quarter	6.80	5.92
Second quarter	8.05	6.14
Third quarter	12.25	7.93
Fourth quarter	14.70	12.00

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.

	Nasdaq Global Select Market	
	High	Low
Fiscal Year Ended March 31, 2015		
First quarter	$15.46	$12.34
Second quarter	15.35	12.56
Third quarter	15.00	11.51
Fourth quarter	15.21	12.50
Fiscal Year Ended March 31, 2014		
First quarter	$ 7.27	$ 6.25
Second quarter	8.97	6.47
Third quarter	13.60	8.75
Fourth quarter	16.86	13.22

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. In March 2015, we announced a plan to pay $250.0 million in cumulative dividends for fiscal year 2015 through fiscal year 2017. The Board of Directors plans to request shareholder approval of the Swiss Franc equivalent of an $85 million dividend for fiscal year 2015 at our next annual general meeting. Based on exchange rates of 1.0283 and the number of shares outstanding as of March 31, 2015, this represents approximately CHF 0.51 per share, compared to dividend of CHF 0.26 per share for fiscal year 2015. On December 8, 2014, Logitech's shareholders approved a cash dividend payment of CHF 43.1 million out of retained earnings to Logitech shareholders who owned shares on December 29, 2014. Eligible shareholders were paid CHF 0.26 per share ($0.27 per share in U.S. Dollars), totaling $43.8 million in U.S. Dollars on December 30, 2014. On September 4, 2013, Logitech's shareholders approved a cash dividend payment of CHF 33.7 million out of retained earnings to Logitech shareholders who owned shares on September 16, 2013. Eligible shareholders were paid CHF 0.21 per share ($0.22 per share in U.S. Dollars), totaling $36.1 million in U.S. Dollars on September 17, 2013. On September 5, 2012, Logitech's shareholders approved a cash dividend payment of CHF 125.7 million out of retained earnings to Logitech shareholders who owned shares on September 17, 2012. Eligible shareholders were paid CHF 0.79 per share ($0.85 per share in U.S. Dollars), totaling $133.5 million in U.S. Dollars on September 18, 2012. The dividend in September 2012 qualified as a distribution of qualifying additional paid-in-capital and, as such, was not subject to Swiss Federal withholding tax.

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), other than distributions of qualifying additional paid-in-capital if it is available under the current Swiss tax regime, 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 U.S. resident (as determined under the Treaty), and U.S. corporations, other than U.S. corporations having a "permanent establishment" or a fixed base, as defined in the Treaty, in Switzerland, generally can obtain a refund of the Swiss anticipatory tax withheld from dividends in respect of Logitech shares, to the extent that 15% of the gross dividend is withheld as final withholding tax (i.e. 20% of the gross dividend may generally be refunded). In specific cases, U.S. companies not having a "permanent establishment" or a fixed base in Switzerland owning at least 10% of Logitech registered shares may receive a refund of the Swiss anticipatory tax withheld from dividends to the extent it exceeds 5% of the gross dividend (i.e., 30% of the gross dividend may be refunded). To get the benefit of a refund, holders must beneficially own Logitech shares at the time such dividend becomes due.

Share Repurchases

The following table presents certain information related to purchases made by Logitech of its equity securities under its publicly announced share buyback program (in thousands, except per share amounts):

During Fiscal Year Ended	Shares Repurchased	Weighted Average Price Per Share CHF	Weighted Average Price Per Share USD	Amount Available for Repurchase
March 31, 2013	8,600	9.66	10.21	$ 6,472
March 31, 2014	—	—	—	250,000
March 31, 2015	115	—	14.43	248,337
	8,715			

In fiscal year 2015, the following approved share buyback programs were in place:

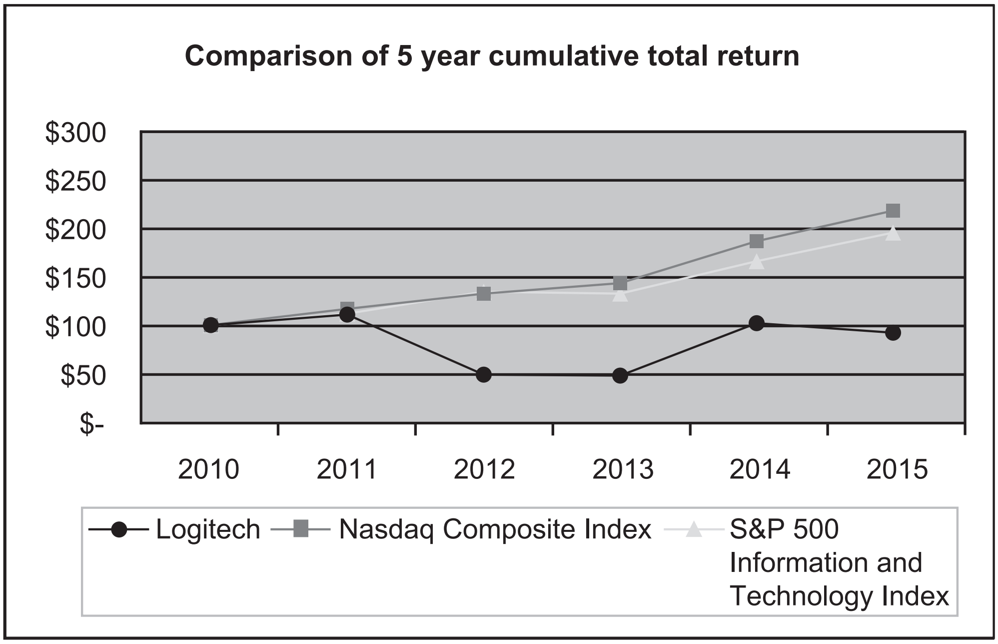
Share Buyback Program	Shares	Approved Amounts
March 2014	17,311	$250,000

In September 2012, the Company's shareholders approved the cancellation of the 18.5 million shares repurchased under the September 2008 amended share buyback program. These shares were legally cancelled during the quarter ended December 31, 2013.

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 and Technology Index. The graph assumes that $100 was invested in our shares, the Nasdaq Composite Index and the S&P 500 Information and Technology Index on March 31, 2010, and calculates the annual return through March 31, 2015. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



* $100 invested on March 31, 2010 in stock or index, including reinvestment of dividends.

	March 31,					
	2010	2011	2012	2013	2014	2015
Logitech	$100	$111	$ 48	$ 47	$102	$ 92
Nasdaq Composite Index	$100	$117	$133	$144	$188	$220
S&P 500 Information and Technology Index	$100	$112	$135	$133	$167	$197

SELECTED FINANCIAL DATA

The selected financial data set forth below as of March 31, 2015 and 2014, and for the fiscal years 2015, 2014 and 2013, are derived from our consolidated financial statements included elsewhere in this Annual Report. The selected financial data as of March 31, 2013, 2012 and 2011 and for the fiscal years 2012 and 2011 are derived from financial statements not included in this Annual Report. This financial data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations. These historical results are not necessarily indicative of the results to be expected in the future.

	Year ended March 31,				
	2015	2014	2013	2012	2011
	(in thousands, except for per share amounts)				
Consolidated statement of operations and cash flow data					
Net sales	$2,113,947	$2,128,713	$2,099,277	$2,316,203	$2,366,765
Cost of goods sold	1,339,750	1,400,844	1,389,643	1,508,670	1,556,120
Gross profit	774,197	727,869	709,634	807,533	810,645
Operating expenses:					
Marketing and selling	378,593	379,747	431,886	422,116	420,778
Research and development	131,012	139,385	155,012	162,159	156,021
General and administrative	131,446	118,940	114,381	109,260	115,616
Impairment of goodwill and other assets[1]	122,734	—	216,688	—	—
Restructuring charges (credits), net[2]	(4,888)	13,811	43,704	—	—
Total operating expenses	758,897	651,883	961,671	693,535	692,415
Operating income (loss)	15,300	75,986	(252,037)	113,998	118,230
Interest income (expense), net	1,225	(397)	907	2,674	2,316
Other income (expense), net	(2,752)	1,993	(2,198)	7,655	4,578
Income (loss) before income taxes	13,773	77,582	(253,328)	124,327	125,124
Provision for (benefit from) income taxes	4,490	3,278	(25,810)	20,090	19,973
Net income (loss)	9,283	74,304	(227,518)	104,237	105,151
Net income (loss) per share:					
Basic	$ 0.06	$ 0.46	$ (1.44)	$ 0.60	$ 0.59
Diluted	$ 0.06	$ 0.46	$ (1.44)	$ 0.59	$ 0.59
Shares used to compute net income (loss) per share:					
Basic	163,536	160,619	158,468	174,648	176,928
Diluted	166,174	162,526	158,468	175,591	178,790
Cash dividend per share	$ 0.27	$ 0.22	$ 0.85	$ —	$ —
Net cash provided by operating activities	$ 178,632	$ 205,421	$ 122,389	$ 202,534	$ 165,122
Net cash used in investing activities	$ (48,289)	$ (46,803)	$ (57,723)	$ (57,602)	$ (48,241)

	March 31,				
	2015	2014	2013	2012	2011
Consolidated balance sheet data					
Cash and cash equivalents	$ 537,038	$ 469,412	$ 333,824	$ 478,370	$ 477,931
Total assets	$1,426,680	$1,451,390	$1,382,333	$1,858,009	$1,852,899
Total shareholders' equity	$ 758,134	$ 804,128	$ 721,953	$1,131,791	$1,157,874

(1) Impairment of goodwill and other assets during fiscal year 2015 was attributable to a goodwill impairment charge related to our video conferencing reporting unit. Impairment of goodwill and other assets during fiscal year 2013 was primarily attributable to a $214.5 million goodwill impairment charge related to our video conferencing reporting unit.
(2) The $4.9 million in restructuring credits during fiscal year 2015 were related to restructuring plans we implemented in fiscal year 2014. The $13.8 million and $43.7 million in restructuring costs during fiscal years 2014 and 2013 were related to restructuring plans we implemented in fiscal years 2014 and 2013.

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, we face exposure to adverse movements in currency exchange rates and interest rates. These exposures may change over time as business practices evolve and could have a material adverse impact on our financial results.

Currency Exchange Rates

We report our results in U.S. Dollars. Changes in currency exchange rates compared to the U.S. Dollar can have a material impact on our results when the financial statements of our non-U.S. subsidiaries are translated into U.S. Dollars. The functional currency of our operations is primarily the U.S. Dollar. Certain operations use the Swiss Franc, or the local currency of the country as their functional currencies. Accordingly, unrealized currency gains or losses resulting from the translation of net assets or liabilities denominated in other currencies to the U.S. Dollar are accumulated in the cumulative translation adjustment component of other comprehensive income (loss) in shareholders' equity.

We are exposed to currency exchange rate risk as we transact business in multiple currencies, including exposure related to anticipated sales, anticipated purchases and assets and liabilities denominated in currencies other than the U.S. Dollar. We transact business in over 30 currencies worldwide, of which the most significant to operations are the Euro, Chinese Renminbi, Australian Dollar, Taiwanese Dollar, British Pound, Canadian Dollar, Japanese Yen and Mexican Peso. For example, for the year ended March 31, 2015, approximately 44% of our sales were in non-U.S. denominated currencies, with 23% of our sales denominated in Euro. The mix of our cost of goods sold and operating expenses by currency are significantly different from the mix of our sales, with a larger portion denominated in U.S. Dollar and less denominated in Euro and other currencies. As a result, a strengthening U.S. Dollar has an adverse impact on our operating results. The average exchange rate for the U.S. Dollar for the year ended March 31, 2015 strengthened significantly against most of the currencies for the same period in the prior fiscal year, which adversely impacted our actual results for the year ended March 31, 2015 including our net sales, net income, cash flows from operations and our growth rates year over year. If the U.S. Dollar remains at its current strong levels in comparison to other currencies, this will affect our results of operations in future periods as well. The table below provides information about our underlying transactions that are sensitive to currency exchange rate changes, primarily assets and liabilities denominated in currencies other than the base currency, where the net exposure is greater than $0.5 million as of March 31, 2015. The table also presents the U.S. Dollar impact on earnings of a 10% appreciation and a 10% depreciation of the base currency as compared with the transaction currency (in thousands):

Currency		March 31, 2015		
		Net Exposed Long (Short) Currency	Currency Exchange Gain (Loss) from 10% Change in Base Currency	
Base Currency	Transaction Currency	Position	Appreciation	Depreciation
U.S. Dollar	Mexican Peso	$ 11,684	$(1,062)	$ 1,298
U.S. Dollar	Japanese Yen	7,244	(659)	805
U.S. Dollar	Australian Dollar	8,852	(805)	984
U.S. Dollar	Canadian Dollar	7,376	(671)	820
U.S. Dollar	Indian Rupee	1,896	(172)	211
U.S. Dollar	Singapore Dollar	(6,483)	589	(720)
U.S. Dollar	Chinese Renminbi	(7,086)	644	(787)
U.S. Dollar	Taiwanese Dollar	(16,846)	1,531	(1,872)
Euro	British Pound	4,609	(419)	512
Euro	Turkish Lira	859	(78)	95
Euro	Norwegian Krone	(510)	46	(57)
Euro	Swedish Krona	(928)	84	(103)
		$ 10,667	$ (972)	$ 1,186

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.

Our principal manufacturing operations are located in China, with much of our component and raw material costs transacted in CNY. As of March 31, 2015, net liabilities held in Chinese Renminbi (CNY) totaled $7.1 million.

Derivatives

We enter into foreign exchange forward contracts to hedge against exposure to changes in currency exchange rates related to its subsidiaries' forecasted inventory purchases. We have one entity with a Euro functional currency that purchases inventory in U.S. Dollars. The primary risk managed by using derivative instruments is the currency exchange rate risk. We have designated these derivatives as cash flow hedges. These hedging contracts mature within four 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. We assess 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 currency exposure of forecasted inventory purchases, we immediately recognize the gain or loss on the associated financial instrument in other income (expense), net. Such gains and losses were not material during fiscal years 2015, 2014 and 2013. Cash flows from such hedges are classified as operating activities in the Consolidated Statements of Cash Flows. As of March 31, 2015 and 2014, the notional amounts of foreign exchange forward contracts outstanding related to forecasted inventory purchases were $43.5 million and $51.8 million, respectively. Deferred realized gains of $1.9 million are recorded in accumulated other comprehensive loss as of March 31, 2015, and are expected to be reclassified to cost of goods sold when the related inventory is sold. Deferred unrealized gains of $2.1 million related to open cash flow hedges are also recorded in accumulated other comprehensive loss as of March 31, 2015 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.

We also enter into foreign exchange forward and swap contracts to reduce the short-term effects of currency fluctuations on certain currency receivables or payables. These forward contracts generally mature within one month. The primary risk managed by using forward and swap contracts is the currency exchange rate risk. The gains or losses on these foreign exchange contracts are recognized in earnings based on the changes in fair value. Cash flows from these contracts are classified as operating activities in the consolidated statements of cash flows.

The notional amounts of foreign exchange forward and swap contracts outstanding as of March 31, 2015 and 2014 relating to foreign currency receivables or payables were $61.7 million and $53.7 million, respectively. Open forward and swap contracts as of March 31, 2015 and 2014 consisted of contracts in Taiwanese Dollars, Australian Dollars, Mexican Pesos, Japanese Yen and British Pounds to be settled at future dates at pre-determined exchange rates.

Interest Rates

Changes in interest rates could impact our future interest income on our cash equivalents and investment securities. We prepared a sensitivity analysis of our interest rate exposures to assess the impact of hypothetical changes in interest rates. Based on the results of this analysis, a 100 basis point decrease or increase in interest rates from the March 31, 2015 and March 31, 2014 period end rates would not have a material effect on our results of operations or cash flows.

LOGITECH INTERNATIONAL S.A.

SUPPLEMENTARY DATA

QUARTERLY FINANCIAL DATA
(unaudited)

The following table contains selected unaudited quarterly financial data for fiscal years 2015 and 2014 (in thousands, except per share amounts):

	Year ended March 31, 2015				Year ended March 31, 2014			
	Q1	Q2	Q3	Q4(3)	Q1	Q2(1)	Q3	Q4(2)
Net sales	$482,203	$530,311	$634,204	$ 467,229	$478,530	$531,143	$628,719	$490,321
Cost of goods sold	300,450	325,533	402,921	310,846	309,268	348,181	414,418	328,977
Gross profit	181,753	204,778	231,283	156,383	169,262	182,962	214,301	161,344
Operating expenses:								
Marketing and selling	91,045	95,862	103,307	88,379	101,093	93,451	94,273	90,930
Research and development	31,316	32,325	33,616	33,755	36,527	37,485	34,577	30,796
General and administrative	36,680	34,470	29,808	30,488	29,077	29,172	31,998	28,693
Impairment of goodwill and other assets	—	—	—	122,734	—	—	—	—
Restructuring charges (credits), net	—	—	(146)	(4,742)	2,334	5,465	822	5,190
Total operating expenses	159,041	162,657	166,585	270,614	169,031	165,573	161,670	155,609
Operating income (loss)	22,712	42,121	64,698	(114,231)	231	17,389	52,631	5,735
Interest income (expense), net	258	355	224	388	(23)	183	(1,022)	465
Other income (expense), net	(198)	(885)	(3,016)	1,347	217	62	1,082	632
Income (loss) before income taxes	22,772	41,591	61,906	(112,496)	425	17,634	52,691	6,832
Provision for (benefit from) income taxes	3,096	5,501	(878)	(3,229)	(801)	3,058	4,807	(3,786)
Net income (loss)	$ 19,676	$ 36,090	$ 62,784	$(109,267)	$ 1,226	$ 14,576	$ 47,884	$ 10,618
Net income (loss) per share:								
Basic	$ 0.12	$ 0.22	$ 0.38	$ (0.66)	$ 0.01	$ 0.09	$ 0.30	$ 0.07
Diluted	$ 0.12	$ 0.22	$ 0.38	$ (0.66)	$ 0.01	$ 0.09	$ 0.29	$ 0.06
Shares used to compute net income (loss) per share :								
Basic	163,012	163,230	163,533	164,319	159,298	159,969	160,871	162,255
Diluted	165,833	166,065	166,321	164,319	160,281	161,183	163,388	165,766

(1) During the quarter ended September 30, 2013, the Company implemented a restructuring plan solely affecting the video conferencing operating segment to align its organization to its strategic priorities of increasing focus on a tighter range of products, expanding Cloud-based video conferencing services and improving profitability.

(2) The Company incurred $5.4 million of restructuring charges related to lease exit costs which pertains to the consolidation our Silicon Valley campus from two buildings down to one during the quarter ended March 31, 2014.

(3) The impairment of goodwill and other assets during the fourth quarter of fiscal year 2015 was attributable to goodwill impairment charge related to our video conferencing reporting unit. The Company recognized $4.7 million restructuring credits as result of partial termination of its lease agreement for Silicon Valley campus, which was previously vacated and under a restructuring plan during fiscal 2014.

REPORT ON CORPORATE GOVERNANCE 2015

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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 Invitation, Proxy Statement and Annual Report for the 2015 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 the digital experiences they care about. 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, and audio and video communication over the Internet 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 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, 2015, our market capitalization, based on outstanding shares of 164,481,799, net of treasury shares, amounted to approximately $2.2 billion (CHF 2.1 billion). Refer to section 1.2 below for information on Logitech International S.A.'s holdings in its shares as of March 31, 2015.

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., and Logitech Technology (Suzhou) Co., Ltd. For a list of Logitech subsidiaries, refer to the table on pages 59 and 60. None of Logitech International S.A.'s subsidiaries have securities listed on a stock exchange as of March 31, 2015.

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 for further information on Logitech's operational group structure.

1.2 Significant Shareholders

Greater than 3% Shareholders as of March 31, 2015

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, 2015. The number of voting rights of the Company as of March 31, 2015 is equal to the number of shares issued, 173,106,620 shares.

