logitech

2016 Annual General Meeting
Invitation, Proxy Statement and Annual Report

TO OUR SHAREHOLDERS

logitech

WE ARE PLEASED TO REPORT AN EXCELLENT FISCAL YEAR 2016 – THE CULMINATION OF THREE YEARS OF REINVENTION. IN FACT, AS WE ENTER OUR 35TH YEAR, WE FEEL LIKE A YOUNG COMPANY.

Three key foundational strengths drove our FY 2016 performance, as well as our transformation these past years: innovation, execution, and cost management. As a result, we ended the year with our strongest retail sales growth in five years. Key highlights include*:

- Sales of $2.02 billion grew 1 percent compared to FY 2015. Retail sales (the entire "go-forward" business) grew 9 percent in constant currency.
- GAAP operating income was $129 million, with earnings per share at $0.77. Non-GAAP operating income was a better-than-expected $179 million, with earnings per share at $0.98.
- We returned $156 million to you, our shareholders, in the form of dividends and share repurchases and delivered our twenty-second consecutive year of positive cash flow. We still ended the year with more than $0.5 billion in cash.

A deeper dive into these numbers, and Logitech's activities throughout the year, gives greater detail on what has been a terrific year.

ANOTHER YEAR OF PROFITABLE GROWTH

Last year, we outlined the importance of Logitech's Retail Strategic business – essentially our entire business (more than 90 percent) excluding Lifesize, which we separated, and OEM, which we exited. This new Logitech that remains grew 9 percent in constant currency sales in FY 2016, more than our original outlook and more than twice the growth of FY 2015.

We posted gains in constant currency sales year-over-year in Gaming (up 23 percent), Mobile Speakers (up 37 percent) and Video Collaboration (up 51 percent). We also increased sales in PC Peripherals: our Mice and Keyboard categories grew 6 percent combined and we achieved our best sales in Keyboards & Combos in eight years.

We grew across each of our regions. We grew in our Growth category *and* in our Profit Maximization category. In fact, more than 80 percent of our retail sales were in growing categories. And we increased our market share across almost all our categories. What's more, our growth was profitable: non-GAAP operating income was a better-than-expected $179 million.

INNOVATION ACROSS A DIVERSE PORTFOLIO

It seems unimaginable that we could have our strongest year of growth and our third consecutive year of growth in Fiscal Year 2016 despite continuing steep declines in the PC and iPad markets. Just look at the key facts. First, we grew strongly outside our PC and tablet peripheral product categories. And second, we even grew our mouse and keyboard categories modestly through good innovation. This was possible because while the sales of PCs are declining, the usage of PCs is not. Strong innovation in a mouse or keyboard can reinvent an old PC.

The new Logitech is more about fundamental innovation than just portfolio expansion, although it is that too. The innovation and execution we have driven in our product portfolio have helped drive this growth. For several years, we have been dedicated to bringing together high-quality engineering, Design thinking and consumer insights to craft great product experiences that appeal to millions of consumers. Fiscal Year 2016 was no exception.

The new Logitech is more about fundamental innovation than just portfolio expansion

Let's recall how this approach affects our oldest category. The new Logitech MX Anywhere 2 wireless mouse – the portable sibling of our best-selling MX Master mouse – responds to the consumer need for a beautifully designed, portable mouse that can be used across multiple computers. The Logitech K380 Multi-Device keyboard also taps into a trend for switching between devices –

this time between tablets, PCs and smartphones. Both of these products illustrate how a blend of art and science that taps into a genuine consumer need can contribute to growth, even in a declining market.

Logi BASE and Logi CREATE are additional examples of this approach. Each accessorizes the iPad Pro and is the result of close collaboration with Apple before the iPad Pro was even launched.

We are building quite a success story in other categories too. We had hits in FY 2016 from the new UE BOOM 2 wireless speaker, the Logitech G900 Chaos Spectrum wireless gaming mouse and our Video Collaboration portfolio of ConferenceCam products. These bring 360-degree music to your social activities, professional-grade wireless technology to gamers and high-definition video to meeting rooms around the world.

We also introduced our Logi Circle wireless security camera, designed to protect and connect you while you're away from home. And a few weeks ago we unveiled Logi ZeroTouch – a simple app that turns your car into a connected car, allowing you to interact safely with your smartphone without taking your eyes off the road.

The list of home-grown product successes goes on and we've also expanded our presence in markets through acquisition. Our acquisition of Jaybird, a leader in wireless audio wearables for sports and active lifestyles, saw us add their award-winning X2 wireless buds to our portfolio. And just weeks later, we launched new Jaybird Freedom wireless buds, to immediate acclaim by media and consumers.

All of our broad market areas — Creativity & Productivity, Gaming, Music, Video Collaboration and Home — offer opportunities for profitable growth.

These and other products comprise our diverse and balanced portfolio of product categories and brands. They have contributed to a record-breaking nine Red Dot design awards, eight iF awards and five GOOD DESIGN awards in Calendar Year 2016 alone. Such recognition underscores the value in our pursuit of becoming a Design-centric company.

LOOKING FORWARD

Fiscal Year 2016 demonstrates the transformation we have undergone at Logitech. Over these past three years, we have returned to profitable growth, from a 7 percent decline in 2013 to 9 percent growth last year. We have established and expanded on our category leadership and have a diverse portfolio of which we can be proud. An investment in Logitech stock at the start of FY 2014 would have generated a return of nearly 130 percent over the past three fiscal years and we continue to return value to you through dividends and share buybacks.

As we enter the year of our thirty-fifth anniversary, which we'll celebrate on October 2, 2016, we feel young again. Our innovation engine has momentum. And we continue, like a hungry young company, to manage our costs prudently – re-investing a portion of savings back into innovation to drive profitable growth on the top line. Of course, Logitech faces a competitive environment, with the added pressure of economic headwinds, uncertainty following Brexit and the constant state of change and disruption that marks our categories. Yet, where some see challenges, we see numerous growth opportunities. All of our broad market areas – Creativity & Productivity, Gaming, Music, Video Collaboration and Home – offer opportunities for profitable growth.

These are exciting times. We're grateful to our employees for their hard work and dedication in getting us here. We're also extremely grateful to you, our shareholders, for believing in us. We look forward to building our future together, in the next chapter for the new Logitech. We are just getting started. Young again.

Guerrino De Luca
Chairman of the Board

Bracken Darrell
President and Chief Executive Officer

* Note that these results and comparisons with the prior year focus on results from continuing operations. They do not include the performance of Lifesize because Logitech separated its Lifesize division from the Company in December 2015.

2016 Annual General Meeting
Invitation, Proxy Statement and Annual Report

2016 Annual General Meeting Invitation, Proxy Statement

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July 22, 2016

To our shareholders:

You are cordially invited to attend Logitech’s 2016 Annual General Meeting. The meeting will be held on Wednesday, September 7, 2016 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 7, 2016
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, 2016

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 2016
2. Advisory vote to approve executive compensation
3. Appropriation of retained earnings and declaration of dividend
4. Amendment and restatement of the 2006 Stock Incentive Plan, including an increase to the number of shares available for issuance under the Plan
5. Release of the Board of Directors and Executive Officers from liability for activities during fiscal year 2016
6. Elections to the Board of Directors
   - 6.A. Re-election of Dr. Edouard Bugnion
   - 6.B. Re-election of Mr. Bracken Darrell
   - 6.C. Re-election of Ms. Sally Davis
   - 6.D. Re-election of Mr. Guerrino De Luca
   - 6.E. Re-election of Ms. Sue Gove
   - 6.F. Re-election of Mr. Didier Hirsch
   - 6.G. Re-election of Dr. Neil Hunt
   - 6.H. Re-election of Mr. Dimitri Panayotopoulos
   - 6.I. Re-election of Dr. Lung Yeh
   - 6.J. Election of Dr. Patrick Aebischer
7. Election of the Chairman of the Board
8. Elections to the Compensation Committee
   - 8.A. Re-election of Ms. Sally Davis
   - 8.B. Re-election of Dr. Neil Hunt
   - 8.C. Re-election of Mr. Dimitri Panayotopoulos
   - 8.D. Election of Dr. Edouard Bugnion
9. Approval of Compensation for the Board of Directors for the 2016 to 2017 Board Year
10. Approval of Compensation for the Group Management Team for Fiscal Year 2018
11. 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 2017
12. Re-election of Ms. Béatrice Ehlers as Independent Representative

Apples, Switzerland, July 22, 2016

The Board of Directors

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Questions and Answers about The Logitech 2016 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 22, 2016.

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 7, 2016 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 1, 2016 have the right to vote. No shareholders will be entered in the Share Register between September 1, 2016 and the day following the meeting. As of June 30, 2016, there were 105,064,384 shares registered and entitled to vote out of a total of 161,732,662 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, 2016 and September 1, 2016.

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 2016 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 2016 Annual Report to Shareholders, this Invitation and Proxy Statement and our Annual Report on Form 10-K for fiscal year 2016 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 13, 2016. A copy of the Form 8-K will be available on our website at *http://ir.logitech.com*.

Questions and Answers about The Logitech 2016 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 1, 2016 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 2016 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 1, 2016, 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 1, 2016.

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 1, 2016.

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 1, 2016. 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.

Questions and Answers about The Logitech 2016 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 1, 2016 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 1, 2016. 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 1, 2016, 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 1, 2016, 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 1, 2016, 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 1, 2016, or you may attend the meeting and vote in person.

Questions and Answers about The Logitech 2016 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 2016 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.

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 12, 2016 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 12, 2016 and August 29, 2016, 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 12, 2016 votes but subsequently sells their shares before August 29, 2016, their votes will be cancelled. A U.S. or Canadian "street name" beneficial owner as of July 12, 2016 that has voted and subsequently increases or decreases their shareholdings but remains a beneficial owner as of August 29, 2016 will have their votes increased or decreased to reflect their shareholdings as of August 29, 2016.

If you acquire Logitech shares in "street name" after July 12, 2016 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 1, 2016 as possible.

Questions and Answers about The Logitech 2016 Annual General Meeting

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.
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 (Amendment and restatement of the 2006 Stock Incentive Plan, including an increase to the number of shares available for issuance under the Plan), Proposal 5 (Release of the Board of Directors and Executive Officers from liability for activities during fiscal year 2016), Proposal 6 (Elections to the Board of Directors), Proposal 7 (Election of the Chairman), Proposal 8 (Elections to the Compensation Committee), Proposal 9 (Approval of Compensation for the Board of Directors for the 2016 to 2017 Board Year), Proposal 10 (Approval of Compensation for the Group Management Team for Fiscal Year 2018), Proposal 12 (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 1, 2016 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 2016 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 2016 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 2016 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 2016 Annual General Meeting, the deadline to receive proposals for the agenda was July 8, 2016. In addition, under Swiss law registered shareholders, or persons holding a valid proxy from a registered shareholder, may propose alternatives to items on the 2016 Annual General Meeting agenda before or at the meeting.

Shareholder Proposals for 2017 Annual General Meeting

We anticipate holding our 2017 Annual General Meeting on or about September 12, 2017. 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 2017 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 13, 2017. 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 2017 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 24, 2017. 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 2017 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, 2016

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 2016.

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 2016

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 2016 be approved.

Explanation

The Logitech consolidated financial statements and the statutory financial statements of Logitech International S.A. for fiscal year 2016 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 2016.

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, 2016 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 2016.

Agenda Proposals and Explanations

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 2016.

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 2016 to 2017 Board Year contemplated in Proposal 9 and the binding vote on the Approval of Compensation for the Group Management Team for Fiscal Year 2018 contemplated in Proposal 10 below. However, the say-on-pay vote will provide information to us regarding shareholder views 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 2016 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 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.

Agenda Proposals and Explanations

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 2016 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 653,367,040 (approximately USD 680,503,500 based on the exchange rate on March 31, 2016) of retained earnings be appropriated as follows:

	Year ended March 31, 2016
Retained earnings available at the end of fiscal year 2016	CHF 653,367,040
Proposed dividends	CHF (90,200,000)
Balance of retained earnings to be carried forward	CHF 563,167,040

The Board of Directors approved and proposes distribution of a gross aggregate dividend of CHF 90,200,000 (approximately USD 93,946,300, based on the exchange rate on March 31, 2016), or approximately CHF 0.5554 per share (approximately USD 0.5785 per share).*

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 0.5554 per share (or approximately CHF 0.3610 per share after deduction of 35% Swiss withholding tax whenever required) will be made on or about September 27, 2016 to all shareholders on record as of the record date (which will be on or about September 26, 2016). We expect that the shares will be traded ex dividend as of approximately September 23, 2016.

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 2016 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 0.5554 per share represents an increase of approximately 10% 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.

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 2016, including the payment of a dividend to shareholders in an aggregate amount of CHF 90,200,000.

* The per share approximations are based on 162,409,503 shares outstanding, net of treasury shares, as of March 31, 2016. 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

Amendment and restatement of the 2006 Stock Incentive Plan, including an increase to the number of shares available for issuance under the Plan

Proposal

The Board of Directors proposes that shareholders approve amendments to and the restatement of the Logitech International S.A. 2006 Stock Incentive Plan (the "Plan") to authorize five million seven hundred fifty thousand (5,750,000) additional shares for issuance under the Plan, to improve the Company's corporate governance practices, and to implement other best practices.

Explanation

The Board of Directors believes a key component of the Company's continued ability to be successful is due to its talented employee base and that future success depends on the ability to attract and retain high-caliber employees. The Board believes the continued ability to grant equity awards is a necessary and essential recruiting and retention tool for the Company to attract and retain the high-caliber employees, officers and directors critical to the Company's success.

The 2006 Stock Incentive Plan is the Company's only active employee equity plan (other than its 2012 Inducement Equity Plan, all of the authorized shares of which are subject to outstanding awards, and its Employee Stock Purchase Plans), and as of June 1, 2016 we have approximately five million shares remaining for issuance under the Plan. We estimate that this remaining pool will be exhausted before the 2018 Annual General Meeting despite the fact that, to maximize shareholder value, the Company actively manages its program to use its equity plan resources as effectively as possible.

The Compensation Committee anticipates that the additional shares requested will enable the Company to fund the equity compensation program through the end of fiscal year 2020, accommodating anticipated grants relating to the hiring, retention and promotion of employees and providing reasonable flexibility for acquisitions. The table below sets out the shares currently available under the plan and if this proposal is approved:

2006 Stock Incentive Plan Share Reservation	**Shares** (in millions)
Initial shares authorized under the Plan	14.00
Additional shares authorized at subsequent Annual General Meetings	10.80
Shares awarded from June 2006 through June 1, 2016, net of cancellations	(19.79)
Additional shares requested under this proposal	5.75
Total shares available for issuance at June 1, 2016 (as if proposal approved)	10.76

The Board is not proposing an increase to the Company's conditional capital for Logitech's employee equity incentive plans. Since 2000, Logitech has used shares held in treasury from its share repurchase programs to cover its issuance obligations under employee equity incentive grants, including grants made under the Plan. It expects to continue to do so.

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

Agenda Proposals and Explanations

Material Changes to the Plan

The following summary highlights the proposed material changes to the Plan.

- The number of shares reserved for future issuance pursuant to awards granted under the Plan has been increased by five million seven hundred fifty thousand (5,750,000) additional shares from 24.8 million shares to 30.55 million shares.
- The Plan has been amended to impose a minimum vesting period of one year on all awards, except (i) for certain awards substituted in connection with a corporate transaction and (ii) for 5% of the number of shares reserved for future issuance under the Plan as of the date that the Plan amendment becomes effective.
- The Plan has been amended to allow shares that are used to satisfy tax withholding obligations for awards other than options or SARs to be available for re-issuance under the Plan.

The following summary of certain material features of the Plan is qualified in its entirety by reference to the Plan, which is attached to this proxy statement as Appendix A.

Awards Outstanding under the Plan as of June 1, 2016

As of June 1, 2016, 5,065,253 shares were issuable upon exercise of stock options outstanding under the Plan with a weighted average exercise price of USD 17.90 per share and a weighted average term of 3.97 years, and an aggregate of 6,972,012 shares were subject to RSUs and PRSUs outstanding under the Plan with no exercise price. In addition as of June 1, 2016, there were 5,011,170 shares available for grant under the Plan.

Key Terms of the Plan at a Glance

The following is a summary of the key provisions of the Plan, as amended and restated.

Plan Term:	The Plan, as amended and restated, will become effective on the date the shareholders approve the Plan and will continue in effect until terminated by the board of directors. The proposed amendments will apply to previously granted awards that are outstanding as well as to awards that are granted after the effective date of the Plan amendment.
Eligible Participants:	Employees, directors, and consultants of the Company, a parent, a subsidiary or an affiliate generally are eligible to receive each type of award offered under the Plan. Only employees of the Company, a parent or a subsidiary are eligible to receive incentive stock options (ISOs) under the Plan.
Shares Available for Awards:	If the amendments are approved by the shareholders, 30.55 million shares over the term of the Plan, subject to adjustment in the event of certain changes in the capitalization of the Company, of which approximately 10.76 million shares will be available for the grant of new awards under the Plan (based on awards granted through June 1, 2016).
Award Types:	(1) Options (2) SARs (3) Restricted Shares (4) Restricted Stock Units
Award Terms:	Options and SARs will have a term of no longer than ten years.
ISO Limits:	No more than the maximum number of shares reserved for issuance may be granted as ISOs under the Plan.

162(m) Share Limits:	Section 162(m) of the Code requires, among other things, that the maximum number of shares awarded to an individual must be approved by the shareholders in order for the awards granted under the Plan to be eligible for treatment as performance-based compensation that will not be subject to the USD 1 million limitation on tax deductibility for compensation paid to certain specified executive officers. Accordingly, the Plan limits individual awards that are intended to be qualified performance-based compensation under Section 162(m) of the Code as follows: (1) no award of options or SARs covering more than 6 million of the Company's shares may be granted to an individual employee in any fiscal year; and (2) no award of Restricted Shares or Restricted Stock Units covering more than 4 million of the Company's shares may be granted to an individual employee in any fiscal year.
Minimum Vesting:	Generally determined by the administrator within the limits set forth in the Plan. If the shareholders approve the proposed amendment, then no award granted after the effective date of the Plan amendment may vest earlier than the first anniversary of the date of grant, except that 5% of the number of shares reserved for future issuance under the Plan as of the effective date of the Plan amendment and substitute awards granted in connection with certain corporate transactions are not subject to this minimum vesting requirement.
Not Permitted:	The following are not permitted under the Plan: (1) **Discounted Options or SARs** – Granting options or SARs at a price below fair market value of the Company's shares on the date of grant. (2) **Repricing** – Unless approved by the shareholders, repricing or reducing the exercise price of an underwater option or SAR, or exchanging underwater options or SARs for (i) a new option or SAR with a lower exercise price, (ii) a cash payment or (iii) any other award. (3) **Recycling of Shares Subject to Options/SARs** – Adding shares back to the number of shares available for issuance when (i) shares covered by an option or SAR are surrendered in payment of the option exercise price or in satisfaction of tax withholding obligations related to exercise or settlement of an option or SAR, (ii) shares are not issued or delivered as a result of net settlement of an outstanding SAR or option, and (iii) shares are repurchased on the open market with the proceeds of the exercise of an option. (4) **Automatic Vesting Acceleration Upon Change of Control.**

Summary of the Plan

Administration of the Plan. The Board of Directors or the Compensation Committee, which is made up entirely of independent directors (collectively referred to herein as the administrator), administers the Plan. The administrator selects the employees, consultants and directors who will receive awards, determines the number of shares covered by the awards, and, subject to the terms and limitations in the Plan, establishes the terms, conditions and other provisions of each award agreement. The administrator may interpret the Plan and establish, amend and rescind any rules relating to the Plan. The administrator may delegate to a committee of one or more officers of the Company the ability to grant awards, to the extent permitted by the Company's corporate governing documents. The administrator also may adopt sub-plans and corresponding rules, procedures and forms of award agreement for the purposes of granting awards to participants outside the U.S. and complying with non-U.S. laws.

Share Reserve. The maximum number of shares that we have authorized for issuance under the Plan is 30.55 million shares.

Any award of options or SARs intended to comply with Section 162(m) of the Code is limited to an aggregate of 6 million shares per individual in a single fiscal year, and any award of restricted shares or restricted stock units intended to comply with Section 162(m) of the Code is limited to an aggregate of 4 million shares per individual in a single fiscal year.

Any shares subject to an award that expires or terminates unexercised or before settlement, is not earned in full or is forfeited, is settled in cash, or shares used to satisfy tax withholding obligations for awards other than an option or SAR, will again become available for issuance under the Plan. Any dividend equivalents credited under the Plan and paid in cash shall not be applied against the number of shares that may be issued under the Plan.

The following shares will be counted against the maximum number of shares reserved for issuance and will not be returned to the Plan for future issuance: (i) shares covered by an option or a SAR that are surrendered in payment of the option exercise price or due to tax withholding at exercise, (ii) shares that are not issued or delivered as a result of net settlement of an outstanding SAR or option, and (iii) shares that are repurchased on the open market with the proceeds of the exercise of an option.

Eligibility. Only employees of the Company, a parent or a subsidiary are eligible to receive ISOs. Employees, directors and consultants of the Company, a parent, a subsidiary or an affiliate are eligible to receive nonstatutory options, SARs, restricted shares, and restricted stock units. As of June 1, 2016, the Company had approximately 6,400 employees, eight non-employee directors and approximately 220 consultants eligible to receive awards under the Plan. Consultants, however, may only be granted awards to the extent permitted by the Company's corporate governing documents.

Awards. Awards granted under the Plan may include any of the following:

<u>Options.</u> An option is the right to purchase shares of the Company at a fixed exercise price for a fixed period of time. Each option is evidenced by an award agreement and is subject to the following terms and conditions:

Number of Options. The administrator will determine the number of shares subject to an option granted to any participant.

Exercise Price. The administrator will determine the exercise price of options granted under the Plan at the time the options are granted, but the exercise price generally must be at least equal to the fair market value of a share of the Company on the date of grant. The fair market value of a share generally is determined with reference to the closing sale price for a share of the Company on the day the option is granted on either the SIX Swiss Exchange (for options denominated in Swiss francs) or the NASDAQ Global Select Market (for options denominated in U.S. dollars). The fair market value on the date of grant also may be determined based on an average of trading prices in a period before or after the date of grant. As of June 1, 2016, the closing price of a share of the Company was CHF 15.15 on the SIX Swiss Exchange and USD 15.33 on the NASDAQ Global Select Market.

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

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

Termination of Service. After termination of service, an option holder may exercise his or her option for the period of time determined by the administrator and stated in the award agreement. If no period of time is stated in a participant's award agreement, a participant may exercise the option within ninety days after such termination, to the extent that the option is vested on the date of termination (but in no event later than the expiration of the term of such option as set forth in the award agreement), unless such participant's service terminates due to the participant's death or disability, in which case the participant (or, if the participant has died, the participant's estate, designated beneficiary or the person who acquires the right to exercise the option by bequest or inheritance) may exercise the option, to the extent the option was vested on the date of termination (or to the extent the vesting is accelerated upon the participant's death), within one year after the date of such termination. However, unless a participant's service is terminated for cause, if a participant is prevented from exercising an option within the applicable post-termination time period due to legal compliance issues relating to the issuance of shares, the option will remain exercisable for thirty days after the date on which the Company notifies the participant that the option is exercisable, but in any event no later than the expiration of the term of the option.

Stock Appreciation Rights. A SAR is the right to receive the appreciation in the fair market value of shares of the Company between the grant date and the exercise date, for that number of shares of the Company with respect to which the SAR is exercised. The Company may pay the appreciation in cash, shares of the Company with equivalent value, or in some combination thereof, as determined by the administrator. Each award of SARs is evidenced by an award agreement specifying the terms and conditions of the award. The administrator determines the number of shares granted to a service provider pursuant to an award SARs. The administrator also determines the exercise price of SARs, the vesting schedule, subject to the minimum vesting requirements described below, and other terms and conditions of SARs. However, the exercise price must be at least equal to the fair market value of a share of the Company on the date of grant, and the term of a SAR may not exceed ten years.

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

Restricted Shares. Restricted share awards are awards of shares of the Company that vest in accordance with terms and conditions established by the administrator, subject to the minimum vesting requirements described below. Each award of restricted shares is evidenced by an award agreement specifying the terms and conditions of the award. Vesting can be conditioned on continued employment, the passage of time, or performance goals. The administrator will determine the number of restricted shares granted to any participant. The administrator also determines the purchase price, if any, of restricted shares and, unless the administrator determines otherwise, unvested restricted shares typically will be subject to forfeiture upon the voluntary or involuntary termination of a participant's service for any reason including death or disability.

Restricted Stock Units (including Performance-Based Restricted Stock Units). Restricted stock units are awards that represent the right to receive shares of the Company or cash equal to the value of the shares, or some combination of both as determined by the administrator, if the restricted stock units vest. Restricted stock units vest in accordance with terms and conditions established by the administrator, as set forth in the applicable award agreement and subject to the minimum vesting requirements describe below. Vesting can be conditioned on continued employment, the passage of time, or performance goals. Restricted stock units that are subject to performance goals are referred to as performance-based restricted stock units. No condition that is subject to performance goals may be based on performance over a period of less than one year. The award agreement may provide for forfeiture or cancellation of the restricted stock units, in whole or in part, in the event of termination of the participant's service.

Minimum One-Year Vesting Requirement. No award granted under the Plan after the effective date of the Plan amendment may vest prior to the first anniversary of the grant date, except that 5% of the number of shares reserved for future issuance under the Plan as of the date the Plan amendment becomes effective is not subject to this minimum vesting requirement. Substitute awards granted in connection with a corporate transaction are not subject to this minimum vesting requirement.

Vesting Acceleration. The administrator has the authority to accelerate the vesting of awards in any circumstance, including upon a participant's termination of service for any reason (including death, disability or retirement) or upon a corporate transaction or change of control.

162(m) Performance Criteria. Performance-based awards may, but need not, be based on performance criteria that satisfy Section 162(m) of the Code. To the extent that awards are intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the performance criteria will be based on the share price appreciation (in the case of options and SARs) or on one or more of the following criteria (in the case of restricted shares and restricted stock units): brand recognition/acceptance, cash flow, cash flow return on investment, contribution to profitability, cost control, cost positions, cost of capital, customer satisfaction, development of products, earnings before interest, taxes and amortization; earnings per share, economic profit, economic value added, free cash flow, income or net income, income before income taxes, market segment share, new product innovation, operating income or net operating income, operating margin or profit margin, operating profit or net operating profit, process excellence, product cost reduction, product mix, product release schedules, product ship targets, quality, return on assets or net assets, return on capital, return on capital employed, return on equity, return on invested capital, return on operating revenue, return on sales, revenue, sales, share price performance, strategic alliances, total shareholder return, and working capital. The performance goals may differ from participant to participant and from award to award and may be used in any combination. Any performance goals may be applied to the Company as a whole, or to a business unit or a subsidiary, either individually or in any combination, and measured either annually or cumulatively over a period of years. Performance goals may be measured, as applicable, in absolute terms or in relative terms (including against prior years' results and/or against a comparison group).

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

Adjustments upon Change in Capitalization. In the event that the shares of the Company or other securities change by reason of a stock dividend, stock split, combination or reclassification of shares, extraordinary dividend of cash or assets, recapitalization, reorganization or any similar event affecting the shares of the Company or other securities, the administrator will make adjustments to the number and kind of the shares of the Company or other securities subject to the Plan, including the maximum number of shares that may be issued pursuant to the exercise of an ISO and the annual limits on the number of shares that may be granted with respect to an ISO award, or subject to awards previously granted, and the exercise or settlement price of awards previously granted, in order to reflect the change and to preclude a dilution or enlargement of benefits under an award.

Adjustments upon Dissolution or Liquidation. Effective upon the consummation of the Company's liquidation or dissolution, any unexercised award generally will terminate. The administrator may, in its discretion, provide that a participant will have the right to exercise all or any part of an award, including shares as to which an award would not otherwise be exercisable, prior to the consummation of such proposed action.

Adjustments upon Merger or Change in Control. In the event the Company is a party to a merger, consolidation or reorganization, or the sale of substantially all of its assets, then each outstanding award will be subject to the applicable award agreement, which must provide for one or more of the following: the continuation, assumption, or substitution of outstanding awards; full exercisability or vesting of outstanding awards (which may be contingent on the closing of the transaction); or the cancellation of outstanding awards and the payment to the holder in cash or shares of an amount equal to the per share amount that shareholders of the Company are entitled to receive or realize in connection with the applicable transaction with respect to the number of shares subject to the applicable award (which payment may be made subject to continued vesting).

Amendment and Termination of the Plan. The Plan will continue in effect until the Board of Directors terminates it. In addition, the Board of Directors has the authority to amend, alter, suspend or terminate the Plan, but no amendment, alteration, suspension or termination may impair the rights of any participant under an outstanding award, unless agreed otherwise between the participant and the administrator. The Plan or an award agreement may be amended, altered, suspended or terminated without consent from the participant if required to facilitate compliance with applicable laws.

U.S. Federal Tax Consequences

The U.S. federal tax rules applicable to the Plan under the Code are summarized below. This summary does not include the tax laws of any municipality or state or any country outside the United States in which a participant resides or to which he or she may be subject.

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

Stock Appreciation Rights. No taxable income is reportable when a SAR is granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the amount of cash received and the fair market value of any shares received. Any additional gain or loss recognized upon any later disposition of the shares would be long-term or short-term capital gain or loss, depending on the holding period.

Logitech Inc., the Company's U.S. operating subsidiary, generally will be entitled to a tax deduction in connection with an award under the Plan in an amount equal to the ordinary income realized by a participant subject to U.S. taxation and at the time such participant recognizes such income.

Restricted Shares. A participant generally will not have taxable income at the time an award of restricted shares is granted. Instead, he or she will recognize ordinary income in the first taxable year in which his or her interest in the restricted shares becomes either (i) freely transferable or (ii) no longer subject to substantial risk of forfeiture (e.g., vested). However, a holder of restricted shares may elect to recognize income at the time he or she is granted the award (to the extent it is not vested) in an amount equal to the fair market value of the shares underlying the award less any amount paid for the shares on the date the award is granted. Upon the sale of any shares received, any gain or loss, based on the difference between the sale price and the fair market value on the settlement date, will be taxed as a long-term or short-term capital gain or loss, depending on the holding period.

Logitech Inc. generally will be entitled to a tax deduction equal to the amount of ordinary income recognized by the participant on the date the shares are freely transferable or no longer subject to a substantial risk of forfeiture, except to the extent such deduction is limited by applicable provisions of the Code.

Restricted Stock Units. A participant generally will not have taxable income at the time an award of restricted stock units is granted. Upon the settlement of the award, the participant normally will recognize ordinary income in the year of receipt in an amount equal to the cash received and the fair market value of any non-restricted shares received. Upon the sale of any shares received, any gain or loss, based on the difference between the sale price and the fair market value on the settlement date, will be taxed as a long-term or short-term capital gain or loss, depending on the holding period.

Logitech Inc. generally will be entitled to a tax deduction equal to the amount of ordinary income recognized by the participant on the settlement date, except to the extent such deduction is limited by applicable provisions of the Code.

Performance-Based Compensation Under Code Section 162(m). Special rules limit the deductibility of compensation paid to certain executive officers in the United States. Under Section 162(m) of the Code, the annual compensation paid to executive officers in the U.S. may not be deductible to the extent it exceeds USD 1 million. However, Logitech Inc. can preserve the deductibility of certain compensation in excess of USD 1 million if the conditions of Section 162(m) of the Code are met. These conditions include shareholder approval of the Plan and setting limits on the number of awards that any individual may receive per year. The Plan has been designed to permit the administrator to grant awards that qualify as performance-based for purposes of satisfying the conditions of Section 162(m) of the Code, which permits Logitech Inc. to continue to receive a federal income tax deduction in connection with such awards.

New Plan Benefits

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

Historical Grants under the Plan

The following table shows, for each of the individuals and groups indicated, the aggregate number of shares subject to awards that have been granted to the individuals and groups indicated below under the Plan since its inception through June 1, 2016:

Name of Individual or Group	Number of Shares Underlying Awards Granted
Named Executive Officers	
Guerrino De Luca	766,151
Bracken Darrell[1]	1,572,624
Vincent Pilette	1,159,298
Marcel Stolk	648,568
L. Joseph Sullivan	887,061
Current Executive Officers as a Group	5,033,702
Non-Employee Directors	
Edouard Bugnion	11,200
Kee-Lock Chua	97,300
Sally Davis	111,300
Sue Gove	11,200
Didier Hirsch	67,800
Neil Hunt	82,800
Dimitri Panayotopoulos	22,200
Lung Yeh	11,200
Current Non-Employee Directors as a Group	415,000
All Current Employees, other than Current Executive Officers, as a Group	10,928,727

1 *Mr. Darrell was also awarded 1,800,000 shares under a 2012 Inducement Equity Plan upon joining the Company in April 2012, which are not part of the Plan and are not included in this table.*

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 of the Board

The Board of Directors recommends a vote "**FOR**" approval of the proposed amendments to and restatement of the 2006 Stock Incentive Plan, including the increase by five million seven hundred fifty thousand (5,750,000) to the number of shares available for issuance under the Plan.

Proposal 5

Release of the Board of Directors and Executive Officers from Liability for Activities during Fiscal Year 2016

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 2016.

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 2016 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 2016 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 2016.

Proposal 6
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 2016 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 7, 2016. Nine 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 7, 2016. The other nominee was recommended by the Nominating Committee of the Board and approved by the Board in June 2016 as a nominee for election to the Board. Dr. Patrick Aebischer's candidacy as a nominee was recommended by our Chairman Emeritus, co-founder and former director, Chief Executive Officer and Chairman, Mr. Daniel Borel. Mr. Kee-Lock Chua, having served the Company as a member of the Board for sixteen 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.

