



Rapport Annuel 2012, Invitation et Document d'Information  
Geschäftsbericht 2012, Einladung und Informationsmaterial  
2012 Annual Report, Invitation and Proxy Statement

**À Propos de Logitech** Logitech est un leader mondial en produits permettant à chacun de vivre l'expérience numérique qu'il recherche. Disponibles sur diverses plates-formes informatiques, de communication et de jeux, les solutions matérielles et logicielles Logitech permettent ou améliorent la navigation numérique, le divertissement musical et vidéo, les jeux, les réseaux sociaux, la communication audio et vidéo par Internet, la vidéosurveillance et le contrôle des équipements multimédias de divertissement à domicile. Fondée en 1981, Logitech International est une société anonyme suisse, cotée à la Bourse suisse SIX (LOGN) et au Nasdaq Global Select Market (LOGI).

**Über Logitech** Logitech ist weltweit führend bei Produkten, durch die Menschen mit ihren bevorzugten digitalen Erlebnissen verbunden werden. Mit der Kombination aus Hardware- und Softwarelösungen für mehrere Computer-, Kommunikations- und Unterhaltungsplattformen ermöglicht oder verbessert Logitech Anwendungsbereiche wie Steuerung von digitalen Geräten, Musik- und Videounterhaltung, Videospiele, soziale Netzwerke, Audio- und Videokommunikation über das Internet, Videoüberwachung und Steuerung von Heimunterhaltungsgeräten. Logitech International wurde im Jahr 1981 gegründet und ist eine schweizerische Aktiengesellschaft, die an der Schweizer Börse SIX (LOGN) und am NASDAQ Global Select Market (LOGI) notiert ist.

**About Logitech** Logitech is a world leader in products that connect people to the digital experiences they care about. Spanning multiple computing, communication and entertainment platforms, Logitech's combined hardware and software enable or enhance digital navigation, music and video entertainment, gaming, social networking, audio and video communication over the Internet, video security and home-entertainment control. Founded in 1981, Logitech International is a Swiss public company listed on the SIX Swiss Exchange (LOGN) and on the Nasdaq Global Select Market (LOGI).

## Selected Financial Highlights

The following selected historical information has been derived from audited financial statements included in our annual reports for such years. Accordingly, the table should be read in conjunction with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our annual reports for Fiscal Years 2008 through 2012.

Fiscal Year	2008	2009	2010	2011	2012
(U.S. dollars in thousands, except per share amounts)					
Net sales	\$2,370,496	\$2,208,832	\$1,966,748	\$2,362,886	\$2,316,203
Gross margin	35.8%	31.3%	31.9%	35.4%	33.5%
Operating income	\$ 286,680	\$ 109,654	\$ 78,364	\$ 142,656	\$ 71,981
Operating margin	12.1%	5.0%	4.0%	6.0%	3.1%
Net income	\$ 231,026	\$ 107,032	\$ 64,957	\$ 128,460	\$ 71,458
Earnings per diluted share	\$ 1.23	\$ 0.59	\$ 0.36	\$ 0.72	\$ 0.41
Diluted number of shares	187,942	182,911	179,340	178,790	175,591
Cash flow from operations	\$ 393,079	\$ 200,587	\$ 365,259	\$ 156,742	\$ 196,142
Capital expenditures	\$ 57,900	\$ 48,263	\$ 39,834	\$ 43,039	\$ 47,807
Cash and cash equivalents and short-term investments, net of short-term debt	\$ 486,292	\$ 494,396	\$ 319,944	\$ 477,931	\$ 478,370
Shareholders' equity	\$ 960,044	\$ 997,708	\$ 999,715	\$ 1,205,001	\$ 1,150,241

This document contains forward-looking statements within the meaning of the U.S. federal securities laws, including, without limitation, statements regarding: our goals and growth opportunities; how we expect to accomplish our goals; our product portfolio; our lineup of new products, the timing of their launches, their attractiveness to consumers, their financial impact and the timing of their financial impact; our product and geographic markets; our organizational structure; our responsiveness to consumers; our product offering simplification, its effects and our ability to effect it; the goals of our restructuring; the reduction in our annual operating costs and the timing of achieving such savings; our financial performance in the second half of Fiscal Year 2013; our overall financial outlook; the sufficiency of our cash and cash equivalents, cash generated from operations, and available borrowings under our bank lines of credit to fund capital expenditures and working capital needs; and our ability to achieve renewed growth, profitability and future success. The forward-looking statements in this document involve risks and uncertainties that could cause Logitech's actual results and events to differ materially from those anticipated in these forward-looking statements, including, without limitation: the demand of our customers and our consumers for our products and our ability to accurately forecast it; our ability to innovate and develop new products in a timely and cost-effective manner for our new and existing product categories; if our product offerings, marketing activities and investment prioritization decisions do not result in the sales, profitability or profitability growth we expect, or when we expect it; the effect of pricing, product, marketing and other initiatives by our competitors, and our reaction to them, on our sales, gross margins and profitability; if the restructuring fails to produce the intended performance and cost savings results or is not implemented in the contemplated timeframe. A detailed discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in Logitech's periodic filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended March 31, 2012, available at [www.sec.gov](http://www.sec.gov), under the caption Risk Factors and elsewhere. Logitech does not undertake any obligation to update any forward-looking statements.

Chers actionnaires,

L'exercice 2012 a été décevant, marqué par une stagnation du chiffre d'affaires, une baisse significative du résultat d'exploitation et une baisse importante du cours de notre action. Les défis majeurs qui ont marqué le début de cet exercice, à savoir une baisse du niveau des achats, des problèmes liés au traitement des ventes dans la zone européenne (EMEA) et une demande très inférieure aux prévisions pour Logitech Revue avec Google TV ont fortement pénalisé le résultat de cet exercice en dépit des mesures correctives implémentées avant la fin du 3ème trimestre.

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A fin juillet 2011, j'ai repris la fonction de Chief Executive Officer et effectué une évaluation approfondie de nos activités afin d'identifier les grands défis à venir. Nous avons constaté que notre portefeuille de produits n'était pas au niveau requis. Dans certaines catégories, nos produits phares devaient être impérativement réactualisés. Dans d'autres, alors que nous proposons de bons produits d'entrée de gamme, pour le milieu de gamme et le haut de gamme, nous n'avions pas de produits suffisamment attrayants à proposer.

Suite à cette évaluation, nous avons pris des mesures pour redynamiser notre portefeuille et nous avons concentré nos efforts sur des innovations à forte valeur ajoutée pour le

An unsere Aktionäre,

Das Geschäftsjahr 2012 verlief enttäuschend: Der Umsatz stagnierte im Wesentlichen, das Betriebsergebnis ging gegenüber dem Vorjahr markant zurück und unser Aktienpreis sank deutlich. Grund dafür waren grosse Herausforderungen zu Beginn des Geschäftsjahres, so unter anderem schwacher Einkaufsstand, Probleme bei der Verkaufsabwicklung in der Region EMEA sowie eine geringere Nachfrage nach Logitech Revue mit Google TV als ursprünglich erwartet. Obwohl wir diese Schwierigkeiten bis Ende des dritten Quartals überwinden konnten, wurde unsere Leistung im gesamten Geschäftsjahr dadurch jedoch negativ beeinflusst.

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Nach dieser Analyse starteten wir, unser Produktportfolio durch eine Fokussierung auf bedeutende Innovationen wieder schlagkräftiger zu gestalten. Erste Ergebnisse unserer verbesserten Produktdefinition sind

To Our Shareholders,

Fiscal Year 2012 was a disappointing year, with sales essentially flat, a significant year-over-year decline in operating income and a major decline in our share price. The fiscal year began with major challenges, including lower demand and sales execution issues in EMEA and much lower-than-expected demand for Logitech Revue with Google TV. While we addressed these issues by the end of the third fiscal quarter, they had a major negative impact on our full fiscal year performance.

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business, identifying other significant challenges. Most notably, we concluded that our product portfolio was weaker than it should be. In some categories, our flagship products were in need of a refresh. In other categories, we were offering good products at the entry level, but at the midrange and high end we did not offer compelling enough products for consumers.