Information on the share ownership of the Company by directors, executive officers and greater than 5% shareholders as of June 30, 2015, based on the number of the Company's shares outstanding (which is equal to the shares issued less the shares held in the Company's treasury) is set out in the Company's Invitation, Proxy Statement and Annual Report for the 2015 Annual General Meeting, available at http://ir.logitech.com, under the heading "Security Ownership of Certain Beneficial Owners and Management as of June 30, 2015".

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, 2015 were as follows:

Name	Number of Shares(1)	Percentage of Voting Rights(2)	Relevant Date
Credit Suisse AG(3)	11,228,056	6.5%	February 12, 2015
Daniel Borel(4)	9,614,038	5.6%	March 31, 2015
JPMorgan Chase & Co.(5)	7,638,433	4.4%	February 6, 2015
Marathon Asset Management LLP(6)	5,358,296	3.1%	April 5, 2013
Macquarie Group Limited(7)	5,243,857	3.0%	December 13, 2013
UBS Fund Management (Switzerland) AG(8)	5,239,853	3.0%	September 29, 2014
Credit Suisse Funds AG(9)	5,213,350	3.0%	March 25, 2015

(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 173,106,620 voting rights as of March 31, 2015.

(3) The number of shares held by Credit Suisse AG through its indirect subsidiaries is based on a Schedule 13G filed with the U.S. Securities and Exchange Commission on February 19, 2015.

(4) 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, and (b) 6,500 shares held by Mr. Borel's spouse. Mr. Borel has not entered into any written shareholders' agreements.

(5) The number of shares held by JPMorgan Chase & Co. through its indirect subsidiaries is based on a notification filed with the SIX Exchange Regulation on February 19, 2015.

(6) The number of shares held by Marathon Asset Management LLP is based on a notification filed with the SIX Exchange Regulation on April 11, 2013.

(7) The number of shares held by Macquarie Group Limited through its indirect subsidiaries is based on a notification filed with the SIX Exchange Regulation on December 28, 2013.

(8) The number of shares held by UBS Fund Management (Switzerland) AG is based on a notification filed with the SIX Exchange Regulation on October 7, 2014.

(9) The number of shares held by Credit Suisse Funds AG is based on a notification filed with the SIX Exchange Regulation on April 2, 2015.

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*.

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, 2015, Logitech International S.A.'s nominal share capital was CHF 43,276,655, consisting of 173,106,620 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, 2015, 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 4 – 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, 2015, 2014 and 2013, 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,		
	2015	2014	2013
Share capital	CHF 43,277	CHF 43,277	CHF 43,277
Legal reserves:			
General reserve			
- Reserve for capital contributions	1,265	1,265	1,264
- Other general reserves	9,580	9,580	9,580
Reserve for treasury shares			
- Reserve for treasury shares from capital contributions	—	—	—
- Other general reserves for treasury shares	75,299	104,807	172,392
Total legal reserves	86,144	115,652	183,236
Unappropriated retained earnings	451,445	458,537	354,602
Total shareholders' equity	CHF 580,866	CHF 617,466	CHF 581,115

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

	As of March 31,		
	2015	2014	2013
Authorized share capital	CHF —	CHF —	CHF —
First conditional share capital	CHF 6,250	CHF 6,250	CHF 6,250
Second conditional share capital	CHF 6,250	CHF 6,250	CHF 6,250

For information on Logitech's shareholders' equity as of March 31, 2015 and 2014, refer to the Swiss Statutory Balance Sheets on page 122 of our Annual Report.

During fiscal years 2015, 2014 and 2013, the Company had the following approved share buyback programs in place (in thousands):

	Approved	
Share Buyback Program	**Shares**	**Amounts**
March 2014	17,311	$250,000
September 2008 - amended[(1)]	28,465	177,030
September 2008[(1)]	8,344	250,000
	54,120	$677,030

(1) Expired in August 2013

Share Repurchases

In March 2014, the Company's Board of Directors approved the 2014 share buyback program, which authorizes the Company to use up to $250.0 million to purchase its own shares. The Company's share buyback program is expected to remain in effect for a period of three years. Shares may be repurchased from time to time on the open market, through block trades or otherwise. Purchases may be started or stopped at any time without prior notice depending on market conditions and other factors.

In September 2008, the Company's Board of Directors approved the September 2008 share buyback program for $250.0 million. In November 2011, an amendment to the September 2008 share buyback program ("September 2008 - amended") was approved by the Company's Board of Directors to enable future purchases of shares for cancellation. In August 2013, the September 2008 share buyback and September 2008 - amended share buyback programs expired.

A summary of the approved share buyback programs are shown in the following table (in thousands, excluding transaction costs).

	Approved		Repurchased	
Share Buyback Program	**Shares**	**Amounts**	**Shares**	**Amounts**
March 2014	17,311	$250,000	115	$ 1,663
September 2008 - amended[(1)]	28,465	177,030	18,500	170,714
September 2008[(1)]	8,344	250,000	7,609	73,134
	54,120	$677,030	26,224	$ 245,511

(1) Expired in August 2013

During fiscal year 2015, 0.1 million shares were repurchased for $1.7 million. There were no share repurchases during fiscal year 2014. During fiscal year 2013, 8.6 million shares were repurchased for $87.8 million and 18.5 million of the repurchased shares were cancelled.

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 173,106,620 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. Until 2013, other than a one-time distribution to shareholders of additional paid-in capital out of its capital contribution reserves in fiscal year 2012, Logitech had 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. In 2013, the Board proposed that, beginning with fiscal year 2013 and subject to approval by the Company's shareholders and statutory auditors each year, Logitech distribute a recurring annual gross dividend. In 2013, Logitech distributed a gross dividend of CHF 0.21 per share. Last year, the Board distributed a gross dividend of CHF 0.2625 per share. On March 10, 2015, the Board approved, subject to approval by the Company's shareholders and other Swiss statutory requirements, a gross dividend of approximately CHF 0.5025 per share (based on an approved gross aggregate dividend of $85,000,000 and the exchange rate and shares outstanding as of March 31, 2015 – see "Proposal 3 – Appropriation of Retained Earnings and Declaration of Dividend" in our Proxy Statement.

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, Computershare, as U.S. 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, including performance-based stock options and premium-priced stock options, and restricted stock units, including performance-based restricted stock units, to its employees and directors. Please refer to our Invitation and Proxy Statement for the 2015 Annual General Meeting, under the heading "Equity Compensation Plan Information" at pages 102 to 103, 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 4 – Employee Benefit Plans – included in our Consolidated Financial Statements.

3. The Board of Directors

For the current members of our Board of Directors, further information regarding the Board of Directors, Board Committees, and the allocation of responsibility between the Board of Directors and executive officers, please see our Invitation and Proxy Statement for the 2015 Annual General Meeting, under the heading "Corporate Governance and Board of Directors Matters" at pages 32 to 48.

3.3 Permitted Activities

Pursuant to Article 17 bis of the Company's Articles of Incorporation, each member of our Board of Directors may assume up to ten mandates in supreme management or supervisory bodies of legal entities outside the Logitech group, of which no more than four may be in listed companies. In addition, each member of our Board of Directors may assume up to ten non-remunerated mandates in the governing bodies of charitable or similar organizations.

The following mandates are not subject to these limitations:

a) mandates in companies controlled by the Company or that control the Company;

b) mandates that a member of our Board of Directors assumes at the request of the Company or of a company controlled by it; and

c) mandates in companies that are not required to be registered in the commercial registry in Switzerland or in an equivalent registry outside of Switzerland.

Mandates for legal entities under common control or at the request of such legal entities are counted as a single mandate for purposes of determining permitted activities.

Each member of our Board of Directors is currently in compliance with the above-mentioned requirements.

3.4 Elections and terms of office

For information regarding the time of first election and term of office of each member of our Board of Directors, please see our Invitation and Proxy Statement for the 2015 Annual General Meeting, under the heading "Corporate Governance and Board of Directors Matters" at pages 32 to 48.

Pursuant to Article 14 of the Company's Articles of Incorporation, the members of the Board of Directors shall be elected individually by the General Meeting for a term of office expiring after completion of the subsequent Annual General Meeting. Each member of our Board of Director shall be indefinitely re-eligible.

The Company's Articles of Incorporation do not differ from the statutory legal provisions with regard to the appointment of the chairman, the members of the compensation committee and the independent proxy.

4. Group Management Team

4.1 Members of the Group Management Team

The members of our Group Management Team are set out below:

Bracken Darrell . . . . 52 Years Old President and Chief Executive Officer U.S. national	*Bracken Darrell* joined Logitech as President in April 2012 and became Chief Executive Officer in January 2013. Prior to joining Logitech, Mr. Darrell served as President of Whirlpool EMEA and Executive Vice President of Whirlpool Corporation, a home appliance manufacturer and marketing company, from January 2009 to March 2012. Previously, Mr. Darrell had been Senior Vice President, Operations of Whirlpool EMEA from May 2008 to January 2009. From 2002 to May 2008, Mr. Darrell was with The Procter & Gamble Company (“P&G”), a consumer brand company, most recently as the President of its Braun GmbH subsidiary. Prior to rejoining P&G in 2002, Mr. Darrell served in various executive and managerial positions with General Electric Company from 1997 to 2002, with P&G from 1991 to 1997, and with PepsiCo Inc. from 1987 to 1989. Mr. Darrell holds a BA degree from Hendrix College and an MBA from Harvard University.
Vincent Pilette . . . . 43 Years Old Chief Financial Officer Belgian national	*Vincent Pilette* joined Logitech in September 2013 as Chief Financial Officer. Prior to joining Logitech, Mr. Pilette served as Chief Financial Officer of Electronics for Imaging, Inc., a digital printing innovation and solutions company, from January 2011 through August 2013. From January 2009 through December 2010, he served as Vice President of Finance for the Enterprise Server, Storage and Networking Group at Hewlett-Packard Company (“HP”). Prior to this role, Mr. Pilette served as Vice President of Finance for the HP Software Group from December 2005 through December 2008. Mr. Pilette held various other finance positions at HP, in the U.S. and Europe, Middle East and Africa, since joining HP in 1997. Mr. Pilette holds an MS in Engineering and Business from Université Catholique de Louvain in Belgium and an MBA from Kellogg School of Management at Northwestern University.

Marcel Stolk . . . .
48 Years Old
Sr. Vice President,
Consumer Computing
Platforms Business Group
Dutch national

Marcel Stolk joined Logitech in March 2011 as Vice President, Sales and Marketing EMEA and Executive Managing Director EMEA, and was appointed Senior Vice President, Consumer Computing Platforms Business Group in January 2013. Previously, Mr. Stolk was the Senior Vice President, Worldwide Sales and Marketing at Logitech, from March 2001 to October 2005, and held a number of positions within the sales and marketing functions at Logitech from 1991 to 2001. Prior to rejoining Logitech in 2011, he was the Chief Executive Officer of SourceTag BV, a software company for unique tagging of cloud based data, from September 2010 to March 2011. Mr. Stolk has also been the founder and Chief Executive Officer of Adoria Investments BV, a private equity company, from October 2005 to July 2010, and he remains the sole owner. Before joining Logitech in 1991, Mr. Stolk held various sales and marketing positions at Aashima Technology BV, a provider of PC components and accessories, in the Netherlands. Mr. Stolk studied at Utrecht University in the Netherlands and has participated in university-level executive courses, including an executive training course at Stanford University.

L. Joseph Sullivan . . . .
62 Years Old
Senior Vice President,
Worldwide Operations
U.S. national

L. Joseph Sullivan joined Logitech in October 2005 as Vice President, Operations Strategy, and was appointed Senior Vice President, Worldwide Operations in April 2006. Prior to joining Logitech, Mr. Sullivan was Vice President of Operational Excellence and Quality for Carrier Corporation, a subsidiary of United Technologies, from 2001 to 2005. Previously, he was with ACCO Brands, Inc. in engineering and manufacturing management roles from 1998 to 2001. Mr. Sullivan holds a BS degree in Marketing Management and an MBA degree in Operations Management from Suffolk University in Massachusetts.

4.2 Involvements outside Logitech of the Members of the Group Management Team

No member of Logitech's Group Management Team currently has supervisory, management, or material advisory functions outside Logitech or holds any official functions or political posts.

4.3 Permitted Activities

Pursuant to Article 18 ter of the Company's Articles of Incorporation, each member of our Group Management Team may assume up to five mandates in supreme management or supervisory bodies of legal entities outside the Logitech group, of which no more than two may be in listed companies. In addition, each member of our Group Management Team may assume up to ten non-remunerated mandates in the governing bodies of charitable or similar organizations.

The following mandates are not subject to these limitations:

a) mandates in companies controlled by the Company or that control the Company;

b) mandates that a member of our Group Management Team assumes at the request of the Company or of a company controlled by it; and

c) mandates in companies that are not required to be registered in the commercial registry in Switzerland or in an equivalent registry outside of Switzerland.

Mandates for legal entities under common control are counted as a single mandate for purposes of determining permitted activities.

Each member of our Group Management Team is currently in compliance with the above-mentioned requirements.

4.4 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 59 to 101 of our Invitation and Proxy Statement for the 2015 Annual General Meeting 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 2015 of the individual members of the Board and of the members of the Group Management Team, in aggregate, and regarding the security ownership of members of the Board of Directors and of members of the Group Management Team as of March 31, 2015, among other disclosures, please refer to the Remuneration Report and Note 9 – Share Ownership of Board Members and Executive Officers – in the Company's Statutory Financial Statements included in our Annual Report.

5.2 Compensation Principles and the Votes on Pay at the General Meeting of Shareholders

Pursuant to Article 19 bis of the Company's Articles of Incorporation, compensation of non-executive members of our Board of Directors consists of cash payments and shares or share equivalents corresponding to a fixed amount and reflecting the functions and responsibilities assumed.

Pursuant to Article 19 bis and ter of the Company's Articles of Incorporation, compensation of members of our Board of Directors who have delegated management responsibilities and of our Group Management Team consists principally of (i) base salary, (ii) performance-based cash compensation in the form of incentive cash payments, and (iii) equity incentive awards. Base salary rewards executives for their individual contribution to the Company and their expected day-to-day services. Performance-based cash compensation takes appropriate account of the achievement of the Company's, individual employees' or other performance goals. The target level of the performance-based cash compensation elements is determined as a percentage of the base salary. Performance-based cash compensation may amount up to a pre-determined multiplier of the target level. Its amount may also reflect an overall assessment of the executive's performance or the Company's objectives. Equity incentive awards provide a direct incentive for future performances and align the interest of the executives with those of the Company's shareholders. Equity incentive awards are governed by performance metrics that take into account strategic or other objectives of the Company or by reference to the duration of the executive's service to the Company or companies controlled by it. The performance metrics and target levels applicable to performance-based cash compensation and equity incentive awards, as well as their achievement, are determined by our Compensation Committee.

Compensation to executives may also be paid or granted in the form of financial instruments or similar units and executives may participate in share purchase plans established by the Company or companies controlled by it, under the terms of which eligible employees may allocate a portion of their compensation to the purchase of shares of the Company at a discount to market price.

Our Compensation Committee decides upon each grant as well as the applicable vesting, blocking, exercise and forfeiture conditions; it may provide for continuation, acceleration or removal of vesting and exercise conditions, for payment or grant of compensation assuming target achievement or for forfeiture in the event of pre-determined events such as termination of employment or office or change of control. Compensation may be paid by the Company or companies controlled by it.

Pursuant to Article 19 quarter of the Company's Articles of Incorporation, upon proposal of the Board of Directors, the General Meeting approves the maximum aggregate amount of the compensation of (i) the Board of Directors, for the period up to the next Annual General Meeting, and (2) the Group Management Team, for the next business year. The Board of Directors may submit to the General Meeting for approval proposals in respect of maximum aggregate amounts and/or individual compensation components for other time periods and/or propose the payment of additional amounts for special or extraordinary services of some or all of the members of the Board of Directors or of the Group Management Team. If the General Meeting rejects a proposal submitted by the Board of Directors, the Board of Directors will submit an alternative proposal to the same or a subsequent General Meeting. The Company or companies controlled by it may grant or pay compensation subject to subsequent ratification at a General Meeting and claw-back by the Company in case of rejection by the General Meeting.

Pursuant to Article 19 quinquies of the Company's Articles of Incorporation, if the maximum aggregate amount of compensation already approved by the General Meeting is not sufficient to also cover the compensation of one or more persons who become members of the Group Management Team during a compensation period for which the General Meeting has already approved the compensation of the Group Management Team (new hire), the Company or companies controlled by it are authorized to pay an additional amount with respect to the compensation period already approved. Such additional amount may not exceed: for the head of the Management Team (CEO), 140% of the total annual compensation of the former CEO; and for any new hire other than the CEO, 140% of the highest total annual compensation of any member of the Management Team other than the CEO.

Pursuant to Article 19 sexies of the Company's Articles of Incorporation, members of the Board of Directors and of the Group Management Team may not receive credits or loans from the Company or from a company controlled by it. Compensation paid to members of the Board of Directors or of the Group Management Team for activities in companies that are controlled by the Company is permitted, and this compensation will be included in the total compensation payable to the Board of Directors or to the Group Management Team, as applicable, which is subject to the approval of the General Meeting. Pension contributions and benefits will be made or provided in accordance with the regulations applicable to the pension schemes in which the Company or the companies controlled by it participate in Switzerland or abroad.

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.

The Company's Articles of Incorporation contain no rules on giving instructions to the independent proxy and no provisions on electronic participation in the general meeting.

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 331/3% 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 2015 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., EPFL – Quartier de l'Innovation, Daniel Borel Innovation Center 1015 Lausanne, Switzerland, or c/o Logitech Inc., 7700 Gateway Boulevard, Newark, CA 94560, 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, Computershare, 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 331/3% 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 on pages 59 to 101 of our Invitation and Proxy Statement for the 2015 Annual General Meeting 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 auditors each year at the Annual General Meeting. Re-election is permitted.

The Company's auditors are currently KPMG AG, Badenerstrasse 172, CH-8026, Zürich, Switzerland. KPMG assumed its first audit mandate for Logitech in 2014. The responsible principal audit partner as of March 31, 2015 is, and since fiscal year 2015 has been, Rolf Hauenstein. For purposes of U.S. securities law reporting, KPMG LLP, Santa Clara, California, serves as the Company's independent registered public accounting firm.

Please refer to the Corporate Governance and Board of Directors Matters section of Logitech's Invitation, Proxy Statement and Annual Report for the 2015 Annual General Meeting, under the headings "Independent Auditors" and "Report of the Audit Committee," for further information regarding the audit and non-audit fees paid by Logitech to KPMG during fiscal year 2015, pre-approval policies for non-audit work by KPMG, and the supervisory and control instruments of the Board of Directors, including the Audit Committee of the Board, over the work and activities of KPMG.

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:

Q2 FY'16 Earnings Release and Conference Call	October 22, 2015
Q3 FY'16 Earnings Release and Conference Call	January 21, 2016
Q4 FY'16 Earnings Release and Conference Call	April 28, 2016

The Company's 2015 Annual General Meeting is to be held September 9, 2015 at the SwissTech Center, EPFL 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 Invitation, Proxy Statement and Annual Report, 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 Remuneration Report, 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, or SEC, including reports on Forms 10-K, 10-Q and 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*.

For no charge, a copy of our annual reports and filings made with the SEC are available on our website and can be requested by contacting our Investor Relations department: Logitech Investor Relations, 7700 Gateway Boulevard, Newark, CA 94560 USA, Main 510-795-8500, e-mail: *LogitechIR@logitech.com*.