6.A Re-election of Dr. Edouard Bugnion

Proposal: The Board of Directors proposes that Dr. Edouard Bugnion be re-elected to the Board for a one-year term ending at the closing of the 2017 Annual General Meeting.

For biographical information and qualifications of Dr. Bugnion, please refer to "Corporate Governance and Board of Directors Matters – Members of the Board of Directors" on page 39.

6.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 2017 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 40.

6.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 2017 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 40.

Agenda Proposals and Explanations

6.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 2017 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 41.

6.E Re-election of Ms. Sue Gove

Proposal: The Board of Directors proposes that Ms. Sue Gove be re-elected to the Board for a one-year term ending at the closing of the 2017 Annual General Meeting.

For biographical information and qualifications of Ms. Gove, please refer to "Corporate Governance and Board of Directors Matters – Members of the Board of Directors" on page 41.

6.F 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 2017 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 42.

6.G 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 2017 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 42.

6.H 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 2017 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 43.

6.I Re-election of Dr. Lung Yeh

Proposal: The Board of Directors proposes that Dr. Lung Yeh be re-elected to the Board for a one-year term ending at the closing of the 2017 Annual General Meeting.

For biographical information and qualifications of Dr. Yeh, please refer to "Corporate Governance and Board of Directors Matters – Members of the Board of Directors" on page 43.

6.J Election of Dr. Patrick Aebischer

Proposal: In accordance with the recommendation of the Nominating Committee, the Board of Directors proposes that Dr. Patrick Aebischer be elected to the Board for a one-year term ending at the closing of the 2017 Annual General Meeting.

Patrick Aebischer is the President of the École Polytechnique Fédérale de Lausanne (EPFL), a position to which he was nominated by the Swiss Federal Council and that he has held since March 2000, a Professor in Neurosciences at the EPFL since 2000, and Director of the Neurodegenerative Disease Laboratory at the Brain Mind Institute, EPFL since 2000. He was re-elected as President of the EPFL in 2004, 2008 and 2012 and will hold the position through December 2016. Prior to his current positions, Dr. Aebischer was a Professor and Director of the Surgical Research Division and Gene Therapy Center at the University Hospital of Lausanne, Chairman of the Section of Artificial Organs, Biomaterials and Cellular Technology of the Division of Biology and Medicine at Brown University, and held other positions in medical sciences at Brown University. Dr. Aebischer is also the founder of three biotech companies. He currently serves on the Boards of Nestlé S.A., a leading nutrition, health and wellness company, and Lonza Group Ltd., a leading supplier to the life-science industries, as well as Chairman of the Advisory Board of the Novartis Venture Fund. Dr. Aebischer holds a M.D. from the University of Geneva and University of Fribourg, Switzerland, and three Honorary Doctorate degrees. He is 61 years old and a Swiss national.

Dr. Aebischer brings senior leadership, innovation and technology expertise, a global world view and strategic experience to the Board from his role as the President of the EPFL, his experience founding technology companies, and as a member of the senior leadership of leading Swiss companies.

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 7

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 2017 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 8
Elections to the Compensation Committee

Our Compensation Committee is presently composed of three members, each of whom is standing for re-election to the Board of Directors and to the Compensation Committee. 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 four individuals below to serve as members of the Compensation Committee for a term of one year. Three 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.

8.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 2017 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 40.

8.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 2017 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 42.

8.C Re-election of Mr. Dimitri Panayotopoulos

Proposal: The Board of Directors proposes that Mr. Dimitri Panayotopoulos be re-elected to the Compensation Committee for a one-year term ending at the closing of the 2017 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 43.

8.D Election of Dr. Edouard Bugnion

Proposal: The Board of Directors proposes that Dr. Edouard Bugnion be elected to the Compensation Committee for a one-year term ending at the closing of the 2017 Annual General Meeting.

For biographical information and qualifications of Dr. Bugnion, please refer to "Corporate Governance and Board of Directors Matters – Members of the Board of Directors" on page 39.

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.

Proposal 9

Approval of Compensation for the Board of Directors for the 2016 to 2017 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 2016 until the Annual General Meeting 2017 (the "2016 – 2017 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.

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 840,000. 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 260,000.

* For each decrease of 0.01 in the exchange rate of the Swiss Franc against the U.S. Dollar below the assumed level of USD 1.0288 to CHF 1.00, if any, the maximum aggregate amount of the compensation of the Board of Directors will increase by CHF 22,000 for the 2016 – 2017 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 515,000.**
- Performance-based cash compensation of a maximum of CHF 1,030,000.** 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 maximum achievement of all performance goals.
- Equity incentive awards of a maximum of CHF 670,000.** 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 maximum achievement of all performance goals and full vesting of all time-based equity incentive awards.
- Other compensation of a maximum of CHF 85,000.** Other compensation may include tax preparation services and related expenses, 401(k) savings plan matching contributions, premiums for group term life insurance and long-term disability insurance, employer's contribution to medical premiums, employer's contribution to social security and Medicare, extended business travel-related expenses, 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 2016 until the Annual General Meeting 2017, 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 1.0288 U.S. Dollars based on the 12 month (April 2015 to March 2016) average exchange rate.

Proposal 10

Approval of Compensation for the Group Management Team for Fiscal Year 2018

Proposal

The Board of Directors proposes that the shareholders approve a maximum aggregate amount of the compensation of the Group Management Team of USD 20,200,000 for fiscal year 2018, 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 the 2016 Annual General Meeting takes place in the middle of Logitech's fiscal year 2017, the applicable next fiscal year is fiscal year 2018. 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 2016 are set forth in the Compensation Report.

The proposed maximum amount of USD 20,200,000 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 2,630,000.
- Performance-based cash compensation of a maximum of USD 5,260,000. 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 2018 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 2018 assumes maximum achievement of all performance goals.
- Equity incentive awards of a maximum of USD 11,700,000. 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 maximum achievement of all performance goals and full vesting of all time-based equity incentive awards.

* 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 1.0288 to CHF 1.00, if any, the maximum aggregate amount of the compensation of the Group Management Team will increase by USD 29,000 for fiscal year 2018. This adjustment reflects the fact that the compensation of one member of our Group Management Team is set in Swiss Francs.

- Other compensation of a maximum of USD 610,000. Other compensation includes tax preparation services and related expenses, 401(k) savings plan matching contributions, premiums for group term life insurance and long-term disability insurance, employer's contribution to medical premiums, employer's contribution to social security and Medicare, extended business travel-related expenses, 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 2018 will be disclosed in the Compensation Report in the Invitation and Proxy Statement for the 2018 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 20,200,000 for fiscal year 2018, subject to adjustment as set forth in the proposal.

Proposal 11

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 2017

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 2017 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, 2017 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 2016, 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, 2017.

Proposal 12

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 2017 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. 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, 2016. If all of the nominees to the Board presented in Proposal 6 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 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 Edouard Bugnion, Kee-Lock Chua, Sally Davis, Sue Gove, Didier Hirsch, Neil Hunt, Dimitri Panayotopoulos, Lung Yeh and Patrick Aebischer. 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.

Edouard Bugnion 46 Years Old Director since 2015

Professor, School of Computer and Communication Sciences, EPFL
Swiss and U.S. national

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.

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 Dr. Bugnion is an independent Director.

Kee-Lock Chua 55 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. 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.

Mr. Chua has decided to retire and not to stand for re-election at the 2016 Annual General Meeting.

Corporate Governance and Board of Directors Matters

Bracken Darrell 53 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 62 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 Nominating Committee. The Board of Directors has determined that she is an independent Director.

Guerrino De Luca 63 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.

Sue Gove 57 Years Old Director since 2015

President,
Excelsior
Advisors, LLC
U.S. national

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.

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.

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

Corporate Governance and Board of Directors Matters

Didier Hirsch 65 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, audio processing, and specialty component solutions, serving the mobile consumer electronics, communications, medical, 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 and serves on the Nominating Committee. The Board of Directors has determined that he is an independent Director.

Neil Hunt 54 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 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 is the Lead Independent Director and serves on the Compensation Committee. The Board of Directors has determined that he is an independent Director.

Dimitri Panayotopoulos 64 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.

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

Lung Yeh 60 Years Old Director since 2015

Managing Director, Enspire Capital
U.S. national

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.

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 Dr. Yeh is an independent Director.

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 2016 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 attributes, qualities or skills that are necessary for one or more of the members of the Board of Directors to possess. 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; senior management experience; understanding of and experience in technology, finance, and marketing; international experience and geographic representation; 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 major 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, the U.S. 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 on 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. Nine of our ten directors are being presented for re-election to the Board of Directors at the 2016 Annual General Meeting, with one director 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 or, starting in 2016, have served on the Board of Directors as a non-employee member for 12 years, unless the Board of Directors adopts a resolution to the contrary. A member of the Board who reaches 70 years of age or 12 years of service as a non-employee member of the Board of Directors 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 and tenure limits mentioned above.

The year of appointment and remaining term of office as of March 31, 2016 for each director are as follows:

Name	Year First Appointed	Year Current Term Expires
Edouard Bugnion(1)	2015	Annual General Meeting 2016
Kee-Lock Chua(1)	2000	Annual General Meeting 2016
Bracken Darrell(2)	2013	Annual General Meeting 2016
Sally Davis(1)	2007	Annual General Meeting 2016
Guerrino De Luca(2)	1998	Annual General Meeting 2016
Sue Gove(1)	2015	Annual General Meeting 2016
Didier Hirsch(1)	2012	Annual General Meeting 2016
Neil Hunt(1)	2010	Annual General Meeting 2016
Dimitri Panayotopoulos(1)	2014	Annual General Meeting 2016
Lung Yeh(1)	2015	Annual General Meeting 2016

(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 USD 10 million not specifically identified in the approved budgets; and
- the approval of the sale or acquisition, including related borrowings, of the Company's real estate.

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

Board Leadership Structure

The Board has since 1997 had a general practice that the positions of Chairman of the Board and 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, 2016, 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, Dr. Hunt 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.

Corporate Governance and Board of Directors Matters

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 typically 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.

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 2016.

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 2016, separate sessions of the independent directors were held at four 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
Edouard Bugnion			
Kee-Lock Chua	X		Chair
Bracken Darrell			
Sally Davis		Chair	X
Guerrino De Luca			
Sue Gove	X		
Didier Hirsch	Chair		X
Neil Hunt		X	
Dimitri Panayotopoulos		X	
Lung Yeh			

Attendance at Board, Committee and Annual Shareholders' Meetings

In fiscal year 2016 the Board met eleven times, nine of which were regularly scheduled meetings. In addition, the Audit Committee met eight times, the Compensation Committee met five times, and the Nominating Committee met four times. In addition to its meetings, the Board took four actions for approval by written consent during fiscal year 2016. 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 2015 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 2016 is as follows:

	Board of Directors	Audit Committee	Compensation Committee	Nominating Committee
# of meetings held	11	8	5	4
Edouard Bugnion(1)	7			
Kee-Lock Chua	8	7		4
Bracken Darrell	10			
Sally Davis(2)	9	4	5	4
Guerrino De Luca	10			
Sue Gove(1)	7	4		
Didier Hirsch(3)	10	8		2
Neil Hunt	11		5	
Dimitri Panayotopoulos(4)	10		1	
Lung Yeh(1)	7			

(1) Dr. Bugnion, Ms. Gove and Dr. Yeh were elected to the Board as of the Annual General Meeting on September 9, 2015, and attended all seven of the Board meetings that were held after that date. Ms. Gove also attended all four of the Audit Committee meetings that were held after that date.

(2) Ms. Davis ceased to be a member of the Audit Committee on September 9, 2015. She attended all four of the Audit Committee meetings that were held on or prior to that date.

(3) Mr. Hirsch was appointed to the Nominating Committee as of September 10, 2015, and attended both of the Nominating Committee meetings that were held after that date.

(4) Mr. Panayotopoulos was elected to the Compensation Committee as of the Annual General Meeting on September 9, 2015, and attended one of the two Compensation Committee meetings that were held after that date.

Corporate Governance and Board of Directors Matters

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" and recommends that the Board of Directors include the audited financial statements in the annual report made available to shareholders.

The Audit Committee currently consists of Mr. Hirsch, Chairperson, Mr. Chua and Ms. Gove. Following Mr. Chua's retirement effective as of the 2016 Annual General Meeting, the Board of Directors expects that Dr. Yeh will be appointed to the Audit Committee. The Board has determined that each member of the Audit Committee, as well as Dr. Yeh, 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 and Ms. Gove are audit committee financial experts as defined by the applicable rules and regulations of the SEC.

The Audit Committee met eight times in fiscal year 2016. Four meetings were held in person on the day prior to the regularly scheduled quarterly Board meeting, for approximately two to three hours, and four were held by teleconference, for approximately one to one-and-a-half hours preceding the Company's quarterly report of financial results. 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 auditors and independent registered public accounting firm, KPMG AG and KPMG LLP, respectively, also attended all eight of the meetings. Other members of management also participated in certain meetings. Five meetings also included a separate session with representatives of the auditors and independent registered public accounting firm and four meetings included separate sessions with the Chief Financial Officer and with the head of Internal Audit.

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, Dr. Hunt and Mr. Panayotopoulos. The Board of Directors has determined that each member of the Compensation Committee, as well as Dr. Bugnion as a nominee for election to the Compensation Committee, meets the independence requirements of the Nasdaq Stock Market listing standards.

The Compensation Committee met five times in fiscal year 2016. At the Committee's invitation, the Company's Head of People & Culture and Head of Total Rewards attended each meeting, and the Committee's independent advisors from Compensia and Agnès Blust Consulting attended all five meetings. Four of the meetings were held in person and each meeting lasted for approximately one-and-a-half hours to three hours or more. In addition to its meetings, the Committee took eleven actions for approval by written consent during fiscal year 2016.

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, Ms. Davis and Mr. Hirsch. Following Mr. Chua's retirement effective as of the 2016 Annual General Meeting, the Board of Directors expects that Ms. Davis will be appointed as the Chairperson of the Nominating Committee and Dr. Hunt will be appointed to the Committee. The Board of Directors has determined that each of Mr. Chua, Ms. Davis, Mr. Hirsch and Dr. Hunt meets 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 four times in fiscal year 2016. The meetings were held in person or by teleconference and lasted approximately half-an-hour to one hour.

Compensation Committee Interlocks and Insider Participation

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

Communications with the Board of Directors

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

Logitech International S.A.
Attn: Corporate Secretary
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

Security Ownership of Certain Beneficial Owners and Management as of June 30, 2016

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, 2016 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, 2016;
- 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 Owners(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:				
Morgan Stanley, The Corporation Trust Company(5)	12,315,821	—	12,315,821	7.6%
Daniel Borel(6)	8,774,934	—	8,774,934	5.4%
BlackRock, Inc.(7)	8,711,174	—	8,711,174	5.4%
Directors, not including the Chairman or the CEO:				
Edouard Bugnion(8)	—	—	—	*
Kee-Lock Chua	95,771	—	95,771	*
Sally Davis	87,361	30,000	117,361	*
Sue Gove(8)	—	—	—	*
Didier Hirsch	39,074	—	39,074	*
Neil Hunt	49,690	—	49,690	*
Dimitri Panayotopoulos	12,007	—	—	*
Lung Yeh(8)	—	—	—	*
Nominees for Director:				
Patrick Aebischer	—	—	—	*
Named Executive Officers:				
Guerrino De Luca	366,089	145,000	511,089	*
Bracken Darrell	481,844	900,000	1,381,844	*
Vincent Pilette	371,682	—	371,682	*
Marcel Stolk	184,851	112,500	297,351	*
L. Joseph Sullivan	143,728	122,500	266,228	*
Current Directors and Executive Officers as a Group (13)	1,832,097	1,310,000	3,130,090	1.9%

* *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, 2016 and options and restricted stock units that are expected to vest within 60 days after June 30, 2016. 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 161,732,662 shares outstanding on June 30, 2016 (173,106,620 shares outstanding less 11,373,958 treasury shares outstanding).*

(5) *The number of shares held by Morgan Stanley, The Corporation Trust Company and its subsidiaries is based on a notification filed with the SIX Exchange Regulation on June 29, 2016. The address of Morgan Stanley, The Corporation Trust Company is Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.*

(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, 2016, Mr. Borel's indicated sole investment and voting power with respect to 8,715,434 shares, shared investment power with respect to 59,500 shares and shared voting power with respect to 53,000 shares.*

(7) *The number of shares held by BlackRock, Inc. and its subsidiaries is based on a notification filed with the SIX Exchange Regulation on June 16, 2016. The address of BlackRock, Inc. is 55 East 52nd Street, New York, New York 10055.*

(8) *Dr. Bugnion, Ms. Gove and Dr. Yeh were first elected as a director of the Company at the Annual General Meeting on September 9, 2015.*

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, 2016, 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;
- 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. As of June 30, 2016, 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. 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, 2015, 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 USD 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 2016: 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 2016 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 and re-elected at the Annual General Meeting in September 2015. 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 2016. 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 2016, KPMG representatives attended all of the Audit Committee meetings. The Committee met separately five 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.

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

Independent Auditors

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.

Independent Auditors

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 then 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 years ended March 31, 2016 and 2015 (in thousands):

	2016	2015
Audit fees(1)	$2,991	$2,596
Audit related fees(2)	196	—
Tax fees(3)	123	—
Total	$3,310	$2,596

(1) *Audit fees. This category includes fees for the audit of our financial statements in our Annual Report on Form 10-K, fees for the audit of our internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, fees for the review of the interim condensed financial statements in our Quarterly Reports on Form 10-Q, and fees for the services that are normally provided by KPMG in connection with statutory and regulatory filings or other engagements and accounting and reporting consultations related to Lifesize discontinued operations.*

(2) *Audit-related fees. This category includes fees for the due diligence related to the Jaybird acquisition.*

(3) *Tax fees. This category includes fees related to the 2014 tax compliance and tax consulting services.*

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, 2016, 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, 2016.

Submitted by the Audit Committee of the Board

Didier Hirsch, Chairperson
Kee-Lock Chua
Sue Gove

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 Neil Hunt on September 3, 2015 to report the forfeiture of shares to satisfy tax withholding obligations arising out of the vesting of restricted stock units on August 31, 2015.

Compensation Report for Fiscal Year 2016

This Compensation Report has been designed to comply with both the proxy statement rules under U.S. securities laws and Swiss regulations. For Swiss law purposes, this Report is supplemented by a Remuneration Report prepared in compliance with the Ordinance against excessive compensation in stock exchange listed companies in Switzerland (the "Minder Ordinance"). This Report is an integrated part of our Annual Report, Invitation, and Proxy Statement for our 2016 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 2016. 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 2016, and who we refer to as our "Named Executive Officers." For fiscal year 2016, 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.

Fiscal Year 2016 Business Highlights

Logitech had a successful fiscal year 2016. Despite significant currency headwinds, we delivered our best annual retail sales growth in five years by introducing innovative new products that enabled us to grow market share in nearly all of our product categories. Disciplined cost and working capital management led to strong profitability and cash flow from operations. 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 2016 financial results.

Compensation Report for Fiscal Year 2016

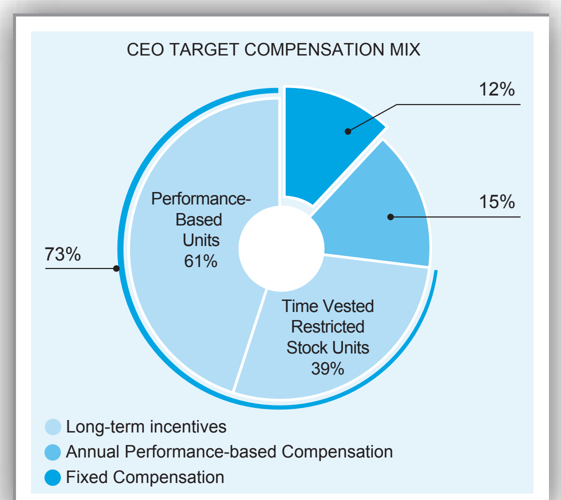
Executive Compensation Highlights

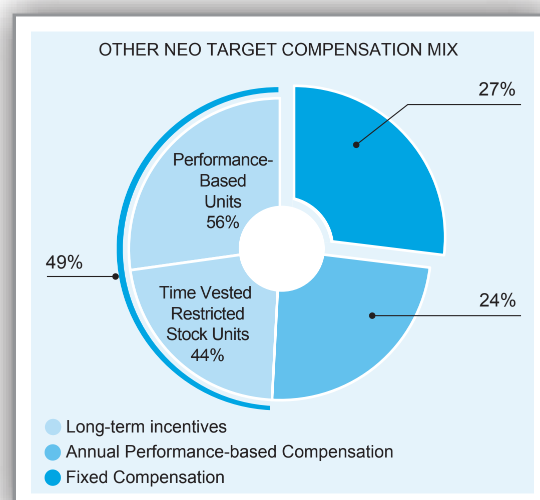
Consistent with our strong performance and compensation philosophy, the Compensation Committee took the following compensation actions for our executive officers for fiscal year 2016:

Named Executive Officer	FY 2016 Base Salary Increase from FY 2015	FY 2016 Annual Bonus as a Percentage of Target Bonus	FY 2016 Annual Time-Based Restricted Stock Units Award (Grant Date Fair Value)	FY 2016 Annual Performance-Based Restricted Stock Units Award (Grant Date Fair Value)
Guerrino De Luca	0%	135%	$193,091	$301,150
Bracken Darrell	0%	135%	$1,930,803	$3,011,471
Vincent Pilette	20%	145%	$965,402	$1,003,824
Marcel Stolk	0%	135%	$286,567	$451,738
L. Joseph Sullivan	4%	140%	$231,704	$361,401

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 2016, 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 performance-based equity awards for which value is based on achievement of performance criteria. Fixed pay, primarily consisting of base salary, made up only 12% of our CEO's target total direct compensation in fiscal year 2016, while variable pay, consisting of both annual bonus and long-term equity incentives, made up 88% 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 2016:





Compensation Report for Fiscal Year 2016

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 those 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 independent advisors and reviews their independence.
- ✓ ***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 and other information 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 in Equity Award Agreements –*** The post-employment equity compensation arrangements for our executive officers are based on a "double-trigger" arrangement that provides for acceleration of time-based equity only in the event of (i) a change in control of the Company and (ii) a qualifying termination of employment. As noted below, we do not have any cash payment related to termination of employment or change of control.
- ✓ ***Prohibition on Hedging and Pledging –*** Under our Insider Trading Policy, we prohibit our executive officers from hedging any Company securities owned by them and from pledging any Company securities as collateral for a loan owned by them 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.

Compensation Report for Fiscal Year 2016

What We Do Not Do

- × ***No Severance or Change of Control Arrangements –*** To comply with the Minder Ordinance we have terminated all severance and change of control arrangements (other than acceleration of vesting of equity awards as provided in our equity award agreements) for executive officers, including members of our Group Management Team (Messrs. Darrell, Pilette, Stolk and Sullivan).
- × ***No Special 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 for our executive officers, other than for our standard relocation benefits. This means we do not provide any excise tax "gross-up" or tax reimbursement in connection with any change of 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 shareholder 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 the U.S. securities laws that provides shareholders the ability to periodically cast advisory votes on executive compensation, and is reflected in the proposals for our 2016 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 in 2015, in compliance with the Minder Ordinance, we instituted annual 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 2015 Annual General Meeting, more than 80% of the votes cast on our annual Say-on-Pay proposal supported the compensation of our named executive officers. 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 2016 compensation for our executive officers. For more information regarding our annual Say-on-Pay proposal for fiscal year 2016, see *Proposal 2 – Advisory vote to approve executive compensation*.

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 on an annual basis or more frequently as circumstances require.

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 *http://ir.logitech.com*.

While the Compensation Committee determines our overall compensation philosophy and approves the compensation of our executive officers, it considers the recommendations of its compensation consultants and other advisors, as well as our CEO, our CFO, our head of People & Culture, and our compensation department. 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 meetings and the minutes of the Compensation Committee meetings are available to the members of the Board of Directors.

Before the beginning of each fiscal 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 2016 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 other 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 own 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. Our CEO also works with the Compensation Committee to determine the appropriate form and performance goals for our equity compensation program.

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 consultants, 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 2016, pursuant to this authority, the Compensation Committee engaged Compensia, Inc., a U.S. compensation consulting firm, and Agnès Blust Consulting, a Swiss compensation consulting firm. 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 2016 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 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;
- assisted in our equity compensation strategy and proposal for an equity compensation plan pool increase; 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 understanding 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. 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 Report for Fiscal Year 2016

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.

For fiscal year 2016, at the direction of the Compensation Committee, 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 the group:

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, or business model. U.S. publicly traded companies. Although we are a Swiss company, in certain circumstances we compete for executive management talent with technology companies in the United States, and particularly in the high-technology area of Silicon Valley.

Based on these criteria, the Compensation Committee selected the following peer group of 16 publicly-traded companies, which it subsequently approved and then used as a reference when making compensation decisions 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.		

The following table sets forth the revenue and market capitalization of the fiscal 2016 compensation peer group as of March 2015 as compared to the same data for Logitech:

(in millions)	Revenue	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%

The table reflects available revenue information for four quarters as of March 3, 2015 and 30-day average market capitalization as of March 3, 2015, as provided by Compensia.

The market analysis provided by Compensia, and considered by the Compensation Committee in its review of our executive officers' compensation, compares Logitech to multiple sources of data: the compensation peer group described above, a broad custom survey of similarly sized technology companies, and a broad custom survey of technology companies that are larger than Logitech (the "next tier"). The broad technology survey data, which is necessary to provide market data where we do not have publicly disclosed information from our peers, consists of 75 companies that participated in the Radford survey with comparable revenue and market profile to the compensation peer group. The "next tier" data, which provides the Compensation Committee a view of the compensation levels for larger companies from which we compete for talent, consists of 21 technology companies with annual revenue and market cap a tier higher than Logitech's peer group selection criteria; revenue between ~$4 billion and $16 billion and a market cap between ~$6 billion and $45 billion.

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 (as described above) that the Compensation Committee considers, however, in making its decisions with respect to the compensation of our executive officers.

Compensation Report for Fiscal Year 2016

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, 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 2016, 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 2016, payouts for corporate performance objectives could range from 0% to 200%, depending on actual achievement.

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 require 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. Each of these compensation elements is discussed in greater detail below, including a description of the particular elements, how each element fits into our overall executive compensation program and a discussion of the amounts of compensation paid to our executive officers in fiscal year 2016 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.

Compensation Report for Fiscal Year 2016

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 2016, the Compensation Committee reviewed the base salaries of our executive officers, taking into consideration a competitive market analysis performed by Compensia, 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 and provided a base salary increase to Messrs. Darrell, Pilette and Sullivan. The Compensation Committee approved a base salary increase for Mr. Darrell from $825,000 to $875,000. However, Mr. Darrell declined the increase and his base salary remained unchanged for fiscal year 2016. Due to his outstanding performance since joining the Company, the Compensation Committee decided to provide a base salary increase to Mr. Pilette to bring his target total cash compensation in line with executives in comparable positions in the top quartile of our peer group and after taking into consideration the competitive market for high performing CFOs in Silicon Valley.

The base salaries of our executive officers for fiscal year 2016 were as follows:

Named Executive Officer	Fiscal Year 2016 Base Salary	Fiscal Year 2015 Base Salary	Percentage Adjustment
Guerrino De Luca	$500,000	$500,000	0%
Bracken Darrell	$825,000	$825,000	0%
Vincent Pilette[(1)]	$600,000	$500,000	20%
Marcel Stolk	CHF 523,510	CHF 523,510	0%
L. Joseph Sullivan	$442,500	$427,500	4%

(1) The base salary increase for Mr. Pilette was effective September 1, 2016

The base salaries of our executive officers during fiscal year 2016 are set forth in the "2016 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 2016, the Compensation Committee determined cash bonus opportunities for our executive officers pursuant to the cash bonus plan for fiscal year 2016 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.

Target Bonus Opportunities

For fiscal year 2016, 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	$600,000	100%	$600,000
Marcel Stolk	CHF 523,510	80%	CHF 418,808
L. Joseph Sullivan	$442,500	75%	$331,875

In setting the amount of the target annual cash bonus opportunities, the Compensation Committee takes into account competitive market data and the individual's role and contribution to performance. In review of Mr. Pilette's compensation, the Compensation Committee decided to increase his target annual cash bonus opportunity for fiscal year 2016 from 80% to 100% of base salary to bring his target total cash compensation in line with executives in comparable positions in the top quartile of our peer group and in consideration of the competitive market for high performing CFOs in Silicon Valley. No changes were made to the target annual cash bonus opportunities for the other executive officers for fiscal year 2016.

Corporate Performance Objectives

For purposes of the Bonus Plan, the Compensation Committee selected Revenue and Non-GAAP Operating Income as the corporate performance measures for fiscal year 2016. 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 growing our business, generating revenue, managing our expenses, and increasing profitability, 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 Retail Net Sales measured in "constant currency" (CC), which excludes the impact of currency exchange rate fluctuations. The target constant currency sales are calculated by translating sales in each local currency at the forecast exchange rate for that currency at the beginning of the performance period. The actual revenue in the performance period is translated in each local currency using the same forecast exchange rate to determine the performance achievement against the performance target. 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; and
- "Non-GAAP Operating Income" meant GAAP Operating Income from continuing operations, excluding share-based compensation expense, amortization of other intangible assets, restructuring charges (credits), other restructuring-related charges, one-time special charges and other items.

Compensation Report for Fiscal Year 2016

The threshold, 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 CC	95%	25%	100%	100%	103%	200%
Non-GAAP Operating Income	84%	50%	100%	100%	133%	200%

For any bonus payment to be made under the fiscal year 2016 Bonus Plan, the threshold performance requirements had to be met for each of the corporate performance measures. In the event of actual performance between the threshold and target, and target and maximum, performance levels, the payment amount was to be calculated ratably 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 2016 Target Level
Revenue CC	50%	$1,895M
Non-GAAP Operating Income	50%	$150M

Individual and Business Group Performance

For executive officers who are business group or regional leaders we factor in financial metrics with respect to their areas of responsibility, which the Compensation Committee believes are critical to driving long-term shareholder value. As a result, Mr. Stolk's target annual cash bonus opportunity 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, can be adjusted based on each executive officer's individual performance and other factors as reviewed and assessed by our CEO.

2016 Performance Results and Bonus Decisions

For fiscal year 2016, 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 2016 Target Level	Fiscal Year 2016 Actual Result	Fiscal Year 2016 Funding Percentage
Revenue CC	50%	$1,895M	$1,934M	163%
Non-GAAP Operating Income	50%	$150M	$179M	158%
Calculated Result				**160%**
Adjusted Result				**135%**

The actual achievement under the Bonus Plan produced a funding percentage based on the corporate performance measures at a 160% level. While the Committee recognized the significant challenge in achieving both 9% Revenue growth and substantially higher-than-expected operating profitability, the Committee also took into consideration other accomplishments that positively impacted the Bonus Plan funding percentage results such as the divestiture of Lifesize and the exit of the OEM business. As a result, and based on management's recommendation, the Committee determined to lower the funding percentage based on corporate performance to a 135% level. The Committee believed that this level took account of both the strong results produced by the Company and the executive officers and the effect of factors that were not fully determinable when the Bonus Plan design for fiscal year 2016 was approved.

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 2016:

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	$675,000	135%
Bracken Darrell	$1,031,250	$1,392,188	135%
Vincent Pilette	$600,000	$870,000	145%
Marcel Stolk	CHF 418,808	CHF 565,391	135%
L. Joseph Sullivan	$331,875	$464,625	140%

The Compensation Committee determined that the bonus amount for:

- Messrs. De Luca and Darrell reflected the achievement of the corporate performance measures described above.
- Mr. Pilette appropriately reflected his strong performance in reducing operating expenses, reorganizing and managing the Finance organization and contributing to the strong performance of the Company and various strategic initiatives including the divestiture of Lifesize and the acquisition of Jaybird.
- Mr. Stolk reflected the achievement of the corporate performance measures described above and business group performance for which he is responsible.
- Mr. Sullivan reflected his performance in cost and inventory management and managing the worldwide operations of the Company.

The annual cash bonuses paid to our executive officers for fiscal year 2016 are set forth in the "2016 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 use performance-based restricted stock unit ("PSU") and 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 PSUs and RSUs because they are less dilutive than stock options.

At the beginning of fiscal year 2016, the Compensation Committee approved equity awards for our executive officers in recognition of our financial results and each executive officer's individual performance for fiscal year 2015 and expected future contributions. 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 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, the Compensation Committee, as part of its risk analysis, 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 2016 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	22,382	$301,150	14,922	$193,091
Bracken Darrell	223,818	$3,011,471	149,212	$1,930,803
Vincent Pilette	74,606	$1,003,824	74,606	$965,402
Marcel Stolk	33,574	$451,738	22,382	$286,567
L. Joseph Sullivan	26,860	$361,401	17,906	$231,704

Performance-Based RSUs

The PSU awards granted to our executive officers in fiscal year 2016 were to be earned based on two performance measures – 50% on Logitech's relative total shareholder return ("TSR") and 50% on achievement of a Non-GAAP Operating Margin metric. Prior to fiscal year 2016, the PSU awards were based solely on TSR. However, beginning in fiscal year 2016, the Compensation Committee included a Non-GAAP Operating Margin metric to the PSU awards based on its belief that measuring a company's performance with multiple metrics provides a more complete picture of the Company's performance.

Relative TSR

The PSUs under this portion of the award are performance-based 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 three-year performance period in order for the executive officer to earn any shares from the PSU award. 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 the Company's actual level of performance.

The Compensation Committee believes this measure is well aligned to shareholders' interest as it focuses on relative share 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 fiscal year 2016 PSUs is summarized 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, is determined by straight-line interpolation.