Following the assessment, we took steps to reinvigorate our product portfolio through a renewed focus on meaningful innovation. We've already begun to see the outcome of our improved product definition process and there is much more to come in the current fiscal year. I'm very optimistic about our renewed

consommateur. Les premiers effets de cette approche sont perceptibles et nous allons poursuivre nos efforts au cours de l'année fiscale en cours. Je suis très positif quant à ce retour à une approche de l'innovation orientée consommateur. Nous avons toujours été fiers d'offrir des produits que nos clients sont heureux d'acheter et d'utiliser et je suis convaincu que nous sommes à nouveau sur la bonne voie.

Notre évaluation nous a également permis de comprendre qu'un trop grand nombre de produits sans différenciation évidente engendrait une certaine confusion chez nos clients. En réponse, nous nous concentrons désormais sur une sélection réduite de produits nettement plus attrayants,

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qui offrent un choix nettement plus clair aux consommateurs, dans chacune de nos catégories.

Toutefois, nous ne nous contentons pas seulement d'améliorer notre portefeuille de produits. Nous avons également entamé un processus visant à simplifier le fonctionnement de notre entreprise, à la rendre plus réactive, plus flexible et plus à l'écoute des besoins des consommateurs.

Ce processus de simplification a commencé avec l'arrivée de Bracken P. Darrell, qui assumera les fonctions de Chief Executive Officer

bereits zu erkennen, und im laufenden Geschäftsjahr wird in diesem Bereich noch einiges mehr zu erwarten sein. Die Strategie, uns wieder vermehrt auf die konsumentenorientierte Innovation abzustützen, stimmt mich optimistisch. Wir waren seit jeher stolz darauf, Produkte herzustellen, die die Menschen auch tatsächlich kaufen wollen und die sie mit grosser Freude benutzen, und ich bin zuversichtlich, dass wir uns wieder auf dem richtigen Weg befinden.

Unsere Analyse ergab zudem, dass wir die Konsumenten mit zu vielen und nicht klar voneinander abgegrenzten Produkten verunsichern haben. Wir legen deshalb den Fokus neu auf eine vereinfachte, kleinere, aber deutlich überzeugendere Palette

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von Produkten, die den Konsumenten in all unseren Kategorien eine differenzierte Auswahl bietet.

Wir verbessern nicht nur unser Produktportfolio, sondern arbeiten zugleich auch an einer Straffung des Unternehmens, damit wir einfacher, schneller, flexibler und konsumentenorientierter agieren können.

Lanciert wurde dieser Straffungsprozess mit dem Eintritt unseres Präsidenten Bracken P. Darrell, der ab Januar 2013 als CEO von Logitech tätig sein wird. Eine seiner ersten Massnahmen bestand darin, das oberste Management

approach to consumer-centric innovation. We've always been proud of delivering products that people want to buy and love to use. And I'm confident that we are back on track to do this.

The assessment also concluded that we were confusing consumers with too many products that weren't clearly differentiated. In response, we are now focused on a simpler selection of significantly more compelling products that offer a clearer choice to consumers in each of our categories.

We are doing more than improving our product portfolio. We are also in the process of streamlining our company, to become simpler, faster, more

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flexible and more responsive to consumers.

This simplification process began with the arrival of Bracken P. Darrell, our president, who will also become our chief executive officer beginning in January 2013. One of Bracken's first steps was to remove a layer of executive management so that he can be closer to our customers and our products. The next step was to initiate a company-wide restructuring that removed more layers, increased

à partir de janvier 2013. L'une des premières mesures de Bracken a vu la suppression d'un niveau de direction afin d'être plus proche de nos clients et de nos produits. La mesure suivante a consisté en la mise en œuvre d'une restructuration de l'entreprise au cours de laquelle d'autres niveaux ont été supprimés, l'étendue des responsabilités de la direction a été accrue et une simplification de nos méthodes de travail amorcée. Sur une base annuelle, ces mesures doivent nous permettre d'économiser USD 80 millions sur notre structure de coût. Alors que nous regrettons profondément le départ de nombreux collègues du fait de cette réorganisation inévitable, je suis convaincu que toutes

**Nous avons également entamé un processus visant à simplifier le fonctionnement de notre entreprise, à la rendre plus réactive, plus flexible et plus à l'écoute des besoins des consommateurs.**

les mesures prises sont essentielles à la construction d'une entreprise plus saine et plus efficiente, dans l'intérêt de nos collaborateurs, de nos clients et de nos actionnaires.

L'amélioration du portefeuille de produits, la simplification de l'organisation et des processus, ainsi que les économies réalisées avec la restructuration devraient aboutir à de meilleures performances financières à partir du 2<sup>ème</sup> semestre de l'exercice en cours (octobre 2012 - mars 2013).

Les changements opérés doivent nous donner une flexibilité accrue pour la poursuite des opportunités les plus prometteuses. L'une de ces opportunités existe dans les marchés

nachhaltig zu reduzieren, um damit näher bei unseren Kunden und Produkten zu sein. Der nächste Schritt war der Start eines unternehmensweiten Restrukturierungsprogramms: weitere Reduzierungen von Managementebenen, Erweiterung der Kontrollspanne des Managements und Vereinfachung unserer Geschäftsabläufe. Durch diese Restrukturierungs- und Straffungsmassnahmen sollen jährlich Kosten in der Höhe von 80 Mio. US\$ eingespart werden können. Wir bedauern zutiefst, dass infolge dieser notwendigen Straffung einige unserer Kolleginnen und Kollegen unser Unternehmen verlassen mussten. Ich bin aber überzeugt, dass all diese Schritte unausweichlich

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waren, um wieder ein gesundes und effizientes Unternehmen für unsere Mitarbeitenden, Kunden und Aktionäre aufbauen zu können.

Das verbesserte Produktportfolio, die Vereinfachung der Organisation und der betrieblichen Abläufe sowie die Kosteneinsparungen aufgrund der Restrukturierung dürften ab Beginn der zweiten Hälfte des laufenden Geschäftsjahres zu einer Verbesserung der finanziellen Performance führen.

Die von uns vorgenommenen Änderungen sollen uns die notwendige Flexibilität geben, damit wir die vielversprechenden Möglichkeiten auf dem Markt weiterverfolgen können. Eine solche Möglichkeit sehen wir in den aufstrebenden Märkten. Unsere

management span of control and began to simplify how we work. The restructuring and simplification are expected to remove \$80 million from our cost structure on an annual basis.

While we both deeply regret the departure of many of our colleagues due to this necessary restructuring, I am convinced that all the steps we took are essential to re-establishing a healthier and more effective company for our employees, our customers and our shareholders.

The combination of the improved product portfolio, the simplification of the organization and processes, and the cost savings from the restructuring, should result in

**We are also in the process of streamlining our company, to become simpler, faster, more flexible and more responsive to consumers.**

improved financial performance starting in the second half of the current fiscal year.

The changes we have been making are designed to provide us with the flexibility to pursue our most promising market opportunities. One such opportunity is in emerging markets. Our investment in China has resulted in it becoming our third-largest country in revenue, with 58 percent sales growth in FY 2012. With a strong China team in place, I am confident that we have the right strategy to drive continued growth there. We are also putting a spotlight on other emerging markets, such as Russia, where

émergents. Nos investissements en Chine ont fait de ce pays notre 3<sup>ème</sup> plus grand contributeur en termes de revenus, avec une hausse de 58% de notre chiffre d'affaires pour l'exercice 2012. Je suis certain que grâce au dynamisme de l'équipe locale mise en place, nous avons la bonne stratégie pour assurer notre croissance dans ce pays. Nous privilégions également d'autres marchés émergents, tels que la Russie, où nous avons continué à progresser de manière significative au cours de l'année, de même que l'Inde et le Brésil.

Dans les pays émergents, où l'on constate une croissance bien réelle des achats d'ordinateurs, notre offre de produits se concentre sur nos principaux périphériques, tels que les

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souris, les claviers et les webcams. De façon ciblée, nous avons également lancé avec succès des produits pour la musique, pour les tablettes numériques et pour les entreprises.