LOGITECH INTERNATIONAL S.A.
Consolidated Subsidiaries

Name of Subsidiary	Jurisdiction of Incorporation	Group Holding %	Share Capital	
EUROPE				
Labtec Europe S.A.	Switzerland	100	CHF	150,000
Logitech U.K. Limited	United Kingdom	100	GBP	20,000
Logitech (Jersey) Limited	Jersey, Channel Islands	100	USD	188
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 Mirial Srl	Republic of Italy	100	EUR	100,000
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 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
Logitech Upicto GmbH	Switzerland	100	CHF	20,000
Limited Liability Company “Logitech”	Russia	100	RUB	20,000
Logi Peripherals Technologies (South Africa) (Proprietary) Limited	South Africa	100	ZAR	1,000
Logitech Norway AS	Norway	100	NOK	100,000
AMERICAS				
Logitech Argentina S.R.L.	Argentina	100	ARS	10,000
Dexxa Accessorios De Informatica Do Brasil Ltda.	Brazil	100	BRL	10,000
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	1
WiLife, Inc.	United States of America	100	USD	10
Logitech Servicios Latinoamérica, S.A. de C.V.	Mexico	100	MXN	50,000
Ultimate Ears Incorporated	United States of America	100	USD	10
SightSpeed, Inc.	United States of America	100	USD	1
LifeSize Communications, Inc.	United States of America	100	USD	1
Lifesize, 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)

Name of Subsidiary	Jurisdiction of Incorporation	Group Holding %	Share Capital	
ASIA PACIFIC				
LogiCool Co., Ltd.	Japan	100	JPY	155,000,000
Logitech Electronic (India) Private Limited.	India	100	INR	107,760
Logitech Far East, Ltd.	Taiwan, Republic of China	100	TWD	480,000,000
Logitech Hong Kong Limited	Hong Kong	100	USD	1,282
Logitech Korea Ltd.	Korea	100	KRW	150,144,225
Logitech New Zealand Co., Ltd	New Zealand	100	NZD	10,000
Logitech Service Asia Pacific Pte. Ltd.	Republic of Singapore	100	USD	1
Logitech Singapore Pte. Ltd.	Republic of Singapore	100	SGD	500
Logitech Technology (Suzhou) Co., Ltd	People's Republic of China	100	USD	22,000,000
Logitech (China) Technology Co., Ltd.	People's Republic of China	100	USD	7,800,000
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
Logi Computer Peripherals (Malaysia) Sdn. Bhd	Malaysia	100	MYR	2

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

REMUNERATION REPORT 2015

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Report of the Statutory Auditor to the General Meeting of Shareholders of

Logitech International S.A., Apples

We have audited the accompanying remuneration report dated June 5, 2015 of Logitech International S.A. for the year ended March 31, 2015. The audit was limited to the information according to articles 14-16 of the Ordinance Against Excessive Compensation in Stock Exchange Listed Companies contained in sections 2.2, 3.2 and 4.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance Against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report for the year ended March 31, 2015 of Logitech International S.A. complies with Swiss law and articles 14 – 16 of the Ordinance.

Other Matter

The corresponding figures stated in the remuneration report of Logitech International S.A. for the year ended March 31, 2015 were formerly included in the consolidated financial statements of Logitech International S.A. for the year ended March 31, 2014. These financial statements were audited by another auditor who expressed an unmodified opinion on those statements on November 17, 2014.

KPMG AG

Rolf Hauenstein
Licensed Audit Expert
Auditor in Charge

Christopher G. Meredith
Manager

Zurich, June 5, 2015

logitech

LOGITECH INTERNATIONAL S.A.
Remuneration Report

1. Introduction

In accordance with the Ordinance against Excessive Remuneration in Swiss Listed Companies (the "Ordinance"), the compensation of members of the Board of Directors of Logitech International S.A. and of Logitech's Group Management Team is presented below. Certain sections of this report are audited as required by the Ordinance. This Remuneration Report should be read in conjunction with the Compensation Discussion and Analysis and the description of the Compensation of Directors included in our Proxy Statement. The Compensation Discussion and Analysis is intended to assist our stockholders in understanding our executive compensation programs by providing an overview of our executive compensation-related policies, practices and decisions for fiscal year 2015. The description of our Compensation of Directors includes additional information describing the elements of compensation for the non-employee members of our Board of Directors.

2. Compensation of Board of Directors

2.1. Overview

It is our general policy that compensation for non-employee directors is fixed and should be a mix of cash and equity-based compensation. For fiscal year 2015, cash compensation of non-employee directors consists solely of annual retainers based on Board and committee service and payment for travel days in connection with Board meetings. Non-employee directors also receive an annual restricted stock unit ("RSU") grant based on a fixed market value. These grants vest based on approximately one year of Board service.

The following tables set forth compensation Logitech paid or accrued for payment to the individual members of the Board of Directors for services performed in the fiscal years ended March 31, 2015 and 2014:

2.2. Compensation of Board of Directors in Fiscal Years 2015 and 2014

Fiscal Year 2015

(in CHF)[1]	Base Salary[2]	Addt'l Fees[3]	Bonus[4]	Stock Awards[5]	Other Compensation[6]	Total
Daniel Borel	65,000	—	—	149,490	28,569	243,059
Matthew Bousquette	151,667	103,500	—	141,273	59,711	456,151
Kee-Lock Chua	103,000	56,000	—	141,273	45,490	345,763
Sally Davis	136,667	64,750	—	149,490	48,554	399,461
Guerrino De Luca[7]	463,646	—	523,920	396,315	71,243	1,455,124
Didier Hirsch	110,000	106,000	—	141,273	60,877	418,150
Neil Hunt	97,917	28,500	—	141,273	38,281	305,971
Dimitri Panayotopoulos[8]	45,000	—	—	149,490	—	194,490
Monika Ribar	97,917	56,000	—	149,490	43,159	346,566
Total Board Members[9]	**1,270,814**	**414,750**	**523,920**	**1,559,367**	**395,884**	**4,164,735**

Fiscal Year 2014

(in CHF)[10]	Base Salary[2]	Bonus[4]	Stock Awards[5]	Other Compensation[6]	Total
Daniel Borel	67,513	—	137,003	17,193	221,709
Matthew Bousquette	141,949	—	134,976	24,512	301,437
Erh-Hsun Chang[11]	37,651	—	—	19,018	56,669
Kee-Lock Chua	108,279	—	134,976	22,436	265,691
Sally Davis	107,847	—	137,003	20,612	265,462
Guerrino De Luca[7]	459,053	950,238	2,464,378	34,009	3,907,678
Didier Hirsch	108,626	—	134,976	16,846	260,448
Neil Hunt	88,286	—	134,976	20,841	244,103
Monika Ribar	99,971		137,003	21,466	258,440
Total Board Members[9]	**1,219,175**	**950,238**	**3,415,291**	**196,933**	**5,781,637**

1) Fiscal year 2015 U.S. Dollar amounts converted to Swiss Francs using the 12 month average (April 2014 to March 2015) exchange rate of 1CHF = US$1.0784.
2) Base salary for non-employee members of the Board of Directors includes annual Board and committee retainers and travel fees.
3) In connection with the Audit Committee's investigation during fiscal year 2015 of accounting issues from prior years, the Audit Committee and the independent members of the Board met or held conference calls on a frequent basis in addition to their regular meetings. Additional fees were awarded in recognition of the additional Audit Committee and Board meetings and calls and other additional work related to the Audit Committee investigation.
4) Bonus includes amounts earned under the Logitech Management Performance Bonus Plan or other cash bonuses approved by the Compensation Committee. For fiscal year 2014, amount includes discretionary bonus of $460,000 (CHF 422,328) received by Mr. De Luca in September 2013 in recognition for his service as Logitech's acting Chief Executive Officer from July 2011 through January 2013.
5) Amounts shown reflect the grant date fair value of the annual stock award. The key assumptions and methodology for valuation of stock awards are presented in Note 4 to Logitech's consolidated financial statements.
6) Other compensation for Mr. De Luca includes term life insurance premiums, long-term disability insurance premiums, employer's contribution to medical premiums, matching contributions made by the Company to the Logitech Inc. 401(k) plan and employer's contribution to social security and Medicare. Other compensation for the non-employee members of the Board includes payments made by Logitech for and related to the individual's and employer's contributions to social security.
7) Guerrino De Luca, Logitech's Chairman, is an executive member of the Board of Directors and his compensation is structured similarly to the members of the Group Management Team. He does not also receive the retainers, equity awards or travel day payments used to compensate the non-employee members of the Board.
8) Dimitri Panayotopoulos was first elected as a director at the Annual General Meeting in December 2014.
9) Total Board Members does not include the compensation of Bracken Darrell, Logitech's President and Chief Executive Officer, who is also a member of the Board. Mr. Darrell's compensation is included as part of Total Group Management Team.
10) Fiscal year 2014 U.S. Dollar amounts converted to Swiss Francs using the 12 month average (April 2013 to March 2014) exchange rate of 1CHF = US$1.0892.
11) Mr. Erh-Hsun Chang did not stand for re-election as a director at the Annual General Meeting in September 2013.

3. Compensation of members of the Group Management Team

3.1. Overview

The Compensation Committee believes the design of our executive compensation programs – including the balance among fixed compensation (base salary), short-term incentives (our annual incentive bonus program) and long-term incentives (equity) – has and will continue to meet our goal of providing our executives with market-competitive base salaries, compensation packages that provide for above market rewards when Logitech outperforms our internal goals or the overall market, and limited rewards when Logitech's performance does not meet these objectives. Overall, our Compensation Committee has developed executive compensation programs that it believes will provide an incentive to drive the Company's performance that will reward our shareholders and, as a result of these programs, will reward the executives who help to deliver improved results.

The following tables set forth the highest compensation paid to a member of the Group Management Team and the total amount of compensation paid to members of the Group Management Team for services performed in the fiscal years ended March 31, 2015 and 2014:

3.2. Compensation of Group Management Team in Fiscal Years 2015 and 2014

Fiscal Year 2015

(in CHF)(1)	Base Salary	Bonus(2)	Stock Awards(3)	Other Compensation(4)	Total
Highest Paid Executive					
Bracken P. Darrell,					
President and CEO	765,016	1,080,586	4,088,056	86,750	6,020,408
Total Group Management Team	**2,148,590**	**2,762,592**	**7,848,716**	**458,166**	**13,218,064**

Fiscal Year 2014

(in CHF)(5)	Base Salary	Bonus(2)	Stock Awards(3)	Other Compensation(4)	Total
Highest Paid Executive					
Vincent Pilette,					
Chief Financial Officer	263,072	470,070	4,652,543	76,037	5,461,722
Total Group Management Team(6)	**1,859,818**	**2,157,631**	**9,346,603**	**379,952**	**13,744,004**

1) Fiscal year 2015 U.S. Dollar amounts converted to Swiss Francs using the 12 month average (April 2014 to March 2015) exchange rate of 1CHF = US$1.0784.
2) Bonus reflects amounts earned under the Logitech Management Performance Bonus Plan or other cash bonuses approved by the Compensation Committee.
3) Amounts shown reflect the grant date fair value, by fiscal year, of stock awards granted in such fiscal year. The key assumptions and methodology for valuation of stock awards are presented in Note 4 to Logitech's consolidated financial statements.
4) Other compensation includes term life insurance premiums, long-term disability insurance premiums, employer's contribution to medical premiums, tax preparation services (and associated tax gross-up), relocation expenses, travel costs in lieu of relocation, matching contributions made by the Company to the Logitech Inc. 401(k) plan or the Logitech Employee Pension Fund, and employer's contribution to social security and Medicare.
5) Fiscal year 2014 U.S. Dollar amounts converted to Swiss Francs using the 12 month average (April 2013 to March 2014) exchange rate of 1CHF = US$1.0892.
6) Includes compensation paid to Mr. Eric Bardman who departed the Company on April 26, 2013.

4. Loans, credits and other payments

There were no loans and credits made or outstanding at any time during fiscal years 2015 and 2014 to any current or former members of the Board of Directors or Group Management Team. In addition, no compensation was paid or loans made during fiscal years 2015 and 2014 to parties closely related to members of the Board of Directors or Group Management Team.

No additional fees or compensation have been paid during fiscal years 2015 and 2014 to any current or former members of the Board of Directors or Group Management Team other than as noted above.

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LOGITECH INTERNATIONAL S.A.

CONSOLIDATED FINANCIAL STATEMENTS

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Report of the Statutory Auditor to the General Meeting of Shareholders of

Logitech International S.A., Apples

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Logitech International S.A. and subsidiaries (the Company), which comprise the consolidated balance sheet as of March 31, 2015, and the related consolidated statements of operations, comprehensive income (loss), cash flows, and changes in shareholders' equity for the year then ended, and the related notes to the consolidated financial statements.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles 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.

Logitech International S.A., Apples
Report of the Statutory Auditor
on the Consolidated Financial Statements
to the General Meeting of Shareholders

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles and comply with Swiss law.

Other Matter

The consolidated financial statements of Logitech International S.A. as of and for the years ended March 31, 2014 and 2013 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on November 17, 2014 and June 4, 2013, respectively.

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.

KPMG AG

Rolf Hauenstein	Christopher G. Meredith
Licensed Audit Expert	*Manager*
Auditor in Charge	

Zurich, June 5, 2015

LOGITECH INTERNATIONAL S.A.

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Years Ended March 31,		
	2015	2014	2013
Net sales	$2,113,947	$2,128,713	$2,099,277
Cost of goods sold	1,339,750	1,400,844	1,389,643
Gross profit	774,197	727,869	709,634
Operating expenses:			
Marketing and selling	378,593	379,747	431,886
Research and development	131,012	139,385	155,012
General and administrative	131,446	118,940	114,381
Impairment of goodwill and other assets	122,734	—	216,688
Restructuring charges (credits), net	(4,888)	13,811	43,704
Total operating expenses	758,897	651,883	961,671
Operating income (loss)	15,300	75,986	(252,037)
Interest income (expense), net	1,225	(397)	907
Other income (expense), net	(2,752)	1,993	(2,198)
Income (loss) before income taxes	13,773	77,582	(253,328)
Provision for (benefit from) income taxes	4,490	3,278	(25,810)
Net income (loss)	$ 9,283	$ 74,304	$ (227,518)
Net income (loss) per share:			
Basic	$ 0.06	$ 0.46	$ (1.44)
Diluted	$ 0.06	$ 0.46	$ (1.44)
Shares used to compute net income (loss) per share :			
Basic	163,536	160,619	158,468
Diluted	166,174	162,526	158,468
Cash dividends per share	$ 0.27	$ 0.22	$ 0.85

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

LOGITECH INTERNATIONAL S.A.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Years Ended March 31,		
	2015	2014	2013
Net income (loss)	$ 9,283	$74,304	$(227,518)
Other comprehensive income (loss):			
Currency translation gain (loss):			
Currency translation gain (loss), net of taxes	(19,054)	2,119	(6,381)
Reclassification of currency translation loss (gain) included in other income (expense), net	(171)	665	—
Defined benefit plans:			
Net gain (loss) and prior service credits (costs), net of taxes	(12,998)	5,551	3,873
Reclassification of amortization included in operating expenses	322	2,017	3,633
Hedging gain (loss):			
Deferred hedging gain (loss), net of taxes	8,971	(3,497)	(1,190)
Reclassification of hedging loss (gain) included in cost of goods sold	(4,505)	2,472	1,756
Net change in unrealized investment loss:			
Reclassification of investment gain included in other income (expense), net	—	—	(343)
Other comprehensive income (loss)	(27,435)	9,327	1,348
Total comprehensive income (loss)	$(18,152)	$83,631	$(226,170)

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, 2015	March 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 537,038	$ 469,412
Accounts receivable, net	179,823	182,029
Inventories	270,730	222,402
Other current assets	64,429	59,157
Total current assets	1,052,020	933,000
Non-current assets:		
Property, plant and equipment, net	91,593	88,391
Goodwill	218,213	345,010
Other intangible assets	1,866	10,529
Other assets	62,988	74,460
Total assets	$1,426,680	$1,451,390
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 299,995	$ 242,815
Accrued and other current liabilities	194,912	211,972
Total current liabilities	494,907	454,787
Non-current liabilities:		
Income taxes payable	72,107	93,126
Other non-current liabilities	101,532	99,349
Total liabilities	668,546	647,262
Commitments and contingencies (Note 11)		
Shareholders' equity:		
Registered shares, CHF 0.25 par value:	30,148	30,148
Issued and authorized shares—173,106 at March 31, 2015 and 2014		
Conditionally authorized shares—50,000 at March 31, 2015 and 2014		
Additional paid-in capital	—	—
Less shares in treasury, at cost—8,625 at March 31, 2015 and 10,206 at March 31, 2014	(88,951)	(116,510)
Retained earnings	930,174	976,292
Accumulated other comprehensive loss	(113,237)	(85,802)
Total shareholders' equity	758,134	804,128
Total liabilities and shareholders' equity	$1,426,680	$1,451,390

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

LOGITECH INTERNATIONAL S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Years Ended March 31, 2015	2014	2013
Cash flows from operating activities:			
Net income (loss)	$ 9,283	$ 74,304	$ (227,518)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation	41,304	48,967	51,766
Amortization of other intangible assets	8,361	17,771	23,571
Share-based compensation expense	25,825	25,546	25,198
Impairment of goodwill and other assets	122,734	—	216,688
Impairment of investments	2,298	624	3,600
Loss (gain) on disposal of property, plant and equipment	(44)	4,411	2,007
Gain on sale of securities	—	—	(831)
Excess tax benefits from share-based compensation	(2,831)	(2,246)	(26)
Deferred income taxes and other	2,240	(4,828)	(3,209)
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	(8,018)	(219)	45,273
Inventories	(60,510)	49,471	23,109
Other assets	(4,284)	(1,388)	5,381
Accounts payable	60,413	(21,322)	(33,406)
Accrued and other liabilities	(18,139)	14,330	(9,214)
Net cash provided by operating activities	178,632	205,421	122,389
Cash flows from investing activities:			
Purchases of property, plant and equipment	(45,253)	(46,658)	(54,487)
Investment in privately held companies	(2,550)	(300)	(4,420)
Acquisitions, net of cash acquired	(926)	(650)	—
Proceeds from sales of available-for-sale securities	—	—	917
Proceeds from return of investment from strategic investments	—	261	—
Purchase of trading investments	(5,034)	(8,450)	(4,196)
Proceeds from sales of trading investments	5,474	8,994	4,463
Net cash used in investing activities	(48,289)	(46,803)	(57,723)
Cash flows from financing activities:			
Payment of cash dividends	(43,767)	(36,123)	(133,462)
Purchases of treasury shares	(1,663)	—	(87,812)
Contingent consideration related to prior acquisition	(100)	—	—
Repurchase of ESPP awards	(1,078)	—	—
Proceeds from sales of shares upon exercise of options and purchase rights	4,138	16,914	15,982
Tax withholdings related to net share settlements of restricted stock units	(9,215)	(5,718)	(2,375)
Excess tax benefits from share-based compensation	2,831	2,246	26
Net cash used in financing activities	(48,854)	(22,681)	(207,641)
Effect of exchange rate changes on cash and cash equivalents	(13,863)	(349)	(1,571)
Net increase (decrease) in cash and cash equivalents	67,626	135,588	(144,546)
Cash and cash equivalents at beginning of period	469,412	333,824	478,370
Cash and cash equivalents at end of period	$ 537,038	$ 469,412	$ 333,824
Non-cash investing activities:			
Property, plant and equipment purchased during the period and included in period end liability accounts	$ 5,242	$ 5,204	$ 4,828
Supplemental cash flow information:			
Interest paid	$ —	$ 1,080	$ 1,293
Income taxes paid, net	$ 10,838	$ 9,189	$ 14,108

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, 2012	191,606	$ 33,370	$ —	27,173	$ (343,829)	$ 1,538,727	$ (96,477)	$ 1,131,791
Total comprehensive income (loss) . . .	—	—	—	—	—	(227,518)	1,348	(226,170)
Purchase of treasury shares.	—	—	—	8,600	(87,812)	—	—	(87,812)
Tax effects from share-based awards.	—	—	(1,178)	—	—	—	—	(1,178)
Sale of shares upon exercise of options and purchase rights	—	—	(2,326)	(2,604)	61,653	(43,331)	—	15,996
Issuance of shares upon vesting of restricted stock units.	—	—	(21,341)	(814)	19,284	—	—	(2,057)
Share-based compensation expense. . .	—	—	24,845	—	—	—	—	24,845
Cash dividends	—	—	$ —	—	—	(133,462)	—	(133,462)
Cancellation of treasury shares	(18,500)	(3,222)	$ —	(18,500)	170,714	(167,492)	—	—
March 31, 2013	173,106	$ 30,148	$ —	13,855	$ (179,990)	$ 966,924	$ (95,129)	$ 721,953
Total comprehensive income	—	—	—	—	—	74,304	9,327	83,631
Tax effects from share-based awards. . .	—	—	(2,046)	—	—	—	—	(2,046)
Sale of shares upon exercise of options and purchase rights	—	—	339	(2,601)	45,388	(28,813)	—	16,914
Issuance of shares upon vesting of restricted stock units.	—	—	(23,810)	(1,048)	18,092	—	—	(5,718)
Share-based compensation expense. . .	—	—	25,517	—	—	—	—	25,517
Cash dividends	—	—	—	—	—	(36,123)	—	(36,123)
March 31, 2014	173,106	$ 30,148	$ —	10,206	$ (116,510)	$ 976,292	$ (85,802)	$ 804,128
Total comprehensive income (loss) . . .	—	—	—	—	—	9,283	(27,435)	(18,152)
Purchase of treasury shares.	—	—	—	115	(1,663)	—	—	(1,663)
Tax effects from share-based awards. . .	—	—	(2,200)	—	—	—	—	(2,200)
Sale of shares upon exercise of options	—	—	(2,367)	(390)	6,505	—	—	4,138
Issuance of shares upon vesting of restricted stock units.	—	—	(20,298)	(1,306)	22,717	(11,634)	—	(9,215)
Share-based compensation expense. . .	—	—	25,943	—	—	—	—	25,943
Repurchase of ESPP awards	—	—	(1,078)	—	—	—	—	(1,078)
Cash dividends	—	—	—	—	—	(43,767)	—	(43,767)
March 31, 2015	173,106	$ 30,148	$ —	8,625	$ (88,951)	$ 930,174	$ (113,237)	$ 758,134

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

LOGITECH INTERNATIONAL S.A.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1—The Company

Logitech International S.A, together with its consolidated subsidiaries, ("Logitech" or the "Company") develops and markets 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.