Non-GAAP Operating Margin

The PSUs under this portion of the award are eligible to vest only if Logitech achieves a target level of Non-GAAP Operating Margin over four consecutive trailing quarters during the three-year performance period. Non-GAAP Operating Margin is defined as Logitech's four-consecutive-quarter cumulative Non-GAAP Operating Income (as reported by the Company in or at the time of its quarterly earnings press release furnished to the SEC and/or submitted to the SIX Swiss Stock Exchange), excluding OEM and Lifesize results, divided by Logitech's four-consecutive-quarter cumulative Net Sales (as similarly reported by the Company) excluding OEM and Lifesize results. Provided the performance requirement is achieved within the three-year timeframe, the award will vest over three years.

PSUs Vesting in Fiscal Year 2016

The PSUs granted in April 2013 completed the 3-year measurement period on March 31, 2016 and vested on April 15, 2016 at 150% of target. The amount vesting was dependent on Logitech's Total Shareholder Return (TSR) relative to the NASDAQ 100 over the performance period from April 1, 2013 through March 31, 2016 and Logitech's percentile ranking. Our average stock price at the beginning of the period was $6.86 and our ending average stock price was $16.98 (assuming dividends were reinvested). Therefore, for this period our TSR was 147.43% and our stock performed above the 90th percentile which resulted in a 150% payout.

For the PSUs granted in March and April 2015, the target level of 9% Non-GAAP Operating Margin was achieved over the four quarters of fiscal year 2016. Therefore, 100% of the shares of those PSUs are eligible to vest and one-third of the shares vested on May 15, 2016. The remaining two-thirds of the award will vest thereafter in equal annual installments over the next two years.

Restricted Stock Unit Awards

The RSU awards granted to our executive officers in fiscal year 2016 were subject to a time-based vesting requirement and have a four-year vesting period, 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 2016 are set forth in the "2016 Summary Compensation Table" and the "2016 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 2016, 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, death or 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, may also 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 401(k) and 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 Table for Fiscal Year 2016" below.

Because the executive 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 or retain 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 or retain 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 executive officer, including an initial base salary, a target annual cash bonus opportunity, and, in some instances, a recommendation for an equity award.

Post-Employment Compensation

In 2015, to comply with the Minder Ordinance, we eliminated all change of control and severance arrangements with our executive officers, including all members of our Group Management Team. However, the Company continues to grant "double trigger" change of control arrangements with respect to time-based vesting in equity award agreements, and "double trigger" change of control equity vesting acceleration arrangements in outstanding equity awards remain in effect.

The purpose of the Change of Control provisions in equity award agreements is to support retention in the event of a prospective change of control. The RSU and PSU award agreements for our executive officers generally provide for the acceleration of vesting of the RSUs and PSUs subject to the award agreements if the 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 fiscal year 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 performance-based vesting requirements would accelerate.

To determine the level of acceleration of equity awards that may be provided in connection with a change of control, the Compensation Committee considered the requirements of the Minder Ordinance, 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.

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 meetings 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.

In fiscal year 2016, grants were made to non-executive new hires and promoted employees through regularly scheduled monthly written consents of the Compensation Committee or approval by the CEO pursuant to authority delegated to him by 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

Accounting and Tax Treatment of Executive Compensation

Favorable accounting and tax treatment of the various elements of our executive compensation program is a relevant consideration in its 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 the 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

The Compensation Committee conducts an annual review, with the assistance of its 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 awards granted 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 its March 2016 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 2016

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 2016 Invitation and Proxy Statement and Annual Report.

Compensation Committee

Sally Davis, Chairperson
Neil Hunt
Dimitri Panayotopoulos

Compensation Report for Fiscal Year 2016

Summary Compensation Table for Fiscal Year 2016

The following table provides information regarding the compensation and benefits earned during fiscal years 2016, 2015, and 2014 by our named executive officers. For more information, please refer to the "Compensation Disclosure and Analysis," as well as the "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table."

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)	Non-equity Incentive Plan Compensation ($)(2)	Changes in Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(3)	Total ($)
Guerrino De Luca(4)	FY16	500,000	—	494,241	—	675,000	—	22,820	1,692,061
Chairman of the Board	FY15	500,000	—	427,389	—	565,000	—	18,994	1,511,383
	FY14	500,000	460,000	2,684,200	—	575,000	—	15,764	4,234,964
Bracken Darrell(5)	FY16	825,000	—	4,942,274	—	1,392,188	—	49,875	7,209,337
President and Chief Executive Officer	FY15	825,000	—	4,408,594	—	1,165,313	—	27,531	6,426,438
	FY14	750,000	—	3,279,270	—	862,500	—	13,767	4,905,537
Vincent Pilette(6)	FY16	557,308	—	1,969,226	—	870,000	—	65,680	3,462,214
Chief Financial Officer	FY15	500,000	—	2,701,247	—	560,000	—	16,816	3,778,063
	FY14	286,538	—	5,067,550	—	512,000	—	2,673	5,868,761
Marcel Stolk(7)	FY16	538,587	—	738,305	—	581,674	—	100,056	1,958,622
Senior Vice President, CCP Business Group	FY15	564,558	345,091	826,097	—	546,492	—	104,583	2,386,821
	FY14	535,714	—	1,100,100	—	589,643	—	105,517	2,330,974
L. Joseph Sullivan	FY16	442,385	—	593,105	—	464,625	—	22,364	1,522,479
Senior Vice President, Worldwide Operations	FY15	427,500	—	545,602	—	362,306	—	17,687	1,353,095
	FY14	415,000	—	733,400	—	385,950	—	14,418	1,548,768

(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" column reflect the aggregate grant date fair value of grants stock awards 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 5 to the Consolidated Financial Statements included in Logitech's Annual Report to Shareholders. No stock options were granted to our named executive officers during fiscal years 2014, 2015 or 2016.*

For FY16: The amount shown includes an aggregate grant date fair value of the shares issuable for PSUs granted in fiscal year 2016 at target achievement. Assuming the highest level of performance is achieved, the maximum possible value of the PSUs allocated in FY16, using the market value of our shares on the grant date of the PSUs, was: (a) in the case of Mr. De Luca, $399,519; (b) in the case of Mr. Darrell, $3,995,151; (c) in the case of Mr. Pilette $1,331,717; (d) in the case of Mr. Stolk, $599,296; and (e) in the case of Mr. Sullivan, $479,451.

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.*

(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 declined his salary increase for fiscal year 2016 as described above in "Compensation Disclosure and Analysis—Compensation Elements—Base Salary."*

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

(7) *Mr. Stolk's fiscal year 2016 compensation amounts in Swiss Francs were converted using the 12 month average (April 2015 to March 2016) exchange rate of 1 Swiss Franc to 1.0288 U.S. Dollars. 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 CHF 320,000 (or $345,091 in U.S. Dollars) in recognition of his leadership role in helping transform Logitech.*

ALL OTHER COMPENSATION TABLE

Name	Year	Tax Preparation Services ($)	401(k) ($)[1]	Group Term Life Insurance ($)	Relocation or Travel in lieu of Relocation ($)[2]	Defined Benefit Pension Plan Employer Contrib. ($)[3]	Other Awards ($)	Total ($)
Guerrino De Luca	FY16	—	7,565	15,255	—	—	—	22,820
	FY15	—	7,800	11,194	—	—	—	18,994
	FY14	—	7,650	8,114	—	—	—	15,764
Bracken Darrell	FY16	33,695	6,998	9,182	—	—	—	49,875
	FY15	12,181	8,559	6,791	—	—	—	27,531
	FY14	1,525	7,650	4,592	—	—	—	13,767
Vincent Pilette	FY16	—	8,835	4,947	51,898	—	—	65,680
	FY15	—	8,473	2,946	1,672	—	3,725	16,816
	FY14	—	1,731	942	—	—	—	2,673
Marcel Stolk	FY16	—	—	—	—	100,056	—	100,056
	FY15	—	—	—	—	104,583	—	104,583
	FY14	—	—	—	—	105,517	—	105,517
L. Joseph Sullivan	FY16	983	8,101	13,280	—	—	—	22,364
	FY15	—	7,673	9,592	—	—	422	17,687
	FY14	—	7,650	6,768	—	—	—	14,418

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

(2) *Represents costs associated with Mr. Pilette's extended business travel.*

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

Grants of Plan-Based Awards Table for Fiscal Year 2016

The following table sets forth certain information regarding grants of plan-based awards to each of our executive officers during fiscal year 2016. For more information, please refer to the "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	04/15/15	04/15/15	—	—	—	—	—	—	—	14,922	193,091
	PSU[(5)]	04/15/15	04/15/15	—	—	—	—	5,596	11,191	16,787	—	153,317
	PSU[(6)]	04/15/15	04/15/15					11,191	11,191	11,191		147,833
	FY16 Bonus	n/a	n/a	187,500	500,000	1,000,000	675,000					
Bracken Darrell	RSU	04/15/15	04/15/15	—	—	—	—	—	—	—	149,212	1,930,803
	PSU[(5)]	04/15/15	04/15/15	—	—	—	—	55,955	111,909	167,864	—	1,533,153
	PSU[(6)]	04/15/15	04/15/15					111,909	111,909	111,909		1,478,318
	FY16 Bonus	n/a	n/a	386,719	1,031,250	2,062,500	1,392,188	—	—	—		
Vincent Pilette	RSU	04/15/15	04/15/15	—	—	—	—	—	—	—	74,606	965,402
	PSU[(5)]	04/15/15	04/15/15	—	—	—	—	18,652	37,303	55,955	—	511,051
	PSU[(6)]	04/15/15	04/15/15	—	—	—	—	37,303	37,303	37,303	—	492,773
	FY16 Bonus	n/a	n/a	225,000	600,000	1,200,000	870,000	—	—	—	—	
Marcel Stolk	RSU	04/15/15	04/15/15	—	—	—	—	—	—	—	22,382	286,567
	PSU[(5)]	04/15/15	04/15/15	—	—	—	—	8,394	16,787	25,181	—	229,982
	PSU[(6)]	04/15/15	04/15/15					16,787	16,787	16,787		221,756
	FY16 Bonus	n/a	n/a	161,576	430,870	861,739	581,674	—	—	—	—	—
L. Joseph Sullivan	RSU	04/15/15	04/15/15	—	—	—	—	—	—	—	17,906	231,704
	PSU[(5)]	04/15/15	04/15/15	—	—	—	—	6,715	13,430	20,145	—	183,991
	PSU[(6)]	04/15/15	04/15/15	—	—	—	—	13,430	13,430	13,430	—	177,410
	FY16 Bonus	n/a	n/a	124,453	331,875	663,750	464,625	—	—	—	—	—

(1) The amounts in these columns reflect potential payouts with respect to each applicable performance period for the fiscal year 2016 bonus programs under the Bonus Plan described in "Compensation Discussion and Analysis" above.

(2) The amounts in this column reflect actual payouts with respect to each applicable performance period for the fiscal year 2016 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 2016.

(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 is 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 5 to the Consolidated Financial Statements included in Logitech's Annual Report to Shareholders and Annual Report on Form 10-K for fiscal year 2016.

(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, 2018. 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 have achieved the performance vesting condition. One-third of the shares vested under the PSU grants on May 15, 2016. The remaining two-thirds of the shares will vest in two equal installments on April 15, 2017 and April 15, 2018.*

(7) *Mr. Stolk's bonus amounts were converted using the 12 month average (April 2015 to March 2016) exchange rate of 1 Swiss Franc to 1.0288 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 2016 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—Compensation Elements—Annual Cash Bonuses" for a discussion of the performance measures applicable to the Bonus Plan during fiscal year 2016. 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 2016.

Outstanding Equity Awards at Fiscal Year 2016 Year-End Table

The following table provides information regarding outstanding equity awards for each of our named executive officers as of March 31, 2016. 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 ($15.91 on March 31, 2016) 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	04/01/06	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	79,050	—	—	—	—
	01/04/13	65,000	65,000	7.83	01/04/23	1,050,400	—	—	—	—
	04/15/13	—	—	—	—	—	10,000	159,100	—	—
	04/15/13	—	—	—	—	—	30,000(3)	477,300	—	—
	04/15/14	—	—	—	—	—	9,804	155,982	19,608	311,963
	04/15/15	—	—	—	—	—	14,922	237,409	11,191	178,049
	04/15/15	—	—	—	—	—	11,191(4)	178,049	—	—
	Total	**245,000**	**65,000**			**1,129,450**	**75,917**	**1,207,839**	**30,799**	**490,012**
Bracken Darrell	04/16/12	375,000	125,000	8.03	04/16/22	3,940,000	—	—	—	—
	04/16/12	400,000	—	14.05	04/16/22	744,000	—	—	—	—
	04/16/12	—	400,000	16.06	04/16/22	—	—	—	—	—
	04/16/12	—	400,000	20.08	04/16/22	—	—	—	—	—
	04/16/12	—	—	—	—	—	25,000	397,750	—	—
	04/15/13	—	—	—	—	—	88,500	1,408,035	—	—
	04/15/13	—	—	—	—	—	270,000(3)	4,295,700	—	—
	04/15/14	—	—	—	—	—	101,130	1,608,978	202,260	3,217,957
	04/15/15	—	—	—	—	—	149,212	2,373,963	111,909	1,780,472
	04/15/15	—	—	—	—	—	111,909(4)	1,780,472	—	—
	Total	**775,000**	**925,000**			**4,684,000**	**745,751**	**11,864,898**	**314,169**	**4,998,429**

		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	—	—	—	—	—	58,333	928,078	—	—
	03/25/15	—	—	—	—	—	82,657	1,315,073	55,105	876,721
	03/25/15	—	—	—	—	—	55,105(4)	876,721	—	—
	04/15/15	—	—	—	—	—	74,606	1,186,981	37,303	593,491
	04/15/15	—	—	—	—	—	37,303(4)	593,491	—	—
	Total	**—**	**—**	—	**—**	**—**	**308,004**	**4,900,344**	**92,408**	**1,470,211**
Marcel Stolk	01/04/13	112,500	112,500	7.55(2)	01/04/23	1,880,803	—	—	—	—
	04/15/13	—	—	—	—	—	30,000	477,300	—	—
	04/15/13	—	—	—	—	—	90,000(3)	1,431,900	—	—
	04/15/14	—	—	—	—	—	19,018	302,576	38,037	605,169
	04/15/15	—	—	—	—	—	22,382	356,098	16,787	267,081
	04/15/15	—	—	—	—	—	16,787(4)	267,081	—	—
	Total	**112,500**	**112,500**			**1,880,803**	**178,187**	**2,567,874**	**54,824**	**872,250**
L. Joseph Sullivan	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	—	—	—	—	—
	01/04/13	—	112,500	7.83	01/04/23	909,000	—	—	—	—
	04/15/13	—	—	—	—	—	20,000	318,200	—	—
	04/15/13	—	—	—	—	—	60,000(3)	954,600	—	—
	04/15/14	—	—	—	—	—	8,917	141,869	17,835	283,755
	05/14/14	—	—	—	—	—	3,900	62,049	7,800	124,098
	04/15/15	—	—	—	—	—	17,906	284,884	13,430	213,671
	04/15/15	—	—	—	—	—	13,430(4)	213,671	—	—
	Total	**122,500**	**112,500**			**909,000**	**124,153**	**1,975,274**	**39,065**	**621,524**

(1) The actual conversion, if any, of the PSUs based on TSR granted in each of fiscal years 2014, 2015 and 2016 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. The actual conversion, if any, of the remaining PSUs granted in fiscal year 2015 and 2016 is dependent on the achievement of non-GAAP operating margin.

(2) The exercise price of the option as granted (as split-adjusted) is 7.25 Swiss Francs per share and 7.55 US Dollars per share. Amounts in Swiss Francs were converted using the exchange rate of 1 Swiss Franc to 1.0415 U.S. Dollars as of March 31, 2016.

(3) The actual conversion of the PSUs based on TSR granted in fiscal year 2014 into Logitech shares was 150% of that target amount, based on Logitech's TSR performance versus the Nasdaq-100 index TSR benchmark from April 1, 2013 to March 31, 2016, which was ratified by the Compensation Committee subsequently in April 2016.

(4) One-third of the PSUs based on non-GAAP operating margin granted in March and April 2015 vested subsequently in May 2016 as the performance goal was achieved as of March 31, 2016 and confirmed by the Compensation Committee in May 2016. The remaining two thirds will vest in equal annual increments over 2 years on the second and third anniversaries of the grant dates.

Option Exercises and Stock Vested Table for Fiscal Year 2016

The following table provides the number of shares acquired and the value realized upon exercise of stock options and the vesting of PSUs and RSUs during fiscal year 2016 by each of our named executive officers.

	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	—	—	133,268	1,873,067
Bracken Darrell	—	—	102,960	1,472,769
Vincent Pilette	—	—	85,886	1,251,302
Marcel Stolk	—	—	32,340	475,174
L. Joseph Sullivan	186,250	900,949	29,273	422,748

(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 2016

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	5.00	866,180
L. Joseph Sullivan	n/a	n/a	—

Non-qualified Deferred Compensation Table for Fiscal Year 2016

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 2016 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	158,630	—	(1,007)	—	740,936

(1) *Amounts are included in the Summary Compensation table in the "Salary" column for fiscal year 2016. 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:

- PSU, RSU, and PSO award agreements that provide for the accelerated vesting of the shares subject to the award agreements under certain circumstances described below.
- Employment agreements with Bracken Darrell, Vincent Pilette, Joseph Sullivan and Marcel Stolk, under which each of them is entitled to receive a twelve or nine-month notice period if we terminate his employment or if he resigns.

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

There are no agreements providing for payment of any consideration to any non-executive member of the Board of Directors upon termination of his or her services with the Company.

Change of Control Severance Agreements

Each of our executive officers had executed a change of control severance agreement with Logitech. These agreements have been terminated in compliance with the Minder Ordinance.

PSU and RSU Award Agreements

The PSU and RSU award agreements for named executive officers provide for the acceleration of vesting of the equity awards subject to the award agreements 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 following a change of control:

- All shares subject to the RSUs will vest;
- 100% of the shares subject to the PSUs granted in fiscal year 2014 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; and
- The time-based vesting of PSU awards based on the achievement of a non-GAAP Operating Margin metric will accelerate if the performance-based vesting conditions have been attained.

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 named executive officer without cause after a change in control, assuming that each of the terminations was effective as of March 31, 2016, subject to the terms of the PSO, PSU and RSU award agreements with each of the listed executive officers. As of December 2015, we do not have any cash payment related to termination of employment or change of control in compliance with the Minder Ordinance.

As of March 31, 2016, 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 vesting of outstanding and unvested equity awards in the tables below was the closing price of Logitech's shares on the Nasdaq Global Select Market on March 31, 2016, the last business day of the fiscal year, of $15.91 per share.

POTENTIAL PAYMENTS UPON INVOLUNTARY TERMINATION AFTER CHANGE IN CONTROL

Name	Value of Accelerated Equity Awards[1]
Guerrino De Luca	1,446,489
Bracken Darrell	14,997,748
Vincent Pilette	4,900,344
Marcel Stolk	3,550,905
L. Joseph Sullivan	2,452,574

(1) Represents, as of March 31, 2016, 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, 2016 that are subject to acceleration according to the terms of an equity award agreement. For the PSUs granted April 15, 2013, as of March 31, 2016 the performance condition was 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. For the PSUs granted March 25, 2015 and April 15, 2015 based on Non-GAAP Operating Margin, the performance condition was achieved as of March 31, 2016, therefore, 100% of such value was attributed to the shares subject to such PSUs.

Compensation of Non-Employee Directors

For fiscal year 2016, 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 2016, to assist the Compensation Committee in its annual review of director compensation, Compensia 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 2016, 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 have generally been made on the day after our Annual General Meeting with a vesting date of August 31 prior to the next Annual General Meeting.

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	61,728
An additional annual cash retainer for the lead independent director	20,000	20,576
Annual retainer for the Audit Committee chair	40,000	41,152
Annual retainer for the Compensation Committee chair	40,000	41,152
Annual retainer for the Nominating Committee chair	11,000	11,317
Annual retainer for non-chair Audit Committee members	15,000	15,432
Annual retainer for non-chair Compensation Committee members	15,000	15,432
Annual retainer for Nominating Committee members	5,000	5,144
Annual retainer for Lifesize Board members(2)	15,000	15,432
Annual RSU grant	150,000	154,320
Compensation for the number of travel days spent traveling to attend Board and committee meetings, per day rate	2,500	2,572
Reimbursement of reasonable expenses for non-local travel (business class)		

(1) Amounts in Swiss Francs were converted using the 12 month average (April 2015 to March 2016) exchange rate of 1 Swiss Franc to 1.0288 U.S. Dollars.

(2) Lifesize retainer has been eliminated from the non-employee director compensation program as of December 2015 and was prorated for the 2015-2016 board year due to the divestiture of Lifesize.

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 2016 to continuing members of the Board of Directors who were not executive officers as of March 31, 2016. 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, 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 2016, are presented in the Summary Compensation Table and the Outstanding Equity Awards at Fiscal Year-End Table, respectively.

NON-EMPLOYEE DIRECTOR COMPENSATION TABLE FOR FISCAL YEAR 2016

Name	Fees Earned in Cash ($)(1)	Stock Awards ($)(2)	Total ($)
Daniel Borel(3)(4)	25,720	—	25,720
Matthew Bousquette(3)	54,441	—	54,441
Edouard Bugnion(4)	41,152	150,880	192,032
Kee-Lock Chua	107,767	151,200	258,966
Sally Davis(6)	141,460	150,880	292,340
Sue Gove(5)	60,442	151,200	211,642
Didier Hirsch	121,313	151,200	272,512
Neil Hunt(6)	116,169	151,200	267,368
Dimitri Panayotopoulos(4)	86,162	150,880	237,042
Monika Ribar(3)	38,580	—	38,580
Lung Yeh(5)	51,440	151,200	202,640

(1) *Amounts in Swiss Francs were converted using the 12 month average (April 2015 to March 2016) exchange rate of 1 Swiss Franc to 1.0288 U.S. Dollars.*

(2) *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 2016 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 2016 was $13.50 or CHF 13.14 per share.*

(3) *Daniel Borel, Matthew Bousquette and Monika Ribar did not stand for re-election as directors at the Annual General Meeting in September 2015.*

(4) *Elected to receive their Board fees in shares.*

(5) *Edouard Bugnion, Sue Gove and Lung Yeh were first elected as directors at the Annual General Meeting in September 2015.*

(6) *Board fees include prorated Lifesize retainer due to the divestiture of Lifesize in December 2015.*

The following table presents additional information with respect to the equity awards held as of March 31, 2016 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 ($15.91 on March 31, 2016) 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 1.0415 U.S. Dollars as of March 31, 2016.

OUTSTANDING EQUITY AWARDS FOR NON-EMPLOYEE DIRECTORS AT FISCAL 2016 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 ($)
Edouard Bugnion	09/10/15	—	—	—	—	11,200	178,192
Kee-Lock Chua	06/16/06	15,000	—	19.43	—	—	—
	09/10/15	—	—	—	—	11,200	178,192
Sally Davis	06/20/07	30,000	—	35.88(2)	—	—	—
	09/10/15	—	—	—	—	11,200	178,192
Sue Gove	09/10/15	—	—	—	—	11,200	178,192
Didier Hirsch	09/10/15	—	—	—	—	11,200	178,192
Neil Hunt	09/10/15	—	—	—	—	11,200	178,192
Dimitri Panayotopoulos	09/10/15	—	—	—	—	11,200	178,192
Lung Yeh	09/10/15	—	—	—	—	11,200	178,192

(1) Unless otherwise indicated, the shares subject to these stock awards vest in full on August 31, 2016.

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

Equity Compensation Plan Information

The following table summarizes the shares that may be issued upon the exercise of options (including PSOs and PPOs), RSUs, PSUs, and other rights under our employee equity compensation plans as of March 31, 2016. 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	9,129,879[2]	$20	15,026,710
Equity Compensation Plans Not Approved by Security Holders	1,725,000[3]	14	0
Total	10,854,879	$18	15,026,710

(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, 2016, an aggregate of 1,800,000 shares was reserved for issuance under the 2012 Stock Inducement Equity Plan. As of March 31, 2016, 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, 2016, 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, 2016, an aggregate of 24.8 million shares is reserved for issuance under the 2006 Stock Incentive Plan. As of March 31, 2016, a total of 7,827,223 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, 2016, a total of 7,199,487 shares were available for issuance under these plans.

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Appendix A

LOGITECH INTERNATIONAL S.A.
2006 STOCK INCENTIVE PLAN

The following constitute the terms and conditions of the Logitech International S.A. 2006 Stock Incentive Plan, as amended and restated on September 7, 2016. These terms and conditions apply to all Awards granted under the Plan on or after September 7, 2016 as well as to all outstanding Awards granted under the Plan prior to September 7, 2016.

1. Purposes of the Plan. The purposes of this Plan are:

- to attract and retain the best available personnel for positions of substantial responsibility,
- to provide additional incentive to Employees, Consultants and Directors, and
- to promote the success of the Company's business.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Administrator" means the Board or any of its Committees as shall be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Affiliate" means any entity other than a Subsidiary, if the Company and/or one or more Subsidiaries own not less than 50% of such entity.

(c) "Applicable Laws" means the requirements relating to the administration of stock plans under Swiss laws, U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Shares are listed or quoted and the applicable laws governing the grant of Awards and the issuance of Shares pursuant to Awards in any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

(d) "Award" means any award of an Option, a SAR, a Restricted Share or a Restricted Stock Unit under the Plan.

(e) "Award Agreement" means an agreement between the Participant and the Company setting forth the terms and conditions of an Award. Each Award Agreement shall be subject to the terms and conditions of the Plan.

(f) "Board" means the Board of Directors of the Company.

(g) "Code" means the U.S. Internal Revenue Code of 1986, as amended.

(h) "Committee" means a Committee appointed by the Board in accordance with Section 4 of the Plan.

(i) "Company" means Logitech International S.A., a company incorporated under the laws of Switzerland, and any successor thereto.

(j) "Consultant" means a consultant or adviser who provides bona fide services to the Company, a Parent, a Subsidiary or an Affiliate as an independent contractor.

(k) "Corporate Transaction" has the meaning ascribed to it in Section 16 of the Plan.

(l) "Director" means a member of the Board.

(m) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code with respect to Incentive Stock Options. With respect to all other Awards, "Disability" means that a Participant is unable to carry out the responsibilities and functions of the position held by the Participant by reason of any medically determined physical or mental impairment for a period of not less than ninety (90) consecutive days; a Participant shall not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Administrator in its discretion.

(n) "Employee" means any person, including officers and Directors, providing services to the Company or any Parent, Subsidiary or Affiliate as an employee. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

(o) "Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

(p) "Fair Market Value" means, as of any given date, (a) if the Shares are publicly traded and the date in question is a market trading day, the value of a Share determined as the closing sales price for the Shares (or the closing bid, if no sales were reported) as quoted on the SIX Swiss Exchange or the Nasdaq Global Select Market or on such other exchange or system on which the Shares are traded, as reported in such source as the Administrator deems reliable, or, if the date in question is not a market trading day, the closing price or bid, if applicable, as so reported for the last market trading day preceding the day in question, except that "Fair Market Value" may, if designated by the Administrator, also mean the average of the closing sales prices for the Shares as so quoted or reported over a period of not more than 30 days before and/or after the date in question; or (b) if the Shares are not publicly traded, the value of a Share determined by the Administrator acting in good faith. Such determination shall be conclusive and binding on all persons.

(q) "Incentive Stock Option" shall mean an option described in Section 422 of the Code.

(r) "Nonstatutory Stock Option" shall mean an option other than an option described in Section 422 of the Code.

(s) "Option" means an Incentive Stock Option or a Nonstatutory Stock Option granted pursuant to the Plan.

(t) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(u) "Participant" means an Employee, Consultant or Director who holds an outstanding Award.

(v) "Performance Criteria" means any one or more of the following performance criteria, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit or Subsidiary, either individually, alternatively or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the Administrator in the Award: (i) brand recognition/acceptance, (ii) cash flow, (iii) cash flow return on investment, (iv) contribution to profitability, (v) cost control, (vi) cost positions, (vii) cost of capital, (viii) customer satisfaction, (ix) development of products, (x) earnings before interest, taxes and amortization, (xi) earnings per share, (xii) economic profit, (xiii) economic value added, (xiv) free cash flow, (xv) income or net income, (xvi) income before income taxes, (xvii) market segment share, (xviii) new product innovation, (xix) operating income or net operating income, (xx) operating margin or profit margin, (xxi) operating profit or net operating profit, (xxii) process excellence, (xxiii) product cost reduction, (xxiv) product mix, (xxv) product release schedules, (xxvi) product ship targets, (xxvii) quality, (xxviii) return on assets or net assets, (xxix) return on capital, (xxx) return on capital employed, (xxxi) return on equity, (xxxii) return on invested capital, (xxxiii) return on operating revenue, (xxxiv) return on sales, (xxxv) revenue, (xxxvi) sales, (xxxvii) share price performance, (xxxviii) strategic alliances, (xxxix) total shareholder return, and (xl) working capital.

(w) "Plan" means this Logitech International S.A. 2006 Stock Incentive Plan, as amended from time to time.

(x) "Restricted Share" means Shares, the grant, issuance, retention and/or vesting of which is subject to such conditions as are expressed in the agreement evidencing the Award of Restricted Shares.

(y) "Restricted Stock Unit" means a bookkeeping entry representing the equivalent of one Share, as awarded under the Plan, the grant, issuance, retention and/or vesting of which is subject to such conditions as are expressed in the agreement evidencing the Award of Restricted Stock Units.

(z) "SAR" means a right to receive, in cash or stock (as determined by the Committee and set out in the Award Agreement evidencing the SAR), value with respect to a specific number of Shares equal to or otherwise based on the excess of (i) the market value of a Share at the time of exercise over (ii) the exercise price of the right, subject to such terms and conditions as are expressed in the agreement evidencing the SAR.

(aa) "Service" means service as a Service Provider. Service shall not terminate solely as a result of a Service Provider's change in status from Director or

Consultant to Employee or from Employee to Consultant or Director. Service shall not terminate in the case of transfers between locations of the Company or among the Company, any Parent, any Subsidiary, any Affiliate or any successor. The Administrator, in its sole discretion, shall determine all questions relating to termination of Service for purposes of an Award, including whether a particular leave of absence constitutes a termination of Service.

(bb) "Service Provider" means a Director, Consultant or Employee.

(cc) "Share" means a registered share of the Company, as adjusted in accordance with Section 15 of the Plan.

(dd) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

(ee) "Unrestricted Share Pool" means a number of Shares equal to five percent (5%) of the number of Shares that are available for the grant of Awards hereunder as of the 2016 Amendment Date, subject to adjustment as provided in Section 15 of the Plan.

(ff) "2016 Amendment Date" means September 7, 2016.

3. Shares Subject to the Plan.

(a) Basic Limitation. Subject to adjustment as provided in Section 15 of the Plan, the maximum aggregate number of Shares that may be subject to Awards and issued under the Plan is thirty million five hundred fifty thousand (30,550,000)[1] Shares, all of which may be issued upon exercise of Incentive Stock Options. The Shares may be authorized but unissued, conditionally issued or acquired Shares.

(b) Shares Returned to Reserve. Any Shares subject to an Award which for any reason expires or terminates unexercised or before settlement, is not earned in full or is forfeited, is settled in cash, or Shares that are tendered by the Participant or withheld by the Company to satisfy any tax withholding obligations with respect to an Award other than an Option or a SAR (or any other Award that is not a full value Award) shall again become available for issuance under the Plan. The following Shares shall be counted against the maximum number of Shares available for issuance pursuant to Section 3(a) hereof and shall not be returned to the Plan: (i) Shares covered by an Option or SAR which are surrendered in payment of the Option exercise price or in satisfaction of tax withholding obligations incident to the exercise or settlement of an Option or SAR; (ii) Shares that are not issued or delivered as a result of the net settlement of an outstanding SAR or Option; or (iii) Shares that are repurchased on the open market with the proceeds of the exercise of an Option. To the extent permitted by Applicable Laws, Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by the Company or any Subsidiary or Affiliate shall not be counted against Shares available for grant pursuant to this Plan. Anything in this Section 3(b) to the contrary notwithstanding, no Shares may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422 of the Code.

(c) Dividend Equivalents. Any dividend equivalents credited under the Plan and paid in cash shall not be applied against the number of Shares that may be issued under the Plan.

1 This number reflects the initial reserve of 7,000,000 million shares, a 2 for 1 share / ADR split effective July 14, 2006, a 3,500,000 share increase authorized by the Board on June 23, 2009 and by shareholders on September 1, 2009, a 7,300,000 share increase authorized by the Board on June 27, 2012, as amended on August 9, 2012, and by shareholders on September 5, 2012, and a 5,750,000 share increase authorized by the Board on July 7, 2016, and by shareholders on September 7, 2016.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. The Plan may be administered by different Committees with respect to different groups of Service Providers.

(ii) Section 162(m). To the extent that the Administrator determines it to be desirable to qualify Awards granted hereunder as "qualified performance-based compensation" within the meaning of Section 162(m) of the Code, the Plan shall be administered by a Committee of two or more "outside directors" within the meaning of Section 162(m) of the Code.

(iii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3 of the Exchange Act, the Plan shall be administered by a Committee of two or more "non-employee directors" within the meaning of Rule 16b-3.

(iv) Other Administration. Other than as provided above or in Section 4(c) below, the Plan shall be administered by (A) the Board or (B) a Committee, which committee shall be constituted to satisfy Applicable Laws.