Nos opportunités dans les marchés matures sont également très nombreuses. Alors que la croissance des ventes d'ordinateurs a ralenti dans ces marchés, le lancement du système d'exploitation Windows 8 nous fournira une nouvelle opportunité de croissance. Et nous tirons parti de l'immense popularité de l'iPad, en proposant des produits à forte valeur ajoutée, telle la coque clavier Logitech Ultrathin Keyboard Case et le clavier solaire Logitech Solar Keyboard Folio qui rendent l'utilisation de la tablette encore plus confortable. De plus, les efforts que nous avons déployés pour élargir

Investitionen in China haben sich bereits auszahlt: In diesem Land erwirtschaften wir unterdessen die dritthöchsten Umsätze, wobei der Umsatz im GJ 2012 um 58 Prozent gestiegen ist. Ich bin sicher, dass wir mit unserem starken Team vor Ort die richtige Strategie verfolgen, um ein kontinuierliches Wachstum in China voranzutreiben. Wir legen den Fokus aber auch auf andere aufstrebende Märkte wie etwa Russland, wo wir im ganzen Geschäftsjahr weitere grosse Fortschritte verzeichnen konnten, oder auch Indien und Brasilien.

In aufstrebenden Märkten nehmen die Verbraucherkäufe von PCs nach wie vor stark zu. Deshalb liegt der Schwerpunkt unseres Angebots in diesen Märkten unter

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**Durch diese Restrukturierungs- und Straffungsmassnahmen sollen jährlich Kosten in der Höhe von 80 Mio. US\$ eingespart werden können.**

anderem auf unseren wichtigsten PC-Peripheriegeräten wie Mäusen, Tastaturen und Webcams. Darüber hinaus haben wir in einigen dieser Märkte auch erfolgreich Produkte für den Musik-, Tablets- und Business-Bereich eingeführt.

Auch in den reifen Märkten ergeben sich für uns zahlreiche Möglichkeiten. Zwar hat sich das Wachstum bei den PC-Verkäufen verlangsamt, aber die erwartete Einführung des Betriebssystems Windows 8 dürfte neue Absatzmöglichkeiten für unsere PC-Angebote schaffen. Wir nutzen zudem die enorme Beliebtheit des iPads und bieten Produkte wie etwa das hoch gelobte Logitech Ultrathin Keyboard Case oder auch das Solar Keyboard Folio an, mit denen die Nutzung eines iPads noch komfortabler wird. Unsere

we continued to make significant progress over the fiscal year, as well as India and Brazil.

In emerging markets, there is still clear growth in consumer purchases of PCs, so our product focus in these markets includes our core PC peripherals, such as mice, keyboards and webcams. We are also successfully introducing products for music, tablets and business into some emerging markets.

Our opportunities in mature markets abound as well. While growth of PC sales has slowed in mature countries, the upcoming launch of the Windows 8 operating system presents a renewed growth opportunity for our PC products.

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We're also taking advantage of the enormous popularity of the iPad, offering products that enhance the experience, such as the highly rated Logitech Ultrathin Keyboard Case and the Solar Keyboard Folio. Our efforts to broaden our product portfolio to include more products for the Mac are also bearing fruit. The new Logitech Wireless Solar Keyboard for the Mac is one example with more expected in the current fiscal year.

I view the digital music category as a significant opportunity this year and beyond. Under our Logitech UE (Ultimate Ears) brand, we have begun to offer wireless speakers as well as our high-quality earphones. We expect to broaden

notre portefeuille de produits et inclure davantage de produits pour le Mac portent également leurs fruits. Le nouveau clavier solaire Logitech Wireless Solar Keyboard pour Mac, déjà disponible sur le marché, est une parmi d'autres nouveautés qui seront introduites au cours de l'exercice en cours.

La catégorie «musique numérique» représente quant à elle une opportunité significative pour cette année et pour les années à venir. Sous notre marque Logitech UE (Ultimate Ears), nous avons commencé à proposer des haut-parleurs sans fil, de même que des écouteurs de haute qualité. En cours d'année, nous prévoyons d'élargir cette gamme par l'adjonction de produits séduisants

**L'amélioration du portefeuille de produits, la simplification de l'organisation et des processus, ainsi que les économies réalisées avec la restructuration devraient aboutir à de meilleures performances financières à partir du 2<sup>ème</sup> semestre de l'exercice en cours.**

et d'accroître significativement notre visibilité dans tous nos marchés clés.

Pendant l'exercice 2012, notre catégorie «maison numérique» a souffert de la faiblesse de notre offre. Nous attendons donc avec beaucoup d'impatience l'arrivée des nouvelles télécommandes remodelées haut de gamme Harmony et des autres produits qui sauront ravir l'utilisateur dans son salon.

Le marché des entreprises représente une autre opportunité de croissance importante pour Logitech. Bien que le développement de notre division de visioconférence LifeSize

Bemühungen zur Erweiterung unseres Produktportfolios durch zusätzliche Peripheriegeräte für Macs tragen ebenfalls Früchte. Das neue solarbetriebene Logitech Wireless Solar Keyboard für Mac, das schon im Markt verfügbar ist, ist ein Beispiel von den Neuigkeiten, die im laufenden Geschäftsjahr vorgestellt werden.

Meiner Ansicht nach ist die digitale Musik eine Kategorie, in der sich in diesem Jahr und auch in Zukunft grosse Möglichkeiten bieten. Unter der Marke Logitech UE (Ultimate Ears) bieten wir bereits kabellose Lautsprecher und hochwertige Kopfhörer an. Wir gehen davon aus, dass wir die Palette im laufenden Jahr durch weitere Aufsehen erregende neue Produkte ergänzen und unsere

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Präsenz in den Regalen aller wichtigen Märkten verstärken können.

Der Geschäftsbereich Digital Home litt im GJ 2012 unter einer schwachen Produktpalette. Deshalb freue ich mich um so mehr über die neuen Angebote, die wir im laufenden Jahr in diesem Bereich präsentieren werden. Wir beabsichtigen eine Auffrischung unsere Harmony-Fernbedienungen im High-End-Segment und haben zudem weitere Pläne für Produkte, die in den Wohnzimmern unserer Kunden für Begeisterung sorgen werden.

Weiteres Wachstumspotenzial für Logitech bietet der Business-Markt. Trotz schwachen Wachstums der

the lineup with exciting new products in the current year, as well as expand our on-shelf presence across key markets.

While in FY 2012 our digital home category suffered from a lackluster product lineup, I am excited about the new offerings we have in store for the current year. We expect to refresh our line of Harmony remotes at the high end and we also have more plans to delight consumers in the living room.

Another important growth opportunity for Logitech is in the business market. While growth of our LifeSize video conferencing division slowed in the second half of FY 2012, I'm optimistic about its future prospects. As the LifeSize

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product portfolio broadens with more sophisticated solutions, the sales force will need to best position our offerings and to focus on competing where we have the best chance of winning. Also, our Logitech for Business group has been steadily gaining traction with new products for productivity and unified communications in the workplace. It is building a sales and marketing foundation to address the business market in the Americas and Europe, and plans to branch out into parts of Asia.

ait ralenti au 2<sup>ème</sup> semestre de l'exercice 2012, je reste optimiste quant à ses perspectives futures. L'élargissement du portefeuille de produits LifeSize et l'offre de solutions sophistiquées permettra à notre force de vente de se positionner de façon optimale et d'être compétitive dans un segment porteur de réelles chances de succès. Par ailleurs, notre secteur d'activité Logitech for Business croît de manière régulière grâce à l'introduction de nouveaux produits qui permettent d'optimiser la productivité et d'unifier les communications sur le lieu de travail. Ce secteur développe une base vente et marketing pour le marché des entreprises en Amérique et en Europe ;

### **Le Conseil d'administration et moi-même sommes très heureux que Bracken Darrell ait rejoint notre société.**

une extension dans certains pays asiatiques est prévue.