The Company has two operating segments, peripherals and video conferencing. Logitech's peripherals segment encompasses the design, manufacturing and marketing of peripherals for personal computers ("PCs"), tablets and other digital platforms. The Company's video conferencing segment offers scalable high-definition, or HD, video communication endpoints, HD video conferencing systems with integrated monitors, video bridges, a Cloud-based video conferencing solution and other infrastructure software and hardware to support large-scale video deployments and services to support these products.

The Company sells its peripherals products to a network of distributors, retailers and original equipment manufacturers ("OEMs"). The Company sells its video conferencing products and services to distributors, value-added resellers, OEMs and, occasionally, direct enterprise customers. The large majority of the Company's net sales have historically been derived from peripherals 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 Americas, Europe, Middle East, Africa ("EMEA") and Asia Pacific. Shares of Logitech International S.A. are listed on both the SIX Swiss Exchange under the trading symbol LOGN and the Nasdaq Global Select Market under the trading symbol LOGI.

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).

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. Examples of significant estimates and assumptions made by management involve the fair value of goodwill, warranty liabilities, accruals for discretionary customer programs, sales return reserves, allowance for doubtful accounts, inventory

Note 2—Summary of Significant Accounting Policies (Continued)

valuation, uncertain tax positions, and valuation allowances for deferred tax assets. 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. Certain operations use the Euro, Chinese Renminbi, Swiss Franc, or other local currencies 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 net sales, income and expenses. Cumulative translation gains and losses are included as a component of shareholders' equity in accumulated other comprehensive income/(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 statements of operations.

Revenue Recognition

Revenues are recognized when all of the following criteria are met:

- Evidence of an arrangement between the Company and the customer exists;
- Delivery has occurred and title and risk of loss has transferred to the customer;
- The price of the product is fixed or determinable; and
- Collectability of the receivable is reasonably assured.

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

The Company's video conferencing segment has multiple deliverable revenue arrangements that include both undelivered software elements and, hardware with software essential to its functionality. The Company uses the following hierarchy 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 (best estimate of selling price), if neither VSOE nor TPE are available. Management judgment must be used to determine the appropriate deliverables and associated relative selling prices. The Company has identified the Lifesize video conferencing products as products sold with software components that qualify as multiple-deliverable revenue arrangements.

Lifesize products include the following deliverables:

<u>Non-software deliverables</u>

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

Note 2—Summary of Significant Accounting Policies (Continued)

Software deliverables

- Non-essential software
- Maintenance for non-essential software, including future when-and-if available unspecified upgrades

The relative selling price for 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.

The consideration received for multiple element arrangements consisting of both non-software and software deliverables is allocated based on relative selling prices to the non-software deliverables and the software deliverables as a group. Amounts allocated to non-software-related elements, such as delivered hardware with essential software, are recognized at the time of sale provided that the other criteria for revenue recognition have been met. Amounts allocated to maintenance services for hardware and essential software are deferred and recognized ratably over the maintenance period. Amounts allocated to other services are deferred and recognized upon completion of services. Amounts allocated to software deliverables such as non-essential software and related services are further allocated to the individual deliverables within the software group. The fair value, based on VSOE, of non-essential software-related maintenance is deferred and recognized ratably over the maintenance period. The residual value of the amounts allocated to software-related elements is recognized at the time of sale.

Revenue from Cloud-based services arrangements that allow for the use of a hosted software product or service over a contractually determined period of time without taking possession of software are accounted for as subscriptions with billings recorded as deferred revenue and recognized as revenue ratably over the contractual period beginning on the date the service is made available to customers.

Revenues from sales to distributors and authorized resellers are recognized upon shipment 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 recorded as a reduction of sales or as an operating expense, if the Company receives a separately identifiable benefit from the customer and can reasonably estimate the fair value of that benefit. Significant management judgment and estimates are used to determine the cost of these programs in any accounting period.

The Company grants limited rights to return products. Return rights vary by customer, and range from just the right to return defective product to stock rotation rights limited to a percentage of sales 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. Upon recognition, the Company reduces sales and cost of sales for the estimated return. 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.

Note 2—Summary of Significant Accounting Policies (Continued)

Return rates can fluctuate over time, but are sufficiently predictable to allow the Company to estimate expected future product returns.

The Company enters into cooperative marketing arrangements with many of its 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 arrangements is to encourage advertising and promotional events to increase sales of the Company's products. Accruals for these marketing arrangements are recorded at the later of 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. Accruals for performance-based incentives are recognized as a reduction of the sale price at the time of sale. Estimates of required accruals 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. Accruals for the estimated costs of consumer rebates and similar incentives are recorded at the later of time of sale or when 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. Accruals for estimated 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 its estimates 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 change 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 increases or reductions to sales, cost of goods sold or 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 users, which would adversely impact sales in the period of transition.

Shipping and Handling Costs

The Company's shipping and handling costs are included in cost of sales in the consolidated statements of operations for all periods presented.

Note 2—Summary of Significant Accounting Policies (Continued)

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. Advertising costs are recorded as either a marketing and selling expense or a deduction from revenue. Advertising costs reimbursed by the Company to direct or indirect customers 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. Advertising costs during fiscal years 2015, 2014 and 2013 were $174.2 million, $161.2 million and $165.8 million, respectively.

Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents are carried at cost, which approximates fair value.

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 retailers and, as a result, maintains individually significant receivable balances with such customers. In fiscal years 2015, 2014 and 2013, one customer in the peripherals operating segment represented 14%, 14% and 11% of the Company's total net sales, respectively. No other customer represented more than 10% of the Company's total net sales during fiscal years 2015, 2014 or 2013. As of March 31, 2015 and 2014, one customer represented 12% and 14% of total accounts receivable, respectively. No other customer represented more than 10% of the Company's total accounts receivable at either March 31, 2015 or 2014. 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.

Note 2—Summary of Significant Accounting Policies (Continued)

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. Costs are computed under the standard cost method, which approximates actual costs determined on the 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 net sales, and assumptions about future demand and market conditions.

As of March 31, 2015 and 2014, the Company also recorded a liability of $9.8 million and $9.2 million, respectively, arising from firm, non-cancelable, and unhedged inventory purchase commitments in excess of anticipated demand or market value consistent with its valuation of excess and obsolete inventory. Such liability is included in accrued and other current liabilities.

Investments

The Company's investment securities portfolio consists of bank time deposits with an original maturity of three months or less and marketable securities (money market and mutual funds) related to a deferred compensation plan.

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

The marketable securities related to the deferred compensation plan are classified as non-current trading investments, as they are intended to fund the deferred compensation plan long-term liability. Since participants in the deferred compensation plan may select the mutual funds in which their compensation deferrals are invested within the confines of the Rabbi Trust which holds the marketable securities, the Company has designated these marketable securities as trading investments, although there is no intent to actively buy and sell securities within the objective of generating profits on short-term differences in market prices. These securities are recorded at fair value based on quoted market prices. Earnings, gains and losses on trading investments are included in other income (expense), net.

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 direct costs incurred during the application development stage are capitalized.

Note 2—Summary of Significant Accounting Policies (Continued)

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, internal-use software development over useful lives of three to seven years and leasehold improvements over the lesser of the useful life of the improvement or the term of the lease.

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 operating expenses.

Valuation of Long-Lived Assets

The Company reviews long-lived assets, such as property and equipment, and finite-lived intangible assets, for impairment whenever events indicate that the carrying amounts might not be recoverable. Recoverability of property and equipment, and other finite-lived intangible asset 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. For purposes of recognition of an impairment for assets held for use, the Company groups assets and liabilities at the lowest level for which cash flows are separately identifiable.

Goodwill and Other Intangible Assets

The Company's intangible assets principally include goodwill, acquired technology, trademarks, and customer contracts. Other intangible assets with finite lives, which include acquired technology, trademarks and customer contracts, 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 only goodwill, are recorded at cost and evaluated at least annually for impairment.

In accordance with ASC Topic 350-10 ("ASC 350-10") as it relates to Goodwill and Other Intangible Assets, the Company conducts its annual goodwill impairment analysis as of December 31 each year and as necessary if changes in facts and circumstances indicate that it is more likely than not that the fair value of its reporting units may be less than its carrying amount. Events or changes in facts and circumstances that might indicate potential impairment of goodwill include deterioration in general economic conditions, negative developments in equity and credit markets, adverse changes in the markets in which an entity operates, increases in input costs that have a negative effect on earnings and cash flows, or a trend of negative or declining cash flows or a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods, other relevant entity-specific events such as changes in management, key personnel, strategy, or customers; contemplation of bankruptcy; or litigation. Determining the number of reporting units and the fair value of a reporting unit requires the Company to make judgments and involves the use of significant estimates and assumptions. The Company has two reporting units: peripherals and video conferencing. The allocation of assets and liabilities to each of the reporting units also involves judgment and assumptions.

FASB ASC 350-20 permits the Company to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. If an entity concludes that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, it would not be required to perform the two-step impairment test for that reporting unit. The Company may elect to proceed directly to Step 1 without performing a qualitative assessment.

Note 2—Summary of Significant Accounting Policies (Continued)

The Step 1 of the two-step impairment test involves measuring the recoverability of goodwill at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the estimated fair value of the reporting unit. The fair value is estimated using an income approach employing a discounted cash flow ("DCF") and a market-based model. The DCF model is based on projected cash flows from the Company's most recent forecast ("assessment forecast") developed in connection with each of its reporting units to perform the goodwill impairment assessment. The assessment forecast is based on a number of key assumptions, including, but not limited to, discount rate, compound annual growth rate ("CAGR") during the forecast period, and terminal value. The terminal value is based on an exit price at the end of the assessment forecast using an earnings multiple applied to the final year of the assessment forecast. The discount rate is applied to the projected cash flows to reflect the risks inherent in the timing and amount of the projected cash flows, including the terminal value, and is derived from the weighted average cost of capital of market participants in similar businesses. The market approach model is based on applying certain revenue and earnings multiples of comparable companies relevant to each of the Company's reporting units to the respective revenue and earnings metrics of its reporting units. To test the reasonableness of the fair values indicated by the income approach and the market-based approach, the Company may assess the implied premium of the aggregate fair value over the market capitalization considered attributable to an acquisition control premium, which is the price in excess of a stock market's price that investors would typically pay to gain control of an entity. The DCF model and the market approach require the exercise of significant judgment, including assumptions about appropriate discount rates, long-term growth rates for purposes of determining a terminal value at the end of the discrete forecast period, economic expectations, timing of expected future cash flows, and expectations of returns on equity that will be achieved. Such assumptions are subject to change as a result of changing economic and competitive conditions. If the carrying amount of the reporting unit exceeds its fair value as determined by these assessments, goodwill is considered impaired, and Step 2 of the analysis is performed to measure the amount of impairment loss. Step 2 measures the impairment loss by allocating the reporting unit's fair value to its assets and liabilities other than goodwill, comparing the resulting implied fair value of goodwill with its carrying amount, and recording an impairment charge for the difference.

Income Taxes

The Company provides for income taxes using the asset and 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 makes 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.

Note 2—Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

The carrying value of certain of the Company's financial instruments, including cash equivalents, accounts receivable and accounts payable approximates fair value due to their short maturities. The Company's trading investments related to the deferred compensation plan are reported at fair value based on quoted market prices.

Net Income (Loss) per Share

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average outstanding shares. Diluted net income (loss) per share is computed using the weighted average outstanding shares and dilutive share equivalents. Dilutive share equivalents consist of share-based awards, including stock options, purchase rights under employee share purchase plan, and restricted stock units ("RSUs").

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 awards granted 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 which vest upon meeting certain market conditions is estimated using the Monte-Carlo simulation method. The grant date fair value of time-based and performance-based RSUs is calculated based on the market price on the date of grant, adjusted by estimated dividends yield prior to vesting.

Excess tax benefits resulting from share-based awards are classified as cash flows from financing activities in the consolidated statements of cash flows. Excess tax benefits are realized tax benefits from tax deductions for exercised options and vested RSUs in excess of the deferred tax asset attributable to share-based compensation costs for such share-based awards.

The Company will recognize a benefit from share-based compensation in additional paid-in capital only if an incremental tax benefit is realized after all other available tax attributes have been utilized.

Product Warranty Accrual

The Company estimates cost of product warranties at the time the related revenue is recognized based on historical and projected warranty claim rates, historical and projected costs, and knowledge of specific product failures that are outside of the Company's typical experience. Each quarter, the Company reevaluates estimates to assess the adequacy of recorded warranty liabilities considering the size of the installed base of products subject to warranty protection and adjusts the amounts as necessary. If actual product failure rates or repair costs differ from estimates, revisions to the estimated warranty liabilities would be required and could materially affect the Company's results of operations.

Note 2—Summary of Significant Accounting Policies (Continued)

Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the total change in shareholders' equity during the period other than from transactions with shareholders. Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) is comprised of 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 and credits 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 may be reissued to satisfy the exercise of employee stock options and purchase rights, the vesting of restricted stock units, and acquisitions, or may be cancelled with shareholder approval. Treasury shares that are reissued are accounted for using the first-in, first-out basis.

Derivative Financial Instruments

The Company enters into foreign exchange forward contracts to reduce the short-term effects of currency fluctuations on certain foreign currency receivables or payables and to hedge against exposure to changes in currency exchange rates related to its subsidiaries' forecasted inventory purchases. These forward contracts generally mature within four months.

Gains and losses for changes in the fair value of the effective portion of the Company's forward contracts related to forecasted inventory purchases are deferred as a component of accumulated other comprehensive income (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 for changes in the fair value on forward contracts that offset translation losses or gains on foreign currency receivables or payables are recognized are included in other income (expense), net.

Restructuring Charges

The Company's restructuring charges consist of employee severance, one-time termination benefits and ongoing benefits related to the reduction of its workforce, lease exit costs, and other costs. Liabilities for costs associated with a restructuring activity are measured at fair value and are recognized when the liability is incurred, as opposed to when management commits to a restructuring plan. One-time termination benefits are expensed at the date the entity notifies the employee, unless the employee must provide future service, in which case the benefits are expensed ratably over the future service period. Ongoing benefits are expensed when restructuring activities are probable and the benefit amounts are estimable. Costs to terminate a lease before the end of its term are recognized when the property is vacated. Other costs primarily consist of legal, consulting, and other costs related to employee terminations are expensed when incurred. Termination benefits are calculated based on regional benefit practices and local statutory requirements.

Note 2—Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-9, *"Revenue from Contracts with Customers (Topic 606),"* ("ASU 2014-9"). ASU 2014-9 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. Under the new model, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new standard requires that reporting companies disclose the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. As currently issued, the new standard is effective beginning in the first quarter of 2017; early adoption is prohibited. The new standard is required to be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying it recognized at the date of initial application. The Company has not yet selected a transition method nor has it determined the impact of the new standard on its consolidated financial statements.

Note 3—Net Income (Loss) per Share

The computations of basic and diluted net income (loss) per share for the Company were as follows (in thousands except per share amounts):

	Years Ended March 31,		
	2015	2014	2013
Net income (loss)	$ 9,283	$ 74,304	$(227,518)
Shares used in net income (loss) per share computation:			
Weighted average shares outstanding—basic	163,536	160,619	158,468
Effect of potentially dilutive equivalent shares	2,638	1,907	—
Weighted average shares outstanding—diluted	166,174	162,526	158,468
Net income (loss) per share:			
Basic	$ 0.06	$ 0.46	$ (1.44)
Diluted	$ 0.06	$ 0.46	$ (1.44)

During fiscal years 2015, 2014 and 2013, 9.0 million, 15.1 million and 22.9 million share equivalents attributable to outstanding stock options, RSUs and ESPP were excluded from the calculation of diluted net income (loss) per share because the combined exercise price, average unamortized fair value and assumed tax benefits upon exercise of these options and ESPP or vesting of RSUs were greater than the average market price of the Company's shares, and therefore their inclusion would have been anti-dilutive.

Note 4—Employee Benefit Plans

Employee Share Purchase Plans and Stock Incentive Plans

As of March 31, 2015, the Company offers the 2006 ESPP (2006 Employee Share Purchase Plan (Non-U.S.)), the 1996 ESPP (1996 Employee Share Purchase Plan (U.S.)), the 2006 Plan (2006 Stock Incentive Plan) and the 2012 Plan (2012 Stock Inducement Equity Plan). Shares issued to employees as a result of purchases or exercises under these plans are generally issued from shares held in treasury stock.

Note 4—Employee Benefit Plans (Continued)

The following table summarizes share-based compensation expense and related tax benefit recognized for fiscal years 2015, 2014 and 2013 (in thousands):

	Years Ended March 31,		
	2015	2014	2013
Cost of goods sold	$ 2,473	$ 2,518	$ 2,499
Marketing and selling	9,094	8,298	7,825
Research and development	3,224	4,546	7,532
General and administrative	11,034	10,184	7,342
Total share-based compensation expense	25,825	25,546	25,198
Income tax benefit	(5,558)	(4,902)	(5,356)
Total share-based compensation expense, net of income tax	$20,267	$20,644	$19,842

During the years ended March 31, 2015, 2014 and 2013, the Company capitalized $0.5 million, $0.4 million and $0.4 million, respectively, of stock-based compensation expenses as inventory.

The following table summarizes total unamortized share-based compensation expense and the remaining months over which such expense is expected to be recognized, on a weighted-average basis by type of grant (in thousands, except number of months):

	March 31, 2015	
	Unamortized Expense	Remaining Months
Stock options and ESPP	$ 1,509	7
Premium-priced stock options	224	12
Time-based RSUs	23,545	21
Market-based and performance-based RSUs	6,383	23
	$31,661	

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 offering period, which is generally six months. Subject to continued participation in these plans, purchase agreements are automatically executed at the end of each offering period. An aggregate of 29 million shares was reserved for issuance under the 1996 and 2006 ESPP plans. As of March 31, 2015, a total of 8.3 million shares were available for issuance under these plans. The Company was not current with its periodic reports required to be filed with the SEC and was therefore unable to issue any shares under its Registration Statements on Form S-8 from July 31, 2014 to November 26, 2014. Given the proximity of the unavailability of those registration statements and the end of the then-current ESPP offering period, on July 31, 2014, the Compensation Committee authorized the termination of the then-current ESPP offering period and a one-time payment to each participant in an amount equal to the fifteen percent (15%) discount at which shares would otherwise have been repurchased pursuant to the then-current period of the ESPPs. This one-time payment aggregating to $1.1 million was accounted for as a repurchase of equity awards that reduced additional paid-in capital, resulting in no additional compensation cost. A new ESPP offering period of seven months was initiated on January 1, 2015, which ends on July 31, 2015.