(b) Powers of the Administrator. Subject to the express provisions and limitations set forth in this Plan and, in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator shall be authorized and empowered to do all things necessary or desirable, in its sole discretion, in connection with the administration of the Plan, including, without limitation, the following:

(i) to determine the Fair Market Value of the Shares, in accordance with Section 2(l) of the Plan;

(ii) to select the Employees, Consultants and Directors to whom Awards may be granted hereunder, to determine the timing of any such Awards, and to grant Awards;

(iii) to determine whether and to what extent Options, SARs, Restricted Shares or Restricted Stock Units, or any combination thereof, are granted hereunder;

(iv) to determine the number of Shares to be covered by each Award granted hereunder;

(v) to approve and amend forms of Award Agreements or other documents evidencing Awards made under the Plan (which need not be identical);

(vi) to grant Awards under this Plan and determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Awards may be exercised or vest (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vii) to construe and interpret the terms of the Plan and awards granted pursuant to the Plan;

(viii) to establish, adopt, rescind or revise any rules and regulations as it may deem necessary or advisable to administer the Plan, including adopting sub-plans to the Plan or special terms for Award Agreements, for the purposes of complying with non-U.S. laws and/or taking advantage of tax favorable treatment for Awards granted to Participants outside the United States (as further set forth in Section 4(d)) as it may deem necessary or advisable to administer the Plan;

(ix) to modify or amend any Award (subject to Section 20(c) of the Plan), including the discretionary authority to accelerate the exercisability or vesting of all or part of any Award or to extend the post-termination exercisability period of Options;

(x) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

(xi) to allow Participants to satisfy withholding tax obligations by electing to have the Company withhold from the Shares to be issued upon exercise or settlement of an Award that number of Shares having a Fair Market Value equal to the amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by a Participant to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable; and

(xii) to make all other determinations and decisions deemed necessary or advisable for administering the Plan.

(c) Delegation of Authority. To the extent permitted by Applicable Laws and the Company's corporate governing documents, the Board or the Committee may from time to time delegate to one or more officers of the Company the authority to grant Awards to Employees and Consultants who are not Directors and are not considered executive officers of the Company under Section 16 of the Exchange Act. Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation, and the Board or the Committee as applicable may at any time rescind the authority so delegated or appoint a new delegate. At all times, the delegate appointed under this Section 4(c) shall serve in such capacity at the satisfaction and discretion of the Board or the Committee.

(d) Non-U.S. Participants. Notwithstanding any provision of the Plan to the contrary, to comply with the laws in countries outside the United States in which the Company and its Subsidiaries and Affiliates operate or in which Service Providers work or reside, the Administrator, in its sole discretion, shall have the power and authority to: (i) determine which Service Providers outside the United States shall be eligible to participate in the Plan; (ii) modify the terms and conditions of any Award granted to Service Providers outside the United States; (iii) establish sub-plans and modify exercise procedures and other terms and procedures and rules, to the extent such actions may be necessary or advisable, including adoption of rules, procedures or sub-plans applicable to particular Subsidiaries or Affiliates or Participants in particular locations; *provided, however*, that no such sub-plans and/or modifications shall take precedence over Section 3 of the Plan or otherwise require shareholder approval; and (iv) take any action, before or after an Award is granted, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules, procedures and sub-plans with provisions that limit or modify rights on eligibility to receive an Award under the Plan or on death, disability, retirement or other termination of Service, available methods of exercise or settlement of an Award, payment of income, social insurance contributions and payroll taxes, the shifting of employer tax liability to the Participant, the withholding procedures and handling of any Share certificates or other indicia of ownership. Notwithstanding the foregoing, the Board may not take any actions hereunder, and no Awards shall be granted, that would violate Applicable Laws.

(e) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations shall be final and binding on all Participants and any other holders of Awards.

5. Eligibility. Only Employees of the Company, a Parent or Subsidiary shall be eligible to be granted Incentive Stock Options. Subject to Section 4(d) of the Plan, Employees, Consultants (to the extent permitted by the Company's corporate governing documents) and Directors shall be eligible to be granted Nonstatutory Stock Options, SARs, Restricted Shares or Restricted Stock Units. If otherwise eligible, an Employee, Consultant or Director who has been granted an Award may be granted additional Awards at the sole discretion of the Administrator.

6. Limitations.

(a) No Right to Continued Employment, Future Grants. Neither the Plan nor any Award shall confer upon a Participant any right with respect to continuing the Participant's employment with the Company or a Subsidiary thereof, nor shall they interfere in any way with the Participant's right or the Company's or any Subsidiary's right to terminate such employment at any time, with or without cause. A Participant's rights, if any, in respect of or in connection with any Award is derived solely from the discretionary decision of the Company to permit the individual to participate in the Plan and to benefit from a discretionary Award. By accepting an Award under the Plan, a Participant expressly acknowledges that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Awards.

(b) Annual Covered Employee Grant Limits. The following limitations shall apply to grants of Awards that are intended to constitute "qualified performance-based compensation" under Section 162(m) of the Code:

(i) No Employee shall be granted, in any fiscal year of the Company, Options or SARs covering more than six million (6,000,000) Shares in the aggregate.

(ii) No Employee shall be granted, in any fiscal year of the Company, Restricted Shares or Restricted Stock Units covering more than four million (4,000,000) Shares in the aggregate.

(iii) The foregoing limitations shall be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 15.

(c) Minimum Vesting Requirements and Discretionary Vesting Acceleration Authority. Except for Awards granted in substitution for outstanding awards in connection with a corporate transaction or Awards relating to Shares in the Unrestricted Share Pool, Awards granted after the 2016 Amendment Date shall vest no earlier than the first anniversary of the date of grant; provided, however, that the Committee shall have the discretion to accelerate the vesting or exercisability of an Award in any circumstance, including upon a Corporate Transaction or change in control of the Company or the termination of the Participant's Service for any reason, including the Participant's death, Disability or retirement.

7. Effective Date. The Plan was adopted by the Board of Directors on June 15, 2006 and became effective on June 16, 2006, upon approval of the Plan by the shareholders of the Company. The Plan shall continue in effect until no Shares remain available for issuance under the Plan (including, for the avoidance of any doubt, Shares that remain available for issuance under Awards outstanding under the Plan) or until terminated under Section 20 of the Plan, if earlier. Awards that are outstanding as of the termination of the Plan shall remain in force according to the terms of the Plan and the applicable Award Agreement.

8. Options

(a) Stock Option Agreement. Each grant of an Option under the Plan shall be evidenced by an agreement between the Participant and the Company in such form (including by electronic communications) and such terms, conditions and restrictions as may be approved by the Administrator (the "Stock Option Agreement"). Such Option shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The Stock Option Agreement shall specify whether the Option is an Incentive Stock Option or a Nonstatutory Stock Option. The provisions of the various Stock Option Agreements entered into under the Plan need not be identical.

(b) Number of Shares. Each Stock Option Agreement shall specify the number of Shares subject to the Option and shall provide for the adjustment of such number in accordance with Section 15.

(c) Option Exercise Price. The per Share exercise price for which one Share may be purchased upon exercise of an Option shall be determined by the Administrator and set out in the Stock Option Agreement; provided that the per Share exercise price shall in no event be less than 100% of the Fair Market Value of a Share on the date of grant.

(d) Exercisability and Term. Each Stock Option Agreement shall specify the date or event when all or any installment of the Option is to become exercisable. The Stock Option Agreement shall also specify the term of the Option; provided that the term of an Option shall in no event exceed 10 years from the date of grant. Anything in this Section 8(d) to the contrary notwithstanding, Options shall be subject to the minimum vesting requirement set forth in Section 6(c). Options may be awarded in combination with SARs, and such an Award may provide that the Options will not be exercisable unless the related SARs are forfeited.

(e) Buyout Provisions. Subject to Section 20(b), the Administrator may at any time (a) offer to buy out for a payment in cash or cash equivalents an Option previously granted or (b) authorize a Participant to elect to cash out an Option previously granted, in either case at such time and based upon such terms and conditions as the Administrator shall establish.

(f) Option Exercise Consideration. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. Such consideration may consist entirely of: (i) cash, (ii) cash equivalents, (iii) full-recourse promissory note, (iv) other Shares that have a fair market value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised; (v) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan, (vi) the amount attributable to the fair market value of Shares withheld under a “net exercise” arrangement, (vii) any combination of the foregoing methods of payment; or (viii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws. If the Company is subject to Section 13(k) of the Exchange Act, and if the Participant is a Director or executive officer of the Company, he or she may pay the exercise price with a promissory note only to the extent permitted by Section 13(k).

(g) No Rights as Shareholder. No Participant shall have any rights as a shareholder with respect to any Shares subject to Options until such Shares have been issued.

(h) Termination of Participant’s Service. Upon termination of a Participant’s Service, the Participant (or any person having the right to exercise the Option after his or her death) may exercise his or her Option within such period of time as is specified in the Stock Option Agreement to the extent that he or she is entitled to exercise it on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Stock Option Agreement). In the absence of a specified time in the Stock Option Agreement, the Option shall remain exercisable for ninety (90) days following the termination of the Participant’s Service for any reason other than death or Disability, and the Option shall remain exercisable for one (1) year following the termination of the Participant’s Service for reason of death or Disability. Notwithstanding the foregoing, other than where a Participant’s Service is terminated for cause (as determined by the Administrator), if the exercise of an Option within the applicable time periods set forth above or in the Stock Option Agreement, as applicable, is prevented as a result of the provisions set forth in Section 21(a) regarding legal compliance with respect to the issuance of Shares, the Option shall remain exercisable until thirty (30) days after the date the Participant is no longer prevented from exercising the Option. If, on the date of termination of Service, the Participant is not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after termination of Service, the Participant does not exercise his or her Option within the time specified by the Administrator, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

9. Restricted Shares.

(a) Restricted Stock Agreement. Each grant of Restricted Shares under the Plan shall be evidenced by an agreement between the Participant and the Company in such form (including by electronic communications) and such terms, conditions and restrictions as may be approved by the Administrator (the “Restricted Stock Agreement”). Such Restricted Shares shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various Restricted Stock Agreements entered into under the Plan need not be identical.

(b) Payment for Awards. Restricted Shares may be granted, sold or awarded under the Plan for such purchase price, if any, or consideration as the Administrator may determine, including (without limitation) cash, cash equivalents, property, full-recourse promissory notes, past services and future services. If the Company is subject to Section 13(k) of the Exchange Act, and if the Participant is a Director or executive officer of the Company, he or she may pay for Restricted Shares with a promissory note only to the extent permitted by Section 13(k). Subject to Section 20(b), within the limitations of the Plan, the Committee may accept the cancellation of outstanding Options in return for the grant of Restricted Shares.

(c) Vesting. The grant, issuance, retention and/or vesting of Shares under Restricted Share Awards shall be at such time and in such installments as determined by the Administrator or under criteria established by the Administrator. The Administrator shall have the right, but shall not be required, to make the timing of the grant and/or the issuance, ability to retain and/or vesting of Shares under Restricted Share Awards subject to continued employment, passage of time and/or performance goals as deemed appropriate by the Administrator. Performance goals applicable to Restricted Share Awards that are intended to constitute "qualified performance-based compensation" under Section 162(m) of the Code shall be based on the Performance Criteria. The Administrator shall determine the level of achievement against any performance goals, without regard to whether they are based on Performance Criteria, and such determination shall be final and binding. For a Restricted Share Award that is intended to constitute "qualified performance-based compensation" under Section 162(m) of the Code, the Administrator shall identify in writing the target for the performance goals that are based on Performance Criteria at the time the Restricted Share Award is granted, and no later than the earlier of (i) the date ninety (90) days after the commencement of the applicable performance period or (ii) the date on which twenty-five percent (25%) of the performance period has elapsed, and, in any event, at a time when the outcome of the Performance Criteria remains substantially uncertain. Anything in this Section 9(c) to the contrary notwithstanding, a Restricted Stock Agreement shall be subject to the minimum vesting requirement set forth in Section 6(c) of the Plan; provided that any vesting acceleration shall not be given effect if it causes a Restricted Share Award that is intended to constitute "qualified performance-based compensation" under Section 162(m) to fail to so qualify.

(d) Voting and Dividend Rights. The holders of Restricted Shares awarded under the Plan shall have the same voting, dividend and other rights as the Company's other shareholders. A Restricted Stock Agreement, however, may require that the holders of Restricted Shares invest any cash dividends received in additional Restricted Shares. Such additional Restricted Shares shall be subject to the same conditions and restrictions as the Award with respect to which the dividends were paid.

(e) Termination of Employment. The Restricted Stock Agreement may provide for the forfeiture or cancellation of the Restricted Share Award, in whole or in part, in the event of the termination of Service of the Participant to whom it was granted.

10. Stock Appreciation Rights.

(a) SAR Agreement. Each grant of a SAR under the Plan shall be evidenced by an agreement between the Participant and the Company in such form (including by electronic communications) and such terms, conditions and restrictions as may be approved by the Administrator (the "SAR Agreement"). Such SAR shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various SAR Agreements entered into under the Plan need not be identical.

(b) Number of Shares and Exercise Price. Each SAR Agreement shall specify the number of Shares to which the SAR pertains and shall provide for the adjustment of such number in accordance with Section 15. Each SAR Agreement shall specify the exercise price; provided that the exercise price shall in no event be less than 100% of the Fair Market Value of a Share on the date of grant.

(c) Exercisability and Term. Each SAR Agreement shall specify the date when all or any installment of the SAR is to become exercisable. The SAR Agreement shall also specify the term of the SAR; provided that the term of a SAR shall in no event exceed 10 years from the date of grant. Anything in this Section 10(c) to the contrary notwithstanding, SARs shall be subject to the minimum vesting requirement set forth in Section 6(c) of the Plan. SARs may be awarded in combination with Options, and such an Award may provide that the SARs will not be exercisable unless the related Options are forfeited. A SAR may be included in an Incentive Stock Option only at the time of grant but may be included in a Nonstatutory Stock Option at the time of grant or thereafter. A SAR granted under the Plan may provide that it will be exercisable only in the event of a Change in Control.

(d) Exercise of SARs. Upon exercise of a SAR, the Participant (or any person having the right to exercise the SAR after his or her death) shall receive from the Company consideration in the form of (a) Shares, (b) cash or (c) a combination of Shares and cash, as set out in the SAR Agreement or as the Administrator shall determine. Each SAR Agreement shall specify the amount and/or Fair Market Value of the consideration that the Participant will receive upon exercising the SAR; provided that the aggregate consideration shall not exceed the amount by which the Fair Market Value (on the date of exercise) of the Shares subject to the SAR exceeds the exercise price of the SAR. A SAR Agreement may provide for the automatic exercise of a SAR on (i) the date when the SAR expires if the exercise price of the SAR is less than the Fair Market Value of the Shares subject to the SAR on such date but any portion of the SAR has not yet been exercised, or (ii) an earlier date.

(e) No Rights as Shareholder. No Participant shall have any rights as a shareholder with respect to any Shares covered by SARs until such Shares, if any, have been issued.

(f) Termination of Participant's Service. Upon termination of a Participant's Service, the Participant (or any person having the right to exercise the SAR after his or her death) may exercise his or her SAR within such period of time as is specified in the SAR Agreement to the extent that he or she is entitled to exercise it on the date of termination (but in no event later than the expiration of the term of such SAR as set forth in the SAR Agreement). In the absence of a specified time in the SAR Agreement, the SAR shall remain exercisable for ninety (90) days following the termination of the Participant's Service for any reason other than death or Disability, and the Option shall remain exercisable for one (1) year following the termination of the Participant's Service for reason of death or Disability. If, on the date of termination of Service, the Participant is not entitled to exercise his or her entire SAR, the Shares covered by the unexercisable portion of the SAR shall revert to the Plan. If, after termination of Service, the Participant does not exercise his or her SAR within the time specified by the Administrator, the SAR shall terminate, and the Shares covered by such SAR shall revert to the Plan.

11. Restricted Stock Units.

(a) Restricted Stock Unit Agreement. Each grant of Restricted Stock Units under the Plan shall be evidenced by an agreement between the Participant and the Company in such form (including by electronic communications) and such terms, conditions and restrictions as may be approved by the Administrator (the "Restricted Stock Unit Agreement"). Such Restricted Stock Units shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various Restricted Stock Unit Agreements entered into under the Plan need not be identical.

(b) Payment for Awards. To the extent that an Award is granted in the form of Restricted Stock Units, no cash consideration shall be required of the Participant.

(c) Vesting Conditions. The grant, issuance, retention and/or vesting of Shares under Restricted Stock Unit Awards shall be at such time and in such installments as determined by the Administrator or under criteria established by the Administrator. The Administrator shall have the right, but shall not be required, to make the timing of the grant and/or the issuance, ability to retain and/or vesting of Shares under Restricted Stock Unit Awards subject to continued employment, passage of time and/or performance goals as deemed appropriate by the Administrator; provided, however, that performance goals applicable to Restricted Stock Unit Awards that are intended to constitute "qualified performance-based compensation" under Section 162(m) of the Code shall be based on Performance Criteria. The Administrator shall determine the level of achievement against any performance goals, without regard to whether they are based on the Performance Criteria and such determination shall be final and binding. For a Restricted Stock Unit Award that is intended to constitute "qualified performance-based compensation" under Section 162(m) of the Code, the Administrator shall identify in writing the target for the performance goals that are based on Performance Criteria at the time the Restricted Stock Unit Award is granted, and no later than the earlier of (i) the date ninety (90) days after the commencement of the applicable performance period or (ii) the date on which twenty-five percent (25%) of the performance period has elapsed, and, in any event, at a time when the outcome of the Performance Criteria remains substantially uncertain. Anything in this Section 11(c) to the contrary notwithstanding, a Restricted Stock Unit Agreement shall be subject to the minimum vesting requirement set forth in Section 6(c) of the Plan; provided that any accelerated vesting shall not be given effect if it causes a Restricted Stock Unit Award that is intended to constitute "qualified performance-based compensation" under Section 162(m) to fail to so qualify.

(d) Voting and Dividend Equivalent Rights. The holders of Restricted Stock Units shall have no voting rights. Prior to settlement or forfeiture, any Restricted Stock Unit awarded under the Plan may, at the Administrator's discretion, carry with it a right to dividend equivalents. Such right entitles the Participant to be credited with an amount equal to all cash dividends paid on one Share while the Restricted Stock Unit is outstanding. Dividend equivalents may be converted into additional Restricted Stock Units. Settlement of dividend equivalents may be made in the form of cash, in the form of Shares, or in a combination of both. Any dividend equivalents credited to Restricted Stock Units shall be subject to the same conditions (including, without limitation, performance conditions, if any) and restrictions as the Restricted Stock Units to which they attach.

(e) Form and Time of Settlement of Restricted Stock Units. Settlement of vested Restricted Stock Units may be made in the form of (i) cash, (ii) Shares or (iii) any combination of both, as set out in the Restricted Stock Unit Agreement or as the Administrator shall determine. The actual number of Restricted Stock Units eligible for settlement may be larger or smaller than the number included in the original Award, based on predetermined performance factors. Methods of converting Restricted Stock Units into cash may include (without limitation) a method based on the average Fair Market Value of Shares over a series of trading days. Vested Restricted Stock Units may be settled in a lump sum or in installments. The distribution may occur or commence when all vesting conditions applicable to the Restricted Stock Units have been satisfied or have lapsed, or it may be deferred to any later date. The amount of a deferred distribution may be increased by an interest factor or by dividend equivalents. Until an Award of Restricted Stock Units is settled, the number of such Restricted Stock Units shall be subject to adjustment pursuant to Section 15.

(f) Death of Recipient. Any Award of Restricted Stock Units that becomes payable after the Participant's death shall be distributed to the Participant's estate or, to the extent the Participant is permitted by the Administrator (in its sole discretion) to designate a beneficiary and has done so, to the Participant's designated beneficiary or beneficiaries, provided, however, that the Administrator shall retain the discretion to determine whether any beneficiary designation shall be given effect in the case of any question of the validity and/or enforceability of such designation.

(g) Termination of Employment. The Restricted Stock Unit Agreement may provide for the forfeiture or cancellation of the Restricted Share Award, in whole or in part, in the event of the termination of Service of the Participant to whom it was granted.

(h) Creditors' Rights. A holder of Restricted Stock Units shall have no rights other than those of a general creditor of the Company. Restricted Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Restricted Stock Unit Agreement.

12. Evaluation of Performance Criteria. The Administrator may appropriately adjust any evaluation of performance under a Performance Criteria to exclude any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs and (v) any unusual, infrequently occurring or non-recurring event, item, transaction or development as determined in accordance with accounting principles and/or as described in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report for the applicable year. Notwithstanding satisfaction or completion of any Performance Criteria, to the extent specified at the time of grant of an Award, the number of Shares, Options, SARs, Restricted Shares, Restricted Stock Units or other benefits granted, issued, retainable and/or vested under an Award on account of satisfaction of such Performance Criteria may be reduced by the Administrator on the basis of such further considerations as the Administrator in its sole discretion shall determine.

13. Suspension or Termination of Awards. If at any time (including after a notice of exercise has been delivered) the Administrator reasonably believes that a Participant, other than an independent Director, has committed an act of misconduct as described in this Section 13, the Administrator may suspend the Participant's right

to exercise any Award, pending a determination of whether an act of misconduct has been committed. If the Administrator determines that a Participant, other than an independent Director, has committed an act of embezzlement, fraud or breach of fiduciary duty, or if a Participant makes an unauthorized disclosure of any trade secret or confidential information of the Company or any of its Subsidiaries, or induces any customer to breach a contract with the Company or any of its Subsidiaries, neither the Participant nor his or her estate shall be entitled to exercise unexercised Options or SARs or continue vesting in Restricted Shares or Restricted Stock Units, and any unexercised Options and SARs, unvested Restricted Shares and unvested and/or vested but not yet settled Restricted Stock Units shall be forfeited. Any determination by the Administrator with respect to the foregoing shall be final, conclusive and binding on all interested parties. For any Participant who is a Vice President or above the determination of the Administrator shall be subject to the approval of the Board.

14. Non-Transferability of Awards. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will, by beneficiary designation or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award shall contain such additional terms and conditions as the Administrator deems appropriate.

15. Adjustments Upon Changes in Capitalization.

(a) Changes in Capitalization. In the event of a declaration of a stock dividend, stock split, combination or reclassification of shares, extraordinary dividend of cash and/or assets, recapitalization, reorganization or any similar event affecting the Shares or other securities of the Company, the Administrator shall appropriately and equitably adjust the number and kind of Shares or other securities which are subject to this Plan, including the maximum number of Shares that may be issued pursuant to the exercise of Incentive Stock Options, the limitations set forth in Section 6(b), or the number of Shares subject to any Awards previously granted, and/or the exercise or settlement prices of such Awards, in order to reflect such change and thereby preclude a dilution or enlargement of benefits under an Award.

(b) No Rights. The existence of outstanding Awards shall not affect in any way the right or power of the Company or its shareholders to make or authorize any or all adjustments, recapitalizations, reorganizations, exchanges, or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company or any issuance of Shares or other securities or subscription rights thereto, or any issuance of bonds, debentures, preferred or prior preference securities ahead of or affecting the Shares or other securities of the Company or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise. Further, except as expressly provided in this Plan (i) the issuance by the Company of shares or any class of securities convertible into shares of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefore, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, (ii) the payment of a dividend in property other than Shares, or (iii) the occurrence of any similar transaction, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to Options or other Awards previously granted or the purchase price per Share.

(c) No Fractional Shares. No right to purchase fractional Shares shall result from any adjustment in Options or SARs pursuant to this Section 15. In case of any such adjustment, the Shares subject to the Option or SAR shall be rounded down to the nearest whole share.

(d) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Participant as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion may provide for a Participant to have the right to exercise an Option or SAR until ten (10) days prior to such transaction as to all of the Shares covered thereby, including Shares as to which the Option or SAR would not otherwise be exercisable. In addition, the Administrator may provide that any forfeiture condition applicable to any Shares issued under the Plan shall lapse as to all such Shares, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised, an Option or SAR will terminate immediately prior to the consummation of such proposed action.

16. Merger, Reorganization or Asset Sale. In the event the Company is a party to a merger, consolidation or reorganization, or the sale of substantially all of the assets of the Company (a "Corporate Transaction"), then each outstanding Award shall be subject to the agreement evidencing the Corporate Transaction. Such agreement shall provide for one or more of the following:

(a) The continuation of outstanding Awards by the Company (if the Company is the surviving corporation).

(b) The assumption of outstanding Awards by the surviving corporation or its parent.

(c) The substitution by the surviving corporation or its parent of new awards for outstanding Awards.

(d) Full exercisability of outstanding Options and SARs and full vesting of the Shares subject to them, followed by the cancellation of such Options and SARs. The full exercisability of outstanding Options and SARs and full vesting of such Shares, and any exercise of outstanding Options and SARs, shall be contingent on the closing of the merger, reorganization, consolidation or asset sale.

(e) The cancellation of outstanding Options and SARs and a payment to the holding Participants equal to the excess of (i) the per Share amount that shareholders are entitled to receive or realize in connection with the applicable transaction with respect to the number of Shares subject to such Options and SARs (whether or not such Options and SARs are then exercisable or such Shares are then vested) as of the closing date of such merger, reorganization, consolidation or asset sale, over (ii) their Exercise Price. Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving corporation or its parent with a Fair Market Value equal to the required amount. Such payment may be made in installments and may be deferred until the date or dates when such Options and SARs would have become exercisable or such Shares would have vested. Such payment may be subject to vesting based on the Participant's continuing Service, provided that the vesting schedule shall not be less favorable to the Participant than the schedule under which such Options and SARs would have become exercisable or such Shares would have vested. If the Exercise Price of the Shares subject to such Options and SARs exceeds the Fair Market Value of such Shares, then such Options and SARs may be cancelled without making a payment to the Participants. For purposes of this Subsection (e), the Fair Market Value of any security shall be determined without regard to any vesting conditions that may apply to such security.

(f) The cancellation of outstanding Restricted Stock Units and a payment to the Participants equal to the Fair Market Value of the Shares subject to such Restricted Stock Units (whether or not such Restricted Stock Units are then vested) as of the closing date of such merger or consolidation. Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving corporation or its parent with a Fair Market Value equal to the required amount. Such payment may be made in installments and may be deferred until the date or dates when such Restricted Stock Units would have vested. Such payment may be subject to vesting based on the Participant's continuing Service, provided that the vesting schedule shall not be less favorable to the Participant than the schedule under which such Stock Units would have vested. For purposes of this Subsection (f), the Fair Market Value of any security shall be determined without regard to any vesting conditions that may apply to such security.

For the avoidance of any doubt, nothing in this Section 16 is intended, or shall be construed, to provide for automatic vesting acceleration of any Award upon a Corporate Transaction or other change in control of the Company without additional action by the Committee.

17. Date of Grant. The date of grant of an Award shall be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator.

Notice of the determination shall be provided to each Participant within a reasonable time after the date of such grant.

18. Tax Withholding. The Company or any Subsidiary or Affiliate shall have the authority and the right to deduct or withhold (by any means set forth herein or in an Award Agreement), or require a Participant to remit to the Company or a Subsidiary or Affiliate, an amount sufficient to satisfy federal, state, local and foreign income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to participation in the Plan and legally applicable to Participant and required by Applicable Laws to be withheld. The Administrator may, in its discretion and in satisfaction of the foregoing requirement, allow a Participant to elect to have the Company withhold Shares otherwise issuable under an Award (or allow the tender of Shares previously acquired by the Participant) having a fair market value equal to the amount required to be withheld. The Company shall not be required to issue Shares or to recognize the disposition of such Shares until any withholding obligations on the part of the Company, a Subsidiary or an Affiliate are satisfied.

19. Unfunded Plan. Insofar as it provides for Awards, the Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Participants who are granted Awards under this Plan, any such accounts will be used merely as a bookkeeping convenience. The Company shall not be required to segregate any assets which may at any time be represented by Awards, nor shall this Plan be construed as providing for such segregation, nor shall the Company or the Administrator be deemed to be a trustee of securities or cash to be awarded under the Plan.

20. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) Shareholder Approval. The Company shall obtain shareholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws, including the requirements of any exchange or quotation system on which the Shares are listed or quoted. Such shareholder approval, if required, shall be obtained in such a manner and to such a degree as is required by Applicable Laws. Notwithstanding any provision in this Plan to the contrary, absent approval of the shareholders of the Company,

(i) No Option or SAR may be amended to reduce the exercise price of such Option or SAR below the Fair Market Value of the Shares as of the date the Option or SAR was granted, and

(ii) Except as permitted by Section 15, and at any time when the then-current fair market value of a Share is less than the Fair Market Value of a Share on the date that an outstanding Option or SAR was granted, such outstanding Option or SAR may not be cancelled or surrendered in exchange for (A) cash, (B) an Option or SAR having an exercise price that is less than the Fair Market Value of a Share on the date that the original Option or SAR was granted, or (C) any other Award.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Participant under an existing Award, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Anything to the contrary notwithstanding, any amendment, alteration, suspension or termination of the Plan (or an amendment to an outstanding Award) to facilitate compliance with Applicable Laws shall not require consent from any Participant or any other beneficiary.

21. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued under the Plan unless the issuance and delivery of such Shares shall comply with Applicable Laws, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the issuance of Shares under the Plan, the Company may require the Participant to represent and warrant at the time of any such issuance that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

22. Liability of Company.

(a) Inability to Obtain Authority; Tax Consequences. The Company shall not be liable to a Participant or other persons as to: (a) the non-issuance or sale of Shares as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder; and (b) any tax consequence expected, but not realized, by any Participant or other person due to the receipt, exercise or settlement of any Option or other Award granted under this Plan.

(b) Grants Exceeding Allotted Shares. If the number of Shares covered by an Award exceeds, as of the date of grant, the number of Shares that may be issued under the Plan without additional shareholder approval, such Award shall be void with respect to such excess Shares, unless shareholder approval of an amendment sufficiently increasing the number of Shares subject to the Plan is timely obtained in accordance with Section 20(b) of the Plan.

23. Clawback/Recovery. All Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other Applicable Laws. In addition, the Administrator may impose such other clawback, recovery or recoupment provisions on an Award as the Administrator determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired Shares or other cash or property upon the occurrence of cause (as determined by the Administrator).

24. Section 409A. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code and U.S. Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Plan effective date. Notwithstanding any provision of the Plan to the contrary, in the event that the Administrator determines that any Award may be subject to Section 409A of the Code and related U.S. Department of Treasury guidance (including such U.S. Department of Treasury guidance as may be issued after the Plan effective date), the Administrator may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related U.S. Department of Treasury guidance and thereby avoid the application of any penalty taxes under such Section, but the Company shall not be under any obligation to make any such amendment. Nothing in this Plan shall provide a basis for any person to take action against the Company or any Subsidiary or Affiliate based on matters covered by Section 409A of the Code, including the tax treatment of any Award granted or Shares issued or amount paid under the Plan, and neither the Company nor any of its Subsidiaries or Affiliates shall under any circumstances have any liability to any Participant or his or her estate or any other party for any taxes, penalties or interest due on Awards granted under this Plan, including taxes, penalties or interest imposed under Section 409A of the Code.

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Annual Report
Fiscal Year 2016

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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. Please read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and related notes included in this Annual Report. 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 designing products that have an every day place in people's lives, connecting them to the digital experiences they care about. Over 30 years ago we started connecting people through computers, and now we are designing products that bring people together through music, gaming, video and computing.

We design, manufacture and market products that allow people to connect through music, gaming, video, computing, and other digital platforms. Our products participate in five large markets that all have growth potential: Music, Gaming, Video Collaboration, Home, and Creativity and Productivity.

We sell our products to a broad network of domestic and international customers, including direct sales to retailers, e-tailers, and indirect sales through distributors. Our worldwide retail network includes consumer electronics distributors, retailers, mass merchandisers, specialty electronics stores, computer and telecommunications stores, value-added resellers and online merchants.

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 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, as well as leveraging the value of the Logitech brand 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.

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 fiscal years prior to fiscal year 2016, we had two segments: Peripherals, including retail and OEM products; and Lifesize Video Conferencing. During fiscal year 2016, we divested the Lifesize Video Conferencing segment, and exited the OEM business. Our financial results treat the Lifesize segment as discontinued operations for all the periods presented in this Annual Report. As a result, sales of products through our retail channels represented 96%, 94% and 93% of our net sales for the fiscal years 2016, 2015 and 2014, respectively.

On April 20, 2016, we acquired Jaybird LLC of Salt Lake City, Utah, ("Jaybird") for approximately $50 million in cash, with an additional earn-out of up to $45 million based on achievement of growth targets over two years. Jaybird is a leader in wireless audio wearables for sports and active lifestyles, and the acquisition of Jaybird expands our long-term growth potential in our Music market.

On December 28, 2015, we and Lifesize, Inc., a wholly owned subsidiary of Logitech which holds the assets of our Lifesize video conferencing business, entered into a stock purchase agreement with three venture capital firms. Immediately following the December 28, 2015 closing of the transaction, the venture capital firms held 62.5% of the outstanding shares of Lifesize, which resulted in a divestiture of the Lifesize video conferencing business by us. The historical results of operations and the financial position of Lifesize are included in the consolidated financial statements of Logitech and are reported as discontinued operations within this Annual Report. Unless indicated otherwise, the information included in Item 7 of our Annual Report on Form 10-K relates to our continuing operations and historical financial information has been recast to conform to this new presentation within our financial statements.

We exited our OEM business during our fiscal quarter ended December 31, 2015. The results of our OEM business are included in our financial statements as part of continuing operations for the nine months ended December 31, 2015 and prior periods. There is no revenue and cost associated with this business in three months ended March 31, 2016, and we do not expect any in future periods.

Summary of Financial Results

Our total net sales for fiscal year 2016 increased 1% in comparison to fiscal year 2015 due to an increase in retail sales, partially offset by a decrease in OEM sales as a result of exiting the OEM business in the third quarter ended December 31, 2015.