Notre industrie s'est profondément transformée. Afin de répondre aux attentes d'un nouveau type d'utilisateur et de saisir les opportunités futures, nous devons combiner le meilleur de nos qualités historiques — *nos collaborateurs et nos valeurs, notre passion pour l'innovation et notre aptitude à combler les attentes du consommateur, notre culture locale et globale* — avec plus d'anticipation, de rapidité et d'efficacité. Les changements que nous avons amorcés en 2012 sont témoin de notre volonté de faire tout ce qu'il faut afin de ramener Logitech sur le chemin du succès.

Le Conseil d'administration et moi-même sommes très heureux que Bracken Darrell ait rejoint notre

Sparte LifeSize in der zweiten Hälfte des GJ 2012, bin ich für ihre Zukunft zuversichtlich. Mit dem Ausbau unserer LifeSize-Produkte mit noch anspruchsvolleren Lösungen werden sich unsere Verkaufsteams noch stärker dort positionieren — auch gegenüber der Konkurrenz —, wo für uns die besseren Chancen stehen. Zudem hat unser Geschäftsbereich Logitech for Business mit neuen produktivitätssteigernden Lösungen und Unified Communications-Systemen kontinuierlich zulegen können. Dieser Bereich baut derzeit eine Verkaufs- und Marketing-Basis für den Business-Markt in Süd-, Mittel- und Nordamerika sowie Europa auf. Eine Ausdehnung auf Teile von Asien ist ebenfalls geplant.

Durch die Veränderungen in unserer

### **Der Verwaltungsrat und ich selbst sind höchst erfreut, dass Bracken Darrell zu unserem Unternehmen gestossen ist.**

Branche und unsere Bereitschaft, neue Herausforderungen bereits im Vorfeld anzunehmen, indem neue Konsumentenwünsche frühzeitig erkannt werden, muss Logitech das Beste aus seinen traditionellen Stärken nutzen, nämlich unsere Mitarbeiter und unsere Werte, unsere Innovationsfreude und Kundenorientiertheit, unsere globale und lokalen Kulturen — und dies schneller, aufgeschlossener und effizienter. Die Massnahmen, die wir im GJ 2012 eingeleitet haben, sind der Beweis für unsere Entschlossenheit, alles Notwendige zu unternehmen, um Logitech wieder auf den Weg zum Erfolg zu führen.

Der Verwaltungsrat und ich selbst sind höchst erfreut, dass Bracken P. Darrell zu unserem Unternehmen gestossen ist. Er hat seine herausragenden Qualitäten, die uns zu

The transformations in our industry, and our taking advantage of the many opportunities ahead while recognizing and anticipating the new consumer preferences, require Logitech to blend the best of our historical qualities — our people and values, our love for innovation and the consumer, our global and local culture — with renewed speed, responsiveness and effectiveness. The changes we initiated in FY 2012 reflect our determination to do what it takes to bring Logitech back to the path of success.

The Board and I are very excited about Bracken joining the company. The qualities behind our choice — Bracken's product and

### **The Board and I are very excited about Bracken Darrell joining the company.**

consumer orientation, his passion for the business and our people, his global view, his leadership style — were even more clear to me as Bracken initiated and led our organization simplification and restructuring efforts at the beginning of the current fiscal year. I could not be more pleased to be working with him over the coming several months to facilitate and enable his transition to the chief executive officer position.

I wish to acknowledge and thank our employees, who, during these difficult times, have remained steadfast and focused on creating and delivering products that will delight consumers and business customers. I also thank



société. Les qualités qui avaient décidé de notre choix—orientation produit et consommateur, passion pour l'entreprise et ses collaborateurs, vision globale, leadership et style de direction—me sont apparues encore plus évidentes lorsqu'il a initié et dirigé nos efforts de simplification et de réorganisation au début de l'exercice en cours. Je me réjouis beaucoup de travailler avec Bracken dans les mois à venir et de faciliter au mieux sa prise en main de la société.

J'aimerais rendre hommage et remercier tous nos collaborateurs. Pendant cette période difficile, ils sont restés concentrés sur leur tâche et ont su trouver les ressources pour créer et fournir des produits dignes de Logitech, qui plaisent à nos clients privés et professionnels. Je tiens également à remercier nos partenaires qui soutiennent nos efforts dans le marché.

Enfin, je tiens à vous remercier vous, Mesdames et Messieurs les actionnaires, pour être restés à nos côtés pendant l'exercice passé, qui a vu le cours de notre action baisser de près de 50%. Alors que nous amorçons une nouvelle phase de notre développement, je suis déterminé à ce que votre patience et votre soutien soient récompensés.

seiner Wahl bewogen haben—seine Produkte- und Kundenorientierung, seine Leidenschaft für das Geschäft und unsere Mitarbeiter, seine globale Sichtweise und sein Führungsstil—, bereits zu Beginn des laufenden Geschäftsjahres eindrücklich unter Beweis gestellt, als er die notwendigen Massnahmen zur Straffung und Restrukturierung unseres Unternehmens einleitete und die Führungsverantwortung dafür übernahm. Ich freue mich ausserordentlich darauf, in den kommenden Monaten mit ihm zusammenzuarbeiten, und werde mein Bestes tun, um ihm die Übernahme der Unternehmensführung zu erleichtern.

Ich möchte mich an dieser Stelle auch bei unseren Mitarbeiterinnen und Mitarbeitern bedanken, die sich in dieser schwierigen Zeit nicht beirren liessen und sich darauf konzentrierten, Produkte zu schaffen, die unsere Privat- und Geschäftskunden begeistern werden. Mein Dank geht auch an unsere Partner, die mit uns zusammenarbeiten und uns dabei unterstützen, den Markt mit den richtigen Produkten zu versorgen.

Und nicht zuletzt danke ich auch Ihnen, unseren Aktionärinnen und Aktionären, dass Sie uns im vergangenen Geschäftsjahr, in dem sich der Preis unserer Aktie fast halbiert hat, die Treue gehalten haben. Wir haben nun einen neuen Kurs für eine bessere Zukunft eingeschlagen, und ich bin fest entschlossen, Sie für Ihre Geduld und Ihre Unterstützung zu belohnen.

our partners, who work with us to deliver the right products into the market.

Finally, I thank you, our shareholders, for remaining with us during this past fiscal year when our stock price declined by almost half. I am committed to reward your patience and support, as we chart a new course for a brighter future.



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

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

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



24 juillet 2012

A nos actionnaires,

Vous êtes cordialement invités à participer à l'Assemblée générale ordinaire 2012 de Logitech. L'Assemblée aura lieu mercredi 5 septembre 2012 à 14h30 au Palais de Beaulieu, Salle Rome, à Lausanne, Suisse.

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

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

Nous vous remercions du soutien continu que vous apportez à Logitech.

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

3 UERRINO 8 E LUCA

*Président du Conseil d'administration*

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**LOGITECH INTERNATIONAL S.A.****Invitation à l'Assemblée générale ordinaire****Mercredi 5 septembre 2012****14h30 (l'enregistrement débute à 13h30)****Palais de Beaulieu 1 Lausanne, Suisse**

99999

**ORDRE DU JOUR****A. Rapport**

Rapport d'activité pour l'exercice se terminant au 31 mars 2012

**B. Points soumis au vote**

1. Approbation du rapport annuel, du rapport de rémunération, des comptes consolidés et des comptes statutaires de Logitech International S.A. pour l'exercice 2012
2. Vote consultatif sur la rémunération des membres de la Direction
3. Affectation du bénéfice reporté et distribution des réserves d'apport de capital
  - 3.1 Affectation du bénéfice reporté
  - 3.2 Distribution des réserves d'apport de capital
4. Réduction du capital:actions par annulation d'actions rachetées
5. Modification et reformulation du Stock Incentive Plan 2006, y compris l'augmentation du nombre d'actions qui peuvent être émises dans le cadre du Plan
6. Autorisation de détenir plus de 10% d'actions propres
7. Décharge des membres du Conseil d'administration et de la Direction pour leur activité pendant l'exercice 2012
8. Diminution de la durée de fonction des membres du Conseil d'administration
9. Elections au Conseil d'administration
  - B.1. Re:élection de M. Erh:Hsun Chang
  - B.2. Re:élection de M. Kee:Lock Chua
  - B.3. Election de M. Didier Hirsch
10. Re:élection de PricewaterhouseCoopers S.A. en qualité d'organe de révision de Logitech et ratification de la nomination de PricewaterhouseCoopers LLP en qualité d'expert:comptable agréé indépendant de Logitech pour l'exercice 2013.