Note 4—Employee Benefit Plans (Continued)

The 2006 Plan provides for the grant to eligible employees and non-employee directors of stock options, stock appreciation rights, restricted stock and RSUs. Awards under the 2006 Plan may be conditioned on continued employment, the passage of time or the satisfaction of performance and market vesting criteria. The 2006 Plan had an expiration date of June 16, 2016 until September 5, 2012 when shareholder approved the amendment of the 2006 Plan to eliminate the expiration date. 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 generally 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 contingent upon the achievement of pre-determined financial metrics. The performance period for performance-based RSUs granted in fiscal year 2015 is three years. Market-based options granted under the 2006 Plan vest upon meeting certain share price performance criteria. Market-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 four years for market-based options granted in fiscal year 2013. The performance period is three years for market-based RSU granted in fiscal years 2015, 2014 and 2013. An aggregate of 24.8 million shares was reserved for issuance under the 2006 Plan. As of March 31, 2015, a total of 9.1 million shares were available for issuance under this plan.

Under the 2012 Plan, stock options and RSUs may be granted to eligible employees to serve as inducement material to enter into employment with the Company. Awards under the 2012 Plan may be conditioned on continued employment, the passage of time or the satisfaction of market stock performance criteria, based on individual written employment offer letter. The 2012 Plan has an expiration date of March 28, 2022. Premium-priced stock options granted under the 2012 Plan vest in full if and only when Logitech's average closing share price, over a consecutive ninety-day trading period, meets or exceeds the exercise price of each of the three tranches of the grant. An aggregate of 1.8 million shares was reserved for issuance under the 2012 Plan. As of March 31, 2015, no shares were available for issuance under this plan.

The grant date fair value of the awards using the Black-Scholes-Metron option-pricing valuation model and Monte-Carlo simulation method are determined applying the following assumptions and values:

	Employee Purchase Plans			Stock Option Plans			Premium Priced Options			Market-based Stock Option Plan		
	Fiscal Years Ended March 31,			Fiscal Years Ended March 31,			Fiscal Years Ended March 31,			Fiscal Years Ended March 31,		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
Dividend yield	1.97%	0.43%	—%	n/a	n/a	—%	n/a	n/a	—%	n/a	n/a	—%
Risk-free interest rate	0.14%	0.07%	0.09%	n/a	n/a	1.20%	n/a	n/a	2.00%	n/a	n/a	1.93%
Expected volatility	30%	36%	47%	n/a	n/a	46%	n/a	n/a	46%	n/a	n/a	44%
Expected life (years)	0.6	0.5	0.5	n/a	n/a	6.0	n/a	n/a	7.0	n/a	n/a	6.0
Weighted average fair value	$3.18	$2.46	$2.14	n/a	n/a	$3.64	n/a	n/a	$2.52	n/a	n/a	$2.58

Note 4—Employee Benefit Plans (Continued)

Market-based RSUs	Years Ended March 31, 2015	2014	2013
Dividend yield	1.86%	0.75%	—%
Risk-free interest rate	0.83%	1.09%	0.31%
Expected volatility	46%	46%	47%
Expected life (years)	3.0	2.9	3.0

The dividend yield assumption is based on the Company's future expectations of dividend payouts. The unvested RSUs or unexercised options are not eligible for these dividends. The expected life is based on historical settlement rates, which the Company believes are most representative of future exercise and post-vesting termination behaviors, or the purchase offerings periods expected to remain outstanding, or the derived period based on the expected stock performance for market-based awards. Expected volatility is based on historical volatility using the Company's daily closing prices, or including the volatility of components of the NASDAQ 100 index for market-based RSUs, over the expected life. The Company considers the historical price volatility of its shares 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 expected life of the Company's share-based awards.

The Company estimates awards 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 and RSU forfeitures and records share-based compensation expense only for those awards that are expected to vest.

A summary of the Company's stock option activities under all stock plans for fiscal years 2015, 2014 and 2013 is as follows:

	Number of Shares (In thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In thousands)
Outstanding, March 31, 2012	13,034			
Granted	3,718			
Exercised	(389)			$ 1,121
Cancelled or expired	(2,679)			
Outstanding, March 31, 2013	13,684			
Granted	—			
Exercised	(551)			$ 2,045
Cancelled or expired	(3,317)			
Outstanding, March 31, 2014	9,816	$16		
Granted	—	$—		
Exercised	(390)	$11		$ 1,505
Cancelled or expired	(1,550)	$16		
Outstanding, March 31, 2015	7,876	$18	4.2	$10,177
Vested and expected to vest, March 31, 2015	6,546	$18	3.6	$ 7,308
Vested and exercisable, March 31, 2015	6,296	$19	3.5	$ 6,028

Note 4—Employee Benefit Plans (Continued)

The options outstanding as of March 31, 2015 above includes 1.3 million shares of unvested market-based awards. The number of shares expected to vest for market-based awards is calculated assuming March 31, 2015 was the end of the performance contingency period.

As of March 31, 2015, the exercise price of outstanding options ranged from $1 to $39 per option.

The tax benefit realized for the tax deduction from options exercised during the fiscal years 2015, 2014 and 2013 was $0.5 million, $0.5 million and $0.3 million, respectively.

A summary of the Company's time-based, market-based, and performance-based RSU activities for fiscal years 2015, 2014 and 2013 is as follows (in thousands, except per share values; grant-date fair values are weighted averages):

	Number of Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Vesting Period	Aggregate Intrinsic Value
	(In thousands)		(Years)	(In thousands)
Outstanding, March 31, 2012	4,125			
Granted—time-based	2,219	$ 7		
Granted—market-based	101	$ 6		
Vested	(1,097)			$ 8,329
Cancelled or expired	(706)			
Outstanding, March 31, 2013	4,642			
Granted—time-based	3,104	$11		
Granted—market-based	1,060	$ 8		
Vested	(1,560)			$17,810
Cancelled or expired	(1,158)			
Outstanding, March 31, 2014	6,088	$10		
Granted—time-based	1,332	$13		
Granted—market-based	523	$13		
Granted—performance-based	55	$12		
Vested	(1,949)	$10		$27,844
Cancelled or expired	(1,110)	$11		
Outstanding, March 31, 2015	4,939	$11	1.5	$64,944
Expected to vest, March 31, 2015	3,466	$10	1.3	$45,580

The RSU outstanding as of March 31, 2015 above includes 1.2 million shares of market-based and performance-based shares. The number of shares expected to vest for these awards is calculated assuming March 31, 2015 is the end of the performance contingency period. The number of shares of common stock for market-based awards to be received at vesting will range from zero percent to 150 percent of the target number of stock units based on our total stockholder return ("TSR") relative to the performance of companies in the NASDAQ-100 Index for each measurement period, generally over a three year period. We present shares granted at 100 percent of target of the number of stock units that may potentially vest.

Note 4—Employee Benefit Plans (Continued)

The tax benefit realized for the tax deduction from RSUs that vested during the fiscal years 2015, 2014 and 2013 was $6.9 million, $4.7 million and $1.9 million, respectively.

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 2015, 2014 and 2013, were $5.8 million, $6.6 million and $6.9 million, respectively.

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 overfunded or underfunded status of defined benefit pension plans and non-retirement post-employment benefit obligations as an asset or liability in its consolidated balance sheets, and recognizes changes in the funded status of defined benefit pension plans in the year in which the changes occur through accumulated other comprehensive income (loss), which is a component of shareholders' equity. Each plan's assets and benefit obligations are remeasured as of March 31 each year.

The net periodic benefit cost of the defined benefit pension plans and the non-retirement post-employment benefit obligations for fiscal years 2015, 2014 and 2013 was as follows (in thousands):

	Years Ended March 31,		
	2015	2014	2013
Service costs	$ 7,646	$ 8,591	$ 7,842
Interest costs	1,970	1,794	1,852
Expected return on plan assets	(2,084)	(1,727)	(1,710)
Amortization:			
Net transition obligation	4	4	5
Net prior service costs (credit) recognized	(45)	210	712
Net actuarial loss recognized	301	592	846
Settlement and curtailment	(13)	769	2,658
	$ 7,779	$10,233	$12,205

Note 4—Employee Benefit Plans (Continued)

The changes in projected benefit obligations for fiscal years 2015 and 2014 were as follows (in thousands):

	Years Ended March 31,	
	2015	2014
Projected benefit obligations, beginning of the year	$102,383	$ 90,234
Service costs	7,646	8,591
Interest costs	1,970	1,794
Plan participant contributions	2,914	2,726
Actuarial (gains) losses	16,768	(2,942)
Benefits paid	(5,307)	(1,841)
Plan amendment related to statutory change	(3,936)	—
Settlement and curtailment	(157)	(1,261)
Administrative expense paid	(160)	(174)
Currency exchange rate changes	(8,798)	5,256
Projected benefit obligations, end of the year	$113,323	$102,383

The accumulated benefit obligation for all defined benefit pension plans as of March 31, 2015 and 2014 was $92.0 million and $83.2 million, respectively.

The following table presents the changes in the fair value of defined benefit pension plan assets for fiscal years 2015 and 2014 (in thousands):

	Years Ended March 31,	
	2015	2014
Fair value of plan assets, beginning of the year	$63,384	$48,689
Actual return on plan assets	136	5,334
Employer contributions	5,731	5,390
Plan participant contributions	2,914	2,726
Benefits paid	(5,307)	(1,841)
Settlement and curtailment	(157)	(500)
Administrative expenses paid	(160)	(174)
Currency exchange rate changes	(5,631)	3,760
Fair value of plan assets, end of the year	$60,910	$63,384

The Company's investment objectives are to ensure that the assets of its defined benefit plans are invested to provide an optimal rate of investment return on the total investment portfolio, consistent with the assumption of a reasonable risk level, and to ensure that pension funds are available to meet the plans' benefit obligations as they become due. The Company believes that a well-diversified investment portfolio will result in the highest attainable investment return with an acceptable level of overall risk. Investment strategies and allocation decisions are also governed by applicable governmental regulatory agencies. The Company's investment strategy with respect to its largest defined benefit plan, which is available only to Swiss employees, is to invest in the following allocation ranges starting from January 2014: 20-55% for equities, 25-60% for bonds, and 0-10% for cash and cash equivalents. The Company also can invest in real estate funds, commodity funds, and hedge funds depend upon economic conditions. Prior to January 2014, the Company followed the following allocation ranges: 28-43% for equities, 33-63% for

Note 4—Employee Benefit Plans (Continued)

Swiss bonds, 5-15% for foreign bonds, 5-15% for hedge and investment funds, and 0-20% for cash and cash equivalents. The Company's other defined benefit plans, which comprise 7.2% of total defined benefit plan assets as of March 31, 2015, have similar investment and allocation strategies.

The following tables present the fair value of the defined benefit pension plan assets by major categories and by levels within the fair value hierarchy as of March 31, 2015 and 2014 (in thousands):

	March 31,							
	2015				2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash	$ 7,958	$ 46	$—	$ 8,004	$10,339	$ —	$ —	$10,339
Equity securities	20,476	—	—	20,476	17,324	—	—	17,324
Debt securities	20,357	—	—	20,357	20,300	—	—	20,300
Swiss real estate funds	8,586	—	—	8,586	8,970	—	—	8,970
Hedge funds	—	3,251	—	3,251	—	3,611	—	3,611
Insurance contracts	—	114	—	114	—	—	2,598	2,598
Other	28	94	—	122	43	199	—	242
	$57,405	$3,505	$—	$60,910	$56,976	$3,810	$2,598	$63,384

The funded status of the plans was as follows (in thousands):

	Years Ended March 31,	
	2015	2014
Fair value of plan assets	$ 60,910	$ 63,384
Less: Projected benefit obligations	113,323	102,383
Under funded status	$ (52,413)	$ (38,999)

Amounts recognized on the balance sheet for the plans were as follows (in thousands):

	March 31,	
	2015	2014
Current liabilities	$ (1,232)	$ (1,100)
Non-current liabilities	(51,181)	(37,899)
Net liabilities	$ (52,413)	$ (38,999)

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

	March 31,		
	2015	2014	2013
Net prior service costs (credits)	$ 1,672	$ (2,149)	$ (2,307)
Net actuarial loss	(28,751)	(12,319)	(19,850)
Net transition obligation	(8)	(12)	(14)
Accumulated other comprehensive loss	(27,087)	(14,480)	(22,171)
Deferred tax benefit	123	192	315
Accumulated other comprehensive loss, net of tax	$(26,964)	$(14,288)	$(21,856)

Note 4—Employee Benefit Plans (Continued)

The following table presents the amounts included in accumulated other comprehensive loss as of March 31, 2015, which are expected to be recognized as a component of net periodic benefit cost in fiscal year 2016 (in thousands):

	Year Ending March 31, 2016
Amortization of net transition obligation	$ 4
Amortization of net prior service credits	(121)
Amortization of net actuarial loss	1,750
	$1,633

The Company reassesses its benefit plan assumptions on a regular basis. The actuarial assumptions for the defined benefit plans for fiscal years 2015 and 2014 were as follows:

	Years Ended March 31,	
	2015	2014
Benefit Obligations:		
Discount rate	0.75%-7.75%	1.50%-9.25%
Estimated rate of compensation increase	2.50%-8.00%	3.00%-8.00%
Periodic Costs:		
Discount rate	1.50%-9.25%	1.50%-8.00%
Estimated rate of compensation increase	2.50%-8.00%	3.00%-4.00%
Expected average rate of return on plan assets	0.75%-3.50%	0.75%-3.50%

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):

Years Ending March 31,	
2016	$ 4,583
2017	4,790
2018	4,987
2019	5,329
2020	6,014
2021-2025	29,245
	$54,948

The Company expects to contribute $4.7 million to its defined benefit pension plans during fiscal year 2016.

Note 4—Employee Benefit Plans (Continued)

Deferred Compensation Plan

One of the Company's subsidiaries offers a deferred compensation plan that permits eligible employees to make 100% vested salary and incentive compensation deferrals within established limits. The Company does not make contributions to the plan.

The fair value of the deferred compensation plan's assets is included in other assets on the consolidated balance sheets. The marketable securities are classified as trading investments and were recorded at a fair value of $17.2 million and $16.6 million as of March 31, 2015 and 2014, respectively, based on quoted market prices. The Company also had $17.2 million and $16.6 million deferred compensation liability as of March 31, 2015 and 2014, respectively. Earnings, gains and losses on trading investments are included in other income (expense), net and corresponding changes in deferred compensation liability are included in operating expenses and cost of goods sold.

Note 5—Interest and Other Income (Expense), net

Interest income (expense), net comprises of the following (in thousands):

	Years Ended March 31,		
	2015	2014	2013
Interest income	$1,225	$ 1,831	$ 2,215
Interest expense	—	(2,228)	(1,308)
Interest income (expense), net	$1,225	$ (397)	$ 907

Other income (expense), net comprises of the following (in thousands):

	Years Ended March 31,		
	2015	2014	2013
Investment income related to deferred compensation plan	$ 1,055	$1,487	$ 933
Gain on sale of securities	—	—	831
Impairment of investments	(2,298)	(624)	(3,600)
Currency exchange gain (loss), net	(1,280)	62	104
Other	(229)	1,068	(466)
Other income (expense), net	$(2,752)	$1,993	$(2,198)

Note 6—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 (loss) before taxes and the provision for (benefit from) income taxes is generated outside of Switzerland.

Income (loss) before income taxes for the fiscal years 2015, 2014 and 2013 is summarized as follows (in thousands):

	Years Ended March 31,		
	2015	2014	2013
Swiss	$112,308	$49,503	$ (53,004)
Non-Swiss	(98,535)	28,079	(200,324)
Income (loss) before taxes	$ 13,773	$77,582	$(253,328)

Note 6—Income Taxes (Continued)

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

	Years Ended March 31,		
	2015	2014	2013
Current:			
Swiss	$1,228	$ 127	$ 672
Non-Swiss	1,188	8,580	(23,146)
Deferred:			
Non-Swiss	2,074	(5,429)	(3,336)
Provision for (benefit from) income taxes	$4,490	$ 3,278	$(25,810)

The difference between the provision for (benefit from) income taxes and the expected tax provision (benefit) at the statutory income tax rate of 8.5% is reconciled below (in thousands):

	Years Ended March 31,		
	2015	2014	2013
Expected tax provision (benefit) at statutory income tax rates	$ 1,171	$ 6,594	$(21,533)
Income taxes at different rates	(2,035)	497	5,714
Research and development tax credits	(1,287)	(1,393)	(3,302)
Foreign tax credits	—	—	(1,535)
Executive compensation	1,557	—	—
Stock-based compensation	2,261	1,608	1,643
Valuation allowance	764	182	3,809
Impairment of goodwill and other assets	10,432	—	18,419
Restructuring charges / (credits)	(415)	1,174	4,336
Tax reserves (releases), net	(7,111)	(4,660)	1,935
Audit settlement	(837)	(400)	(35,608)
Other, net	(10)	(324)	312
Provision for (benefit from) income taxes	$ 4,490	$ 3,278	$(25,810)

On December 19, 2014, the enactment of the Tax Increase Prevention Act of 2014 in the United States extended the federal research and development tax credit through December 31, 2014 which had previously expired on December 31, 2013. The provision for income taxes for fiscal year ended March 31, 2015 reflected a $0.9 million tax benefit as a result of the extension of the tax credit.

Note 6—Income Taxes (Continued)

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

	March 31, 2015	March 31, 2014
Deferred tax assets:		
Net operating loss carryforwards	$ 8,372	$ 9,421
Tax credit carryforwards	2,739	13,241
Accruals	44,363	48,153
Depreciation and amortization	4,396	4,781
Share-based compensation	14,183	15,304
Gross deferred tax assets	74,053	90,900
Valuation allowance	(5,590)	(4,872)
Gross deferred tax assets after valuation allowance	68,463	86,028
Deferred tax liabilities:		
Acquired intangible assets and other	(3,299)	(8,436)
Gross deferred tax liabilities	(3,299)	(8,436)
Deferred tax assets, net	$65,164	$77,592

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 the Company changes its determination as to the amount of deferred tax assets that can be realized, the Company will adjust its valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made.

The Company had a valuation allowance of $5.6 million at March 31, 2015, increased from $4.9 million at March 31, 2014 primarily due to $1.0 million increase in valuation allowance for deferred tax assets in the state of California of the United States. The Company had a valuation allowance of $3.6 million as of March 31, 2015 against such deferred tax assets. The remaining valuation allowance primarily represents $1.5 million for capital loss carryforwards in the United States and $0.5 million for various tax credit carryforwards. The Company determined that it is more likely than not that the Company would not generate sufficient taxable income in the future to utilize such deferred tax assets.

Deferred tax assets relating to tax benefits of employee stock grants have been reduced to reflect settlement activity in fiscal years 2015 and 2014. Settlement activity of grants in fiscal years 2015 and 2014 resulted in a "shortfall" in which tax deductions were less than previously recorded share-based compensation expense. The Company recorded a shortfall to equity of $1.8 million and $2.8 million, respectively, in fiscal years 2015 and 2014.

Note 6—Income Taxes (Continued)

As of March 31, 2015, the Company had foreign net operating loss and tax credit carryforwards for income tax purposes of $197.8 million and $40.1 million, respectively, of which $143.3 million of the net operating loss carryforwards and $26.4 million of the tax credit carryforwards, if realized, will be credited to equity since they have not met the applicable realization criteria. Unused net operating loss carryforwards will expire at various dates in fiscal years 2016 to 2035. Certain net operating loss carryforwards in the United States relate to acquisitions and, as a result, are limited in the amount that can be utilized in any one year. The tax credit carryforwards will begin to expire in fiscal year 2019.