Retail sales during fiscal year 2016 increased 3% compared to fiscal year 2015. Retail sales increased 3% and 10% in the Americas ("AMR") and Asia Pacific, respectively, partially offset by a decrease of 1% in EMEA.

Our gross margin for fiscal year 2016 decreased to 33.7%, compared to 35.2% for fiscal year 2015. The decrease in gross margin is primarily driven by the unfavorable fluctuations in currency exchange rates, partially offset by sales price increases and savings from supply chain efficiencies related to freight.

Operating expenses for fiscal year 2016 were 27.4% of net sales, compared to 27.5% for fiscal year 2015. The decrease was primarily due to the savings from general and administration expenses reduction related to the prior year's independent Audit committee investigation and related expenses, partially offset by the increase in research and development expense and restructuring costs related to our restructuring plan announced in April 2015.

Net income from continuing operations for fiscal year 2016 was $128.4 million, compared to $148.4 million for fiscal year 2015.

Trends in Our Business

In 2016, we announced our intention to focus on five large markets, or domains, collections of categories, going forward. Our strategy focuses on five large multi-category markets including Music, Gaming, Video Collaboration, Home and Creativity & Productivity. We see opportunities to deliver growth with products in all these markets.

We believe our future growth will be determined by our ability to rapidly create innovative products across multiple digital platforms, including gaming and digital music devices. The following discussion represents key trends specific to our market opportunities.

Trends Specific to Our Five Market Opportunities

Music: The music market grew during fiscal year 2016 driven by growing consumption of music through mobile devices such as smartphones and tablets. 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 2016, has driven our growth in this market.

Gaming: 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 gaming market growth.

Video Collaboration: We are continuing our efforts to create and sell innovative products, including Video Collaboration products, to accommodate the increasing demand from medium sized meeting rooms to small sized rooms such as huddle rooms. During fiscal year 2016, we launched Logitech Group, a transformation in team collaboration that provides high-quality HD video conferencing for groups of up to 20 people and works with the video conferencing applications already in use. We will continue to invest in selected business specific products, targeted product marketing and sales channel development.

Home: This market increased in fiscal year 2016. We are continuing our efforts to sell our Harmony products in this market.

Creativity & Productivity: Although the consumer demand for PC peripherals is slowing, the installed base of PC users is large. We believe that innovative PC peripherals, such as our mice and keyboards, can renew the PC usage experience, providing growth opportunities. 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. However, we have seen the market decline through fiscal year 2016 for the iPad platform, which has impacted the sales of our tablet accessories.

Business Application Suite

In fiscal year 2016, we implemented the upgrade of our worldwide business application suite from Oracle version 11i to Oracle version R12. This upgrade created delays in our processing of customer claims related to cooperative marketing arrangements, direct and indirect customer incentive programs and pricing programs. While we are working on enhancing the operational efficiency of the claims processing module in our worldwide business application suite, this has resulted and it may continue to result in higher accruals and allowances for such programs.

Business Seasonality and Product Introductions

We have historically experienced higher net sales in its third fiscal quarter ending December 31, compared to other fiscal quarters in its fiscal year, due in part to seasonal holiday demand. Additionally, new product introductions can significantly impact net sales, product costs and operating expenses.

Product introductions can also impact our net sales to its distribution channels as these channels are filled with new product inventory following a product introduction, and often channel inventory of an earlier model product declines as the next related major product launch approaches. Net sales can also be affected when consumers and distributors anticipate a product introduction. However, neither historical seasonal patterns nor historical patterns of product introductions should be considered reliable indicators of our future pattern of product introductions, future net sales or financial performance.

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 cooperative marketing arrangements, customer incentive programs, pricing programs and product returns. 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 operating expenses. Significant management judgment and estimates must be used to determine the cost of these programs in any accounting period.

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.

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.

We regularly evaluate the adequacy of our accruals for cooperative marketing arrangements, customer incentive programs, pricing programs and product returns. 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-down in cost of goods sold at the time of such determination. The write-down is determined by comparison of the replacement cost with the estimated selling price less any costs of completion and disposal (net realizable value) and the net realizable value less the normal profit margin. At the time of loss recognition, new cost basis per unit and lower-cost basis for that inventory are established and subsequent changes in facts and circumstances would not result in an increase in the cost basis. If there is 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 and RSUs with performance conditions 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, probability of achievement of the set performance conditions, 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 expectations of future 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 it is not more likely than not that we will 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 all or a part of our 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, 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.

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 currently have only one reporting unit.

Annual Impairment analysis

We performed our annual impairment analysis of the goodwill at December 31, 2015 by performing a qualitative assessment and concluded that it was more likely than not that the fair value of the peripheral reporting unit exceeded its carrying amount. Refer to the Note 11 to the consolidated financial statements included in this Annual Report for the disclosures.

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 fiscal 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.

Adoption of New Accounting Pronouncements

In April 2014, the FASB issued ASU No. 2014-08, *"Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity"*. This new standard raises the threshold for a disposal to qualify as a discontinued operation and requires new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. The standard is effective prospectively for years beginning on or after December 15, 2014, with early application permitted. We adopted ASU No. 2014-08 on April 1, 2015 on a prospective basis and applied the guidance to our disposition of the Lifesize video conferencing business.

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes (Topic 740), Balance Sheet Classification of Deferred Taxes" ("ASU 2015-17"). The guidance eliminates the current requirement for an entity to separate deferred income tax liabilities and assets into current and non-current amounts in a classified balance sheet. Instead, the guidance requires deferred tax liabilities, deferred tax assets and valuation allowances be classified as non-current in a classified balance sheet. The ASU is effective for annual reporting periods beginning after December 15, 2016 and interim periods within those annual periods. Early adoption is permitted. We have early adopted the guidance in the fourth quarter of fiscal year 2016 on a prospective basis. Prior periods are therefore not adjusted.

Refer to the Note 2 to the consolidated financial statements included in this Annual Report for recent accounting pronouncements to be adopted.

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. This non-GAAP financial measure is not intended to be considered in isolation from, or as a substitute for, a measure of financial performance prepared in accordance with GAAP. There are inherent limitations associated with the use of this non-GAAP financial measure as an analytical tool. In particular, this non-GAAP financial measure is not based on a comprehensive set of accounting rules or principles, may be different from non-GAAP financial measures used by other companies, and is not necessarily comparable to similarly-titled measures presented by other companies, limiting its usefulness for comparison purposes. Moreover, presentation of revenue on a constant currency basis is provided for year-over-year comparison purposes only, and investors should be cautioned that the effect of changing currency exchange rates has an actual effect on our operating results in U.S. Dollars.

Given our global sales presence and the reporting of our financial results in U.S. Dollars, our financial results for fiscal year 2016 were affected by significant shifts in currency exchange rates during fiscal year 2016. See "Results of Operations" beginning for information on the effect of currency exchange results on our net sales. If the U.S. Dollar appreciates in comparison to other currencies in future periods, this will affect our results of operations in future periods as well.

Results of Operations

Net Sales

Net sales by channel for fiscal years 2016, 2015 and 2014 were as follows (Dollars in thousands):

	Years Ended March 31,			Change	
	2016	2015	2014	2016 vs. 2015	2015 vs. 2014
Retail	$1,947,059	$1,887,446	$1,866,279	3%	1%
OEM	71,041	117,462	141,749	(40)	(17)
Total net sales	$2,018,100	$2,004,908	$2,008,028	1	—

Retail:

During fiscal year 2016, retail sales increased 3%, in comparison to fiscal year 2015. If currency exchange rates had been constant in 2016 and 2015, our constant dollar retail sales would have increased 9%. The increase in sales was driven by double digit growth in Mobile Speakers, Gaming and Video Collaboration product categories.

During fiscal year 2015, retail sales increased 1%, 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 product categories, and double-digit growth in Gaming product category, partially offset by declines in Audio-PC & Wearables, Tablet & Other Accessories, PC webcams and the other product categories, compared to fiscal year 2014.

OEM:

During fiscal year 2016, OEM sales decreased 40%, compared to fiscal year 2015. The decline was primarily due to the exit from our OEM business in December 2015, and there was no revenue during the quarter ended March 31, 2016.

During fiscal year 2015, OEM sales decreased 17% compared to fiscal year 2014.

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 2016, 2015 and 2014, 48%, 47% and 48% 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 fiscal year 2016 compared with fiscal year 2015, and fiscal year 2015 compared with fiscal year 2014:

	2016 vs. 2015	2015 vs. 2014
Americas	3%	8%
EMEA	(1)	(7)
Asia Pacific	10	2

Americas

During fiscal year 2016, retail sales in Americas increased 3%, compared to fiscal year 2015. If currency exchange rates had been constant in 2016 and 2015, our constant dollar retail sales would have increased 5% in the Americas. This increase was led by double digit growth in the Video Collaboration product category mainly from the Webcam C930e, ConfereneceCam Connect, and PTZ Pro Camera, and double digit growth in the Mobile Speakers product category driven by the UE Boom 2 as well as the UE Megaboom.

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 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 UE MEGABOOM, and triple digit growth in the Video Collaboration product category mainly from our ConferenceCam CC3000e and Webcam C930e.

EMEA

During fiscal year 2016, retail sales in EMEA decreased 1%, compared to fiscal year 2015. If currency exchange rates had been constant in 2016 and 2015, our constant dollar retail sales would have increased 9% in the EMEA region. Double digit growth in Gaming, Video Collaboration and Mobile Speakers product categories were offset by declines in all other product categories.

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 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 triple digit growth in the Video Collaboration product category, and double digit growth in both Mobile Speakers and Gaming product categories during fiscal year 2015 compared to fiscal year 2014.

Asia Pacific

During fiscal year 2016, retail sales in Asia Pacific increased 10%, compared to fiscal year 2015. If currency exchange rates had been constant in 2016 and 2015, our constant dollar retail sales would have increased 15% in the Asia Pacific region. We achieved double digit growth in Video Collaboration, PC Webcams, Mobile Speakers and Gaming product categories, partially offset by the decline in Tablets & Other Accessories and Home Control product categories.

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 growth in both Mobile Speakers and Video Collaboration product categories, partially offset by the decline in Tablets & Other Accessories, Audio - PC Wearables, and Other categories.

Net Retail Sales by Product Categories

Net retail sales by product categories for fiscal years 2016, 2015 and 2014 were as follows (Dollars in thousands):

	Years Ended March 31,			Change	
	2016	2015	2014	2016 vs. 2015	2015 vs. 2014
Mobile Speakers	$ 229,718	$ 178,038	$ 87,414	29%	104%
Audio-PC & Wearables	196,013	213,496	250,037	(8)	(15)
Gaming	245,101	211,911	186,926	16	13
Video Collaboration	89,322	62,215	29,058	44	114
Home Control	59,075	68,060	67,371	(13)	1
Pointing Devices	492,543	487,210	506,884	1	(4)
Keyboards & Combos	430,190	426,117	415,314	1	3
Tablet & Other Accessories	103,886	140,994	172,484	(26)	(18)
PC Webcams	98,641	96,680	113,791	2	(15)
Other(1)	2,570	2,725	37,000	(6)	(93)
Total net retail sales	$1,947,059	$1,887,446	$1,866,279	3	1

(1) Other category includes products that we currently intend to transition out of, or have already transitioned out of, because they are no longer strategic to our business.

Retail Sales by Product Categories:

Music market:

Mobile Speakers

Our Mobile Speakers category is made up entirely of bluetooth wireless speakers.

During fiscal year 2016, retail sales of Mobile Speakers increased 29%, compared to fiscal year 2015. The sales increased by double digits across all three regions, primarily due to strong demand of UE Boom 2, UE Megaboom and UE Roll bluetooth wireless speakers.

During fiscal year 2015, retail sales of Mobile Speakers increased 104%, compared to fiscal year 2014. The sales increased significantly across all three regions, with a triple digit growth in both Americas and Asia Pacific regions, primarily due to strong demand for the UE BOOM, and experienced 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.

Audio-PC & Wearables

Our Audio-PC & Wearables category comprises PC speakers, PC headsets, in-ear headphones and premium wireless audio wearables.

During fiscal year 2016, retail sales of Audio-PC & Wearables decreased 8%, compared to fiscal year 2015. The decrease was primarily due to decreases in sales in PC Speakers and PC Headsets, partially offset slightly by an increase in audio wearables. Retail sales of our headset products decreased 6%. Retail sales of our Wearables products increased 46%.

During fiscal year 2015, retail sales of Audio-PC & Wearables decreased 15%, 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 Speakers product category. Retail sales of our PC Headset products decreased 4%. Retail sales of our Wearables products declined 35%.

Gaming market:

Gaming

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

During fiscal year 2016, retail sales of Gaming increased 16%, compared to fiscal year 2015 with double digit growth for gaming keyboards, gaming headsets, and gaming steering wheels. Some of our top revenue generating products for the year include G29 Driving Force Racing Wheel, G920 Driving Force Wheel, G933 Artemis Spectrum, and the G910 Orion Spark gaming keyboard. New products made up 22% of total Gaming revenue for fiscal year 2016.

During fiscal year 2015, retail sales of Gaming increased 13%, 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.

Video Collaboration market:

Video Collaboration

Our Video Collaboration category primarily includes products which combine audio and video and other products that can connect small and medium sized user groups.

During fiscal year 2016, retail sales of Video Collaboration increased 44%, compared to fiscal year 2015. The sales increase in this category was primarily driven by the success of ConferenceCam Connect, PTZ Pro Camera, and Webcam C930e.

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

Home market:

Home Control

Our Home Control category includes our Harmony remotes and Harmony Home Control.

During fiscal year 2016, retail sales of Home Control decreased 13%, compared to fiscal year 2015. The decline was primarily driven by the sales decrease of our mid-range products. New products contributed 24% of total retail sales of Home Control for fiscal year 2016.

During fiscal year 2015, retail sales of Home Control increased 1%, 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 17% of total retail sales of Home Control for fiscal year 2015.

Creativity and Productivity market:

Pointing Devices

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

During fiscal year 2016, retail sales of Pointing Devices increased 1%, in comparison to fiscal year 2015. The growth in this category was driven by the MX Master Wireless Mouse. New products contributed approximately 8% of total retail sales of Pointing Devices for fiscal year 2016.

During fiscal year 2015, retail sales of Pointing Devices decreased 4%, 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 retail sales of cordless mice decreased 5%.

Keyboards & Combos

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

During fiscal year 2016, retail sales of Keyboards & Combos increased 1%, compared to fiscal year 2015. The sales increase was driven mainly by cordless keyboards which grew 17%. Our best selling products in this category include the Wireless MK270 and MK520 Wireless combos.

During fiscal year 2015, retail sales of Keyboards & Combos increased 3%, 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. Our best selling products in this category were the Logitech Wireless MK270 and MK520 Wireless combos, which feature powerful and reliable wireless connections and plug-and-play simplicity. Retail sales of corded and cordless keyboards decreased 9% and 7%, respectively.

Tablet & Other Accessories

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

During fiscal year 2016, retail sales of Tablet & Other Accessories decreased 26%, compared to fiscal year 2015. The reduction in sales reflects the combination of a declining market for iPad shipments, partially offset by the new product introduction of Create backlit tablet keyboard case for iPad Pro.

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

PC Webcams

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

During fiscal year 2016, retail sales of PC Webcams increased 2%, compared to fiscal year 2015. The growth was primarily driven by Asia Pacific, with sales nearly doubling.

During fiscal year 2015, retail sales of PC Webcams decreased 15%, compared to fiscal year 2014. The weak sales reflect the ongoing structural decline of the consumer webcam market.

Other:

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 2016, retail sales of this category decreased 6%, compared to fiscal year 2015. During fiscal year 2015, retail sales of this category decreased 93%, compared to fiscal year 2014.

Gross Profit

Gross profit for fiscal years 2016, 2015 and 2014 was as follows (Dollars in thousands):

	Years Ended March 31,			Change	
	2016	2015	2014	2016 vs. 2015	2015 vs. 2014
Net sales	$2,018,100	$2,004,908	$2,008,028	1%	—%
Cost of goods sold	1,337,053	1,299,451	1,346,489	3	(3)
Gross profit	$ 681,047	$ 705,457	$ 661,539	(3)	7
Gross margin	33.7%	35.2%	32.9%		

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

Gross margin is gross profit as a percentage of net sales. The decrease in gross margin during fiscal year 2016, compared to fiscal year 2015, is primarily driven by unfavorable fluctuations in currency exchange rates, partially offset by sales price increases and savings from supply chain efficiencies related to freight.

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

Operating Expenses

Operating expenses for fiscal years 2016, 2015 and 2014 were as follows (Dollars in thousands):

	Years Ended March 31,			Change	
	2016	2015	2014	2016 vs. 2015	2015 vs. 2014
Marketing and selling	$319,015	$321,749	$322,707	(1)%	—%
% of net sales	15.8%	16.0%	16.1%		
Research and development	113,624	108,306	112,446	5	(4)
% of net sales	5.6%	5.4%	5.6%		
General and administrative	101,548	125,995	112,689	(19)	12
% of net sales	5.0%	6.3%	5.6%		
Restructuring charges (Credits), net.	17,802	(4,777)	8,001	(473)	(160)
% of net sales	0.9%	(0.2)%	0.4%		
Total operating expenses	$551,989	$551,273	$555,843	—	(1)
% of net sales	27.4%	27.5%	27.7%		

Total operating expenses during fiscal year 2016 remained relatively flat, compared to fiscal year 2015, with increase in restructuring charges due to restructuring charges of $17.8 million in fiscal year 2016 compared to a restructuring credit of $4.8 million in fiscal year 2015, and increase in research and development expense partially offset by the decrease in general and administrative expense. Marketing and selling expenses were relatively flat.

The decrease in total operating expenses during fiscal year 2015, compared to fiscal year 2014, was mainly due to a restructuring credit of $4.8 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 $8.0 million during fiscal year 2014.

Marketing and Selling

Marketing and selling expenses consist of personnel and related overhead costs, corporate and product marketing, promotions, advertising, trade shows, customer and technical support and facilities costs.

During fiscal year 2016, marketing and selling expenses decreased by 1%, compared to fiscal year 2015. The decrease was primarily due to currency impact, offset by investments in growth markets.

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

Research and Development

Research and development expenses consist 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 2016, research and development expenses increased by 5%, compared to fiscal year 2015. The increase was primarily due to $4.6 million higher personnel-related expenses and $0.8 million higher consulting cost related to continuing investment in enhancement of existing products and development of new products.

During fiscal year 2015, research and development expenses decreased 4%, compared to fiscal year 2014. The decrease was primarily due to a $1.5 million decrease in outsourcing research and development activities during fiscal year 2015, and $1.5 million savings from depreciation and amortization expense.

General and Administrative

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

During fiscal year 2016, general and administrative expenses decreased by 19%, compared to fiscal year 2015. The decrease was primarily due to reduction of $19.1 million related to the Audit Committee independent investigation and related expenses incurred in fiscal year 2015 and a $2.5 million decrease in personnel-related cost.

During fiscal year 2015, general and administrative expense increased 12% 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 a $6.8 million decrease in information technology costs, including third party vendor cost, and a $5.2 million decrease in facility expense as a result of the consolidation of properties.

Restructuring Charges

The following table summarizes restructuring-related activities during the fiscal years 2016 and 2015 from continuing operations (in thousands):

	Restructuring - Continuing Operations			
	Termination Benefits	Lease Exit Costs	Other	Total
Accrual balance at March 31, 2014	$ —	$ 7,309	$ —	$ 7,309
Credits, net	—	(4,777)	—	(4,777)
Cash payments	—	(1,578)	—	(1,578)
Accrual balance at March 31, 2015	—	954	—	954
Charges, net	17,280	337	185	17,802
Cash payments	(11,373)	(1,166)	(185)	(12,724)
Accrual balance at March 31, 2016	$ 5,907	$ 125	$ —	$ 6,032

The following table summarizes restructuring-related activities during the fiscal years 2016 and 2015 from discontinued operations (in thousands):

	Restructuring - Discontinued Operations			
	Termination Benefits	Lease Exit Costs	Other	Total
Accrual balance at March 31, 2014	$ 142	$110	$ —	$ 252
Charges	(86)	(25)	—	(111)
Cash payments	(56)	—	—	(56)
Accrual balance at March 31, 2015	—	85	—	85
Charges, net	7,095	—	805	7,900
Cash payments	(6,460)	(14)	(805)	(7,279)
Adjustment as a result of disposition of discontinued operations	(267)	(71)	—	(338)
Accrual balance at March 31, 2016	$ 368	$ —	$ —	$ 368

During the first quarter of fiscal year 2016, we implemented a restructuring plan to exit the OEM business, reorganize Lifesize to sharpen its focus on its cloud-based offering, and streamline our overall cost structure, including overhead and infrastructure cost reductions with a targeted resource realignment. Restructuring charges incurred during the year ended March 31, 2016 under this plan primarily consisted of severance and other ongoing and one-time termination benefits. Charges and other costs related to the workforce reduction and structure realignment are presented as restructuring charges in the Consolidated Statements of Operations. On a total company basis, including the Lifesize video conferencing business as reported in discontinued operations, we have incurred $25.5 million under this restructuring plan, including $24.4 million for cash severance and other personnel costs. We have paid $19.0 million as of March 31, 2016, on a total company basis. We substantially completed this restructuring plan by the fourth quarter of fiscal year 2016, subject to the payment of accrued balance as noted above.

During the fourth quarter of fiscal year 2013, we 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, 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 a $4.9 million restructuring credit on a total company basis, primarily as a result of partial termination of our lease agreement for the Silicon Valley campus, which was previously vacated under the restructuring plan during fiscal year 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 2016, 2015 and 2014 were as follows (in thousands):

	Years Ended March 31,		
	2016	**2015**	**2014**
Interest income	$790	$1,197	$ 1,797
Interest expense	—	—	(2,228)
	$790	$1,197	$ (431)

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.

Other Income (Expense), Net

Other income and expense for fiscal years 2016, 2015 and 2014 were as follows (in thousands):

	Years Ended March 31,		
	2016	**2015**	**2014**
Investment income (loss) related to deferred compensation plan	$ (364)	$ 1,055	$1,487
Impairment of investments	—	(2,298)	(624)
Currency exchange gain (loss), net	2,110	(1,175)	(62)
Other	(122)	120	1,238
	$1,624	$(2,298)	$2,039

Investment income (loss) for fiscal years 2016, 2015 and 2014 represents earnings, gains, and losses on trading investments related to a deferred compensation plan offered by one of our subsidiaries.

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

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 currency exchange forward contracts. We do not speculate in currency positions, but we are alert to opportunities to maximize foreign exchange gains and minimize foreign currency exchange losses.

Provision for Income Taxes

The provision for income taxes and the effective income tax rate for fiscal years 2016, 2015 and 2014 were as follows (in thousands):

	Years Ended March 31,		
	2016	2015	2014
Provision for income taxes	$3,110	$4,654	$1,313
Effective income tax rate	2.4%	3.0%	1.2%

The changes in the effective income tax rate between fiscal years 2016 and 2015 and between fiscal years 2015 and 2014 were primarily due to the mix of income and losses in the various tax jurisdictions in which we operate. Further, there was a tax benefit of $16.1 million in fiscal year 2016 related to the reversal of uncertain tax positions resulting from the expiration of the statutes of limitations. In fiscal year 2015, there was a tax benefit of $15.4 million 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. 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.

On December 18, 2015, the enactment of the Protecting Americans from Tax Hikes Act of 2015 in the United States extended the federal research and development tax credit permanently which had previously expired on December 31, 2014. The provision for income taxes for fiscal year ended March 31, 2016 reflected a $1.5 million tax benefit as a result of the extension of the tax credit.

As of March 31, 2016 and March 31, 2015, the total amounts of unrecognized tax benefits due to uncertain tax positions were $69.9 million and $79.0 million, respectively, all of which would affect the effective income tax rates if recognized.

As of March 31, 2016, we had $59.7 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, 2015, we had $72.1 million in non-current income taxes payable and $0.1 million in current income taxes payable. We continue to recognize interest and penalties related to unrecognized tax positions in income tax expense. We recognized $0.3 million, $0.8 million and $1.1 million in interest and penalties in income tax expense during fiscal years 2016, 2015 and 2014, respectively. As of March 31, 2016, 2015 and 2014, we had $3.6 million, $4.9 million and $5.6 million of accrued interest and penalties related to uncertain tax positions, respectively.

We file Swiss and foreign tax returns. We received final tax assessments in Switzerland through fiscal year 2013. For other foreign jurisdictions such as the United States, we are generally not subject to tax examinations for years prior to fiscal year 2012. 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, 2016, we had cash and cash equivalents of $519.2 million, compared with $533.4 million at March 31, 2015. Our cash and cash equivalents consist of bank demand deposits and short-term time deposits of which 74% is held by our Swiss-based entities and 17% is held by our subsidiaries in Hong Kong and China. We do not expect to incur any material adverse tax impact except for what has been recognized 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, 2016, our working capital was $511.3 million, compared with working capital of $563.8 million at March 31, 2015, excluding working capital from discontinued operations. The decrease in working capital over the prior year was primarily due to lower balances of cash and cash equivalents, inventories, accounts receivables, net, and deferred tax assets which were reclassified to non-current assets as of March 31, 2016 pursuant to the adoption of ASU 2015-17, partially offset by lower accounts payable at March 31, 2016.

During fiscal year 2016, we generated $183.1 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, and share-based compensation expense, and from decrease in inventories and accounts receivable, net, partially offset by decrease in accounts payable and a decrease in accrued and other liabilities. Net cash used in investing activities was $60.7 million, primarily for purchase of property, plant, and equipment of $56.6 million, and investments in privately held companies of $2.4 million, and payments for divestiture of discontinued operations net of cash sold of $1.4 million. Net cash used in financing activities was $141.7 million, primarily for the $85.9 million cash dividends paid during the year, $70.4 million purchase of treasury shares and $7.2 million tax withholdings related to net share settlements of restricted stock units, partially offset by $19.8 million 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 $45.7 million as of March 31, 2016. There are no financial covenants under these lines of credit with which we must comply. As of March 31, 2016, we had outstanding bank guarantees of $19.7 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,		
	2016	2015	2014
Net cash provided by operating activities	$ 183,111	$178,632	$205,421
Net cash used in investing activities	(60,690)	(48,289)	(46,803)
Net cash used in financing activities	(141,669)	(48,854)	(22,681)
Effect of exchange rate changes on cash and cash equivalents	1,405	(13,863)	(349)
Net increase (decrease) in cash and cash equivalents	$ (17,843)	$ 67,626	$135,588

The following amounts reflected in the table above are from discontinued operations:

Depreciation	$2,207	$2,562	$ 3,402
Amortization of other intangible assets	$1,438	$7,598	$15,369
Share-based compensation	$ 332	$1,634	$ 2,318
Purchases of property, plant and equipment	$1,431	$3,598	$ 4,233
Cash and cash equivalents, beginning of the period	$3,659	$1,894	$ 2,326
Cash and cash equivalents, end of the period	$ —	$3,659	$ 1,894

Cash Flow from Operating Activities

The following table presents selected financial information and statistics for fiscal years 2016, 2015 and 2014 (dollars in thousands):

	March 31,		
	2016	2015	2014
Accounts receivable, net	$142,778	$167,196	$166,877
Inventories	228,786	255,980	212,599
Days sales in accounts receivable ("DSO")(Days)[1]	30	34	33
Inventory turnover ("ITO")(x)[2]	5.0	4.7	6.0

(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).

Inventory turnover as of March 31, 2016 increased compared to March 31, 2015. The increase was primarily due to our exit from the OEM business at the end of the quarter ended December 31, 2015 and with no OEM inventories as of March 31, 2016.

Inventory turnover 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 on the west coast of the United States and change in shipping strategy from air to ocean during the fourth quarter of fiscal year 2015.

If we are not successful in launching and phasing in our new products launched during the current fiscal year, or we are not able to sell the new products at the prices planned, it could have a material impact on our revenue, gross profit margin, operating results including operating cash flow, and inventory turnover in the future.

Cash Flow from Investing Activities

The following table presents cash flow from investing activities for fiscal years 2016, 2015 and 2014 (dollars in thousands):

	Years Ended March 31,		
	2016	2015	2014
Purchases of property, plant and equipment	$(56,615)	$(45,253)	$(46,658)
Investment in privately held companies	(2,419)	(2,550)	(300)
Payments for divestiture of discontinued operations, net of cash sold	(1,395)	—	—
Changes in restricted cash	(715)	—	—
Acquisitions, net of cash acquired	—	(926)	(650)
Proceeds from return of investment from strategic investments	—	—	261
Purchase of trading investments	(9,619)	(5,034)	(8,450)
Proceeds from sales of trading investments	10,073	5,474	8,994
	$(60,690)	$(48,289)	$(46,803)

Our expenditures for property, plant and equipment during fiscal year 2016, 2015 and 2014 were primarily for leasehold improvements, computer hardware and software, tooling and equipment.

Our expenditures for property, plant and equipment increased during fiscal year 2016, compared to fiscal year 2015, mainly due to the building of production lines to accommodate the in-house manufacturing of certain products compared with purchase from third parties in the prior period to align with our goal to achieve cost savings. During fiscal year 2015, purchases of property, plant and equipment remained relatively stable compared to fiscal year 2014.

During fiscal year 2016, we made a $1.5 million strategic investment in one privately held company and $0.9 million investment in a limited partnership with a private investment fund. During fiscal year 2015, we made a $2.6 million strategic investment in one privately held company and acquired one privately held company for $0.9 million. During fiscal year 2014, we acquired one privately held company for $0.7 million.

During fiscal year 2016, the net payments for divestiture of discontinued operations were $1.4 million, and there was $0.7 million for cash outflow to an escrow account for purchase of a domain name.

The purchases and sales of trading investments during fiscal years 2016, 2015 and 2014 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

The following table presents cash flow from financing activities for fiscal years 2016, 2015 and 2014 (dollars in thousands):

	Years Ended March 31,		
	2016	2015	2014
Payment of cash dividends	$ (85,915)	$(43,767)	$(36,123)
Purchases of treasury shares	(70,358)	(1,663)	—
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	19,767	4,138	16,914
Tax withholdings related to net share settlements of restricted stock units	(7,247)	(9,215)	(5,718)
Excess tax benefits from share-based compensation	2,084	2,831	2,246
	$(141,669)	$(48,854)	$(22,681)

Translation effect of exchange rate changes on cash and cash equivalents

During fiscal year 2016, there was a $1.4 million currency translation exchange rate effect on cash and cash equivalents, compared to a $13.9 million currency translation exchange rate effect during fiscal year 2015, and a $0.3 million currency translation exchange rate effect during fiscal year 2014. Higher currency translation exchange effect during fiscal year 2015 was primarily due to the 22% weakening of the Euro versus the 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. During fiscal year 2016, we paid a cash dividend of CHF 83.1 million (U.S. Dollar amount of $85.9 million) out of retained earnings. 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 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 years 2016 and 2015, 5.0 million and 0.1 million shares were repurchased for $70.4 million and $1.7 million, respectively, under this program.

On April 12, 2016, Logitech Europe S.A., one of our wholly-owned subsidiaries, JayBird, LLC, a Utah limited liability company (“Jaybird”), the unit holders of Jaybird and Judd Armstrong (as the Sellers’ Representative under the Securities Purchase Agreement) entered into a securities purchase agreement. On April 20, 2016, we acquired all of the equity interests of Jaybird in exchange for approximately $50 million in cash, with the potential of an additional earn-out of up to $45 million based on achievement of net revenue growth targets over two years.

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 $183.1 million, $178.6 million and $205.4 million during fiscal years 2016, 2015, and 2014, 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 our available cash balances will provide sufficient liquidity to fund our operations for at least the next 12 months.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of March 31, 2016 (in thousands):

		Payments Due by Period			
	March 31, 2016	<1 year	1-3 years	4-5 years	>5 years
Inventory commitments	$158,063	$158,063	$ —	$ —	$ —
Capital commitments	6,188	6,188	—	—	—
Expected contribution to employee benefit plan	4,881	4,881	*	*	*
Operating leases obligations	31,974	7,558	10,254	7,623	6,539
	$201,106	$176,690	$10,254	$7,623	$6,539

* Employee Benefit Plan Obligation: Commitments under the retirement plans relate to expected contributions to be made to our defined benefit plans for the next year only. We fund our pension plans so that we meet at least the minimum contribution requirements, as established by local government, funding and taxing authorities. Expected contributions and payments to our defined benefit pension plans and non-retirement post-employment benefit plans beyond one year are excluded from the contractual obligations table because they are dependent on numerous factors that may result in a wide range of outcomes and thus are impractical to estimate. For more information on our defined benefit pension plans and non-retirement post-employment benefit plans, see Note 5 to the Consolidated Financial Statements below, which is incorporated herein by reference.

Operating Leases Obligation

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.

Commitment for Acquisition

On April 20, 2016 we acquired Jaybird LLC of Salt Lake City, Utah, ("Jaybird") for approximately $50 million in cash, with an additional earn-out of up to $45 million based on achievement of growth targets over two years.

Purchase Commitments

As of March 31, 2016, we have fixed purchase commitments of $158.1 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 2017. We recorded 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, 2016, the liability for these purchase commitments was $8.5 million and is recorded in accrued and other current liabilities and is not included in the preceding table. We have fixed purchase commitments of $6.2 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 as well as aligning our inventory strategy to transition from ODM to in-house production. 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.

Income Taxes Payable

As of March 31, 2016, we had $59.7 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. 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, 2016, $3.1 million of the committed capital contribution has not yet been called by the fund.

Settlement

In April 2016, we entered into a settlement with the SEC related to 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 entered into the settlement without admitting or denying the findings of the SEC's investigation and paid a civil penalty of $7.5 million. We made an accrual of the same amount in our consolidated financial statements as of March 31, 2016. This amount was paid in April 2016.