Apples, Suisse, le 24 juillet 2012

Le Conseil d'administration

## **QUESTIONS ET REPOSES CONCERNANT L'ASSEMBLEE GENERALE ORDINAIRE 2012 DE LOGITECH**

### **INFORMATIONS GENERALES CONCERNANT TOUS LES ACTIONNAIRES**

#### **Pourquoi ai-je reçu cette "Invitation et Document d'Information"?**

Ce document est destiné à satisfaire à la fois aux règles du droit des sociétés suisses et aux règles américaines concernant les *proxy statements*". En dehors des Etats-Unis et du Canada, cette Invitation et Document d'Information sera remis aux actionnaires inscrits au Registre des Actions accompagné d'une traduction partielle française et allemande. La version anglaise de cette Invitation et Document d'Information fait foi en cas de divergence avec les autres versions. Des copies de cette Invitation et Document d'Information ont été mises à disposition des actionnaires dès le 24 juillet 2012.

Le coupon-réponse annexé vous est adressé au nom du Conseil d'administration de Logitech pour l'Assemblée générale ordinaire. L'Assemblée aura lieu mercredi 5 septembre 2012 à 14h30 au Palais de Beaulieu, Salle Rome, à Lausanne, en Suisse.

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

Les actionnaires inscrits au Registre des Actions de Logitech International S.A. (compris dans le sous-registre tenu par l'agent de transfert américain de Logitech, The Bank of New York Mellon Corporation) le jeudi 30 août 2012, peuvent voter à l'Assemblée. Aucun actionnaire ne pourra être inscrit au Registre des Actions entre le 31 août 2012 et le jour suivant celui de l'Assemblée. Au 30 juin 2012, 120,955,463 actions étaient inscrites et conféraient le droit de vote sur un total de 155,960,117 actions Logitech en circulation. Le nombre d'actions qui pourront effectivement être votées lors de l'Assemblée dépendra du nombre d'actions qui seront inscrites ou désinscrites entre le 30 juin 2012 et le 30 août 2012.

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

#### **Qui a la qualité d'actionnaire inscrit?**

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

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

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

#### **Pourquoi est-il important de voter?**

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

représentées.

### **Combien d'actions doivent être représentées pour que l'Assemblée puisse valablement délibérer?**

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

### **Où Logitech a-t-elle ses principales activités?**

Le principal établissement de Logitech en Suisse se situe à la Rue du Sablon 2:4, à 1110 Morges, et le principal établissement aux Etats-Unis se situe à 7600 Gateway Boulevard, Newark, California 94560. Le numéro de téléphone principal de Logitech en Suisse est le +41:(0)21:81:5111 et le numéro de téléphone principal aux Etats-Unis est le +510:795:8500.

### **Comment puis-je me procurer le rapport annuel de Logitech ainsi que les autres documents mis à la disposition des actionnaires?**

Une copie de notre rapport annuel 2012, de cette Invitation et Document d'Information ainsi que notre rapport annuel établi sur la base du formulaire 10-K pour l'exercice 2012 que nous avons déposé auprès de la U.S. Securities and Exchange Commission sont disponibles sur notre site internet à l'adresse <http://ir.logitech.com>. Nos actionnaires peuvent aussi obtenir sans frais des copies de ces documents dans nos principaux établissements en Suisse et aux Etats-Unis aux adresses et numéros de téléphone mentionnés ci-dessus.

### **Où puis-je obtenir les résultats des votes de l'Assemblée?**

Nous entendons annoncer le résultat des votes lors de l'Assemblée et publier un communiqué de presse à l'issue de celle-ci. Nous entendons également annoncer les résultats dans un communiqué établi sur le Formulaire A-K de la U.S. Securities and Exchange Commission au plus tard mardi 11 septembre 2012. Un exemplaire du Formulaire A-K sera disponible sur notre site internet à l'adresse suivante: <http://ir.logitech.com>.

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

Vous ne pouvez pas participer et voter vous-même vos actions lors de l'Assemblée à moins que vous deveniez un actionnaire inscrit d'ici au 30 août 2012 ou que vous obteniez une procuration (*legal proxy*) de la banque, trustee ou société nommée qui détient vos actions et qui vous permette de voter les actions lors de l'Assemblée. Si vous détenez vos actions par l'intermédiaire d'une banque, d'un trustee ou d'une société nommée qui n'est pas américaine ou canadienne, vous pouvez vous faire inscrire en qualité d'actionnaire en contactant notre Registre des Actions à notre principal établissement en Suisse, à l'adresse mentionnée ci-dessus, et en suivant les instructions -qui vous seront données ou, pour certaines juridictions, en demandant à être inscrits par l'intermédiaire de la banque ou du négociant via lequel vous détenez vos actions. Si vous détenez vos actions par l'intermédiaire d'une banque, d'un trustee ou d'une société nommée américaine ou canadienne, vous pouvez vous faire inscrire en qualité d'actionnaire en contactant votre banque, trustee ou société nommée et en suivant les instructions qui vous seront données.

## **INFORMATIONS SUPPLEMENTAIRES CONCERNANT LES ACTIONNAIRES INSCRITS**

### **Comment puis-je voter si je n'envisage pas de participer à l'Assemblée?**

Si vous n'envisagez pas de participer à l'Assemblée, vous pouvez cocher la case "Option 3" sur la carte-réponse annexée pour donner procuration à Logitech ou au représentant indépendant, Me Béatrice Ehlers, pour vous représenter lors de l'Assemblée. Vous êtes invité à communiquer vos instructions de vote en cochant les cases pertinentes à côté des points de l'ordre du jour sur la carte-réponse et en signant, datant et retournant votre carte-réponse complétée dès que possible au moyen de l'enveloppe affranchie annexée. Si vous signez et retournez la carte-réponse sans donner d'instruction de vote pour tout ou partie de l'ordre du jour, vos droits de vote seront exercés conformément aux propositions du Conseil d'administration (le "Conseil") en ce qui concerne les objets pour lesquels vous n'aurez pas donné d'instruction de vote. Nous vous invitons à vous référer aux indications de la carte-réponse

pour davantage d'informations.

### **Comment puis-je participer à l'Assemblée?**

Si vous souhaitez participer à l'Assemblée, nous vous invitons à cocher la case "Option 1" de la carte:réponse et à retourner cette dernière dûment complétée, signée et datée à Logitech au moyen de l'enveloppe affranchie annexée jusqu'au vendredi 24 août 2012. Nous vous ferons parvenir une carte d'accès. Si vous ne recevez pas votre carte d'accès avant l'Assemblée et êtes un actionnaire inscrit au 30 août 2012, vous pouvez participer à l'Assemblée en y présentant une pièce d'identité.

### **Puis-je demander à une autre personne de me représenter à l'Assemblée?**

Oui. Si vous souhaitez que quelqu'un d'autre que Logitech ou le Représentant Indépendant vous représente à l'Assemblée, nous vous invitons à cocher la case "Option 2" sur la carte:réponse et à nous fournir le nom et l'adresse de la personne par laquelle vous souhaitez être représenté. Vous devez alors retourner la carte:réponse dûment complétée, signée et datée à Logitech en utilisant l'enveloppe affranchie annexée jusqu'au 24 août 2012. Nous enverrons une carte d'accès au représentant que vous aurez désigné. Si le nom et l'adresse que vous communiquez ne sont pas suffisamment clairs, Logitech enverra la carte d'accès à votre adresse. Il vous appartiendra alors de la transmettre à votre représentant.

### **Puis-je vendre mes actions avant l'Assemblée si j'ai déjà voté?**

Logitech n'empêche pas le transfert d'actions avant une assemblée. Toutefois, si vous vendez vos actions Logitech avant l'Assemblée et que le Registre des Actions de Logitech est informé de cette vente, le vote concernant les actions vendues ne sera pas pris en considération. Toute personne qui achète des actions après la clôture du Registre des Actions le jeudi 30 août 2012 ne pourra pas faire inscrire ces actions avant le jour suivant l'Assemblée et ne sera par conséquent pas en mesure de voter ces actions lors de l'Assemblée.