As of March 31, 2015, the Company had capital loss carryforwards of $4.0 million. 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. As of March 31, 2015, the cumulative amount of unremitted earnings of non-Swiss subsidiaries for which no income taxes have been provided is approximately $149.6 million. The amount of unrecognized deferred income tax liability related to these earnings is estimated to be approximately $5.0 million.

The Company follows a two-step approach in 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, 2015 and March 31, 2014, the total amount of unrecognized tax benefits due to uncertain tax positions was $79.0 million and $91.0 million, respectively, of which $79.0 million and $86.1 million would affect the effective income tax rate if recognized, respectively.

As of March 31, 2015, the Company had $72.1 million in non-current income taxes payable and $0.1 million in current income taxes payable, including interest and penalties, related to our income tax liability for uncertain tax positions. As of March 31, 2014, the Company had $93.1 million in non-current income taxes payable and $0.3 million in current income taxes payable. Pursuant to ASU 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*, which became effective in the first quarter of fiscal year 2015, the Company reclassified $10.3 million of unrecognized tax benefits previously presented as non-current income taxes payable to a reduction in non-current deferred tax assets primarily for tax credit carryforwards.

Note 6—Income Taxes (Continued)

The aggregate changes in gross unrecognized tax benefits in fiscal years 2015, 2014 and 2013 were as follows (in thousands):

March 31, 2012	$136,888
Lapse of statute of limitations	(6,490)
Settlements with tax authorities	(42,770)
Decreases in balances related to tax positions taken during prior years	(1,500)
Increases in balances related to tax positions taken during the year	9,570
March 31, 2013	$ 95,698
Lapse of statute of limitations	(12,514)
Settlements with tax authorities	(100)
Decreases in balances related to tax positions taken during prior years	(778)
Increases in balances related to tax positions taken during the year	8,740
March 31, 2014	$ 91,046
Lapse of statute of limitations	(14,071)
Settlements with tax authorities	(2,160)
Decreases in balances related to tax positions taken during prior years	(3,544)
Increases in balances related to tax positions taken during the year	7,752
March 31, 2015	$ 79,023

The Company recognizes interest and penalties related to unrecognized tax positions in income tax expense. The Company recognized $0.8 million, $1.1 million and $1.0 million in interest and penalties in income tax expense during fiscal years 2015, 2014 and 2013, respectively. As of March 31, 2015, 2014 and 2013, the Company had $4.9 million, $5.6 million and $6.6 million of accrued interest and penalties related to uncertain tax positions, respectively.

The Company files Swiss and foreign tax returns. The Company received final tax assessments in Switzerland through fiscal year 2012. For other foreign jurisdictions such as the United States, the Company is generally not subject to tax examinations for years prior to fiscal year 2011. The Company is under examination and has received assessment notices in foreign tax jurisdictions. If the examinations are resolved unfavorably, there is a possibility they may have a material negative impact on its results of operations.

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. During fiscal year 2016, the Company will continue to review its tax positions and provide for or reverse unrecognized tax benefits as issues arise. During the next 12 months, it is reasonably possible that the amount of unrecognized tax benefits could increase or decrease significantly due to changes in tax law in various jurisdictions, new tax audits and changes in the U.S. Dollar as compared to other currencies. Excluding these factors, uncertain tax positions may decrease by as much as $17.0 million primarily from the lapse of the statutes of limitations in various jurisdictions during the next 12 months.

Note 7—Balance Sheet Components

The following table presents the components of certain balance sheet asset amounts as of March 31, 2015 and 2014 (in thousands):

	March 31, 2015	March 31, 2014
Accounts receivable:		
Accounts receivable	$ 344,455	$ 338,194
Allowance for doubtful accounts	(1,093)	(1,712)
Allowance for sales returns	(17,901)	(19,472)
Allowance for cooperative marketing arrangements	(25,700)	(24,135)
Allowance for customer incentive programs	(48,497)	(41,400)
Allowance for pricing programs	(71,441)	(69,446)
	$ 179,823	$ 182,029
Inventories:		
Raw materials	$ 36,376	$ 24,031
Work-in-process	—	42
Finished goods	234,354	198,329
	$ 270,730	$ 222,402
Other current assets:		
Income tax and value-added tax receivables	$ 19,403	$ 18,252
Deferred tax assets	27,790	27,013
Prepaid expenses and other assets	17,236	13,892
	$ 64,429	$ 59,157
Property, plant and equipment, net:		
Plant, buildings and improvements	$ 63,049	$ 69,897
Equipment	138,772	134,975
Computer equipment	37,835	40,610
Software	77,792	81,179
	317,448	326,661
Less accumulated depreciation and amortization	(257,642)	(256,424)
	59,806	70,237
Construction-in-process	29,040	15,362
Land	2,747	2,792
	$ 91,593	$ 88,391
Other assets:		
Deferred tax assets	$ 39,310	$ 52,883
Trading investments for deferred compensation plan	17,237	16,611
Other assets	6,441	4,966
	$ 62,988	$ 74,460

Note 7—Balance Sheet Components (Continued)

The following table presents the components of certain balance sheet liability amounts as of March 31, 2015 and 2014 (in thousands):

	March 31, 2015	March 31, 2014
Accrued and other current liabilities:		
Accrued personnel expenses	$ 50,015	$ 55,165
Indirect customer incentive programs	19,730	31,737
Accrued restructuring	966	2,121
Deferred revenue	24,987	22,529
Accrued freight and duty	6,666	6,276
Value-added taxes payable	8,608	9,354
Accrued royalties	2,321	2,653
Warranty accrual	12,630	13,905
Employee benefit plan obligation	1,232	1,100
Income taxes payable	5,794	7,701
Other liabilities	61,963	59,431
	$194,912	$211,972
Non-current liabilities:		
Warranty accrual	$ 9,080	$ 10,475
Obligation for deferred compensation plan	17,237	16,611
Long term restructuring	73	5,440
Employee benefit plan obligation	51,181	37,899
Deferred rent	11,519	15,555
Deferred tax liability	1,936	2,304
Long term deferred revenue	9,109	9,350
Other liabilities	1,397	1,715
	$101,532	$ 99,349

Note 8—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 on a recurring basis, excluding assets related to the Company's defined benefit pension plans, classified by the level within the fair value hierarchy (in thousands):

	March 31, 2015		March 31, 2014	
	Level 1	Level 2	Level 1	Level 2
Cash equivalents:				
Cash equivalents	$264,647	$ —	$200,641	$ —
	$264,647	$ —	$200,641	$ —
Trading investments for deferred compensation plan:				
Money market funds	$ 2,936	$ —	$ 3,139	$ —
Mutual funds	14,301	—	13,472	—
	$ 17,237	$ —	$ 16,611	$ —
Foreign exchange derivative assets	$ —	$2,080	$ —	$155
Foreign exchange derivative liabilities	$ —	$ 75	$ —	$701

There were no material level 3 financial assets held by the Company during fiscal years 2015 or 2014.

Investment Securities

The marketable securities for the Company's deferred compensation plan are recorded at a fair value of $17.2 million and $16.6 million as of March 31, 2015 and 2014, respectively, based on quoted market prices. Quoted market prices are observable inputs that are classified as Level 1 within the fair value hierarchy. Unrealized trading gains related to trading securities for the fiscal years 2015, 2014 and 2013 were not significant and are included in other income (expense), net.

Derivative Financial Instruments

Under certain agreements with the respective counterparties to the Company's derivative contracts, subject to applicable requirements, the Company is allowed to net settle transactions of the same type with a single net amount payable by one party to the other. However, the Company presents its derivative assets and derivative liabilities on a gross basis on the Consolidated Balance Sheets as of March 31, 2015 and 2014.

Note 8—Fair Value Measurements (Continued)

The following table presents the fair values of the Company's derivative instruments as of March 31, 2015 and 2014 (in thousands):

	Derivatives			
	Asset		Liability	
	March 31,		March 31,	
	2015	2014	2015	2014
Designated as hedging instruments:				
Cash flow hedges	$2,080	$ 4	$—	$243
Not designated as hedging instruments:				
Foreign exchange contracts	—	151	75	458
	$2,080	$155	$75	$701

The following table presents the amounts of gains and losses on the Company's derivative instruments for fiscal years 2015, 2014 and 2013 and their locations on its consolidated statements of operations and consolidated statements of comprehensive income (in thousands):

	Amount of Gain (Loss) Deferred as a Component of Accumulated Other Comprehensive Loss After Reclassification to Costs of Goods Sold			Amount of Loss (Gain) Reclassified from Accumulated Other Comprehensive Loss to Costs of Goods Sold			Amount of Gain (Loss) Immediately Recognized in Other Income (Expense), Net		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Designated as hedging instruments:									
Cash flow hedges	$4,466	$(1,025)	$566	$(4,505)	$2,472	$1,756	$ 20	$(126)	$275
Not designated as hedging instruments:									
Foreign exchange contracts	—	—	—	—	—	—	2,479	824	328
	$4,466	$(1,025)	$566	$(4,505)	$2,472	$1,756	$2,499	$ 698	$603

Cash Flow Hedges: The Company enters into foreign exchange forward contracts to hedge against exposure to changes in currency exchange rates related to its subsidiaries' forecasted inventory purchases. The Company has one entity with a Euro functional currency that purchases inventory in U.S. Dollars. The primary risk managed by using derivative instruments is the currency exchange rate risk. The Company has designated these derivatives as cash flow hedges. These hedging contracts mature within four 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 currency exposure of forecasted inventory purchases, the Company immediately recognizes the gain or loss on the associated financial instrument in other income (expense), net. Such gains and losses were not material during fiscal years 2015, 2014 and 2013. Cash flows from such hedges are classified

Note 8—Fair Value Measurements (Continued)

as operating activities in the Consolidated Statements of Cash Flows. As of March 31, 2015, and 2014, the notional amounts of foreign exchange forward contracts outstanding related to forecasted inventory purchases were $43.5 million and $51.8 million, respectively. The Company estimates that $4.0 million of net gains related to its cash flow hedges included in accumulated other comprehensive loss as of March 31, 2015 will be reclassified into earnings within the next 12 months.

Other Derivatives: The Company also enters into foreign exchange forward and swap contracts to reduce the short-term effects of currency fluctuations on certain foreign currency receivables or payables. These forward and swap contracts generally mature within one month. The primary risk managed by using forward and swap contracts is the currency exchange rate risk. The gains or losses on foreign exchange forward contracts are recognized in other income (expense), net based on the changes in fair value.

The notional amounts of foreign exchange forward and swap contracts outstanding as of March 31, 2015 and 2014 relating to foreign currency receivables or payables were $61.7 million and $53.7 million, respectively. Open forward and swap contracts as of March 31, 2015 and 2014 consisted of contracts in Taiwanese Dollars, Australian Dollars, Mexican Pesos, Japanese Yen and British Pounds to be settled at future dates at pre-determined exchange rates.

The fair value of all foreign exchange forward and swap contracts is determined based on observable market transactions of spot currency rates and forward rates. Cash flows from these contracts are classified as operating activities in the Consolidated Statements of Cash Flows.

Non-Financial Assets Measured at Fair Value on a Nonrecurring Basis

The majority of the Company's non-financial assets and liabilities, which include goodwill, intangible assets, inventories, and property, plant and equipment, are not required to be measured at fair value on a recurring basis. However, if certain triggering events occur (or tested at least annually for goodwill) such that a non-financial instrument is required to be evaluated for impairment and an impairment is recorded to reduce the non-financial instrument's carrying value to the fair value as a result of such triggering events, the non-financial assets and liabilities are measured at fair value for the period such triggering events occur. See Note 2 herein, for additional information about how we test various asset classes for impairment. During fiscal year 2015, the Company recognized $122.7 million of impairment related to goodwill of its Video Conferencing reporting unit and the carrying value of which was written down to zero based on Level 3 inputs.

Note 9—Goodwill and Other Intangible Assets

Annual Goodwill Impairment Testing

The Company conducts a goodwill impairment analysis annually at December 31 or more frequently if indicators of impairment exist or if a decision is made to sell or exit a business. A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include deterioration in general economic conditions, negative developments in equity and credit markets, adverse changes in the markets in which an entity operates, increases in input costs that have a negative effect on earnings and cash flows, a trend of negative or declining cash flows, a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods, or other relevant entity-specific events such as changes in management, key personnel, strategy, or customers, contemplation of bankruptcy, or litigation. The fair value that could be realized in an actual transaction may differ from that used to evaluate the impairment of goodwill.

Note 9—Goodwill and Other Intangible Assets (Continued)

In reviewing goodwill for impairment, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (greater than 50%) that the estimated fair value of a reporting unit is less than its carrying amount. If an entity elects to perform a qualitative assessment and determines that an impairment is more likely than not, the entity is then required to perform the two-step quantitative impairment test; otherwise, no further analysis is required. An entity also may elect not to perform the qualitative assessment and, instead, proceed directly to the two-step quantitative impairment test. The ultimate outcome of the goodwill impairment review for a reporting unit should be the same whether an entity chooses to perform the qualitative assessment or proceeds directly to the two-step quantitative impairment test. Goodwill is allocated among and evaluated for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment. The Company has two reporting units, peripherals and video conferencing.

Peripherals

The Company performed its annual impairment analysis of the goodwill for its peripherals reporting unit at December 31, 2014 by performing a qualitative assessment and concluded that it was more likely than not that the fair value of its peripherals reporting unit exceeded its carrying amount. In assessing the qualitative factors, the Company considered the impact of these key factors: change in industry and competitive environment, growth in market capitalization of $2.3 billion as of December 31, 2014 from $2.2 billion a year ago, and budgeted-to-actual revenue performance from the prior year. The peripherals reporting unit has seen an improvement in operating income from $64.8 million and $117.8 million for the three and nine months ended December 31, 2013 to $76.1 million and $160.3 million for the three and nine months ended December 31, 2014, respectively. No recent events or changes in circumstances indicate that impairment existed as of March 31, 2015.

Video Conferencing

The Company proceeded directly to the two-step quantitative impairment test for the video conferencing reporting unit and performed a Step 1 assessment at December 31, 2014. The Company uses a third party valuation expert in the development of its market and income approach models. The annual Step 1 assessment performed as of December 31, 2014 resulted in the Company determining that the video conferencing reporting unit passed the Step 1 test because the estimated fair value of the video conferencing reporting unit from the Step 1 assessment exceeded its carrying value by approximately 38.0%, thus not requiring a Step 2 assessment of this reporting unit. Therefore, the Company concluded it was more likely than not that the goodwill of the video conferencing reporting unit was not impaired as of December 31, 2014.

During the fourth quarter of the fiscal year ended March 31, 2015, the net sales of the video conferencing reporting unit decreased to $24.9 million from $31.0 million in the fourth quarter of the fiscal year ended March 31, 2014 and from $29.9 million in the third quarter of fiscal year ended March 31, 2015. The sales decline was concentrated in the video conferencing infrastructure legacy business primarily due to faster shift of customer preference towards Cloud infrastructure conferencing versus on-premise infrastructure solutions and resource realignment, which was not anticipated during annual impairment assessment as of December 31, 2014. This quick shift towards Cloud-based offering resulted in the change in business strategy to de-emphasize Lifesize's legacy offerings more quickly than planned to enable maximum traction of the Lifesize Cloud, which would result in shrinking the legacy Lifesize business but could grow the Cloud opportunity faster. In the last nine months, the sales of Cloud-based offerings have

Note 9—Goodwill and Other Intangible Assets (Continued)

grown rapidly; however, they are not yet large enough to offset the combination of the short-term portfolio transition. As a result of the lower-than-expected performance in the legacy infrastructure sales, the Company made a strategic decision to sharpen its focus on its new Cloud-based offering. The Company plans to realign its costs and operations to this new strategy as part of a restructuring plan announced during April 2015 and will explore various other options for its Lifesize business. The significant change in business strategy has adversely affected the near-term projections and the Company expects that it will shrink the Lifesize revenue for the next several years, including lowering the overall growth, pushing out the break-even point and increasing the operating loss as well as increasing uncertainty in the near term. In light of the aforementioned, the Company concluded it was appropriate to perform the Step 1 goodwill impairment assessment.

As of March 31, 2015, taking into consideration the video conferencing reporting unit's updated business outlook for fiscal year 2016 and onwards based on the factors discussed above, and the risk of execution of its refocused strategy, the Company updated the future cash flow assumptions for the video conferencing reporting unit and calculated updated estimates of fair value using the income approach. In particular, the Company lowered its December 31, 2014 goodwill impairment test projections of future revenue and operating income (loss) growth and adjusted other factors (such as working capital and capital expenditure). After updating the assumptions and projections, the Company then calculated a present value of the cash flow to arrive at an estimate of fair value under the income approach as of March 31, 2015. Key assumptions included in the income approach were significant reduction in the revenue assumption for fiscal year 2016 through fiscal year 2021 compared with the revenue assumption used in the Company's annual goodwill impairment assessment as of December 31, 2014, CAGR at 7.2%, discount rate at 14%, and terminal growth rate at 4.0%. Consistent with the annual impairment test on December 31, 2014, the Company also updated the estimates of fair value determined under the market approach. Based on the income approach and market approach, the estimated fair value of the video conferencing reporting unit under the Step 1 assessment was lower than the carrying amount of the net asset including goodwill.

The video conferencing reporting unit failed the Step 1 test as prescribed under ASC 350, thus requiring a Step 2 assessment of this reporting unit to determine the goodwill impairment. In determining the impairment amount, the fair value of the video conferencing reporting unit was allocated to its assets and liabilities, including any unrecognized intangible assets not on the balance sheet, based on their respective fair values. Assumptions used in measuring the value of these assets and liabilities included the discount rates, working capital, and technology obsolescence rates used in valuing the intangible assets, and pricing of comparable transactions in the market in valuing the tangible assets. Based on this allocation, the implied value of intangible assets and tangible net assets fully absorbed the fair value of the business, leaving no implied fair value left to be allocated to the goodwill. The video conferencing reporting unit's carrying value of goodwill exceeded the implied fair value of goodwill, resulting in a goodwill impairment charge of $122.7 million, which is recorded in the Consolidated Statement of Operations.

The current assessment represents the fair value of the video conferencing business as of March 31, 2015. If the Company disposes all or any equity interest of the video conferencing reporting unit in the future, it may result in a gain. The gain will be recognized as a difference between the carrying amount of the video conferencing reporting unit and the proceeds, if any, received from such a disposal.

During fiscal year 2013, the Company's video conferencing reporting unit failed the Step 1 test because the estimated fair value was less than its carrying value, thus requiring Step 2 assessment of this reporting unit. This impairment primarily resulted from a decrease in the expected CAGR during

Note 9—Goodwill and Other Intangible Assets (Continued)

the assessment forecast period based on greater evidence of the overall enterprise video conferencing industry experiencing a slowdown, combined with lower demand related to new product launches, increased competition during fiscal year 2013, and other market data. These factors had an adverse effect on the Company's video conferencing operating results and future outlook. During fiscal year 2013, the Company recorded goodwill impairment and other charges of $214.5 million related to its video conferencing reporting unit.

Determining the fair value of a reporting unit is judgmental in nature and requires the use of significant estimates and assumptions, including revenue growth rates, operating margins, discount rates and future market conditions, among others. A goodwill impairment charge would have the effect of decreasing the Company's earnings or increasing its losses in such period. If the Company is required to take further substantial impairment charges in future periods, its operating results would be materially and adversely affected in such period.