Guarantees

Logitech Europe S.A. guaranteed payments of third-party contract manufacturers' purchase obligations. As of March 31, 2016, the maximum amount of this guarantee was $3.8 million, of which $1.0 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, 2016, 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.

The Stock Purchase Agreement that we entered into in connection with the investment by three venture capital firms in Lifesize, Inc. contains representations, warranties and covenants of Logitech and Lifesize, Inc. to the Venture Investors. Subject to certain limitations, we have agreed to indemnify the Venture Investors and certain persons related to the Venture Investors for certain losses resulting from breaches of or inaccuracies in such representations, warranties and covenants as well as certain other obligations, including third party expenses, restructuring costs and pre-closing tax obligations of Lifesize.

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 and UE brands 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 Switzerland, Ireland, the United States, and Taiwan.

Sales and Distribution

Principal Markets

Net sales to unaffiliated customers by geographic region for fiscal years 2016, 2015 and 2014 (based on the customers' location) are as follows (in thousands):

	Year Ended March 31,		
	2016	2015	2014
Americas	$ 881,379	$ 864,761	$ 799,431
EMEA	645,694	670,890	724,671
Asia Pacific	491,027	469,257	483,926
	$2,018,100	$2,004,908	$2,008,028

Revenues from sales to customers in Switzerland, our home domicile, represented 2% of our total consolidated net sales in each of fiscal years 2016, 2015 and 2014. In fiscal years 2016, 2015 and 2014, the United States represented 38%, 36% and 34% of our total consolidated net sales, respectively. No other single country represented more than 10% of our total consolidated net sales for fiscal years 2016, 2015 or 2014.

Sales and Distribution

Our sales and marketing activities are organized into three geographic regions: Americas (North and South America), EMEA (Europe, Middle East, Africa) and Asia Pacific (China, Japan, Australia, Taiwan, India and other countries).

We primarily sell our 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 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 2016, 2015 and 2014, Ingram Micro Inc. and its affiliated entities together accounted 14%, 15% and 15% of our net sales, respectively. In fiscal year 2016 Amazon Inc. and its affiliated entities together accounted for 10% of our net sales. No other customer individually accounted for more than 10% of our net sales during fiscal years 2016, 2015 or 2014. 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.

The material terms of our distribution agreements with Amazon and its affiliated entities are summarized as follows:

- Each agreement has a one year term followed by one year automatic renewals.
- We generally offer an allowance for marketing activities equal to a negotiated percentage of sales through transactions and additional rebates related to sales of specific products to end users. 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 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. Logitech products can also be purchased online either directly from Logitech.com or through e-tailers, such as Amazon.com, the websites of our major retail chains noted previously, and others. Logitech products are also carried by business-to-business direct market resellers such as CDW, Insight, Zones, PC Connection, and SHI.

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 6, 2016, there were 173,106,620 shares issued (including 11,357,739 shares held as treasury stock) held by 13,813 holders of record, and the closing price of our shares was CHF 14.55 ($15.01 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 our 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, 2016		
First quarter	15.20	12.70
Second quarter	14.20	12.15
Third quarter	15.70	12.30
Fourth quarter	16.45	13.40
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

Nasdaq Global Select Market

The following table sets forth certain historical share price information for our shares traded on the Nasdaq Global Select Market.

	Nasdaq Global Select Market	
	High	Low
Fiscal Year Ended March 31, 2016		
First quarter	$16.25	$13.13
Second quarter	14.87	12.79
Third quarter	15.73	12.58
Fourth quarter	16.56	13.48
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

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. On September 9, 2015, Logitech's shareholders approved a cash dividend payment of CHF 83.1 million out of retained earnings to Logitech shareholders who owned shares on September 21, 2015. Eligible shareholders were paid CHF 0.51 per share ($0.53 per share in U.S. Dollars), totaling $85.9 million in U.S. Dollars on September 22, 2015. On December 18, 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.

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, 2014	—	—	—	$250,000
March 31, 2015	115	—	14.43	248,337
March 31, 2016	4,951	13.52	14.63	178,298
	5,066			

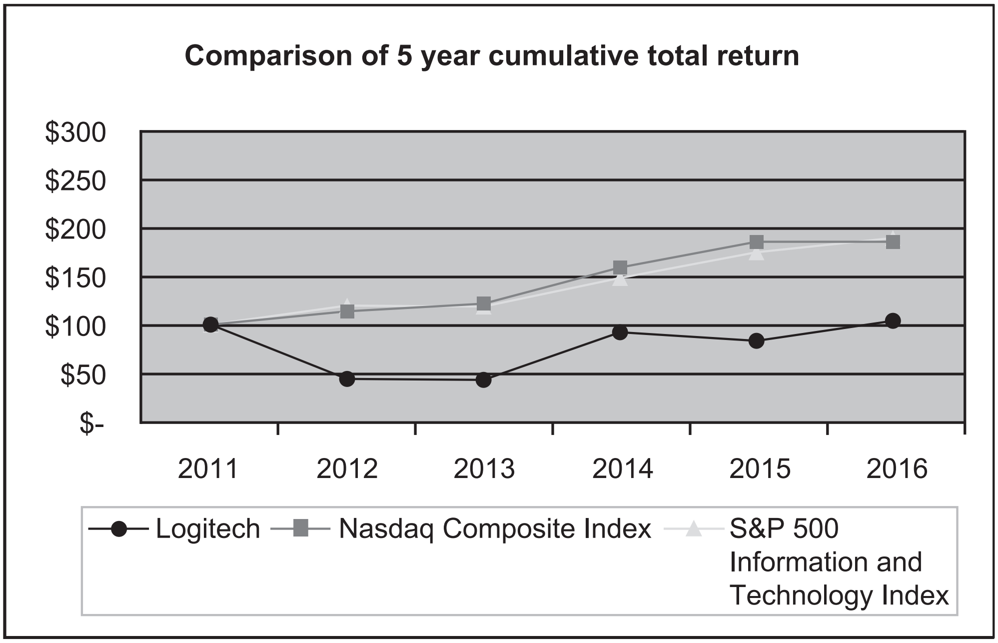
In fiscal year 2016, the following approved share buyback programs were in place:

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

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, 2011, and calculates the annual return through March 31, 2016. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



* $100 invested on March 31, 2011 in stock or index, including reinvestment of dividends.

	March 31,					
	2011	2012	2013	2014	2015	2016
Logitech	$100	$ 43	$ 42	$ 92	$ 83	$104
Nasdaq Composite Index	$100	$114	$122	$160	$187	$187
S&P 500 Information and Technology Index	$100	$120	$119	$149	$176	$191

SELECTED FINANCIAL DATA

This financial data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations above. These historical results are not necessarily indicative of the results to be expected in the future.

	Years ended March 31,				
	2016[(2)]	2015[(2)]	2014[(2)]	2013[(2)]	2012[(2)]
				(unaudited)	(unaudited)
	(in thousands, except for per share amounts)				
Consolidated statement of operations and cash flow data					
Net sales	$2,018,100	$2,004,908	$2,008,028	$1,962,237	$2,168,742
Cost of goods sold	1,337,053	1,299,451	1,346,489	1,331,579	1,449,489
Gross profit	681,047	705,457	661,539	630,658	719,253
Operating expenses:					
Marketing and selling	319,015	321,749	322,707	360,245	350,218
Research and development	113,624	108,306	112,446	123,864	129,717
General and administrative	101,548	125,995	112,689	108,480	101,621
Impairment of goodwill and other assets	—	—	—	2,188	—
Restructuring charges (credits), net[(1)]	17,802	(4,777)	8,001	39,455	—
Total operating expenses	551,989	551,273	555,843	634,232	581,556
Operating income (loss)	129,058	154,184	105,696	(3,574)	137,697
Interest income (expense), net	790	1,197	(431)	870	2,634
Other income (expense), net	1,624	(2,298)	2,039	(2,139)	7,933
Income (loss) from continuing operations before income taxes	131,472	153,083	107,304	(4,843)	148,264
Provision for (benefit from) income taxes	3,110	4,654	1,313	(26,376)	21,545
Net income from continuing operations	128,362	148,429	105,991	21,533	126,719
Loss from discontinued operations, net of income taxes	(9,045)	(139,146)	(31,687)	(249,051)	(22,482)
Net income (loss)	119,317	9,283	74,304	(227,518)	104,237
Net income (loss) per share - basic:					
Continuing operations	$ 0.79	$ 0.91	$ 0.66	$ 0.14	$ 0.73
Discontinued operations	$ (0.06)	$ (0.85)	$ (0.20)	$ (1.58)	$ (0.13)
Net income (loss) per share - diluted	$ 0.73	$ 0.06	$ 0.46	$ (1.44)	$ 0.60
Income (loss) per share - diluted:					
Continuing operations	$ 0.77	$ 0.89	$ 0.65	$ 0.14	$ 0.72
Discontinued operations	$ (0.05)	$ (0.83)	$ (0.19)	$ (1.57)	$ (0.13)
Net income (loss) per share - diluted	$ 0.72	$ 0.06	$ 0.46	$ (1.43)	$ 0.59

	Years ended March 31,				
	2016[(2)]	2015[(2)]	2014[(2)]	2013[(2)]	2012[(2)]
				(unaudited)	(unaudited)
	(in thousands, except for per share amounts)				
Weighted average shares used to compute net income (loss) per share:					
Basic	163,296	163,536	160,619	158,468	174,648
Diluted	165,792	166,174	162,526	159,445	175,591
Cash dividend per share	$ 0.53	$ 0.27	$ 0.22	$ 0.85	$ —
Net cash provided by operating activities	$ 183,111	$ 178,632	$ 205,421	$ 122,389	$ 202,534
Net cash used in investing activities	$ (60,690)	$ (48,289)	$ (46,803)	$ (57,723)	$ (57,602)

	March 31,				
	2016	2015	2014[(3)]	2013[(3)]	2012[(3)]
Consolidated balance sheet data					
Cash and cash equivalents	$ 519,195	$ 533,380	$ 467,518	$ 331,498	$ 474,961
Total assets	$1,324,147	$1,426,680	$1,451,390	$1,382,333	$1,858,009
Total shareholders' equity	$ 759,948	$ 758,134	$ 804,128	$ 721,953	$1,131,791

(1) During Fiscal year 2016, we incurred restructuring charges of $17.8 million related to the restructuring plan we implemented in fiscal 2016. The $4.8 million in restructuring credits during fiscal year 2015 were related to restructuring plans we implemented in fiscal year 2014. The $8.0 million and $39.5 million in restructuring costs during fiscal years 2014 and 2013 were related to restructuring plans we implemented in fiscal years 2014 and 2013.

(2) On December 28, 2015, we divested our Lifesize video conferencing business and, as a result, we have reflected the Lifesize video conferencing business as discontinued operations in our consolidated statements of operations and, as such, the results of that business have been excluded from all line items of statements of operations other than "Loss from discontinued operations, net of income taxes" for all periods presented.

(3) The above condensed consolidated cash and cash equivalents exclude Lifesize video conferencing business which is presented as discontinued operations. See Note 3, "Discontinued Operations" to our consolidated financial statements for additional information.

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, 2016, approximately 48% of our sales were in non-U.S. denominated currencies, with 25% of our net 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. A strengthening U.S. Dollar has more unfavorable impact on our sales than the favorable impact on our operating expense, resulting in an adverse impact on our operating results. As a result, a strengthening U.S. Dollar has an adverse impact on our operating results. 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, 2016. 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):

		March 31, 2016		
Currency		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	Japanese Yen	$ 14,487	$(1,317)	$ 1,610
U.S. Dollar	Mexican Peso	13,431	(1,221)	1,492
U.S. Dollar	Canadian Dollar	12,670	(1,152)	1,408
U.S. Dollar	Australian Dollar	10,588	(963)	1,176
U.S. Dollar	Indian Rupee	1,275	(116)	142
U.S. Dollar	Russian Ruble	543	(49)	60
U.S. Dollar	Korean Wan	(799)	73	(89)
U.S. Dollar	Chinese Renminbi	(3,452)	314	(384)
U.S. Dollar	Singapore Dollar	(5,570)	506	(619)
U.S. Dollar	Taiwanese Dollar	(14,242)	1,295	(1,582)
Euro	British Pound	3,780	(344)	420
Euro	Turkish Lira	2,001	(182)	222
Euro	U.S. Dollar	1,768	(161)	196
Euro	Croatian Kuna	640	(58)	71
Euro	Swedish Krona	(1,168)	106	(130)
Swiss Franc	British Pound	(758)	69	(84)
		$ 35,194	$(3,200)	$ 3,909

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, 2016, net liabilities held in Chinese Renminbi (CNY) totaled $3.5 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 2016, 2015 and 2014. Cash flows from such hedges are classified as operating activities in the Consolidated Statements of Cash Flows. As of March 31, 2016 and 2015, the notional amounts of foreign exchange forward contracts outstanding related to forecasted inventory purchases were $39.8 million and $43.5 million, respectively. Deferred realized loss of $0.6 million are recorded in accumulated other comprehensive loss as of March 31, 2016, and are expected to be reclassified to cost of goods sold when the related inventory is sold. Deferred unrealized loss of $1.1 million related to open cash flow hedges are also recorded in accumulated other comprehensive loss as of March 31, 2016 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, 2016 and 2015 relating to foreign currency receivables or payables were $63.7 million and $61.7 million, respectively. Open forward and swap contracts as of March 31, 2016 and 2015 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, 2016 and March 31, 2015 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 2016 and 2015 (in thousands, except per share amounts):

	Year ended March 31, 2016[3]				Year ended March 31, 2015[3]			
	Q1[2]	Q2[2]	Q3[2]	Q4[2]	Q1	Q2	Q3	Q4[1]
Net sales	$ 447,686	$ 518,494	$ 621,079	$ 430,841	$ 456,446	$ 501,857	$ 604,322	$ 442,283
Cost of goods sold	289,753	345,977	412,582	288,741	291,641	315,486	391,715	300,609
Gross profit	157,933	172,517	208,497	142,100	164,805	186,371	212,607	141,674
Operating expenses:								
Marketing and selling	75,796	78,833	87,295	77,091	77,178	81,439	87,486	75,646
Research and development	28,170	28,893	29,273	27,288	25,737	26,875	27,397	28,297
General and administrative	28,812	25,074	24,080	23,582	35,251	33,339	28,172	29,233
Restructuring charges (credits), net	11,538	3,146	(666)	3,784	(35)	—	—	(4,742)
Total operating expenses	144,316	135,946	139,982	131,745	138,131	141,653	143,055	128,434
Operating income	13,617	36,571	68,515	10,355	26,674	44,718	69,552	13,240
Interest income, net	255	189	105	241	251	349	224	373
Other income (expense), net	(1,019)	(737)	862	2,518	(171)	(843)	(2,688)	1,404
Income from continuing operations before income taxes	12,853	36,023	69,482	13,114	26,754	44,224	67,088	15,017
Provision for (benefit from) income taxes	(7)	5,571	1,442	(3,896)	2,769	5,016	670	(3,801)
Net Income from continuing operations	12,860	30,452	68,040	17,010	23,985	39,208	66,418	18,818
Income (loss) from discontinued operations, net of income taxes	(5,423)	(12,355)	(2,954)	11,687	(4,310)	(3,117)	(3,634)	(128,085)
Net income (loss)	$ 7,437	$ 18,097	$ 65,086	$ 28,697	$ 19,675	$ 36,091	$ 62,784	$ (109,267)
Net income (loss) per share - Basic:								
Continuing operations	$ 0.08	$ 0.19	$ 0.42	$ 0.10	$ 0.15	$ 0.24	$ 0.41	$ 0.11
Discontinued operations	$ (0.03)	$ (0.08)	$ (0.02)	$ 0.08	$ (0.03)	$ (0.02)	$ (0.03)	$ (0.77)
Net income (loss) per share - basic	$ 0.05	$ 0.11	$ 0.40	$ 0.18	$ 0.12	$ 0.22	$ 0.38	$ (0.66)
Net income (loss) per share - Diluted:								
Continuing operations	$ 0.08	$ 0.18	$ 0.41	$ 0.10	$ 0.14	$ 0.24	$ 0.40	$ 0.11
Discontinued operations	$ (0.04)	$ (0.07)	$ (0.02)	$ 0.07	$ (0.02)	$ (0.02)	$ (0.02)	$ (0.77)
Net income (loss) per share - diluted	$ 0.04	$ 0.11	$ 0.39	$ 0.17	$ 0.12	$ 0.22	$ 0.38	$ (0.66)
Shares used to compute net income (loss) per share:								
Basic	164,431	163,515	162,669	162,671	163,012	163,230	163,533	164,319
Diluted	166,895	165,841	165,168	165,365	165,833	166,065	166,321	166,424

(1) 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.

(2) During Fiscal year 2016, the Company incurred restructuring charges of $17.8 million related to the restructuring plan implemented in fiscal 2016. The $4.8 million in restructuring credits during fiscal year 2015 were related to restructuring plans the Company implemented in fiscal year 2014.

(3) On December 28, 2015, the Company divested its Lifesize video conferencing business and, as a result, the Company reflected the Lifesize video conferencing business as discontinued operations in the consolidated statements of operations and, as such, the results of that business have been excluded from all line items other than "Loss from discontinued operations, net of income taxes" for all periods presented.

REPORT ON CORPORATE GOVERNANCE 2016

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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 2016 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 designing products that have an every day place in people's lives, connecting them to the digital experiences they care about. Over 30 years ago we started connecting people through computers, and now we are designing products that bring people together through music, gaming, video and computing.

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 SIX Swiss Exchange (Ticker: LOGN; security number: 257513) and the Nasdaq Global Select Market (Ticker: LOGI, CUSIP H50430232). The International Securities Identification Number (ISIN) of our shares is CH0025751329. As of March 31, 2016, our market capitalization, based on outstanding shares of 162,409,503, net of treasury shares, amounted to approximately $2.6 billion (CHF 2.5 billion). Refer to section 1.2 below for information on Logitech International S.A.'s holdings in its shares as of March 31, 2016.

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 in Note 3 of our Swiss Statutory Financial Statements on pages 120 and 121. None of Logitech International S.A.'s subsidiaries have securities listed on a stock exchange as of March 31, 2016.

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, 2016

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, 2016. The number of voting rights of the Company as of March 31, 2016 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, 2016, 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, 2016".

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, 2016 were as follows:

Name	Shares(1)	Voting Rights(2)	Relevant Date
Daniel Borel(3)	8,774,934	5.1%	March 31, 2016
Credit Suisse AG(4)	6,929,971	4.0%	February 16, 2016
Marathon Asset Management LLP(5)	5,358,296	3.1%	April 5, 2013
Schroders plc(9)	5,271,460	3.0%	February 11, 2016
Credit Suisse Funds AG(7)	5,248,889	3.0%	January 18, 2015
Macquarie Group Limited(8)	5,243,857	3.0%	December 13, 2013
BlackRock, Inc.(9)	5,241,395	3.0%	March 16, 2016
UBS Fund Management (Switzerland) AG(10)	5,239,853	3.0%	September 29, 2014
JPMorgan Chase & Co.(11)	5,191,109	3.0%	February 5, 2016

(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, 2016.

(3) The number of shares held includes (a) 53,000 shares held by a charitable foundation, of which Mr. Borel and other members of his family are board members, and (b) 6,500 shares held by Mr. Borel's spouse. Mr. Borel has not entered into any written shareholders' agreements.

(4) 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 16, 2016.

(5) 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.

(6) The number of shares held by Schroders plc is based on a notification filed with the SIX Exchange Regulation on February 20, 2016.

(7) The number of shares held by Credit Suisse Funds AG is based on an notification filed with the SIX Exchange Regulation on January 26, 2016.

(8) 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.

(9) The number of shares held by BlackRock, Inc. is based on a notification filed with the SIX Exchange Regulation on March 23, 2016.

(10) 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.

(11) 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 16, 2016.

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, 2016, 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, 2016, 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 5 – 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, 2016, 2015 and 2014, 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,		
	2016	2015	2014
Share capital	CHF 43,277	CHF 43,277	CHF 43,277
Legal capital reserves:			
- Reserve for capital contributions	1,265	1,265	1,265
Legal retained earnings reserves			
- General retained earnings reserves	9,580	9,580	9,580
	10,845	10,845	10,845
Available Retained earnings	653,367	524,800	563,344
Treasury shares	(114,351)	(75,299)	(104,807)
Total shareholders' equity	CHF 593,138	CHF 503,623	CHF 512,659

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

	As of March 31,		
	2016	2015	2014
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, 2016 and 2015, refer to the Swiss Statutory Balance Sheets on page 116 of our Annual Report.

A summary of the approved share buyback program during fiscal years 2016, 2015 and 2014 is 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	5,066	$71,702

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.

During fiscal year 2016, approximately 5.0 million shares were repurchased for approximately $70.4 million. During fiscal year 2015, approximately 0.1 million shares were repurchased for approximately $1.7 million. There were no share repurchases during fiscal year 2014.

For further information on Logitech's share repurchases please refer to "Additional Financial Disclosures – Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities" 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. In 2014, the Board distributed a gross dividend of CHF 0.2625 per share. In September 2015, the Board distributed a gross dividend of approximately CHF 0.51 per share. On May 19, 2016, the Board approved, subject to approval by the Company's shareholders and other Swiss statutory requirements, a gross dividend of approximately CHF 0.5554 per share (based on an approved gross aggregate dividend of CHF 90,200,000 and the shares outstanding as of March 31, 2016 – 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 2016 Annual General Meeting, under the heading "Equity Compensation Plan Information" at pages 100 to 101, 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 2016 Annual General Meeting, under the heading "Corporate Governance and Board of Directors Matters" at pages 38 to 54.

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 2016 Annual General Meeting, under the heading "Corporate Governance and Board of Directors Matters" at pages 38 to 54.

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 . . . .
53 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 . . . .
44 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 . . . .
49 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 product marketing positions at Aashima Technology BV, a provider of PC components and accessories, in the Netherlands. Mr. Stolk studied at Utrecht in the Netherlands and has participated in university-level executive courses, including an executive training course at Stanford University.

L. Joseph Sullivan . . . .
63 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 65 to 99 of our Invitation and Proxy Statement for the 2016 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 2016 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, 2016, 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 (ii) 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 2016 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 65 to 99 of our Invitation and Proxy Statement for the 2016 Annual General Meeting for information on the consequences of change of control on equity awards made to members of the Board of Directors and the Group Management Team.

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-8036, Zürich, Switzerland. KPMG assumed its first audit mandate for Logitech in 2014. The responsible principal audit partner as of March 31, 2016 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 2016 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 2016, 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 currently scheduled to be released as follows:

Q1 FY'17 Earnings Release and Conference Call	July 28, 2016
Q2 FY'17 Earnings Release and Conference Call	October 27, 2016
Q3 FY'17 Earnings Release and Conference Call	January 26, 2017
Q4 FY'17 Earnings Release and Conference Call	April 27, 2017

The Company's 2016 Annual General Meeting is to be held September 7, 2016 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*.

10. Consolidated Subsidiaries

For the listing of consolidated subsidiaries as of March 31, 2016, please refer to Note 3 – Investments in Subsidiaries – in the Company's Statutory Financial Statements included in our Annual Report.

REMUNERATION REPORT 2016

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Report of the Statutory Auditor to the General Meeting of

Logitech International S.A., Apples

We have audited the accompanying remuneration report of Logitech International S.A. for the year ended March 31, 2016. 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, 2016 of Logitech International S.A. complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Rolf Hauenstein
Licensed Audit Expert
Auditor in Charge

Christopher G. Meredith
Manager

Zurich, May 23, 2016

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 2016. 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 2016, 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, 2016 and 2015:

2.2. Compensation of Board of Directors in Fiscal Years 2016 and 2015

Fiscal Year 2016

(in CHF)[1]	Base Salary[2]	Travel Fees[3]	Addt’l Fees[4]	Bonus[5]	Stock Awards[6]	Other Compensation[7]	Total
Daniel Borel[8]	25,000	—	—	—	—	3,350	28,350
Matthew Bousquette[8]	47,917	5,000	—	—	—	33,522	86,439
Edouard Bugnion[9]	35,000	5,000	—	—	146,656	—	186,656
Kee-Lock Chua	84,750	20,000	—	—	146,967	26,541	278,258
Sally Davis	122,500	15,000	—	—	146,656	33,495	317,651
Guerrino De Luca[10]	486,003	—	—	656,104	480,405	79,904	1,702,416
Sue Gove[9]	43,750	15,000	—	—	146,967	—	205,717
Didier Hirsch	102,917	15,000	—	—	146,967	37,135	302,018
Neil Hunt	97,917	15,000	—	—	146,967	26,834	286,717
Dimitri Panayotopoulos	68,750	15,000	—	—	146,656	23,260	253,666
Monika Ribar[8]	37,500	—	—	—	—	25,453	62,953
Lung Yeh[9]	35,000	15,000	—	—	146,967	—	196,967
Total Board Members[11]	**1,187,003**	**120,000**	**—**	**656,104**	**1,655,208**	**289,493**	**3,907,808**

Fiscal Year 2015

(in CHF)(12)	Base Salary(2)	Travel Fees(3)	Addt'l Fees(4)	Bonus(5)	Stock Awards(6)	Other Compensation(7)	Total
Daniel Borel	60,000	5,000	—	—	149,490	28,569	243,059
Matthew Bousquette	126,667	25,000	103,500	—	141,273	59,711	456,151
Kee-Lock Chua	83,000	20,000	56,000	—	141,273	45,490	345,763
Sally Davis	121,667	15,000	64,750	—	149,490	48,554	399,461
Guerrino De Luca(10)	463,646	—	—	523,920	396,315	71,243	1,455,124
Didier Hirsch	100,000	10,000	106,000	—	141,273	60,877	418,150
Neil Hunt	87,917	10,000	28,500	—	141,273	38,281	305,971
Dimitri Panayotopoulos(13)	35,000	10,000	—	—	149,490	—	194,490
Monika Ribar	87,917	10,000	56,000	—	149,490	43,159	346,566
Total Board Members(11)	**1,165,814**	**105,000**	**414,750**	**523,920**	**1,559,367**	**395,884**	**4,164,735**

1) Fiscal year 2016 U.S. Dollar amounts converted to Swiss Francs using the 12 month average (April 2015 to March 2016) exchange rate of 1CHF = US$1.0288.
2) Base salary for non-employee members of the Board of Directors includes annual Board and committee retainers.
3) Non-employee members of the Board of Directors receive CHF 2,500 per day spent traveling to attend Board and committee meetings.
4) 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.
5) Bonus includes amounts earned under the Logitech Management Performance Bonus Plan or other cash bonuses approved by the Compensation Committee.
6) 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 5 to Logitech's consolidated financial statements.
7) 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.
8) Daniel Borel, Matthew Bousquette and Monika Ribar did not stand for re-election as directors at the Annual General Meeting in September 2015.
9) Edouard Bugnion, Sue Gove and Lung Yeh were first elected as directors at the Annual General Meeting in September 2015.
10) 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.
11) 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.
12) 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.
13) Dimitri Panayotopoulos was first elected as a director at the Annual General Meeting in December 2014.

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 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 will reward our executives.

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, 2016 and 2015:

3.2. Compensation of Group Management Team in Fiscal Years 2016 and 2015

Fiscal Year 2016

(in CHF)[1]	Base Salary	Bonus[2]	Stock Awards[3]	Other Compensation[4]	Total
Highest Paid Executive					
Bracken P. Darrell,					
President and CEO	801,905	1,353,215	4,803,922	124,439	7,083,481
Total Group Management Team	**2,297,122**	**3,215,870**	**8,012,160**	**533,590**	**14,058,741**

Fiscal Year 2015

(in CHF)[5]	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**

1) Fiscal year 2016 U.S. Dollar amounts converted to Swiss Francs using the 12 month average (April 2015 to March 2016) exchange rate of 1CHF = US$1.0288.
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 5 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), extended business travel-related expenses, 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 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.

4. Loans, credits and other payments

There were no loans and credits made or outstanding at any time during fiscal years 2016 and 2015 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 2016 and 2015 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 2016 and 2015 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 sheets as of March 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), cash flows, and changes in shareholders' equity for each of the two years in the period ended March 31, 2016, and the related notes to the consolidated financial statements.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation 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 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 of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects the financial position of the Company as of March 31, 2016 and 2015, and the results of its operations and its cash flows for each of the two years in the period ended March 31, 2016, in accordance with U.S. generally accepted accounting principles and comply with Swiss law.

KPMG

Logitech International S.A., Apples
Report of the Statutory Auditor
on the Consolidated Financial Statements
to the General Meeting of Shareholders

Other Matter

The consolidated financial statements and financial statement schedule of Logitech International S.A. and subsidiaries for the year ended March 31, 2014 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements and financial statement schedule on November 17, 2014, before the effects of the retrospective adjustments described in Note 3 to the consolidated financial statements.

As part of our audit of the 2016 consolidated financial statements, we also audited the retrospective adjustments described in Note 3 that were applied to the 2014 consolidated financial statements and the related financial statement schedule to present the operations of the Video Conferencing segment as discontinued operations. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2014 consolidated financial statements of the Company other than with respect to the retrospective adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2014 consolidated financial statements taken as a whole.

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, May 23, 2016

LOGITECH INTERNATIONAL S.A.

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Years Ended March 31,		
	2016	2015	2014
Net sales	$2,018,100	$2,004,908	$2,008,028
Cost of goods sold	1,337,053	1,299,451	1,346,489
Gross profit	681,047	705,457	661,539
Operating expenses:			
Marketing and selling	319,015	321,749	322,707
Research and development	113,624	108,306	112,446
General and administrative	101,548	125,995	112,689
Restructuring charges (credits), net	17,802	(4,777)	8,001
Total operating expenses	551,989	551,273	555,843
Operating income	129,058	154,184	105,696
Interest income (expense), net	790	1,197	(431)
Other income (expense), net	1,624	(2,298)	2,039
Income from continuing operations before income taxes	131,472	153,083	107,304
Provision for income taxes	3,110	4,654	1,313
Net income from continuing operations	$ 128,362	$ 148,429	$ 105,991
Loss from discontinued operations, net of income taxes	(9,045)	(139,146)	(31,687)
Net income	$ 119,317	$ 9,283	$ 74,304
Net income (loss) per share - basic:			
Continuing operations	$ 0.79	$ 0.91	$ 0.66
Discontinued operations	(0.06)	(0.85)	(0.20)
Net income per share - basic	$ 0.73	$ 0.06	$ 0.46
Net income (loss) per share - diluted:			
Continuing operations	$ 0.77	$ 0.89	$ 0.65
Discontinued operations	(0.05)	(0.83)	(0.19)
Net income per share - diluted	$ 0.72	$ 0.06	$ 0.46
Weighted average shares used to compute net income (loss) per share:			
Basic	163,296	163,536	160,619
Diluted	165,792	166,174	162,526
Cash dividends per share	$ 0.53	$ 0.27	$ 0.22

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,		
	2016	2015	2014
Net income	$119,317	$ 9,283	$74,304
Other comprehensive income (loss):			
Currency translation gain (loss):			
Currency translation gain (loss), net of taxes	2,273	(19,054)	2,119
Reclassification of currency translation loss (gain) included in other income (expense), net	3,913	(171)	665
Defined benefit plans:			
Net gain (loss) and prior service credits (costs), net of taxes	(837)	(12,998)	5,551
Reclassification of amortization included in operating expenses	1,630	322	2,017
Hedging gain (loss):			
Deferred hedging gain (loss), net of taxes	(2,431)	8,971	(3,497)
Reclassification of hedging loss (gain) included in cost of goods sold	(3,296)	(4,505)	2,472
Other comprehensive income (loss)	1,252	(27,435)	9,327
Total comprehensive income (loss)	$120,569	$(18,152)	$83,631

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, 2016	March 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 519,195	$ 533,380
Accounts receivable, net	142,778	167,196
Inventories	228,786	255,980
Other current assets	35,488	63,362
Current assets of discontinued operations	—	32,102
Total current assets	926,247	1,052,020
Non-current assets:		
Property, plant and equipment, net	92,860	86,478
Goodwill	218,224	218,213
Other assets	86,816	62,333
Long-term assets of discontinued operations	—	7,636
Total assets	$1,324,147	$1,426,680
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 241,166	$ 292,797
Accrued and other current liabilities	173,764	163,344
Current liabilities of discontinued operations	—	38,766
Total current liabilities	414,930	494,907
Non-current liabilities:		
Income taxes payable	59,734	72,107
Other non-current liabilities	89,535	91,195
Long-term liabilities of discontinued operations	—	10,337
Total liabilities	564,199	668,546
Commitments and contingencies (Note 13)		
Shareholders' equity:		
Registered shares, CHF 0.25 par value:	30,148	30,148
Issued and authorized shares—173,106 at March 31, 2016 and 2015		
Conditionally authorized shares—50,000 at March 31, 2016 and 2015		
Additional paid-in capital	6,616	—
Less shares in treasury, at cost—10,697 at March 31, 2016 and 8,625 at March 31, 2015	(128,407)	(88,951)
Retained earnings	963,576	930,174
Accumulated other comprehensive loss	(111,985)	(113,237)
Total shareholders' equity	759,948	758,134
Total liabilities and shareholders' equity	$1,324,147	$1,426,680

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,		
	2016	2015	2014
Cash flows from operating activities:			
Net income	$ 119,317	$ 9,283	$ 74,304
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	51,108	41,304	48,967
Amortization of other intangible assets	1,885	8,361	17,771
Share-based compensation expense	27,351	25,825	25,546
Impairment of goodwill and other assets	—	122,734	—
Impairment of investments	—	2,298	624
Equity in net income of equity method investees	(469)	—	—
Loss (gain) on disposal of property, plant and equipment	—	(44)	4,411
Net gain on divestiture of discontinued operations	(13,684)	—	—
Excess tax benefits from share-based compensation	(2,084)	(2,831)	(2,246)
Deferred income taxes	6,604	2,240	(4,828)
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable, net	25,513	(8,018)	(219)
Inventories	31,966	(60,510)	49,471
Other assets	(1,975)	(4,284)	(1,388)
Accounts payable	(58,104)	60,413	(21,322)
Accrued and other liabilities	(4,317)	(18,139)	14,330
Net cash provided by operating activities	183,111	178,632	205,421
Cash flows from investing activities:			
Purchases of property, plant and equipment	(56,615)	(45,253)	(46,658)
Investment in privately held companies	(2,419)	(2,550)	(300)
Payments for divestiture of discontinued operations, net of cash sold	(1,395)	—	—
Changes in restricted cash	(715)	—	—
Acquisitions, net of cash acquired	—	(926)	(650)
Proceeds from return of investment from strategic investments	—	—	261
Purchase of trading investments	(9,619)	(5,034)	(8,450)
Proceeds from sales of trading investments	10,073	5,474	8,994
Net cash used in investing activities	(60,690)	(48,289)	(46,803)
Cash flows from financing activities:			
Payment of cash dividends	(85,915)	(43,767)	(36,123)
Purchases of treasury shares	(70,358)	(1,663)	—
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	19,767	4,138	16,914
Tax withholdings related to net share settlements of restricted stock units	(7,247)	(9,215)	(5,718)
Excess tax benefits from share-based compensation	2,084	2,831	2,246
Net cash used in financing activities	(141,669)	(48,854)	(22,681)
Effect of exchange rate changes on cash and cash equivalents	1,405	(13,863)	(349)
Net increase (decrease) in cash and cash equivalents	(17,843)	67,626	135,588
Cash and cash equivalents at beginning of period	537,038	469,412	333,824
Cash and cash equivalents at end of period	$ 519,195	$537,038	$469,412

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

LOGITECH INTERNATIONAL S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(In thousands)

	Years Ended March 31,		
	2016	2015	2014
Supplementary Cash Flow Disclosures:			
Non-cash investing activities:			
Property, plant and equipment purchased during the period and included in period end liability accounts	$ 4,958	$ 5,242	$ 5,204
Fair value of retained cost method investment as a result of divestiture of discontinued operations	$ 5,591	$ —	$ —
Supplemental cash flow information:			
Interest paid	$ —	$ —	$ 1,080
Income taxes paid, net	$ 11,499	$ 10,838	$ 9,189
The following amounts reflected in the consolidated statements of cash flows are included in discontinued operations:			
Depreciation	$ 2,207	$ 2,562	$ 3,402
Amortization of other intangible assets	$ 1,438	$ 7,598	$ 15,369
Share-based compensation	$ 332	$ 1,634	$ 2,318
Purchases of property, plant and equipment	$ 1,431	$ 3,598	$ 4,233
Cash and cash equivalents, beginning of the period	$ 3,659	$ 1,894	$ 2,326
Cash and cash equivalents, end of the period	$ —	$ 3,659	$ 1,894

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	Treasury shares		Retained	Accumulated other comprehensive	
	Shares	Amount	capital	Shares	Amount	earnings	loss	Total
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 and purchase rights	—	—	(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
Total comprehensive income	—	—	—	—	—	119,317	1,252	120,569
Purchase of treasury shares	—	—	—	4,951	(70,358)	—	—	(70,358)
Tax effects from share-based awards	—	—	(2,353)	—	—	—	—	(2,353)
Sale of shares upon exercise of options and purchase rights	—	—	(737)	(1,812)	20,504	—	—	19,767
Issuance of shares upon vesting of restricted stock units	—	—	(17,645)	(1,067)	10,398	—	—	(7,247)
Share-based compensation expense	—	—	27,351	—	—	—	—	27,351
Cash dividends	—	—	—	—	—	(85,915)	—	(85,915)
March 31, 2016	173,106	$30,148	$ 6,616	10,697	$(128,407)	$963,576	$(111,985)	$759,948

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") designs, manufactures and markets products that allow people to connect through music, gaming, video, computing, and other digital platforms.