### **Si je donne procuration au moyen de la carte:réponse, puis-je changer mon vote ?**

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

### **Si je donne procuration au moyen de la carte:réponse, que se passe-t-il si je ne donne pas d'instruction de vote?**

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

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

### **Qui puis-je contacter pour poser des questions?**

Si vous avez des questions ou besoin d'assistance pour voter vos actions, vous êtes invité à nous appeler au +1: 510:713:4220 ou à nous envoyer un email à l'adresse [logitechIR@logitech.com](mailto:logitechIR@logitech.com).



## INFORMATIONS SUPPLEMENTAIRES POUR LES AYANTS DROIT ECONOMIQUES AMERICAINS OU CANADIENS *MSTREET NAME*

### **Pourquoi ai-je reçu un courrier d'une page m'indiquant que le matériel de vote peut être obtenu par internet plutôt qu'un exemplaire imprimé du matériel de vote?**

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

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

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

- S accéder au matériel de vote sur internet concernant l'Assemblée; et
- S nous demander de vous adresser à l'avenir le matériel de vote par courrier électronique.

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

### **Qui peut donner des instructions de vote pour l'Assemblée?**

Les actionnaires qui détiennent leurs actions par l'intermédiaire d'une banque, d'un trustee ou d'une société nommée américaine ou canadienne au 13 juillet 2012 peuvent donner des instructions à l'organisation concernée sur la façon dont les droits de vote doivent être exercés. Logitech a pris des mesures pour qu'une société spécialisée dans la fourniture de services à des banques, des trustees et des sociétés nommées américaines et canadiennes procède à une réconciliation des positions en actions des ayants droit économiques américains et canadiens entre le 13 juillet 2012 et le 22 août 2012, date que Logitech a identifiée comme étant la dernière date possible pour une telle réconciliation. Il est prévu que ces mesures donnent lieu aux ajustements suivants: si une personne qui était un ayant droit économique d'actions américain ou canadien le 13 juillet 2012 donne des instructions de vote, mais vend ses actions par la suite jusqu'au 22 août 2012, les instructions de vote données seront annulées. Si une personne qui était un ayant droit économique d'actions au 13 juillet 2012 et qui avait donné des instructions de vote augmente ou réduit ultérieurement sa participation, mais est toujours un ayant droit économique au 22 août 2012, le nombre de droits de vote attribué à cette personne sera augmenté ou réduit pour refléter sa participation au 22 août 2012.

Si vous devenez un ayant droit économique d'actions après le 13 juillet 2012 par l'intermédiaire d'une banque, d'un trustee ou d'une société nommée américaine ou canadienne, et que vous souhaitez voter lors de l'Assemblée générale ou donner des instructions de vote à un représentant, vous devez vous faire inscrire comme actionnaire. Vous pouvez devenir un actionnaire inscrit en contactant votre banque, trustee ou société nommée et en vous conformant à leurs instructions. Pour que votre inscription, l'envoi du matériel de vote ainsi que l'envoi de vos instructions de vote puissent intervenir en temps utile, nous vous encourageons à demander votre inscription dès que possible avant le 30 août 2012.

### **Comment puis-je voter si je suis un ayant droit économique *Estreet name* américain ou canadien?**

Si vous êtes un ayant droit économique d'actions détenues en *Estreet name* et que vous souhaitez participer à l'Assemblée, vous devez obtenir une procuration de l'organisme qui détient vos actions.

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

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

Si vous êtes un ayant droit économique américain ou canadien d'actions détenues en *Estreet name* et que vous ne donnez pas d'instruction de vote spécifique à votre banque, trustee ou société nommée, votre banque, trustee ou société nommée pourra, en application des règles de certaines bourses nationales ou régionales, voter sur certains points considérés comme usuels mais devra s'abstenir de voter sur les points de l'ordre du jour considérés comme étant non usuels. Si l'organisation qui détient vos actions ne reçoit pas d'instruction de vote de votre part sur la façon dont elle doit exercer les droits de vote sur des points de l'ordre du jour qui ne sont pas usuels, les droits de vote afférant à vos actions ne seront pas exercés et ne seront pas comptabilisés comme des voix exprimées dans le cadre du vote. Nous vous encourageons à donner des instructions de vote à l'organisation qui détient vos actions en suivant attentivement les instructions figurant dans l'Avis. Nous nous attendons à ce que les points suivants de l'ordre du jour soient considérés comme n'étant pas usuels: Point 2 (vote consultatif sur la rémunération des membres de la Direction), Point 3 (affectation du bénéfice reporté et distribution de réserves d'apport de capital), Point 4 (réduction du capital:actions par l'annulation d'actions rachetées), Point 5 (modification et reformulation du Stock Incentive Plan 2006, y compris l'augmentation du nombre d'actions qui peuvent être émises dans le cadre du Plan), Point 6 (autorisation de détenir plus de 10% d'actions propres), Point 8 (diminution de la durée de fonction des membres du Conseil d'administration), et Point 9 (élections au Conseil d'administration). Nous considérons tous les autres points comme étant usuels. L'abstention d'une banque (*broker non-votes*) sur un point de l'ordre du jour ne sera pas considérée comme une voix exprimée.

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

Si vous détenez vos actions par l'intermédiaire d'une banque, d'un négociant ou d'un autre dépositaire américain ou canadien, vous pouvez donner vos instructions de vote jusqu'au jeudi 30 août 2012 à 23h59 (heure avancée de l'Est U *Eastern Daylight Time*).

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

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

### **Comment puis-je obtenir un exemplaire du matériel de vote séparé ou demander un exemplaire individuel pour mon ménage aux Etats-Unis ?**

Nous avons adopté une procédure approuvée par la SEC appelée "*householding*" pour les actionnaires aux Etats-Unis. Selon cette procédure, les actionnaires qui ont la même adresse et le même nom de famille et qui n'obtiennent pas leur matériel de vote sous forme électronique recevront uniquement une copie de l'Avis, de notre rapport annuel, ainsi que de la convocation à moins qu'un ou plusieurs de ces actionnaires ne nous informe(nt) qu'il(s) souhaite(nt) continuer de recevoir des copies individuelles. Cette procédure réduit nos coûts d'impression et nos frais de port. Chaque actionnaire américain participant au *householding* aura toujours la possibilité d'accéder à ou de recevoir une carte de vote séparée.

Si vous désirez actuellement recevoir un Avis, une convocation ou un rapport annuel séparé(s), nous vous prions de requérir la copie supplémentaire en contactant notre agent responsable des envois, à *Broadridge*, par téléphone au +1:

800:\$@B:1639 ou par e:mail à [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com). Si certains actionnaires de votre ménage souhaitent recevoir un rapport annuel séparé et une convocation séparée dans le futur, ils peuvent appeler notre groupe *investor relations* au +1:510:713:4220 ou écrire à *investor relations*, 7600 Gateway Boulevard, Newark, California 94560. Ils peuvent également envoyer un e:mail à notre groupe *investor relations* à [logitechIR@logitech.com](mailto:logitechIR@logitech.com). Les actionnaires qui ont plusieurs comptes à leurs noms ou qui partagent une adresse avec d'autres actionnaires peuvent nous autoriser à interrompre nos envois de plusieurs rapports annuels et convocations en appelant ou en écrivant à *investor relations*.