The following table summarizes the activity in the Company's goodwill balance during fiscal years 2015 and 2014 (in thousands):

	Years Ended March 31,					
	2015			2014		
	Peripherals	Video Conferencing	Total	Peripherals	Video Conferencing	Total
Beginning of the period	$219,415	$ 125,595	$ 345,010	$216,744	$124,613	$341,357
Acquisitions	988	—	988	202	—	202
Impairment	—	(122,734)	(122,734)	—	—	—
Currency exchange rate impact and other	(2,190)	(2,861)	(5,051)	—	982	982
Reclassified from assets held for sale(1)	—	—	—	2,469	—	2,469
End of the period	$218,213	$ —	$ 218,213	$219,415	$125,595	$345,010

(1) Represents allocated goodwill related to the Company's Retail—Home Control product category which was classified as assets held for sale as of March 31, 2013. The allocated goodwill related to the Home Control product category was reclassified from assets held for sale as of March 31, 2014, as the Company updated its strategic plan and decided to retain its Home Control product category.

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

	March 31,					
	2015			2014		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Trademark and tradenames	$ 13,049	$ (13,038)	$ 11	$ 13,091	$ (11,949)	$ 1,142
Technology	81,441	(79,716)	1,725	83,080	(78,257)	4,823
Customer contracts/relationships	38,538	(38,408)	130	38,851	(34,287)	4,564
	$133,028	$(131,162)	$1,866	$135,022	$(124,493)	$10,529

Note 9—Goodwill and Other Intangible Assets (Continued)

For fiscal years 2015, 2014 and 2013, amortization expense for other intangible assets was $8.4 million, $17.8 million and $23.6 million, respectively. The Company expects that annual amortization expense for the fiscal years 2016 and 2017 to be $1.7 million and $0.2 million, respectively.

Note 10—Financing Arrangements

The Company had several uncommitted, unsecured bank lines of credit aggregating $38.1 million as of March 31, 2015. There are no financial covenants under these lines of credit with which the Company must comply. As of March 31, 2015, the Company had outstanding bank guarantees of $5.1 million under these lines of credit. There was no borrowing outstanding under the line of credit as of March 31, 2015 or March 31, 2014.

Note 11—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, 2015 are as follows (in thousands):

Years Ending March 31,	
2016	$ 13,829
2017	10,397
2018	8,330
2019	6,575
2020	5,193
Thereafter	9,908
	$ 54,232

Rent expense for fiscal years 2015, 2014 and 2013 was $12.6 million, $14.7 million and $25.3 million, respectively.

In connection with its leased facilities, the Company recognized a liability for asset retirement obligations for 2015 and 2014 representing the present value of estimated remediation costs to be incurred at lease expiration. The liabilities for asset retirement obligations were not material as of March 31, 2015 and 2014.

Product Warranties

All of the Company's Peripherals 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.

Note 11—Commitments and Contingencies (Continued)

Changes in the Company's warranty liability for fiscal years 2015 and 2014 were as follows (in thousands):

	Years Ended March 31,	
	2015	2014
Beginning of the period	$ 24,380	$ 21,442
Provision	10,958	15,473
Settlements	(12,027)	(15,206)
Currency translation[(1)]	(1,601)	344
Adjustment[(2)]	—	2,327
End of the period	$ 21,710	$ 24,380

(1) The currency translation during fiscal year 2014 is presented separately to conform to the current year presentation.
(2) During fiscal year 2014, the warranty liability allocated to the Company's Home Control product category was reclassified from liabilities held for sale.

Deferred Services Revenue

The Company's video conferencing reporting unit offers maintenance contracts with the sale of a majority of its products which allow customers to receive service and support extended beyond the expiration of the product warranty contractual term. The Company recognizes these contracts over the life of the service period.

Changes in the Company's deferred services revenue during fiscal years 2015 and 2014 were as follows (in thousands):

	Years Ended March 31,	
	2015	2014
Beginning of the period	$ 30,160	$ 29,327
Extended warranties issued	30,256	33,007
Amortization	(31,766)	(32,174)
End of the period	$ 28,650	$ 30,160

Investment Commitments

During 2015, the Company entered into a limited partnership agreement for a private investment fund specialized in early-stage start-up consumer hardware electronics companies and committed to a capital contribution of $4.0 million over the life of the fund. As of March 31, 2015, no capital has been called upon by the fund.

Note 11—Commitments and Contingencies (Continued)

Other Contingencies

The Company is subject to an ongoing formal investigation by the SEC's Enforcement Division, relating to certain issues including the accounting for Revue inventory valuation reserves that resulted in the restatement described in the Fiscal Year 2014 Annual Report on Form 10-K, revision to the Company's consolidated financial statements concerning warranty accruals and amortization of intangible assets presented in the Company's Amended Annual Report on Form 10-K/A, filed on August 7, 2013, and the Company's transactions with a distributor for Fiscal Year 2007 through Fiscal Year 2009. The Company has entered into an agreement with the SEC to extend the statute of limitations. The Company is cooperating with the investigation and recently engaged in discussions to settle the matter with the SEC, including making offers of monetary amounts for a civil penalty. In accordance with U.S. GAAP, the Company has made an accrual in its financial statements. The Company cannot predict the timing, range of possible loss or final outcome of this matter.

Guarantees

Logitech Europe S.A. guaranteed payments of two third-party contract manufacturers' purchase obligations. As of March 31, 2015, the maximum amount of this guarantee was $3.8 million, of which $1.7 million of guaranteed purchase obligations was outstanding.

Indemnifications

The Company indemnifies certain of its suppliers and customers for losses arising from matters such as intellectual property disputes 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. As of March 31, 2015, no amounts have been accrued for these indemnification provisions. The Company does not believe, based on historical experience and information currently available, that it is probable that any material amounts will be required to be paid under its indemnification arrangements.

The Company also indemnifies its current and former directors and certain of its current and former officers. Certain costs incurred for providing such indemnification may be recoverable under various insurance policies. The Company is unable to reasonably estimate the maximum amount that could be payable under these arrangements because these exposures are not limited, the obligations are conditional in nature and the facts and circumstances involved in any situation that might arise are variable.

Legal Proceedings

From time to time the Company is involved in claims and legal proceedings which arise in the ordinary course of its business. The Company is currently subject to several such claims and a small number of legal proceedings. The Company believes that these matters lack merit and intends to vigorously defend against them. Based on currently available information, the Company does not believe that resolution of pending matters will have a material adverse effect on its financial condition, cash flows or results of operations. However, litigation is subject to inherent uncertainties, and there can be no assurances that the Company's defenses will be successful or that any such lawsuit or claim would not have a material adverse impact on the Company's business, financial conditions, cash flows or results of operations in a particular period. Any claims or proceedings against the Company, whether meritorious or not, can have an adverse impact because of defense costs, diversion of management and operational resources, negative publicity and other factors. Any failure to obtain necessary license or other rights, or litigation arising out of intellectual property claims, could adversely affect the Company's business.

Note 12—Shareholders' Equity

Share Capital

The Company's nominal share capital is CHF 43,276,655, consisting of 173,106,620 shares with a par value of CHF 0.25 each, all of which were issued and 8,624,821 of which were held in treasury shares as of March 31, 2015.

In September 2008, the Company's shareholders approved an amendment to reserve conditional capital of 25,000,000 shares for potential issuance on the exercise of rights granted under the Company's employee equity incentive plans. 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.

Shares Outstanding

In September 2012, the Company's shareholders approved the cancellation of the 18.5 million shares repurchased under the September 2008 amended share buyback program. These shares were legally cancelled during fiscal year 2013, which decreased the treasury shares outstanding by this amount and also decreased its shares issued and outstanding from 191.6 million to 173.1 million.

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 444.9 million or $457.5 million based on the exchange rate at March 31, 2015) and is subject to shareholder approval. In March 2015, the Company announced a plan to pay $250.0 million in cumulative dividends for fiscal year 2015 through fiscal year 2017. The Board of Directors plans to request shareholder approval of the Swiss Franc equivalent of an $85 million dividend for fiscal year 2015 at the Company's next annual general meeting. Based on the exchange rate and the number of shares outstanding as of March 31, 2015, this represents approximately CHF 0.51 per share. In December 2014, Logitech's shareholders approved a cash dividend payment of CHF 43.1 million out of retained earnings to Logitech shareholders. Eligible shareholders were paid CHF 0.26 per share ($0.27 per share in U.S. Dollars), totaling $43.8 million in U.S. Dollars in December 2014. In September 2013, Logitech's shareholders approved a cash dividend payment of CHF 33.7 million out of retained earnings to Logitech's shareholders. Eligible shareholders were paid CHF 0.21 per share ($0.22 per share in U.S. Dollars), totaling $36.1 million in U.S. Dollars in September 2013. In September 2012, the Company's shareholders approved a cash dividend of CHF 125.7 million out of retained earnings to Logitech shareholders. Eligible shareholders were paid CHF 0.79 per share ($0.85 per share in U.S. Dollars), totaling $133.5 million in U.S. Dollars in September 2012. This dividend qualified as a distribution of qualifying additional paid-in capital and, as such, was not subject to Swiss Federal withholding tax.

Legal Reserves

Under Swiss corporate law, a minimum of 5% of the Company's annual net income must be retained in a legal reserve until this legal reserve equals 20% of the Company's issued and outstanding aggregate par value per share capital. These legal reserves represent an appropriation of retained earnings that are not available for distribution and totaled $9.9 million at March 31, 2015 (based on the exchange rate at March 31, 2015).

Note 12—Shareholders' Equity (Continued)

Additionally, under Swiss corporate law, the Company is required to establish a reserve equal to the cost of repurchased treasury shares owned as of year end. The reserve for treasury shares, which is not available for distribution, totaled $77.4 million at March 31, 2015 (based on the exchange rate at March 31, 2015).

Share Repurchases

In March 2014, the Company's Board of Directors approved the 2014 share buyback program, which authorizes the Company to use up to $250.0 million to purchase its own shares. The Company's share buyback program is expected to remain in effect for a period of three years. Shares may be repurchased from time to time on the open market, through block trades or otherwise. Purchases may be started or stopped at any time without prior notice depending on market conditions and other factors.

In September 2008, the Company's Board of Directors approved the September 2008 share buyback program for $250.0 million. In November 2011, an amendment to the September 2008 share buyback program ("September 2008—amended") was approved by the Company's Board of Directors to enable future purchases of shares for cancellation. In August 2013, the September 2008 share buyback and September 2008—amended share buyback programs expired.

A summary of the approved share buyback programs are shown in the following table (in thousands, excluding transaction costs):

	Approved		Repurchased	
Share Buyback Program	**Shares**	**Amounts**	**Shares**	**Amounts**
March 2014	17,311	$250,000	115	$ 1,663
September 2008—amended[(1)]	28,465	177,030	18,500	170,714
September 2008[(1)]	8,344	250,000	7,609	73,134
	54,120	$677,030	26,224	$245,511

(1) Expired in August 2013

During fiscal years 2015 and 2013, 0.1 million and 8.6 million shares were repurchased for $1.7 million and $87.8 million, respectively. There were no share repurchases during fiscal year 2014. During fiscal year 2013, 18.5 million of the repurchased shares were cancelled.

Accumulated Other Comprehensive Income (Loss)

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

	Accumulated Other Comprehensive Income (Loss)			
	Cumulative Translation Adjustment[(1)]	**Defined Benefit Plans[(1)]**	**Deferred Hedging Gains (Losses)**	**Total**
March 31, 2014	$(70,999)	$(14,288)	$ (515)	$ (85,802)
Other comprehensive income (loss)	(19,225)	(12,676)	4,466	(27,435)
March 31, 2015	$(90,224)	$(26,964)	$3,951	$(113,237)

(1) Tax effect was not significant as of March 31, 2015 or 2014.

LOGITECH INTERNATIONAL S.A.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 13—Segment Information

The Company has two reporting segments, peripherals and video conferencing, based on product markets and internal organizational structure. The peripherals segment encompasses the design, manufacturing and marketing of peripherals for PCs, tablets and other digital platforms. The video conferencing segment offers scalable high-definition, or HD, video communication endpoints, HD video conferencing systems with integrated monitors, video bridges, a Cloud-based video conferencing solution and other infrastructure software and hardware to support large-scale video deployments and services to support these products. The Company's reporting segments do not record revenue on sales between segments.

Operating performance measures for the peripherals segment and the video conferencing segment are reported separately to Logitech's Chief Executive Officer ("CEO"), who is considered to be the Company's Chief Operating Decision Maker ("CODM"). The CEO periodically reviews information such as net sales and operating income (loss) for each operating segment to make business decisions. These operating performance measures do not include share-based compensation expense and amortization of intangible assets. Share-based compensation expense and amortization of intangible assets are presented in the following financial information by operating segment as "other income (expense)." Assets by operating segment are not presented since the Company does not present such data to the CODM.

Net sales and operating income (loss) for the Company's operating segments were as follows (in thousands):

	Years Ended March 31,		
	2015	2014	2013
Net sales:			
Peripherals	$2,004,908	$2,008,028	$1,962,237
Video conferencing	109,039	120,685	137,040
	$2,113,947	$2,128,713	$2,099,277
Segment operating income (loss):			
Peripherals[(1)]	$ 179,136	$ 131,326	$ 25,829
Video conferencing[(1)]	(129,650)	(12,023)	(229,097)
	49,486	119,303	(203,268)
Other income (expense):			
Share-based compensation	(25,825)	(25,546)	(25,198)
Amortization of intangibles	(8,361)	(17,771)	(23,571)
Interest income (expense), net	1,225	(397)	907
Other income (expense), net	(2,752)	1,993	(2,198)
Income (loss) before income taxes	$ 13,773	$ 77,582	$ (253,328)

(1) Peripherals operating results include $4.8 million of restructuring credit, $8.0 million and $39.5 million of restructuring charges during fiscal year 2015, 2014 and 2013, respectively, and $2.2 million of impairment of other assets during fiscal year 2013. Video Conferencing operating results include $0.1 million of restructuring credit, $5.8 million and $4.2 million of restructuring charges for fiscal year 2015, 2014 and 2013, respectively, and $122.7 million of $214.5 million of impairment charges for goodwill and other assets for fiscal years 2015 and 2013, respectively.

Note 13—Segment Information (Continued)

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

	Years Ended March 31,		
	2015	2014	2013
Peripherals:			
Mobile Speakers	$ 178,038	$ 87,414	$ 33,408
Gaming	211,911	186,926	144,512
Video Collaboration	62,215	29,058	18,700
Tablet & Other Accessories	140,994	172,484	119,856
Growth	593,158	475,882	316,476
Pointing Devices	487,210	506,884	521,083
Keyboards & Combos	426,117	415,314	399,144
Audio-PC & Wearables	213,496	250,037	289,313
PC Webcams	96,680	113,791	137,292
Home Control	68,060	67,371	71,641
Profit Maximization	1,291,563	1,353,397	1,418,473
Retail Strategic Sales[1]	1,884,721	1,829,279	1,734,949
Non-Strategic	2,725	37,000	86,102
OEM	117,462	141,749	141,186
	2,004,908	2,008,028	1,962,237
Video Conferencing	109,039	120,685	137,040
	$2,113,947	$2,128,713	$2,099,277

(1) Certain products within the retail product families presented in prior years have been reclassified to conform to the current year presentation. There is no impact over total net retail sales.

Net sales to unaffiliated customers by geographic region for fiscal years 2015, 2014 and 2013 (based on the customers' location) were as follows (in thousands):

	Years Ended March 31,		
	2015	2014	2013
Americas	$ 915,478	$ 859,893	$ 808,618
EMEA	710,966	767,017	799,075
Asia Pacific	487,503	501,803	491,584
	$2,113,947	$2,128,713	$2,099,277

The United States represented 36%, 35% and 33% of net sales for the fiscal years 2015, 2014 and 2013, respectively. No other single country represented more than 10% of net sales during these periods. Revenues from net sales to customers in Switzerland, the Company's home domicile, represented 2% of net sales for each of fiscal years 2015, 2014 and 2013, respectively.

Note 13—Segment Information (Continued)

Geographic long-lived assets information, primarily fixed assets, are reported below based on the location of the asset (in thousands):

	March 31,	
	2015	2014
Americas	$48,527	$45,166
EMEA	3,584	5,154
Asia Pacific	39,482	38,071
	$91,593	$88,391

Long-lived assets in the United States and China were $48.3 million and $34.0 million at March 31, 2015, respectively, and $44.9 million and $31.9 million at March 31, 2014, respectively. No other countries represented more than 10% of the Company's total consolidated long-lived assets at March 31, 2015 or 2014. Long-lived assets in Switzerland, the Company's home domicile, were $1.5 million and $1.6 million at March 31, 2015 and 2014, respectively.

Note 14—Restructuring

The following table summarizes restructuring related activities during fiscal year 2015 and 2014 (in thousands):

	Restructuring		
	Termination Benefits	Lease Exit Costs	Total
Accrual balance at March 31, 2013	$ 13,383	$ 75	$ 13,458
Charges	6,463	7,348	13,811
Adjustment for deferred rent	—	1,450	1,450
Cash payments	(19,534)	(1,454)	(20,988)
Currency exchange impact	(170)	—	(170)
Accrual balance at March 31, 2014	142	7,419	7,561
Credits	(86)	(4,802)	(4,888)
Cash payments	(56)	(1,578)	(1,634)
Accrual balance at March 31, 2015	$ —	$ 1,039	$ 1,039

During the second quarter of fiscal year 2014, the Company implemented a restructuring plan solely affecting its video conferencing operating segment to align its organization to its strategic priorities of increasing focus on a tighter range of products and improving profitability. Restructuring charges under this plan primarily consist of severance and other one-time termination benefits. During fiscal year 2014, restructuring charges under this plan included $5.0 million in termination benefits and $0.6 million in lease exit costs. The Company substantially completed this restructuring plan by March 31, 2014.

During the fourth quarter of fiscal year 2013, the Company implemented a restructuring plan to align its organization to its strategic priorities of increasing focus on mobility products, improving profitability in PC-related products and enhancing global operational efficiencies. As part of this restructuring plan, the Company reduced its worldwide non-direct labor workforce. Restructuring charges under this plan primarily consisted of severance and other one-time termination benefits. During fiscal year 2015, the Company recorded a $4.9 million restructuring credit primarily as a result of partial termination of its lease agreement for the Silicon Valley campus, which was previously vacated and under the restructuring plan during fiscal year 2014. During fiscal year 2014, restructuring charges under this plan included $1.5 million in termination benefits and $6.7 million in lease exit costs, $5.4 million of which pertains to

Note 14—Restructuring (Continued)

the consolidation of the Company's Silicon Valley campus from two buildings down to one during the quarter ended March 31, 2014. The Company substantially completed this restructuring plan by the fourth quarter of fiscal year 2014.

Termination benefits were calculated based on regional benefit practices and local statutory requirements. Lease exit costs primarily relate to costs associated with the closure of existing facilities. Other charges primarily consist of legal, consulting and other costs related to employee terminations.

Note 15—Subsequent Events

On April 22, 2015, the Company announced its intent to exit the OEM business and reorganize Lifesize to sharpen its focus on its Cloud-based offerings, and streamline its overall cost structure through product, overhead and infrastructure cost reductions, including a targeted resource realignment. The Company expects to recognize restructuring charges of approximately $15 million to $20 million.

Note 16—Other Disclosure Required by Swiss Law

Balance Sheet Items

The amounts of certain balance sheet items were as follows (in thousands):

	March 31,	
	2015	2014
Prepayments and accrued income	$ 12,922	$ 11,681
Non-current assets	$374,660	$518,390
Pension liabilities, current	$ 1,232	$ 1,100
Fire insurance value of property, plant and equipment	$207,688	$214,020

Statement of Income Items

Total personnel expenses amounted to $339.8 million, $345.6 million and $359.8 million in fiscal years 2015, 2014, and 2013.

Security Ownership of Board Members and Executive Officers

In accordance with the Swiss Code of Obligations, the security ownership of members of the Board of Directors of Logitech International S.A. and Logitech executive officers are presented in the Swiss Statutory Financial Statements of Logitech International S.A.

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, as appropriate. Financial risk assessment and management is integrated into the functions of the Company's Treasury, Finance and Business group operations, with oversight from the Audit Committee. 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 groups, with support from specialized departments such as Product 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

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Report of the Statutory Auditor to the General Meeting of Shareholders of

Logitech International S.A., Apples

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Logitech International S.A., which comprise the balance sheet, statement of income and notes for the year ended March 31, 2015.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended March 31, 2015 comply with Swiss law and the company's articles of incorporation.