The Company sells its products to a broad network of domestic and international customers, including direct sales to retailers and indirect sales through distributors.

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).

During the third quarter of fiscal year 2016, the Company's Board of Directors approved a plan to divest the Lifesize video conferencing business. On December 28, 2015, the Company and Lifesize, Inc., a wholly owned subsidiary of the Company ("Lifesize") which holds the assets of the Company's Lifesize video conferencing business, entered into a stock purchase agreement (the "Stock Purchase Agreement") with three venture capital firms. Immediately following the December 28, 2015 closing of the transactions contemplated by the Stock Purchase Agreement, the venture capital firms held 62.5% of the outstanding shares of Lifesize, which resulted in a divestiture of the Lifesize video conferencing business by the Company. The disposition of the Lifesize video conferencing business was completed during the fourth quarter of fiscal year 2016, and represents a strategic shift that has a major effect on the Company's operations and financial results. As a result, the Company has classified the results of Lifesize video conferencing business as discontinued operations in its consolidated statements of operations for all periods presented. Additionally, the related assets and liabilities associated with the discontinued operations are classified separately on its consolidated balance sheets for the comparative periods presented herein.

Unless indicated otherwise, the information in the Notes to the consolidated financial statements relates to the Company's continuing operations and does not include results of Lifesize video conferencing business, which is classified as discontinued operations. See "Note 3 - Discontinued Operations" for more information.

Fiscal Year

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

Note 2—Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements. Management bases its estimates on historical experience and various other assumptions believed to be reasonable. 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 valuation, restructuring charges, contingent liabilities, share-based compensation expense, 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 materially 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 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

Revenue is 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.

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 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

Note 2—Summary of Significant Accounting Policies (Continued)

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 consumer rebate and performance-based incentives. 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 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.

Return rates can fluctuate over time, but are sufficiently predictable to allow the Company to estimate expected future product returns.

The Company regularly evaluates the adequacy of its estimates for cooperative marketing arrangements, customer incentive programs and pricing programs, and product returns. 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.

Note 2—Summary of Significant Accounting Policies (Continued)

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.

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 paid or 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 2016, 2015 and 2014 were $181.7 million, $165.7 million and $156.8 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.

All of the Company's bank time deposits have an original maturity of three months or less and are classified as cash equivalents and are recorded 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 distributors and retailers and, as a result, maintains individually significant receivable balances with such customers. In fiscal years 2016, 2015 and 2014, one customer represented 14%, 15% and 15% of the Company's total net sales. In fiscal year 2016, another customer accounted for 10% of the Company's net sales. No other customer represented more than 10% of the Company's total net sales during fiscal years 2016, 2015 or 2014. As of March 31, 2016 and 2015, one customer represented 15% and 13% of total accounts receivable, respectively. 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 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, 2016 and 2015, the Company also recorded a liability of $8.5 million and $9.8 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.

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.

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.

Note 2—Summary of Significant Accounting Policies (Continued)

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.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in each business combination. 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, or a trend of negative or declining cash flows over multiple periods, among others. 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.

Long-lived intangible assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

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 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 Company's trading investments related to the deferred compensation plan are reported at fair value based on quoted market prices. 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.

The Company also holds investments in equity and other securities that are accounted for as either cost or equity method investments, which are classified as other assets. The cost method investment is initially recognized at fair value, which represents a Level 3 valuation as the assumptions used in valuing this investment were not directly or indirectly observable. The Company reviews the fair value of its non-marketable investments on a regular basis to determine whether the investments in these companies are other-than-temporarily impaired. The Company considers investee financial performance and other information received from the investee companies, as well as any other available estimates of the fair value of the investee companies in its review. If the Company determines the carrying value of an investment exceeds its fair value, and that difference is other than temporary, the Company writes down the value of the investment to its fair value. The fair value of cost investments is not adjusted if there are no identified adverse events or changes in circumstances that may have a material effect on the fair value of the investments.

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. The dilutive securities are excluded from the computation of diluted net loss per share from continuing operations as their effect would be anti-dilutive.

Note 2—Summary of Significant Accounting Policies (Continued)

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. With respect to awards with service conditions only, compensation expense is recognized ratably over the vesting period of the awards.

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.

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.

Note 2—Summary of Significant Accounting Policies (Continued)

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 immediately and 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.

Segments

ASC 280, *Segment Reporting*, establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. The guidance defines reportable segments as operating segments that meet certain quantitative thresholds. As a result of the disposition of the Lifesize video conferencing business on December 28, 2015 described above, the composition of the Company's previously reported segments changed significantly, such that the remaining peripheral segment is the only segment reported in continuing operations.

Recent Accounting Pronouncements

In April 2014, the FASB issued ASU No. 2014-08, *"Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity"*. This new standard raises the threshold for a disposal to qualify as a discontinued operation and requires new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. The standard is effective prospectively for years beginning on or after December 15, 2014, with early application permitted. The Company adopted ASU No. 2014-08 on April 1, 2015 on a prospective basis and applied the guidance to its disposition of the Lifesize video conferencing business.

Note 2—Summary of Significant Accounting Policies (Continued)

In May 2014, the FASB issued ASU 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. ASU 2014-09 was originally to be effective for the Company on April 1, 2017. In July 2015, the FASB affirmed a one-year deferral of the effective date of the new revenue standard. The new standard will become effective for the Company on April 1, 2018. Early application is permitted but not before the original effective date of annual periods beginning after December 15, 2016. 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 whether it will early adopt this guidance or the impact of the new standard on its consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-11, "Simplifying the Measurement of Inventory (Topic 330)", ("ASU 2015-11"). Topic 330, Inventory, currently requires an entity to measure inventory at the lower of cost or market, with market value represented by replacement cost, net realizable value or net realizable value less a normal profit margin. The amendments in ASU 2015-11 require an entity to measure inventory at the lower of cost or net realizable value. ASU 2015-11 is effective in the first quarter of fiscal year 2018 for the Company, with early adoption permitted. The Company does not expect to early adopt this guidance and does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

In November 2015, FASB issued ASU No. 2015-17, "Income Taxes (Topic 740), Balance Sheet Classification of Deferred Taxes" ("ASU 2015-17"). The guidance eliminates the current requirement for an entity to separate deferred income tax liabilities and assets into current and non-current amounts in a classified balance sheet. Instead, the guidance requires deferred tax liabilities, deferred tax assets and valuation allowances be classified as non-current in a classified balance sheet. The ASU is effective for annual reporting periods beginning after December 15, 2016 and interim periods within those annual periods. Early adoption is permitted. The Company has early adopted the guidance in the fourth quarter of fiscal year 2016 on a prospective basis. Prior periods are therefore not adjusted.

In January 2016, FASB issued ASU 2016-01 "*Financial Instruments-Recognition and Measurement of Financial Assets and Financial Liabilities (Subtopic 825-10)*", which amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments, including the requirement to measure certain equity investments at fair value with changes in fair value recognized in net income. This guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company does not expect to early adopt this guidance and does not believe that the adoption of this guidance will have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02 "*Leases (Topic 842)*", which requires the recognition of lease assets and lease liabilities arising from operating leases in the statement of financial position. This guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is evaluating the full effect that ASU 2016-02 will have on its consolidated financial statements and will adopt the standard effective April 1, 2019.

Note 2—Summary of Significant Accounting Policies (Continued)

In March 2016, the FASB issued ASU 2016-09 "Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting". The amendment simplifies several aspects of the accounting for share-based payments, including immediate recognition of all excess tax benefits and deficiencies in the income statement, changing the threshold to qualify for equity classification up to the employees' maximum statutory tax rates, allowing an entity-wide accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures as they occur, and clarifying the classification on the statement of cash flows for the excess tax benefit and employee taxes paid when an employer withholds shares for tax-withholding purposes. ASU 2016-09 is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted in any interim or annual period. The Company is evaluating the effect that ASU 2016-09 will have on its consolidated financial statements and the timing of the adoption of this standard.

Note 3—Discontinued Operations

During the third quarter of fiscal year 2016, the Company's Board of Directors approved a plan to divest the Lifesize video conferencing business. On December 28, 2015 during the fourth quarter of fiscal year 2016, Logitech International S.A. (the "Company"), and Lifesize, Inc., a wholly owned subsidiary of the Company ("Lifesize") which holds the assets of the Company's video conferencing reportable segment, entered into a stock purchase agreement (the "Stock Purchase Agreement") with entities affiliated with three venture capital investment firms (the "Venture Investors"). Pursuant to the terms of the Stock Purchase Agreement, the Company sold 2,500,000 shares of Series B Preferred Stock of Lifesize to the Venture Investors for cash proceeds of $2,500,000 and retained 12,000,000 non-voting shares of Series A Preferred Stock of Lifesize. The shares of Series A Preferred Stock of Lifesize retained by the Company represent 37.5% of the shares outstanding immediately after the closing of the transactions contemplated by the Stock Purchase Agreement (the "Closing"). Lifesize also issued 17,500,000 shares of Series B Preferred Stock to the Venture Investors for cash proceeds of $17,500,000. The shares of Series B Preferred Stock held by the Venture Investors represent 62.5% of the shares outstanding immediately after the Closing. In addition, Lifesize has reserved 8,000,000 shares of common stock for issuance pursuant to a stock plan to be adopted by Lifesize following the Closing (the "Employee Pool"), none of which are issued or outstanding at the Closing. Post the divestiture, continuing involvement with the discontinued operations includes certain customary services and support which are expected to be provided to Lifesize during the transition period from December 28, 2015 until approximately the end of the third quarter of fiscal year 2017.

The Company has classified the results of its Lifesize video conferencing business as discontinued operations in its consolidated statement of operations for all periods presented since the disposition of the Lifesize video conferencing business represents a strategic shift as that has a major effect on the Company's operations and financial results. Additionally, the related assets and liabilities associated with the discontinued operations are classified separately in the assets and liability on its consolidated balance sheets for all periods presented. Evaluating whether the disposal of the business represents a strategic shift requires the Company's judgment. Also, evaluating whether the strategic shift will have a "major effect" on the Company's operations and financial results requires assessing not only quantitative factors but also the magnitude of qualitative factors.

The retained Series A Preferred Stock gives the Company no voting rights or any other significant influence over the disposed Lifesize video conferencing business, and therefore is accounted for as a cost method investment which is initially recognized at fair value of $5.6 million at the date of disposition of Lifesize Video Conferencing business. The fair value was determined by using the option pricing

Note 3—Discontinued Operations (Continued)

methodology with reference to the price of Lifesize's Series B Preferred Stock paid by Venture Investors. The fair value of the Company's investment in Series A Preferred Stock is classified as Level 3 as application of the option pricing methodology requires use of significant unobservable inputs including asset volatility of 50%, expected term to exit of three years, and lack of marketability discount of 27%.

Discontinued operations include results of the Lifesize video conferencing business. Discontinued operations also include other costs incurred by Logitech to effect the divestiture of the Lifesize video conferencing business. These costs include transaction charges, advisory and consulting fees and restructuring cost related to the Lifesize video conferencing business.

The following table presents financial results of the video conferencing classified as discontinued operations (in thousands):

	Years Ended March 31,		
	2016	2015	2014
Net sales	$ 65,554	$ 109,039	$120,684
Cost of goods sold	24,951	40,299	54,355
Gross profit	40,603	68,740	66,329
Operating expenses:			
Marketing and selling	32,260	56,856	57,040
Research and development	16,526	22,706	26,939
General and administrative	5,254	5,439	6,251
Impairment of goodwill[(#)]	—	122,734	—
Restructuring charges (credits), net	7,900	(111)	5,810
Operating expenses	61,940	207,624	96,040
Operating loss from discontinued operations	(21,337)	(138,884)	(29,711)
Interest expense and other, net	205	426	11
Gain on disposal of discontinued operations	13,684	—	—
Loss from discontinued operations before income taxes	(7,858)	(139,310)	(29,722)
Provision for (benefit from) income taxes	1,187	(164)	1,965
Net loss from discontinued operations	$ (9,045)	$(139,146)	$ (31,687)

(#) The Company recognized $122.7 million impairment of goodwill in its discontinued operations as result of its impairment analysis as of March 31, 2015. Refer to the Company's Annual Report on Form 10-K for fiscal year 2015.

Note 3—Discontinued Operations (Continued)

The following table presents the aggregate carrying amounts of the major classes of assets and liabilities removed from the consolidated balance sheet immediately before the disposition and assets liabilities of discontinued operations as of March 31, 2015 (in thousands):

	Immediately before the disposition	March 31, 2015
Carrying amounts of assets included as part of discontinued operations:		
Cash and cash equivalents	$ 3,895	$ 3,659
Accounts receivable, net	10,360	12,627
Inventories	12,708	14,749
Other current assets	1,930	1,067
Total current assets	28,893	32,102
Property, plant and equipment, net	3,962	5,115
Other assets	1,125	2,521
Total non-current assets	5,087	7,636
Total assets classified as assets from discontinued operations on the consolidated balance sheets	$33,980	$39,738
Carrying amounts of liabilities included as part of discontinued operations:		
Accounts payable	$ 2,382	$ 7,198
Accrued and other current liabilities	31,664	31,568
Total current liabilities	34,046	38,766
Non-current liabilities	9,915	10,337
Total liabilities classified as liabilities from discontinued operations on the consolidated balance sheets	$43,961	$49,103

The Company recognized a gain on its divestiture of Lifesize video conferencing business as follows (in thousands):

	Year Ended March 31, 2016
Proceeds received from disposition of discontinued operations	$ 2,500
Fair value of retained cost method investment as a result of divestiture of discontinued operations	5,591
Net liabilities of discontinued operations disposed	9,981
Currency translation loss released due to disposition of discontinued operations(1)	(3,913)
Transaction related costs	(475)
Gain on disposal of discontinued operations(2)	$13,684

(1) Currency translation loss recognized as a result of substantial liquidation of a subsidiary using non-USD functional currency, which is part of discontinued operations
(2) Gain on disposal of discontinued operation was included in loss from discontinued operations, net of income taxes, in the Company's consolidated statement of operations

Note 4—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,		
	2016	2015	2014
Net Income (loss):			
Continuing operations	$128,362	$ 148,429	$105,991
Discontinued operations	(9,045)	(139,146)	(31,687)
Net income	$119,317	$ 9,283	$ 74,304
Shares used in net income (loss) per share computation:			
Weighted average shares outstanding - basic	163,296	163,536	160,619
Effect of potentially dilutive equivalent shares	2,496	2,638	1,907
Weighted average shares outstanding - diluted	165,792	166,174	162,526
Net income (loss) per share - basic:			
Continuing operations	$ 0.79	$ 0.91	$ 0.66
Discontinued operations	$ (0.06)	$ (0.85)	$ (0.20)
Net income per share - basic	$ 0.73	$ 0.06	$ 0.46
Net income (loss) per share - diluted:			
Continuing operations	$ 0.77	$ 0.89	$ 0.65
Discontinued operations	$ (0.05)	$ (0.83)	$ (0.19)
Net income per share - diluted	$ 0.72	$ 0.06	$ 0.46

During fiscal years 2016, 2015 and 2014, 5.2 million, 9.0 million and 15.1 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 5—Employee Benefit Plans

Employee Share Purchase Plans and Stock Incentive Plans

As of March 31, 2016, 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 5—Employee Benefit Plans (Continued)

The following table summarizes share-based compensation expense and related tax benefit recognized for fiscal years 2016, 2015 and 2014 (in thousands):

	Years Ended March 31,		
	2016	2015	2014
Cost of goods sold	$ 2,340	$ 2,474	$ 2,518
Marketing and selling	9,273	8,570	7,848
Research and development	3,046	2,381	2,811
General and administrative	12,353	10,766	10,051
Restructuring	7	—	—
Total share-based compensation expense	27,019	24,191	23,228
Income tax benefit	(6,297)	(4,814)	(4,447)
Total share-based compensation expense, net of income tax	$20,722	$19,377	$18,781

As of March 31, 2016, 2015 and 2014, the Company capitalized $0.5 million, $0.5 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, 2016	
	Unamortized Expense	Remaining Months
Stock options and ESPP	$ 964	4
Time-based RSUs	25,734	22
Market-based and performance-based RSUs	9,529	18
	$36,227	

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, 2016, a total of 7.2 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 ended on July 31, 2015. Subsequent to that, the offering periods have returned to standard six months.

Note 5—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 2016, 2015 and 2014. An aggregate of 24.8 million shares was reserved for issuance under the 2006 Plan. As of March 31, 2016, a total of 7.8 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, 2016, no shares were available for issuance under this plan.

The estimates of share-based compensation expense require a number of complex and subjective assumptions including stock price volatility, employee exercise patterns, future forfeitures, probability of achievement of the set performance condition, dividend yield, related tax effects and the selection of an appropriate fair value model.

Note 5—Employee Benefit Plans (Continued)

The grant date fair value of the awards using the Black-Scholes-Merton option-pricing valuation model and Monte-Carlo simulation method are determined applying the following assumptions and values:

Employee Stock Purchase Plans	Years Ended March 31,		
	2016	2015	2014
Dividend yield	3.47%	1.97%	0.43%
Risk-free interest rate	0.29%	0.14%	0.07%
Expected volatility	26%	30%	36%
Expected life (years)	0.5	0.6	0.5
Weighted average fair value	$3.29	$3.18	$2.46

Market-based RSUs	Years Ended March 31,		
	2016	2015	2014
Dividend yield	3.78%	1.86%	0.75%
Risk-free interest rate	0.84%	0.83%	1.09%
Expected volatility	38%	46%	46%
Expected life (years)	3.0	3.0	2.9

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.

The Company estimates the probability and timing of the achievement of the set performance condition at the time of the grant based on the historical financial performance and the financial forecast in the remaining performance contingency period and reassesses the probability in subsequent periods when actual results or new information become available.

Note 5—Employee Benefit Plans (Continued)

A summary of the Company's stock option activities under all stock plans for fiscal years 2016, 2015 and 2014 is as follows (including discontinued operations for all the periods presented):

	Number of Shares (In thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In thousands)
Outstanding, March 31, 2013	13,684			
Granted	—			
Exercised	(551)			$ 2,045
Cancelled or expired	(3,317)			
Outstanding, March 31, 2014	9,816			
Granted	—			
Exercised	(390)			$ 1,505
Cancelled or expired	(1,550)			
Outstanding, March 31, 2015	7,876	$18		
Granted	—	$—		
Exercised	(746)	$10		$ 4,026
Cancelled or expired	(1,796)	$20		
Outstanding, March 31, 2016	5,334	$18	4.0	$12,436
Vested and expected to vest, March 31, 2016	4,004	$19	3.2	$ 8,119
Vested and exercisable, March 31, 2016	3,879	$20	3.1	$ 7,134

The options outstanding as of March 31, 2016 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, 2016 were the end of the performance contingency period.

As of March 31, 2016, the exercise price of outstanding options ranged from $1 to $40 per option.

The tax benefit realized for the tax deduction from options exercised during the fiscal years 2016, 2015 and 2014 was $1.2 million, $0.5 million and $0.5 million, respectively.

Note 5—Employee Benefit Plans (Continued)

A summary of the Company's time-based, market-based, and performance-based RSU activities for fiscal years 2016, 2015 and 2014 is as follows (including discontinued operations for all the periods presented):

	Number of Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Vesting Period	Aggregate Fair Value
	(In thousands)		(Years)	(In thousands)
Outstanding, March 31, 2013	4,642	$10		
Granted—time-based	3,104	$11		
Granted—market-based	1,060	$ 8		
Vested	(1,560)	$ 9		$17,810
Cancelled or expired	(1,158)	$15		
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		
Granted—time-based	2,247	$13		
Granted—market-based	356	$14		
Granted—performance-based	356	$13		
Vested	(1,557)	$10		$22,823
Cancelled or expired	(820)	$12		
Outstanding, March 31, 2016	5,521	$12	1.5	$87,837
Expected to vest, March 31, 2016	4,687	$12	1.2	$74,352

The RSU outstanding as of March 31, 2016 above includes 1.7 million shares of market-based and performance-based shares. The number of shares expected to vest for these awards is calculated assuming March 31, 2016 were 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 the Company's 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. The Company presents shares granted at 100 percent of target of the number of stock units that may potentially vest.

The tax benefit realized for the tax deduction from RSUs that vested during the fiscal years 2016, 2015 and 2014 was $5.1 million, $6.9 million and $4.7 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 2016, 2015 and 2014, were $6.8 million, $5.5 million and $6.3 million, respectively.

Note 5—Employee Benefit Plans (Continued)

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.

Except for the balance as of March 31, 2016, all the amounts in this "Defined Benefit Plans" section include activities from both continuing and discontinued operations for all the periods presented, and the amounts from discontinued operations are not material for all the periods presented.

The net periodic benefit cost of the defined benefit pension plans and the non-retirement post-employment benefit obligations for fiscal years 2016, 2015 and 2014 was as follows (in thousands):

	Years Ended March 31,		
	2016	2015	2014
Service costs	$10,117	$ 7,646	$ 8,591
Interest costs	1,147	1,970	1,794
Expected return on plan assets	(1,657)	(2,084)	(1,727)
Amortization:			
Net transition obligation	4	4	4
Net prior service costs (credit) recognized	(124)	(45)	210
Net actuarial loss recognized	1,854	301	592
Settlement and curtailment	—	(13)	769
	$11,341	$ 7,779	$10,233

The changes in projected benefit obligations for fiscal years 2016 and 2015 were as follows (in thousands):

	Years Ended March 31,	
	2016	2015
Projected benefit obligations, beginning of the year	$113,323	$102,383
Service costs	10,117	7,646
Interest costs	1,147	1,970
Plan participant contributions	2,990	2,914
Actuarial (gains) losses	(2,496)	16,768
Benefits paid	(5,277)	(5,307)
Plan amendment related to statutory change	—	(3,936)
Settlement and curtailment	—	(157)
Administrative expense paid	—	(160)
Currency exchange rate changes	669	(8,798)
Projected benefit obligations, end of the year	$120,473	$113,323

Note 5—Employee Benefit Plans (Continued)

The accumulated benefit obligation for all defined benefit pension plans as of March 31, 2016 and 2015 was $99.5 million and $92.0 million, respectively.

The following table presents the changes in the fair value of defined benefit pension plan assets for fiscal years 2016 and 2015 (in thousands):

	Years Ended March 31,	
	2016	2015
Fair value of plan assets, beginning of the year	$60,910	$63,384
Actual return on plan assets	(1,160)	136
Employer contributions	7,171	5,731
Plan participant contributions	2,990	2,914
Benefits paid	(5,277)	(5,307)
Settlement and curtailment	—	(157
Administrative expenses paid	—	(160)
Currency exchange rate changes	645	(5,631)
Fair value of plan assets, end of the year	$65,279	$60,910

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 2015: 20-55% for equities, 25-65% for bonds, and 0-20% for cash and cash equivalents. The Company also can invest in real estate funds, commodity funds, and hedge funds depend upon economic conditions.

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, 2016 and 2015 (in thousands):

	March 31,							
	2016				2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash	$ 9,268	$ 47	$—	$ 9,315	$ 7,958	$ 46	$—	$ 8,004
Equity securities	18,640	—	—	18,640	20,476	—	—	20,476
Debt securities	21,781	—	—	21,781	20,357	—	—	20,357
Swiss real estate funds	9,622	—	—	9,622	8,586	—	—	8,586
Hedge funds	—	3,492	—	3,492	—	3,251	—	3,251
Insurance contracts	—	94	—	94	—	114	—	114
Other	2,195	140	—	2,335	28	94	—	122
	$61,506	$3,773	$—	$65,279	$57,405	$3,505	$—	$60,910

Note 5—Employee Benefit Plans (Continued)

The funded status of the plans was as follows (in thousands):

	Years Ended March 31,	
	2016	2015
Fair value of plan assets	$ 65,279	$ 60,910
Less: Projected benefit obligations	120,473	113,323
Under funded status	$ (55,194)	$ (52,413)

Amounts recognized on the balance sheet for the plans were as follows (in thousands):

	March 31,	
	2016	2015
Current liabilities	$ (1,285)	$ (1,232)
Non-current liabilities	(53,909)	(51,181)
Net liabilities	$(55,194)	$(52,413)

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

	March 31,		
	2016	2015	2014
Net prior service costs (credits)	$ 1,613	$ 1,672	$ (2,149)
Net actuarial loss	(27,612)	(28,751)	(12,319)
Net transition obligation	(4)	(8)	(12)
Accumulated other comprehensive loss	(26,003)	(27,087)	(14,480)
Deferred tax benefit	(168)	123	192
Accumulated other comprehensive loss, net of tax	$(26,171)	$(26,964)	$(14,288)

The following table presents the amounts included in accumulated other comprehensive loss as of March 31, 2016, which are expected to be recognized as a component of net periodic benefit cost in fiscal year 2017 (in thousands):

	Year Ending March 31, 2017
Amortization of net transition obligation	$ 4
Amortization of net prior service credits	(128)
Amortization of net actuarial loss	1,650
	$1,526

Note 5—Employee Benefit Plans (Continued)

The Company reassesses its benefit plan assumptions on a regular basis. The actuarial assumptions for the defined benefit plans for fiscal years 2016 and 2015 were as follows:

	Years Ended March 31,	
	2016	2015
Benefit Obligations:		
Discount rate	0.5%-8.00%	0.75%-7.75%
Estimated rate of compensation increase	2.50%-10.00%	2.50%-8.00%
Periodic Costs:		
Discount rate	0.75%-7.75%	1.50%-9.25%
Estimated rate of compensation increase	0.0%-8.00%	2.50%-8.00%
Expected average rate of return on plan assets	1.00%-2.75%	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,	
2017	$ 4,751
2018	4,954
2019	5,307
2020	6,026
2021	5,241
2022-2026	29,520
	$55,799

The Company expects to contribute $4.9 million to its defined benefit pension plans during fiscal year 2017.

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 deferred compensation plan's assets consist of marketable securities and are 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 $14.8 million and $17.2 million as of March 31, 2016 and 2015, respectively, based on quoted market prices. The Company also had $14.8 million and $17.2 million deferred compensation liability as of March 31, 2016 and 2015, 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 6—Interest and Other Income (Expense), net

Interest income (expense), net comprises of the following (in thousands):

	Years Ended March 31,		
	2016	2015	2014
Interest income	$790	$1,197	$ 1,797
Interest expense	—	—	(2,228)
Interest income (expense), net	$790	$1,197	$ (431)

Other income (expense), net comprises of the following (in thousands):

	Years Ended March 31,		
	2016	2015	2014
Investment income (loss) related to deferred compensation plan	$ (364)	$ 1,055	$1,487
Impairment of investments	—	(2,298)	(624)
Currency exchange gain (loss), net	2,110	(1,175)	(62)
Other	(122)	120	1,238
Other income (expense), net	$1,624	$ (2,298)	$2,039

Note 7—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 from continuing operations before income taxes for the fiscal years 2016, 2015 and 2014 is summarized as follows (in thousands):

	Years Ended March 31,		
	2016	2015	2014
Swiss	$ 80,572	$119,460	$ 62,544
Non-Swiss	50,900	33,623	44,760
Income before taxes	$131,472	$153,083	$107,304

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

	Years Ended March 31,		
	2016	2015	2014
Current:			
Swiss	$ 1,668	$1,152	$ 814
Non-Swiss	(2,582)	579	6,219
Deferred:			
Non-Swiss	4,024	2,923	(5,720)
Provision for income taxes	$ 3,110	$4,654	$ 1,313

Note 7—Income Taxes (Continued)

The difference between the provision for income taxes and the expected tax provision at the statutory income tax rate of 8.5% is reconciled below (in thousands):

	Years Ended March 31,		
	2016	2015	2014
Expected tax provision at statutory income tax rates	$11,175	$13,012	$ 9,121
Income taxes at different rates	(2,713)	(4,299)	(2,523)
Research and development tax credits	(1,619)	(1,120)	(1,229)
Executive compensation	864	1,557	—
Stock-based compensation	1,446	2,261	1,608
Valuation allowance	947	764	182
Restructuring charges / (credits)	1,514	(415)	1,174
Tax reserves (releases), net	(8,761)	(6,912)	(6,209)
Audit settlement	—	(837)	(400)
Other, net	257	643	(411)
Provision for income taxes	$ 3,110	$ 4,654	$ 1,313

On December 18, 2015, the enactment of the Protecting Americans from Tax Hikes Act of 2015 in the United States extended the federal research and development tax credit permanently which had previously expired on December 31, 2014. The provision for income taxes for fiscal year ended March 31, 2016 reflected a $1.5 million tax benefit as a result of the extension of the tax credit.

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

	March 31,	
	2016	2015
Deferred tax assets:		
Net operating loss carryforwards	$ 7,136	$ 8,372
Tax credit carryforwards	2,981	2,739
Accruals	36,365	44,363
Depreciation and amortization	4,059	4,396
Share-based compensation	12,890	14,183
Gross deferred tax assets	63,431	74,053
Valuation allowance	(5,338)	(5,590)
Gross deferred tax assets after valuation allowance	58,093	68,463
Deferred tax liabilities:		
Acquired intangible assets and other	(3,550)	(3,299)
Gross deferred tax liabilities	(3,550)	(3,299)
Deferred tax assets, net	$54,543	$65,164

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.

Note 7—Income Taxes (Continued)

The Company had a valuation allowance of $5.3 million at March 31, 2016, decreased from $5.6 million at March 31, 2015 primarily due to $1.3 million increase in valuation allowance for deferred tax assets in the state of California of the United States which was offset by $1.5 million decrease in valuation allowance due to the expiration of capital loss carryforwards in the United States. The Company had a valuation allowance of $4.9 million as of March 31, 2016 against deferred tax assets in the state of California of the United States. The remaining valuation allowance primarily represents $0.4 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 2016 and 2015. Settlement activity of grants in fiscal years 2016 and 2015 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 $2.3 million and $1.8 million, respectively, in fiscal years 2016 and 2015.