## **INFORMATIONS COMPLEMENTAIRES POUR LES ACTIONNAIRES QUI DETIENNENT LEURS ACTIONS PAR L'INTERMEDIAIRE D'UNE BANQUE OU D'UN NEGOCIANT (EN DEHORS DES ETATS UNIS OU DU CANADA)**

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

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

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

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

## **AUTRES INFORMATIONS CONCERNANT L'ASSEMBLEE**

### **Autres informations concernant les représentants dépositaires**

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

### **Propositions pour l'Assemblée**

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

### **Sollicitation de procurations**

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

## **Enregistrement des votes**

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

## **Propositions d'actionnaires et candidats au Conseil d'administration**

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

Nos Statuts permettent à un ou plusieurs actionnaires qui représentent au moins (i) un pourcent du capital: actions ou, si cette valeur est inférieure, (ii) des actions totalisant une valeur nominale d'un million de francs suisses, de requérir l'inscription d'un point à l'ordre du jour d'une Assemblée générale des actionnaires. Notre Conseil d'administration doit inclure une telle proposition dans la convocation à l'Assemblée. L'inscription d'un point à l'ordre du jour doit être requise par écrit auprès du Conseil d'administration au moins 60 jours avant la date prévue pour l'Assemblée. Le délai pour demander l'inscription d'un point à l'ordre du jour à l'Assemblée générale ordinaire du 5 septembre 2012 a expiré le 6 juillet 2012. Toutefois, le droit suisse permet à tout actionnaire inscrit ou à toute personne ayant reçu une procuration valide de la part d'un actionnaire inscrit de faire avant ou lors de l'Assemblée des propositions alternatives sur des points figurants à l'ordre du jour de l'Assemblée générale ordinaire 2012.

### ***Propositions d'actionnaires pour l'Assemblée générale ordinaire 2013***

Un actionnaire inscrit qui satisfait aux exigences de participation minimale figurant dans les Statuts peut demander qu'un point soit porté à l'ordre du jour de l'Assemblée générale ordinaire 2013 en présentant une requête écrite et en indiquant les objets de discussion et les propositions au Secrétaire du Conseil de Logitech à notre établissement principal en Suisse ou aux Etats-Unis jusqu'au 5 juillet 2013 au plus tard. En outre, si vous êtes un actionnaire inscrit et satisfaites aux exigences de participation minimale prévues par la règle 14a:8 du *U.S. Securities Exchange Act of 1934* (la "Loi de 1934"), vous pouvez soumettre une proposition au Conseil d'administration en vue de son inscription à l'ordre du jour de l'Assemblée générale ordinaire 2013 en remettant une requête dans ce sens ainsi qu'une description de la proposition au Secrétaire du Conseil de Logitech à notre établissement principal en Suisse ou aux Etats-Unis jusqu'au 26 mars 2013 au plus tard. La proposition devra satisfaire aux exigences de la règle 14a:8 de la Loi de 1934, qui énumère les conditions auxquelles une telle proposition doit satisfaire pour être incluse dans le matériel de vote établi par la société selon la réglementation américaine sur les valeurs mobilières. Selon les Statuts de Logitech, seuls les actionnaires inscrits sont considérés comme étant des actionnaires de Logitech. En conséquence, si vous n'êtes pas un actionnaire inscrit, vous n'êtes pas habilité à présenter des propositions pour l'Assemblée générale ordinaire 2013.

### ***Propositions de candidats au Conseil d'administration***

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

### ***Dispositions pertinentes des Statuts***

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

## PROPOSITIONS ET EXPLICATIONS

### A. RAPPORT

#### Rapport d'activité pour l'exercice se terminant le 31 mars 2012

La direction de Logitech International S.A. donnera un rapport sur les opérations de la Société pour l'exercice 2012 lors de l'Assemblée Générale ordinaire.

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

#### Point 1

#### Approbation du rapport annuel, du rapport de rémunération, des comptes consolidés et des comptes statutaires de Logitech International S.A. pour l'exercice 2012

##### Proposition

Le Conseil d'administration propose d'approuver le rapport annuel, le rapport de rémunération, les comptes consolidés et les comptes statutaires de Logitech International S.A. pour l'exercice 2012.

##### Explication

Les comptes consolidés de Logitech et les comptes statutaires de Logitech International S.A. pour l'exercice 2012 sont inclus dans le rapport annuel de Logitech qui a été distribué à tous les actionnaires inscrits avec cette Invitation et Document d'Information. Le rapport annuel contient également le rapport de l'organe de révision de Logitech sur les comptes consolidés et les comptes statutaires ainsi que des informations complémentaires sur l'activité de la Société, son organisation, sa stratégie, de même que des informations concernant la gouvernance de l'entreprise conformément aux exigences du SIX Swiss Exchange en la matière. Le rapport de rémunération fait partie intégrante de cette Invitation et Document d'Information. Des exemplaires du rapport annuel et de l'Invitation et Document d'Information peuvent être obtenus sur internet à l'adresse <http://ir.logitech.com>.

La loi suisse requiert que le rapport annuel et les comptes de sociétés suisses soient soumis aux actionnaires pour approbation ou rejet lors de chaque Assemblée générale ordinaire. La soumission du rapport de rémunération au vote des actionnaires en même temps que le rapport annuel est une pratique recommandée par le Code de bonne pratique en matière de gouvernance d'entreprise établi par economiesuisse, l'une des principales associations faitières de l'économie suisse. En cas de vote négatif sur cette proposition, le Conseil d'administration convoquera une Assemblée générale extraordinaire pour permettre aux actionnaires de reconsidérer cette proposition. L'approbation de cette proposition ne constitue pas une approbation ou un rejet des points particuliers mentionnés dans le rapport annuel, le rapport de rémunération ou les comptes annuels ou statutaires pour l'exercice 2012.

PricewaterhouseCoopers S.A., en sa qualité d'organe de révision de Logitech, a recommandé sans réserve que l'Assemblée générale ordinaire de Logitech approuve les comptes consolidés de Logitech ainsi que les comptes statutaires de Logitech International S.A. PricewaterhouseCoopers S.A. parvient à la conclusion que "les comptes consolidés pour l'exercice se terminant au 31 mars 2012 donnent, de manière générale, une image fidèle de la situation financière, du résultat des opérations et des flux de fonds conformément aux principes comptables généralement acceptés aux Etats-Unis (U.S. GAAP) et en conformité avec le droit suisse". PricewaterhouseCoopers S.A. parvient également à la conclusion et confirme que les comptes annuels ainsi que la proposition d'affectation du bénéfice disponible sont conformes au droit suisse et aux Statuts de Logitech International S.A.

## Majorité requise

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

## Recommandation

Le Conseil d'administration recommande de voter **en faveur** de l'approbation du rapport annuel, du rapport de rémunération, des comptes consolidés et des comptes statutaires de Logitech International S.A. pour l'exercice 2012.

## Point 2

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

#### Proposition

Le Conseil d'administration propose aux actionnaires d'approuver, sur une base consultative, la rémunération des membres de la Direction de Logitech publiée dans le Rapport de rémunération pour l'exercice 2012.

#### Explication

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

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

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

Comme indiqué dans la section "*Compensation Discussion and Analysis*" du rapport de rémunération 2012 de Logitech, Logitech a établi un programme de rémunération pour attirer, retenir et motiver les directeurs, cadres et employés ayant les talents qui sont essentiels au succès de son entreprise dans le long terme. Plus précisément, le programme de rémunération des membres de la direction de Logitech a été conçu de façon à:

- être compétitif avec ceux des sociétés comparables de l'industrie et dans les régions dans lesquelles les directeurs concernés résident

- maintenir un équilibre entre la rémunération fixe et variable et faire dépendre une partie importante de la rémunération des performances de Logitech, tout en évitant les prises de risque inappropriées;
- aligner la rémunération des membres de la Direction sur les intérêts des actionnaires, en liant une part importante de la rémunération à l'augmentation de la valeur des actions;
- favoriser un environnement orienté vers la performance qui récompense les performances exceptionnelles; et
- refléter l'appréciation du Comité de rémunération du rôle et de la performance passée d'un membre de la Direction par le niveau de son salaire de base et par des gratifications à court terme, ainsi que de son potentiel de contribution future à Logitech par des octrois à long terme réalisés dans le cadre de plans d'intéressement.

Le Comité de rémunération du Conseil a établi un programme de rémunération décrit plus précisément dans le rapport de rémunération annexé à la version anglaise de cette Invitation et Document d'Information. Le rapport de rémunération de Logitech décrit également la politique et le mode de calcul des rémunérations des collaborateurs ayant un statut inférieur à celui de directeur, les principes directeurs et les risques liés au programme de rémunération, ainsi que la rémunération versée pour l'exercice 2012.