Other Matter

The financial statements of Logitech International S.A. for the year ended March 31, 2014 were audited by another auditor who expressed an unmodified opinion on those statements on November 17, 2014.

KPMG

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.

KPMG AG

Rolf Hauenstein	Christopher G. Meredith
Licensed Audit Expert	*Manager*
Auditor in Charge	

Zurich, June 5, 2015

LOGITECH INTERNATIONAL S.A., APPLES

SWISS STATUTORY BALANCE SHEETS (unconsolidated)
(In thousands of Swiss francs)

	March 31, 2015	March 31, 2014
ASSETS		
Current assets:		
Cash	CHF 141,211	CHF 94,840
Short-term bank deposits	252,375	143,090
Accrued interest and other receivables	1,305	1,128
Advances to and receivables from group companies	—	187
Total current assets	394,891	239,245
Long-term assets:		
Investments in subsidiaries	509,082	507,968
Loans to group companies	229,440	222,152
Treasury shares	75,299	104,807
Provision on treasury shares	—	(16,927)
Total long-term assets	813,821	818,000
Total assets	CHF 1,208,712	CHF 1,057,245
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Payables to group companies	CHF 7,225	CHF —
Accruals and other liabilities	7,961	3,430
Total current liabilities	15,186	3,430
Long-term liabilities:		
Deferred unrealized foreign currency exchange gains	—	6,103
Payables to group companies	614,605	430,246
Total liabilities	629,791	439,779
Shareholders' equity:		
Share capital	43,277	43,277
Legal reserves:		
General reserve		
- Reserve from capital contribution	1,265	1,265
- Other general reserves	9,580	9,580
Reserve for treasury shares		
- Other general reserves for treasury shares	75,299	104,807
Total legal reserves	86,144	115,652
Unappropriated retained earnings	444,943	388,473
Profit for the period	4,557	70,064
Total shareholders' equity	578,921	617,466
Total liabilities and shareholders' equity	CHF 1,208,712	CHF 1,057,245

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

LOGITECH INTERNATIONAL S.A., APPLES

SWISS STATUTORY STATEMENTS OF INCOME (unconsolidated)
(In thousands of Swiss francs)

	Year ended March 31, 2015	Year ended March 31, 2014
Income:		
Dividend income	CHF 42,181	CHF 70,063
Royalty fees	21,735	21,408
Interest income from third parties	631	258
Interest income from group companies	9,292	9,847
Total income	73,839	101,576
Expenses:		
Administrative expenses	23,272	5,684
Brand development expenses	16,237	15,977
Interest paid to group companies	14,621	11,794
Income, capital and non-recoverable withholding taxes	1,084	(291)
Loss/(Gain) on treasury shares	11,940	(13,814)
Loss on long-term investments	2,072	343
Loss/(Gain) on foreign currency exchange	392	(44)
(Gain)/Loss on liquidation of investments	(336)	9,973
Other expenses	—	1,890
Total expenses	69,282	31,512
Net income	CHF 4,557	CHF 70,064

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

LOGITECH INTERNATIONAL S.A., APPLES

NOTES TO SWISS STATUTORY FINANCIAL STATEMENTS

Note 1 — General and Basis of Presentation:

Logitech International S.A. is a Swiss holding company with its registered office in Apples, Switzerland, which conducts its business through subsidiaries in Americas, Europe, Middle East & Africa ("EMEA") and Asia Pacific. Shares of Logitech International S.A. are listed on both the SIX Swiss Exchange under the trading symbol LOGN and the Nasdaq Global Select Market under the trading symbol LOGI.

The Swiss statutory financial statements of Logitech International S.A., Apples ("the Holding Company") are prepared in accordance with the provisions of the Swiss Code of Obligations prior to the changes introduced on January 1, 2013, in accordance with the transitional provisions of the new accounting law, which will be effective for the Holding Company for the year ending March 31, 2016. The statutory 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 lines of credit available to its subsidiaries for CHF 59.8 million and CHF 54.5 million at March 31, 2015 and March 31, 2014, respectively. The Holding Company also issued a guarantee to one financial institution at March 31, 2015 for lines of credit available to its subsidiaries without specific amount. As of March 31, 2015 and 2014, the drawn down is not material.

As previously announced in the Company's Annual Report on Form 10-K for fiscal year 2014, some of the issues reviewed by the Audit Committee are also the subject of an ongoing formal investigation by the SEC ("Securities and Exchange Commission"), including the accounting for Revue inventory valuation reserves that resulted in the restatement, revision to the Company's consolidated financial statements concerning warranty accruals and amortization of intangible assets presented in the Company's Amended Annual Report on Form 10-K/A, filed on August 7, 2013, and the Company's transactions with a distributor for fiscal year 2007 through fiscal year 2009. The Company is cooperating with the SEC in its ongoing investigation. The Company has entered into an agreement with the SEC to extend the statute of limitations. The Holding Company has made an accrual in its statutory financial statements related to this matter. The Company cannot predict the timing, range of possible loss or final outcome of this matter.

Note 3 — Investments in subsidiaries:

The Holding Company's principal operating subsidiaries include the following:

Company name	Country	Percentage of ownership	Currency	Share capital	Purpose
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 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.

Note 4 – Release of Hidden Reserves:

For the fiscal year ended March 31, 2015, the Holding Company released CHF 16.9 million in net hidden reserves related to the provision on treasury shares. For the fiscal year ended March 31, 2014, there was no release of hidden reserves.

Note 5 — Treasury Shares:

During fiscal years 2015 and 2014, repurchases of and issuances from the Holding Company's treasury shares were as follows:

	Number of shares	Total cost (in thousands)
Held by the Holding Company at March 31, 2013	13,855,436	CHF 172,391
Additions	—	—
Disposals	(3,648,986)	(67,584)
Held by the Holding Company at March 31, 2014	10,206,450	104,807
Additions	115,000	1,535
Disposals	(1,696,629)	(31,043)
Held by the Holding Company at March 31, 2015	8,624,821	CHF 75,299

In March 2014, the Company's Board of Directors approved the 2014 share buyback program, which authorizes the Company to use up to $250.0 million to purchase its own shares. The Company's share buyback program is expected to remain in effect for a period of three years. Shares may be repurchased from time to time on the open market, through block trades or otherwise. Purchases may be started or stopped at any time without prior notice depending on market conditions and other factors. During the fiscal year ended March 31, 2015, the Company repurchased 115,000 registered shares for approximately $1.7 million, including transaction costs, under this plan. There were no shares repurchased under this plan during the fiscal year ended March 31, 2014.

Treasury shares are recorded as a long-term asset at the lower of cost or market value. The disposal of treasury shares during the period was to the Holding Company's directors and employees under the Holding Company's share option and share purchase plans. The gain or loss on the disposal of repurchased treasury shares is recorded in the statement of income.

Note 6 — 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 to reserve conditional capital of 25.0 million shares for potential issuance on the exercise of rights granted under the Company's employee equity incentive plans. The shareholders also approved the creation of conditional capital representing the issuance of up to 25.0 million 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.

As of March 31, 2015, none of the aforementioned conditional registered shares had been issued. During fiscal years 2015 and 2014, 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 7 — Significant Shareholders:

The Holding Company's share capital consists of registered shares. To the knowledge of the Holding Company, the beneficial owners holding more than 3% of the voting rights of the Company as of March 31, 2015 were as follows:

Name	Number of Shares[1]	Percentage of Voting Rights[2]	Relevant Date
Credit Suisse AG[3]	11,228,056	6.5%	February 12, 2015
Daniel Borel[4]	9,614,038	5.6%	March 31, 2015
JPMorgan Chase & Co.[5]	7,638,433	4.4%	February 6, 2015
Marathon Asset Management LLP[6]	5,358,296	3.1%	April 5, 2013
Macquarie Group Limited[7]	5,243,857	3.0%	December 13, 2013
UBS Fund Management (Switzerland) AG[8]	5,239,853	3.0%	September 29, 2014
Credit Suisse Funds AG[9]	5,213,350	3.0%	March 25, 2015

(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 173,106,620 voting rights as of March 31, 2015.

(3) The number of shares held by Credit Suisse AG through its indirect subsidiaries is based on a Schedule 13G filed with the U.S. Securities and Exchange Commission on February 19, 2015.

(4) 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, and (b) 6,500 shares held by Mr. Borel's spouse. Mr. Borel has not entered into any written shareholders' agreements.

(5) The number of shares held by JPMorgan Chase & Co. through its indirect subsidiaries is based on a notification filed with the SIX Exchange Regulation on February 19, 2015.

(6) The number of shares held by Marathon Asset Management LLP is based on a notification filed with the SIX Exchange Regulation on April 11, 2013.

(7) The number of shares held by Macquarie Group Limited through its indirect subsidiaries is based on a notification filed with the SIX Exchange Regulation on December 28, 2013.

(8) The number of shares held by UBS Fund Management (Switzerland) AG is based on a notification filed with the SIX Exchange Regulation on October 7, 2014.

(9) The number of shares held by Credit Suisse Funds AG is based on a notification filed with the SIX Exchange Regulation on April 2, 2015.

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.

Note 8 — Movements in Retained Earnings:

During fiscal years 2015 and 2014, movements in retained earnings were as follows (in thousands):

	Year ended March 31, 2015	Year ended March 31, 2014
Retained earnings at the beginning of the year	CHF 458,537	CHF 354,602
Net release from reserve for treasury shares	29,508	67,584
Dividend Paid	(43,102)	(33,713)
Net income for the year	4,557	70,064
Retained earnings at the disposal of the Annual General Assembly	CHF 449,500	CHF 458,537

Note 9 — Share Ownership of Board Members and Executive Officers:

The following tables set forth the shares and options held by each of the individual members of the Board of Directors and executive officers as of March 31, 2015 and 2014:

	As of March 31, 2015			
	Shares Held	Options, PRSUs and RSUs Held[1]	Exercise Price	Fiscal Years of Expiration
Non-Group Management Team Members of the Board of Directors:				
Daniel Borel[2]	9,614,038	11,000	n/a	n/a
Matthew Bousquette	51,148	86,000	\$15.41 - \$23.29	2016 - 2019
Kee-Lock Chua	82,487	26,000	\$19.43	2016
Sally Davis[3]	79,798	41,000	\$35.42	2018
Guerrino De Luca[4]	243,812	712,680	\$7.83 - \$27.95	2016 - 2023
Didier Hirsch[5]	25,230	20,066	n/a	n/a
Neil Hunt	42,128	11,000	n/a	n/a
Dimitri Panayotopoulos[6]	—	11,000	n/a	n/a
Monika Ribar[7]	60,540	26,000	\$35.42	2018
Total Non-Group Management Team Members of the Board of Directors:	10,199,181	944,746		
Members of the Group Management Team				
Bracken Darrell[8]	114,513	2,489,850	\$8.03-20.08	2023
Vincent Pilette	286,950	337,086	n/a	n/a
Marcel Stolk[9]	37,474	434,395	\$7.46	2023
L. Joseph Sullivan	61,768	618,975	\$7.83 - \$30.09	2016 - 2023
Total Group Management Team:	500,705	3,880,306		

(1) Each option provides the right to purchase one share at the exercise price. For executive officers (including members of the Group Management Team and Mr. Guerrino De Luca), the options became exercisable over four years in equal annual installments from the date of grant. For non-executive Directors, the options became exercisable over three years in equal annual installments from the

Note 9 — Share Ownership of Board Members and Executive Officers: (Continued)

date of grant. Market-based options granted under the Company's 2006 Stock Incentive Plan became or may become exercisable at the later of two years from the grant date or upon meeting certain minimum share price performance criteria. Premium-priced stock options granted under the Company's 2012 Stock Inducement Equity Plan vested or vest if and only when Logitech's average closing share price, over a consecutive ninety-day trading period, meets or exceeds the exercise price of the applicable tranche of the three tranches of the grant. PRSUs granted to executive officers are market-based restricted stock units that may vest upon meeting certain minimum share price performance criteria measured against market conditions at the end of three years from the grant date or performance-based restricted stock units that may vest upon the later of one to three years from the grant date or upon meeting certain operating performance criteria. RSUs granted to executive officers are time-based restricted stock units that vest in four equal annual installments from the date of grant, except for some RSUs awarded to Mr. Guerrino De Luca and Mr. Vincent Pilette that vest two years and three years from the date of grant, respectively. RSUs granted to non-executive Directors vest in one annual installment.

(2) The number of shares held includes (a) 53,000 shares held by a charitable foundation, of which Mr. Daniel Borel and other members of his family are board members and (b) 6,500 shares held by Mr. Borel's spouse. Mr. Borel has not entered into any written shareholders' agreements.

(3) The exercise price of the option as granted to Ms. Sally Davis is CHF 34.45. The U.S. Dollar exercise price shown is based on the Swiss Franc to U.S. Dollar conversion rate as of March 31, 2015. The U.S. Dollar exercise price as of March 31, 2015 was $35.42.

(4) Mr. Guerrino De Luca, Logitech's Chairman, is an executive member of the Board of Directors and his compensation, including equity awards, is structured similarly to the members of the Group Management Team. The exercise price of one the options granted to Mr. Guerrino De Luca is CHF 18.85. The U.S. Dollar exercise price was based on the Swiss Franc to U.S. Dollar conversion rate as of March 31, 2015. The U.S. Dollar exercise price as of March 31, 2015 was $19.07.

(5) Mr. Didier Hirsch was first elected as a director at the Annual General Meeting in September 2012.

(6) Mr. Dimitri Panayotopoulos was first elected as a director at the Annual General Meeting in December 2014.

(7) The exercise price of the option granted to Ms. Monika Ribar is CHF 34.45. The U.S. Dollar exercise price is based on the Swiss Franc to U.S. Dollar conversion rate as of March 31, 2015. The U.S. Dollar exercise price as of March 31, 2015 was $35.42.

(8) Mr. Bracken Darrell, Logitech's President and Chief Executive Officer, is also a member of the Board of Directors.

(9) The exercise price of the option granted to Mr. Marcel Stolk is CHF 7.25. The U.S. Dollar exercise price is based on the Swiss Franc to U.S. Dollar conversion rate as of March 31, 2015. The U.S. Dollar exercise price as of March 31, 2015 was $7.46.

Note 9 — Share Ownership of Board Members and Executive Officers: (Continued)

	As of March 31, 2014			
	Shares Held	Options, PRSUs and RSUs Held[1]	Exercise Price	Fiscal Years of Expiration
Non-Group Management Team Members of the Board of Directors:				
Daniel Borel[2]	9,801,343	18,400	n/a	n/a
Matthew Bousquette	38,453	93,400	\$15.41 - \$23.29	2016 - 2019
Erh-Hsun Chang[3]	185,979	—	n/a	n/a
Kee-Lock Chua	69,792	33,400	\$19.43	2016
Sally Davis[4]	67,103	48,400	\$38.92	2018
Guerrino De Luca[5]	164,018	1,040,000	\$7.83 - \$27.95	2015 - 2023
Didier Hirsch[6]	6,228	36,532	n/a	n/a
Neil Hunt	29,433	18,400	n/a	n/a
Monika Ribar[7]	43,245	113,400	\$16.58 - \$38.93	2015 - 2018
Total Non-Group Management Team Members of the Board of Directors:	10,405,594	1,401,932		
Members of the Group Management Team				
Bracken Darrell[8]	71,288	2,222,000	\$8.03	2023
Vincent Pilette	165,806	370,000	n/a	n/a
Erik Bardman[9]	7,439	—	n/a	n/a
Marcel Stolk	22,506	397,000	\$7.83	2013
L. Joseph Sullivan	35,107	630,750	\$7.83 - \$30.09	2016 - 2023
Total Group Management Team:	302,146	3,619,750		

(1) Each option provides the right to purchase one share at the exercise price. For executive officers (including members of the Group Management Team and Mr. Guerrino De Luca), the options became exercisable over four years in equal annual installments from the date of grant. For non-executive Directors, the options became exercisable over three years in equal annual installments from the date of grant. Market-based options granted under the Company's 2006 Stock Incentive Plan may become exercisable at the later of two years from the grant date or upon meeting certain minimum share price performance criteria. Premium-priced stock options granted under the Company's 2012 Stock Inducement Equity Plan vested or vest if and only when Logitech's average closing share price, over a consecutive ninety-day trading period, meets or exceeds the exercise price of the applicable tranche of the three tranches of the grant. PRSUs granted to executive officers are market-based restricted stock units that may vest upon meeting certain minimum share price performance criteria measured against market conditions at the end of three years from the grant date. RSUs granted to executive officers are time-based restricted stock units that vest in four equal annual installments from the date of grant, except for some RSUs awarded to Mr. Guerrino De Luca and Mr. Vincent Pilette that vest two years and one or three years from the date of grant, respectively. RSUs granted to non-executive Directors vest in one annual installment.

Note 9 — Share Ownership of Board Members and Executive Officers: (Continued)

(2) The number of shares held includes (a) 53,000 shares held by a charitable foundation, of which Mr. Daniel Borel and other members of his family are board members and (b) 6,500 shares held by Mr. Borel's spouse. Mr. Borel has not entered into any written shareholders' agreements.

(3) Mr. Chang did not stand for re-election as a director at the Annual General Meeting in September 2013. Shares held are as of August 15, 2014, the last date as of which the Company had information with respect to shares held by Mr. Chang.

(4) The exercise price of the option as granted to Ms. Sally Davis is CHF 34.45. The U.S. dollar exercise price shown is based on the Swiss Franc to U.S. Dollar conversion rate as of March 31, 2014. The U.S. Dollar exercise price as of March 31, 2014 was $38.93.

(5) Mr. Guerrino De Luca, Logitech's Chairman, is an executive member of the Board of Directors and his compensation, including equity awards, is structured similarly to the members of the Group Management Team. Two options granted to Mr. Guerrino De Luca have exercise prices of CHF 15.21 and CHF 18.85. The U.S. Dollar exercise prices are based on the Swiss Franc to U.S. Dollar conversion rate as of March 31, 2014. The U.S. Dollar exercise prices as of March 31, 2014 were $17.20 and $20.97.

(6) Mr. Didier Hirsch was first elected as a director at the Annual General Meeting in September 2012.

(7) The two option grants to Ms. Monika Ribar have exercise prices of CHF 14.68 and CHF 34.45. The U.S. Dollar exercise prices are based on the Swiss Franc to U.S. Dollar conversion rate as of March 31, 2014. The U.S. Dollar exercise prices as of March 31, 2014 were $16.58 and $38.93.

(8) Mr. Bracken Darrell, Logitech's President and Chief Executive Officer, is also a member of the Board of Directors.

(9) Mr. Erik Bardman resigned as an executive officer of the Company in April 2013.

Note 10 — 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, as appropriate. Financial risk assessment and management is integrated into the functions of the Company's Treasury, Finance and Business group operations, with oversight from the Audit Committee. 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 groups, with support from specialized departments such as Product 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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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 for the fiscal year 2015 (in thousands):

	Year ended March 31, 2015	
Retained earnings available at end of fiscal year 2015	CHF	449,500
Proposed dividend[(1)]		(82,661)
Balance of retained earnings to be carried forward	CHF	366,839

(1) The Board of Directors proposes distribution of a gross aggregrate dividend of USD 85,000,000 (approximately CHF 82,661,493 based on the exchange rate of USD1=CHF 1.0283 as of March 31, 2015), or approximately USD 0.5167 per share (approximately CHF 0.5025 per share based on the exchange rate as of March 31, 2015), subject to a maximum gross aggregate dividend equal to the retained earnings available at the end of fiscal year 2015. The per share approximations are based on 164,481,799 shares outstanding, net of treasury shares, as of March 31, 2015. Subject to the maximum gross aggregate dividend, the proposed dividends in Swiss Francs presented at Logitech's 2015 Annual General Meeting will be based on USD 85,000,000 and the currency exchange rate effective on the date of Logitech’s 2015 Annual General Meeting.

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