As of March 31, 2016, the Company had foreign net operating loss and tax credit carryforwards for income tax purposes of $203.5 million and $43.8 million, respectively, of which $146.0 million of the net operating loss carryforwards and $26.6 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 2017 to 2036. 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.

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, 2016, the cumulative amount of unremitted earnings of non-Swiss subsidiaries for which no income taxes have been provided is approximately $157.5 million. The amount of unrecognized deferred income tax liability related to these earnings is estimated to be approximately $5.2 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, 2016 and March 31, 2015, the total amount of unrecognized tax benefits due to uncertain tax positions was $69.9 million and $79.0 million, respectively, all of which would affect the effective income tax rate if recognized.

Note 7—Income Taxes (Continued)

As of March 31, 2016, the Company had $59.7 million in non-current income taxes payable and $0.1 million in current income taxes payable, including interest and penalties, related to the Company's income tax liability for uncertain tax positions. 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.

The aggregate changes in gross unrecognized tax benefits in fiscal years 2016, 2015 and 2014 were as follows (in thousands):

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
Lapse of statute of limitations	(15,518)
Settlements with tax authorities	—
Decreases in balances related to tax positions taken during prior years	(1,502)
Increases in balances related to tax positions taken during the year	7,876
March 31, 2016	$ 69,879

The Company recognizes interest and penalties related to unrecognized tax positions in income tax expense. The Company recognized $0.3 million, $0.8 million and $1.1 million in interest and penalties in income tax expense during fiscal years 2016, 2015 and 2014, respectively. As of March 31, 2016, 2015 and 2014, the Company had $3.6 million, $4.9 million and $5.6 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 2013. For other foreign jurisdictions such as the United States, the Company is generally not subject to tax examinations for years prior to fiscal year 2012. 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 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 $15.0 million primarily from the lapse of the statutes of limitations in various jurisdictions during the next 12 months.

Note 8—Balance Sheet Components

The following table presents the components of certain balance sheet asset amounts as of March 31, 2016 and 2015 (in thousands):

	March 31, 2016	March 31, 2015
Accounts receivable:		
Accounts receivable	$ 332,553	$ 328,373
Allowance for doubtful accounts	(667)	(707)
Allowance for sales returns	(18,526)	(17,236)
Allowance for cooperative marketing arrangements(*)	(28,157)	(24,919)
Allowance for customer incentive programs(*)	(60,872)	(47,364)
Allowance for pricing programs(*)	(81,553)	(70,951)
	$ 142,778	$ 167,196
Inventories:		
Raw materials	$ 48,489	$ 36,044
Finished goods	180,297	219,936
	$ 228,786	$ 255,980
Other current assets:		
Income tax and value-added tax receivables	$ 22,572	$ 19,318
Deferred tax assets(**)	—	27,790
Prepaid expenses and other assets	12,916	16,254
	$ 35,488	$ 63,362
Property, plant and equipment, net:		
Plant, buildings and improvements	$ 62,150	$ 60,205
Equipment	166,371	132,907
Computer equipment	36,018	32,178
Software	97,201	76,184
	361,740	301,474
Less accumulated depreciation and amortization	(278,352)	(246,084)
	83,388	55,390
Construction-in-process	6,771	28,341
Land	2,701	2,747
	$ 92,860	$ 86,478
Other assets:		
Deferred tax assets(**)	$ 56,208	$ 39,310
Trading investments for deferred compensation plan	14,836	17,237
Investment in privately held companies	9,247	768
Other assets	6,525	5,018
	$ 86,816	$ 62,333

Note 8—Balance Sheet Components (Continued)

The following table presents the components of certain balance sheet liability amounts as of March 31, 2016 and 2015 (in thousands):

	March 31, 2016	March 31, 2015
Accrued and other current liabilities:		
Accrued personnel expenses	$ 46,025	$ 46,022
Indirect customer incentive programs(*)	28,721	19,730
Warranty accrual	11,880	12,630
Employee benefit plan obligation	1,285	1,219
Income taxes payable	1,553	5,759
Other liabilities	84,300	77,984
	$173,764	$163,344
Non-current liabilities:		
Warranty accrual	$ 8,500	$ 9,080
Obligation for deferred compensation plan	14,836	17,237
Employee benefit plan obligation	53,909	51,081
Deferred tax liability(**)	1,665	1,936
Other liabilities	10,625	11,861
	$ 89,535	$ 91,195

(*) The increase in the allowances for cooperative marketing arrangements, customer incentive programs, pricing programs, and accrued liabilities for indirect customer incentive programs is primarily due to increases in retail sales, timing of claims processed, and increases in the marketing activities, partially offset by price increases.

(**) Includes reclassifications of deferred tax assets and liabilities related to ASU 2015-17 "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes".

Note 9—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.

Note 9—Fair Value Measurements (Continued)

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, 2016		March 31, 2015	
	Level 1	Level 2	Level 1	Level 2
Cash equivalents:				
Cash equivalents	$10,000	$ —	$264,647	$ —
	$10,000	$ —	$264,647	$ —
Trading investments for deferred compensation plan:				
Money market funds	$ 3,467	$ —	$ 2,936	$ —
Mutual funds	11,369	—	14,301	—
	$14,836	$ —	$ 17,237	$ —
Foreign exchange derivative assets	$ —	$ 10	$ —	$2,080
Foreign exchange derivative liabilities	$ —	$1,132	$ —	$ 75

Investment Securities

The marketable securities for the Company's deferred compensation plan are recorded at a fair value of $14.8 million and $17.2 million as of March 31, 2016 and 2015, 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 2016, 2015 and 2014 were not significant and are included in other income (expense), net.

Assets Measured at Fair Value on a Nonrecurring Basis

The Company's non-marketable cost method investments, and non-financial assets, such as intangible assets and property, plant and equipment, are recorded at fair value only upon initial recognition or if an impairment is recognized. A summary of the valuation methodologies for assets and liabilities measured on a nonrecurring basis is as follows:

Non-marketable cost method investments. These investments are classified as Level 3 due to the absence of quoted market prices, the inherent lack of liquidity, and the fact that inputs used to measure fair value are unobservable and require management's judgment. When certain events or circumstances indicate that impairment may exist, the Company revalues the investments using various assumptions, including the financial metrics and ratios of comparable public companies. There were no significant impairments during the years ended March 31, 2016 or 2015.

Included in non-marketable investments primarily is the Company's investment in Series A Preferred Stock of Lifesize recorded at the estimated fair value of $5.6 million on the date of Lifesize divestiture. Refer to Note 3 "Discontinued Operations" to Consolidated Financial Statements for the valuation approach and significant inputs and assumptions.

The aggregate recorded amount of cost method investments included in other assets at March 31, 2016 and March 31, 2015 was $7.4 million and $0.3 million, respectively.

Note 9—Fair Value Measurements (Continued)

Non-Financial Assets. Goodwill, intangible assets, 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 the Company tests various asset classes for impairment.

Note 10—Derivative Financial Instruments

The following table presents the fair values of the Company's derivative instruments as of March 31, 2016 and 2015 (in thousands):

	Derivatives			
	Asset		Liability	
	March 31,		March 31,	
	2016	2015	2016	2015
Designated as hedging instruments:				
Cash flow hedges	$10	$2,080	$1,038	$—
Not designated as hedging instruments:				
Foreign exchange contracts	—	—	94	75
	$10	$2,080	$1,132	$75

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 in other current assets or accrued and other current liabilities on the Consolidated Balance Sheets as of March 31, 2016 and 2015.

The following table presents the amounts of gains and losses on the Company's derivative instruments for fiscal years 2016, 2015 and 2014 and their locations on its consolidated statements of operations and consolidated statements of comprehensive income (loss) (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		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Designated as hedging instruments:									
Cash flow hedges	$(5,727)	$4,466	$(1,025)	$(3,296)	$(4,505)	$2,472	$ 292	$ 20	$(126)
Not designated as hedging instruments:									
Foreign exchange contracts	—	—	—	—	—	—	(781)	2,479	824
	$(5,727)	$4,466	$(1,025)	$(3,296)	$(4,505)	$2,472	$(489)	$2,499	$ 698

Note 10—Derivative Financial Instruments (Continued)

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 2016, 2015 and 2014. Cash flows from such hedges are classified as operating activities in the Consolidated Statements of Cash Flows. As of March 31, 2016, and 2015, the notional amounts of foreign exchange forward contracts outstanding related to forecasted inventory purchases were $39.8 million and $43.5 million, respectively. The Company estimates that $1.8 million of net losses related to its cash flow hedges included in accumulated other comprehensive loss as of March 31, 2016 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, 2016 and 2015 relating to foreign currency receivables or payables were $63.7 million and $61.7 million, respectively. Open forward and swap contracts as of March 31, 2016 and 2015 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.

Note 11—Goodwill and Other Intangible Assets

As of December 31, 2015 and March 31, 2015, all of the Company's goodwill is related to the peripherals reporting unit. The Company performed its annual impairment analysis of the goodwill at December 31, 2015 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 to $2.5 billion as of December 31, 2015 from $2.3 billion as of December 31, 2014, and budgeted-to-actual revenue performance for the twelve months ended December 31, 2015. There have been no significant events or circumstances affecting the valuation of goodwill subsequent to the annual impairment test.

Note 11—Goodwill and Other Intangible Assets (Continued)

The following table summarizes the activity in the Company's goodwill balance during fiscal years 2016 and 2015 (in thousands):

	Years Ended March 31,	
	2016	2015
Beginning of the period	$218,213	$219,415
Acquisitions	—	988
Currency exchange rate impact and other	11	(2,190)
End of the period	$218,224	$218,213

The Company's acquired other intangible assets are not material as of March 31, 2016 and 2015. There is no addition or disposition of acquired other intangible assets during the years ended March 31, 2016 and 2015.

For fiscal years 2016, 2015 and 2014, amortization expense for other intangible assets was $0.4 million, $0.8 million and $2.4 million, respectively. There was no future amortization expense related to the intangible asset as of March 31, 2016.

Note 12—Financing Arrangements

The Company had several uncommitted, unsecured bank lines of credit aggregating $45.7 million as of March 31, 2016. There are no financial covenants under these lines of credit with which the Company must comply. As of March 31, 2016, the Company had outstanding bank guarantees of $19.7 million under these lines of credit. There was no borrowing outstanding under the line of credit as of March 31, 2016 or March 31, 2015.

Note 13—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, 2016 are as follows (in thousands):

Years Ending March 31,	
2017	$ 7,558
2018	5,411
2019	4,843
2020	4,433
2021	3,190
Thereafter	6,539
	$31,974

Rent expense for fiscal years 2016, 2015 and 2014 was $10.0 million, $9.6 million and $12.7 million, respectively.

Note 13—Commitments and Contingencies (Continued)

In connection with its leased facilities, the Company recognized a liability for asset retirement obligations for 2016 and 2015 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, 2016 and 2015.

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. For products launched prior to April 1, 2014, the standard warranty period was up to five years. Starting from April 1, 2014, the standard warranty for all new products launched was changed to two years from date of purchase for European Countries and generally one year from date of purchase for all other countries. At the time of sale, the Company accrues a warranty liability for estimated costs to provide products, parts or services to repair or replace products in satisfaction of the warranty obligation. The Company's estimate of costs to fulfill its warranty obligations is based on historical experience and expectations of future conditions. When the Company experiences changes in warranty claim activity or costs associated with fulfilling those claims, the warranty liability is adjusted accordingly.

Changes in the Company's warranty liability for fiscal years 2016 and 2015 were as follows (in thousands):

	Years Ended March 31,	
	2016	2015
Beginning of the period	$ 21,710	$ 24,380
Provision	9,772	10,958
Settlements	(11,339)	(12,027)
Currency translation	237	(1,601)
End of the period	$ 20,380	$ 21,710

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. The Company has invested $0.9 million as of March 31, 2016, which is classified as other assets on the consolidated balance sheet. As of March 31, 2016, $3.1 million capital contribution has not yet been called upon by the fund.

Other Contingencies

In April 2016, the Company entered into a settlement with the Securities and Exchange Commission ("SEC") related to 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 its consolidated financial statements concerning warranty accruals and amortization of intangible assets presented in its Amended Annual Report on Form 10-K/A, filed on August 7, 2013, and its transactions with a distributor for Fiscal Year 2007 through Fiscal Year 2009. The Company entered into the settlement without admitting or denying the findings of the SEC's investigation and paid a civil penalty of $7.5 million. This amount was paid in April 2016. The Company made an accrual of the same amount in its consolidated financial statements as of March 31, 2016.

Note 13—Commitments and Contingencies (Continued)

Guarantees

Logitech Europe S.A. guaranteed payments of two third-party contract manufacturers' purchase obligations. As of March 31, 2016, the maximum amount of this guarantee was $3.8 million, of which $1.0 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, 2016, 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.

The Stock Purchase Agreement that the Company entered into in connection with the investment by three venture capital firms in Lifesize, Inc. contains representations, warranties and covenants of Logitech and Lifesize, Inc. to the Venture Investors. Subject to certain limitations, the Company has agreed to indemnify the Venture Investors and certain persons related to the Venture Investors for certain losses resulting from breaches of or inaccuracies in such representations, warranties and covenants as well as certain other obligations, including third party expenses, restructuring costs and pre-closing tax obligations of Lifesize.

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 position, 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 position, 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 14—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 10,697,117 of which were held in treasury shares as of March 31, 2016.

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.

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 653.4 million or $680.5 million based on the exchange rate at March 31, 2016) 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. In September 2015, the Company declared and paid cash dividends of CHF 0.51 (USD equivalent of $0.53) per common share, totaling approximately $85.9 million, on the Company's outstanding common stock. 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.

Legal Reserves

Under Swiss corporate law, a minimum of 5% of the Company's annual net income must be retained in a legal reserve until this legal reserve equals 20% of the Company's issued and outstanding aggregate par value per share capital. These legal reserves represent an appropriation of retained earnings that are not available for distribution and totaled $10.0 million at March 31, 2016 (based on the exchange rate at March 31, 2016).

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.

Note 14—Shareholders' Equity (Continued)

A summary of the approved and active share buyback program is 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	5,066	$71,702

During fiscal years 2016 and 2015, 5.0 million and 0.1 million shares were repurchased for $70.4 million and $1.7 million, respectively. There were no share repurchases during fiscal year 2014.

Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive 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, 2015	$(90,224)	$(26,964)	$ 3,951	$(113,237)
Other comprehensive income (loss)	6,186	793	(5,727)	1,252
March 31, 2016	$(84,038)	$(26,171)	$(1,776)	$(111,985)

(1) Tax effect was not significant as of March 31, 2016 or 2015.

Note 15—Segment Information

As discussed in "Note 2 — Summary of Significant Accounting Policies", the Company's Peripherals segment remains as the sole reporting segment reported in continuing operations.

The Company's Peripherals segment continues to design, manufacture and markets products that allow people to connect through music, gaming, video, computing, and other digital platforms. Operating performance measures for Peripherals reports directly to the Company'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) to make business decisions. These operating performance measures do not include restructuring charges (credits), net, share-based compensation expense and amortization of intangible assets.

Note 15—Segment Information (Continued)

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

	Years Ended March 31,		
	2016	2015	2014
Mobile Speakers	229,718	178,038	87,414
Audio-PC & Wearables	196,013	213,496	250,037
Gaming	245,101	211,911	186,926
Video Collaboration	89,322	62,215	29,058
Home Control	59,075	68,060	67,371
Pointing Devices	492,543	487,210	506,884
Keyboards & Combos	430,190	426,117	415,314
Tablet & Other Accessories	103,886	140,994	172,484
PC Webcams	98,641	96,680	113,791
Other[(1)]	2,570	2,725	37,000
Total net retail sales	1,947,059	1,887,446	1,866,279
OEM	71,041	117,462	141,749
Total net sales	**$2,018,100**	**$2,004,908**	**$2,008,028**

(1) Other category includes products that the Company currently intends to transition out of, or have already transitioned out of, because they are no longer strategic to the Company's business.

Net sales to unaffiliated customers by geographic region for fiscal years 2016, 2015 and 2014 (based on the customers' location) were as follows (in thousands):

	Years Ended March 31,		
	2016	2015	2014
Americas	$ 881,379	$ 864,761	$ 799,431
EMEA	645,694	670,890	724,671
Asia Pacific	491,027	469,257	483,926
	$2,018,100	$2,004,908	$2,008,028

The United States represented 38%, 36% and 34% of net sales for the fiscal years 2016, 2015 and 2014, 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 2016, 2015 and 2014.

Geographic long-lived assets information, primarily fixed assets, are reported below based on the location of the asset (in thousands):

	March 31,	
	2016	2015
Americas	$40,221	$44,263
EMEA	3,194	3,473
Asia Pacific	49,445	38,742
	$92,860	$86,478

Note 15—Segment Information (Continued)

Long-lived assets in the United States and China were $40.0 million and $44.5 million at March 31, 2016, respectively, and $44.3 million and $33.4 million at March 31, 2015, respectively. No other countries represented more than 10% of the Company's total consolidated long-lived assets at March 31, 2016 or 2015. Long-lived assets in Switzerland, the Company's home domicile, were $1.7 million and $1.5 million at March 31, 2016 and 2015, respectively.

Note 16—Restructuring

During the first quarter of fiscal year 2016, the Company implemented a restructuring plan to exit the OEM business, reorganize Lifesize to sharpen its focus on its cloud-based offering, and streamline the Company's overall cost structure, overhead and infrastructure cost reductions with a targeted resource realignment. Restructuring charges incurred during the year ended March 31, 2016 under this plan primarily consisted of severance and other ongoing and one-time termination benefits. Charges and other costs related to the workforce reduction and structure realignment are presented as restructuring charges in the Consolidated Statements of Operations. On a total company basis, including the Lifesize video conferencing business as reported in discontinued operations, the Company has incurred $25.5 million under this restructuring plan, including $24.4 million for cash severance and other personnel costs. The Company substantially completed this restructuring plan by the fourth quarter of fiscal year 2016.

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, on a total company basis, 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. The Company substantially completed this restructuring plan by the fourth quarter of fiscal year 2014.

The following table summarizes restructuring related activities during fiscal year 2016 and 2015 from continuing operations (in thousands):

	Restructuring - Continuing Operations			
	Termination Benefits	Lease Exit Costs	Other	Total
Accrual balance at March 31, 2014	$ —	$ 7,309	$ —	$ 7,309
Credits, net	—	(4,777)	—	(4,777)
Cash payments	—	(1,578)	—	(1,578)
Accrual balance at March 31, 2015	—	954	—	954
Charges, net	17,280	337	185	17,802
Cash payments	(11,373)	(1,166)	(185)	(12,724)
Accrual balance at March 31, 2016	$ 5,907	$ 125	$ —	$ 6,032*

* This balance is included in accrued and other current liabilities on the Company's consolidated balance sheets.

Note 16—Restructuring (Continued)

The following tables summarize restructuring related activities during fiscal year 2016 and 2015 from discontinued operations (in thousands):

	Restructuring - Discontinued Operations			
	Termination Benefits	Lease Exit Costs	Other	Total
Accrual balance at March 31, 2014	$ 142	$110	$ —	$ 252
Charges	(86)	(25)	—	(111)
Cash payments	(56)	—	—	(56)
Accrual balance at March 31, 2015	—	85	—	85
Charges, net	7,095	—	805	7,900
Cash payments	(6,460)	(14)	(805)	(7,279)
Adjustment as a result of disposition of discontinued operations	(267)	(71)	—	(338)
Accrual balance at March 31, 2016	$ 368	$ —	$ —	$ 368*

* This balance is included in accrued and other current liabilities in continuing operations as of March 31, 2016, as it's expected to be paid by the continuing operations pursuant to the transaction occurred on December 28, 2015 (See Note 3).

Note 17—Subsequent Events

On April 20, 2016, the Company acquired Jaybird LLC of Salt Lake City, Utah, for approximately $50 million in cash, with an additional earn-out of up to $45 million based on achievement of growth targets over the next two years. The Company is still in the process of preparing the initial accounting of the transaction and expects to establish a preliminary purchase price allocation with respect to this transaction by the end of the first quarter of fiscal year 2017.

Note 18—Other Disclosures Required by Swiss Law

Balance Sheet Items

The amounts of certain balance sheet items were as follows (in thousands):

	March 31,	
	2016	2015
Prepayments and accrued income	$ 9,437	$ 11,975
Non-current assets	$397,900	$367,024
Pension liabilities, current	$ 1,285	$ 1,219

Statement of Income Items

Total personnel expenses amounted to $296.2 million, $286.0 million and $286.7 million in fiscal years 2016, 2015, and 2014.

Note 18—Other Disclosures Required by Swiss Law (Continued)

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.

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, 2016.

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, 2016 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Rolf Hauenstein	Christopher G. Meredith
Licensed Audit Expert	*Manager*
Auditor in Charge	

Zurich, May 23, 2016

LOGITECH INTERNATIONAL S.A., APPLES

SWISS STATUTORY BALANCE SHEETS (unconsolidated)
(CHF in thousands)

	March 31, 2016	March 31, 2015
ASSETS		
Current assets:		
Cash	CHF 71,578	CHF 141,211
Short-term bank deposits	—	252,375
Receivable from subsidiaries	48,663	—
Other receivables	377	1,305
Total current assets	120,618	394,891
Non-current assets:		
Investments	500,430	509,082
Loans to subsidiaries	211,260	229,441
Total non-current assets	711,690	738,523
Total assets	CHF 832,308	CHF 1,133,414
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Payables to subsidiaries	CHF 14,957	CHF 7,225
Other liabilities	12,953	7,961
Total current liabilities	27,910	15,186
Non-current liabilities:		
Long-term interest-bearing payables to subsidiaries	211,260	614,605
Total non-current assets	211,260	614,605
Total liabilities	239,170	629,791
Shareholders' equity:		
Share capital	43,277	43,277
Legal capital reserves		
- Reserve from capital contribution	1,265	1,265
Legal retailed earnings reserves		
- General legal retained earnings reserves	9,580	9,580
	10,845	10,845
Voluntary retained earnings:		
Available earnings		
- Profit brought forward	441,677	520,243
- Profit for the year	211,690	4,557
Treasury Shares	(114,351)	(75,299)
Total shareholders' equity	593,138	503,623
Total liabilities and shareholders' equity	CHF 832,308	CHF 1,133,414

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

LOGITECH INTERNATIONAL S.A., APPLES

SWISS STATUTORY STATEMENTS OF INCOME (unconsolidated)
(CHF in thousands)

	Year ended March 31, 2016	2015
Income:		
Dividend income	CHF 266,677	CHF 42,181
Royalty fees	23,675	21,735
Interest income from third parties	333	631
Interest income from subsidiaries	9,196	9,292
Total income	299,881	73,839
Expenses:		
Administrative expenses	11,364	23,272
Brand development expenses	21,885	16,237
Interest paid to subsidiaries	13,215	14,621
Income, capital and non-recoverable withholding taxes	212	1,084
Loss on treasury shares	11,724	11,940
Loss on long-term investments	26,041	2,072
Realised exchange loss, net	3,738	392
Loss on liquidation of subsidiary entities	—	(336)
Other expenses	11	—
Total expenses	88,191	69,282
Profit for the year	CHF 211,690	CHF 4,557

The accompanying notes are an integral part of these statutory 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 Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). The previous year's figures were reclassified according to the Law in order to achieve a consistent representation and breakdown of the figures. Where not prescribed by law, the significant accounting and valuation principles applied are described below.

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.

Loans to subsidiaries

Financial assets include long-term loans. Loans granted in foreign currencies are translated at the rate at the balance sheet date, whereby unrealized losses are recorded but unrealized profits are not recognized.

Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholder's equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as a Loss/(Gain) on Treasury Shares. 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.

Share-based payments

When treasury shares are used for share-based payment programs for Board members, the difference between the acquisition costs and any consideration paid by the employees at grant date is recognized as loss on treasury shares.

Long-term interest-bearing liabilities

Interest-bearing liabilities are recognized in the balance sheet at nominal value.

Exchange rate differences

Except for investments in subsidiaries, which are translated at historical rates, all assets and liabilities denominated in foreign currencies are translated into Swiss francs (CHF) using year-end rates of exchange. Realized exchange gains and losses arising from these as well as those from business transactions denominated in foreign currencies are recorded in the statement of income. Net unrealized exchange losses are recorded in the statement of income; net unrealized gains, however, are deferred within accrued liabilities.

Note 1—General and Basis of Presentation: (Continued)

Investments in subsidiaries

Investments are recorded at acquisition cost less any impairment loss.

Foregoing a cash flow statement and additional disclosures in the notes

As Logitech International S.A. has prepared its consolidated financial statements in accordance with a recognized accounting standard (US GAAP), it has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement in accordance with the law.

Note 2—Contingent Liabilities:

The Holding Company issued guarantees to various banks for lines of credit available to its subsidiaries for CHF 59.4 million and CHF 59.8 million at March 31, 2016 and March 31, 2015, 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, 2016 and 2015, the drawn down is not material.

In April 2016, the Company entered into a settlement with the Securities and Exchange Commission ("SEC") related to 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 its 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 entered into the settlement without admitting or denying the findings of the SEC's investigation and paid a civil penalty of $7.5 million, of which $7.2 million was accrued in the Holding Company's financial statements and $0.3 million was accrued in Logitech Inc's financial statements as at March 31, 2016. This amount was paid in April 2016.

Note 3—Investments in subsidiaries:

The Holding Company's subsidiaries include the following:

Fiscal year 2016

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
UE Acquisition Inc.	United States of America	100	USD	10
Logitech Latin America, Inc.	United States of America	100	USD	1

Note 3—Investments in subsidiaries: (Continued)

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 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.

Note 3—Investments in subsidiaries: (Continued)

Fiscal year 2015

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

Note 3—Investments in subsidiaries: (Continued)

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.

Note 4—Release of Hidden Reserves:

For the fiscal year ended March 31, 2016, the Holding Company released zero hidden reserves. For the fiscal year ended March 31, 2015, CHF 16.9 million was released of hidden reserves.

Note 5—Loss on long-term investments

Lifesize

During the third quarter of fiscal year 2016, the Company's Board of Directors approved a plan to divest the Lifesize video conferencing business. On December 28, 2015, the Company and Lifesize, Inc., a wholly owned subsidiary of the Company ("Lifesize") which holds the assets of the Company's Lifesize video conferencing business, entered into a stock purchase agreement (the "Stock Purchase Agreement") with three venture capital firms. Immediately following the December 28, 2015 closing of the transactions contemplated by the Stock Purchase Agreement, the venture capital firms held 62.5% of the outstanding shares of Lifesize, which resulted in a divestiture of the Lifesize video conferencing business by the Holding Company. This resulted in a loss of CHF 9.9 million which was recorded in the Statement of Income for fiscal year 2016.

Logitech Mirial Italy Srl.

The impairment loss of CHF 16.1 million was recognized in fiscal year 2016 for Logitech Mirial Italy Srl. In fiscal year 2011 Logitech purchased Mirial, a Milan-based provider of personal and mobile video conferencing solutions. Mirial was integrated into Logitech's LifeSize video conferencing business. Lifesize business was divested in December 2015, which resulted in the impairment loss of CHF 16.1 million in Mirial.

Note 6—Treasury Shares:

During fiscal year 2016, repurchases of and issuances from the Holding Company's treasury shares were as follows:

	Number of Transactions	Average Price	Number of Shares	Total cost (in thousands)
Held by the Holding Company at March 31, 2014			10,206,450	CHF 104,807
Additions Q1	—	—	—	—
Disposals Q1	33	19.55	(183,285)	(3,583)
Additions Q2	—	—	—	—
Disposals Q2	22	18.93	(175,824)	(3,329)
Additions Q3	—	—	—	—
Disposals Q3	22	18.35	(937,881)	(17,211)
Additions Q4	1	13.35	115,000	1,535
Disposals Q4	27	17.32	(399,639)	(6,920)
Held by the Holding Company at March 31, 2015			8,624,821	75,299
Additions Q1	10	14.21	577,365	8,205
Disposals Q1	34	16.85	(526,133)	(8,864)
Additions Q2	24	13.16	2,924,316	38,495
Disposals Q2	28	11.35	(871,675)	(9,896)
Additions Q3	—	—	—	—
Disposals Q3	28	6.69	(550,468)	(3,683)
Additions Q4	8	14.57	1,449,125	21,109
Disposals Q4	51	6.79	(930,234)	(6,314)
Held by the Holding Company at March 31, 2016			10,697,117	114,351

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, 2016, the Company repurchased 4,950,806 registered shares for approximately $70.4 million, including transaction costs, under this plan.

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 7—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, 2016, none of the aforementioned conditional registered shares had been issued. During fiscal years 2016 and 2015, 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 8—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, 2016 were as follows:

Name	Shares(1)	Voting Rights(2)	Relevant Date
Daniel Borel(3)	8,774,934	5.1%	March 31, 2016
Credit Suisse AG(4)	6,929,971	4.0%	February 16, 2016
Marathon Asset Management LLP(5)	5,358,296	3.1%	April 5, 2013
Schroders plc(6)	5,271,460	3.0%	February 11, 2016
Credit Suisse Funds AG(7)	5,248,889	3.0%	January 18, 2016
Macquarie Group Limited(8)	5,243,857	3.0%	December 13, 2013
BlackRock, Inc.(9)	5,241,395	3.0%	March 16, 2016
UBS Fund Management (Switzerland) AG(10)	5,239,853	3.0%	September 29, 2014
JPMorgan Chase & Co.(11)	5,191,109	3.0%	February 5, 2016

(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, 2016.

(3) The number of shares held includes (a) 53,000 shares held by a charitable foundation, of which Mr. Borel and other members of his family are board members, and (b) 6,500 shares held by Mr. Borel's spouse. Mr. Borel has not entered into any written shareholders' agreements.

(4) 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 16, 2016.

(5) 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.

(6) The number of shares held by Schroders plc is based on a notification filed with the SIX Exchange Regulation on February 20, 2016.

(7) The number of shares held by Credit Suisse Funds AG is based on an notification filed with the SIX Exchange Regulation on January 26, 2016.

(8) 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.

(9) The number of shares held by BlackRock, Inc. is based on a notification filed with the SIX Exchange Regulation on March 23, 2016.

(10) 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.

(11) 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 16, 2016.

The Swiss Federal Act on Stock Exchanges and Securities Trading of March 24, 1995 ("SESTA") requires shareholders who own or have discretionary authority to exercise 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 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, 2016 and 2015:

	As of March 31, 2016			
	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)(3)	8,774,934	—	n/a	n/a
Matthew Bousquette(3)	58,744	—	n/a	n/a
Edouard Bugnion(4)	—	11,200	n/a	n/a
Kee-Lock Chua	95,771	26,200	19.43	2017
Sally Davis(5)	87,361	41,200	35.78	2018
Guerrino De Luca(6)	322,889	416,716	$7.83 - $27.95	2017 - 2023
Sue Gove(4)	—	11,200	n/a	n/a
Didier Hirsch	39,074	11,200	n/a	n/a
Neil Hunt	49,690	11,200	n/a	n/a
Dimitri Panayotopoulos	12,007	11,200	n/a	n/a
Monika Ribar(3)	70,853	—	n/a	n/a
Lung Yeh(4)	—	11,200	n/a	n/a
Total Non-Group Management Team Members of the Board of Directors:	9,511,323	551,316		
Members of the Group Management Team				
Bracken Darrell(7)	194,229	2,759,920	$8.03-$20.08	2023
Vincent Pilette	343,495	400,412	n/a	n/a
Marcel Stolk(8)	59,202	458,011	$7.53	2023
L. Joseph Sullivan	82,005	398,218	$7.83 - $30.09	2017 - 2023
Total Group Management Team:	678,931	4,016,561		

(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 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. Vincent Pilette that vest three years from the date of grant. 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. Daniel Borel, Mr. Matthew Bousquette and Ms. Monika Ribar did not stand for re-election as directors at the Annual General Meeting in September 2015.

(4) Dr. Edouard Bugnion, Ms. Sue Gove and Dr. Lung Yeh were first elected as directors at the Annual General Meeting in September 2015.

(5) 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, 2016. The U.S. Dollar exercise price as of March 31, 2016 was $35.88.

(6) 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 of 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, 2016. The U.S. Dollar exercise price as of March 31, 2016 was $19.63.

(7) Mr. Bracken Darrell, Logitech's President and Chief Executive Officer, is also a member of the Board of Directors.

(8) 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, 2016. The U.S. Dollar exercise price as of March 31, 2016 was $7.55.

Note 9—Share Ownership of Board Members and Executive Officers: (Continued)

	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	944,764		
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		

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(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 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.

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) 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 10—Full-time equivalents:

Logitech International S.A. does not have any employees.

Note 11—Subsequent Event:

On April 20, 2016, the Company acquired Jaybird LLC of Salt Lake City, Utah, for approximately $50 million in cash, with an additional earn-out of up to $45 million based on achievement of growth targets over the next two years. Jaybird is a leader in wireless audio wearables for sports and active lifestyles.

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PROPOSAL OF THE BOARD OF DIRECTORS FOR APPROPRIATION OF AVAILABLE EARNINGS

Proposal of the Board of Directors for appropriation of available earnings was as follows for the fiscal year 2016 (in thousands):

		Year ended March 31, 2016
Available earnings brought forward	CHF	441,677
Profit for the year		211,690
Retained earnings available at end of fiscal year 2016		653,367
Proposed dividend(1)		(90,200)
Balance of retained earnings to be carried forward	CHF	563,167

(1) The Board of Directors proposes distribution of an aggregate gross dividend of CHF 90,200,000 or approximately CHF 0.5554 per share. The per share estimate is based on 162,409,503 shares outstanding, net of treasury shares, as of March 31, 2016.

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