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

### **Majorité requise**

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

### **Recommandation**

Le Conseil d'administration recommande de voter, sur une base consultative, **en faveur** de la décision consultative suivante :

"La rémunération versée aux membres de la Direction de Logitech telle que publiée dans le Rapport de rémunération y compris le chapitre *Compensation Discussion and Analysis*", les tableaux résumant les rémunérations, les notes ainsi que les explications y relatives sont approuvés. G

### Point 3

#### Affectation du bénéfice reporté et distribution des réserves d'apport de capital

##### 3.1 Affectation du bénéfice reporté

###### Proposition

Le Conseil d'administration propose que CHF 460,919,135 (US \$482,397,967, selon le taux de change au 30 juin 2012) du bénéfice reporté soient affectés comme suit:

**L'année s'est terminée le 31 mars 2012**

(les chiffres sont indiqués en milliers)

Bénéfice reporté au début de l'exercice 2012	CHF 507,730
Affectation du bénéfice décidé par l'Assemblée Générale Ordinaire 2011 U dividende	\
Attribution de la réserve pour actions propres	(51,880)
Bénéfice net pour l'exercice 2012	<u>5,069</u>
Bénéfice à disposition de l'Assemblée Générale Ordinaire à la fin de l'exercice 2012	<u>CHF 460,919</u>
Bénéfice non affecté avant allocations	CHF 460,919
Allocation proposée aux autres réserves générales pour actions propres	(116,070)
Allocation proposée à la réserve générale	<u>(9,580)</u>
Bénéfice non affecté à reporter	<u>CHF 335,269</u>
Autres réserves générales pour actions propres avant allocation	CHF 217,375
Allocation proposée du bénéfice non affecté	<u>116,070</u>
Autres réserves générales pour actions propres à reporter	<u>CHF 333,445</u>
Réserve générale avant allocations	CHF \
Allocation proposée du bénéfice non affecté	<u>9,580</u>
Réserve générale à reporter	<u>CHF 9,580</u>
Réserve pour actions propres provenant d'apports de capital avant allocations	CHF 116,070
Allocation proposée d'apports de capital aux réserves libres	<u>(116,070)</u>
Réserve pour actions propres d'apports de capital à reporter	<u>CHF \</u>
Réserve générale provenant d'apports de capital avant allocations	CHF 9,580
Allocation proposée d'apports de capital aux réserves libres	<u>(9,580)</u>
Réserve générale provenant d'apports de capital à reporter	<u>CHF \</u>

###### Explication

Le droit suisse requiert qu'une proposition d'utilisation du bénéfice reporté soit soumise aux actionnaires pour approbation ou rejet lors de chaque Assemblée générale ordinaire. Le bénéfice reporté à la disposition des actionnaires de Logitech lors de l'Assemblée générale ordinaire 2012 est le bénéfice de Logitech International S.A., la société faîtière du groupe Logitech.

Le Conseil d'administration propose au point 3.2 ci-dessous qu'à la place de distribuer un dividende sur le bénéfice disponible, la société distribue une part excédentaire de ses réserves d'apport de capital. Pour libérer les réserves d'apport de capital nécessaires à cette distribution, le Conseil d'administration propose de libérer les réserves



pour actions propres et la réserve générale qui avaient été constituées avec des réserves d'apport de capital afin de reconstituer de telles réserves avec les bénéfices reportés et de mettre le solde du bénéfice reporté à la disposition de l'Assemblée générale soit CHF 335,268,321.

Le Conseil d'administration propose le report du bénéfice reporté en raison de la conviction du Conseil d'administration qu'il est dans l'intérêt de Logitech et de ses actionnaires de conserver le bénéfice de Logitech pour de futurs investissements dans le cadre de la croissance future de Logitech, ainsi que pour des rachats d'actions et pour acquérir, cas échéant, d'autres sociétés ou entreprises.

En cas de vote négatif des actionnaires sur cette proposition 3.1, le Conseil d'administration prendra le vote des actionnaires en considération, retirera la proposition 3.2 ci-dessous et convoquera une Assemblée générale extraordinaire afin de resoumettre cette proposition ou une proposition révisée aux actionnaires.

### Majorité requise pour l'approbation de la proposition

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

### Recommandation

Le Conseil d'administration recommande un vote **en faveur** de l'approbation de l'affectation proposée du bénéfice reporté en ce qui concerne l'exercice 2012.

## 3.2 Distribution des réserves d'apport de capital

### Proposition

Le Conseil d'administration propose que les réserves d'apport de capital de la société soient reclassées en tant que réserves librement disponibles pour un montant de CHF 125,650,814 (US \$131,506,142 d'après le taux de change au 30 juin 2012) et que ces réserves librement disponibles soient distribuées aux actionnaires pour un montant d'environ CHF 0.81 par action (US \$0.84 par action d'après le taux de change au 30 juin 2012),<sup>k</sup> jusqu'à un montant total de CHF 125,650,814, comme suit:

**L'année s'est terminée le 31 mars 2012**  
(les chiffres sont indiqués en milliers)

Réserves libres provenant d'apports de capital avant allocation	CHF	\
Allocation proposée de réserves pour actions propres provenant d'apports de capital		116,070
Allocation proposée de réserves générales provenant d'apports de capital		9,580
Distribution proposée d'apports de capital		<u>(125,650)</u>
Réserves libres provenant d'apports de capital à reporter	<u>CHF</u>	<u>\</u>

Aucune distribution ne doit être opérée sur des actions détenues en trésorerie par la Société et ses filiales.

La date approximative de paiement est prévue le 18 septembre 2012.

Cette proposition sera retirée si la proposition 3.1 ci-dessus n'est pas approuvée.

### Explication

Le Conseil d'administration propose qu'à la place d'un dividende sur le bénéfice disponible, la société distribue

<sup>9</sup>Calculé sur la base de 155,960,117 actions émises au 30 juin 2012 (nettes d'actions propres). Les actions qui donnent droit à la distribution sont toutes les actions émises excepté les actions propres détenues par Logitech International S.A. au jour précédent le paiement de la distribution.

une part excédentaire de ses réserves d'apport de capital. Cette distribution en espèces d'excédent sera une distribution unique basée sur la baisse significative des prix des actions de la Société durant l'exercice 2012, l'existence de cet excédent et l'occasion de récompenser nos actionnaires pour leur engagement dans la Société.

Selon le régime fiscal suisse qui est actuellement avantageux sur ce point, les distributions d'excédents (contrairement aux distributions de dividendes provenant du bénéfice) ne sont pas sujettes au prélèvement de l'impôt anticipé.

### **Majorité requise pour l'approbation de la proposition**

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

### **Recommandation**

Sous réserve de l'approbation de la proposition 3.1 ci-dessus, le Conseil d'administration recommande un vote **en faveur** de l'approbation de la reclassification des réserves d'apport de capital de la société en tant que réserves librement disponibles pour un montant de CHF 125,650,814 et la distribution de ces réserves librement disponibles aux actionnaires pour un montant d'environ CHF 0.81 par action, <sup>k</sup> jusqu'à un montant total de CHF 125,650,814.

## **Point 4**

### **Réduction du capital<sup>9</sup>actions par l'annulation des actions rachetées**

#### **Proposition**

Le Conseil d'administration propose que 18.5 millions d'actions rachetées dans le cadre du programme de rachat qui a été autorisé par le Conseil d'Administration en septembre 2008, tel qu'amendé en novembre 2011, soient annulées, que le capital:actions de la société soit réduit de CHF 4,625,000, passant ainsi de CHF 47,901,655 à CHF 43,276,655, et que les statuts de la société soient modifiés comme suit:

#### **Article 3 (texte actuel):**

Le capital:actions est fixé à la somme de quarante:sept millions neuf cent un mille six cent cinquante:cinq (47'901'655 fr.), entièrement libéré.

Il est divisé en cent nonante et un millions six cent six mille six cent vingt (191'606'620 ) actions d'une valeur nominale de vingt:cinq centimes (0.25 fr.) chacune.

#### **Article 3 (nouveau texte):**

Le capital:actions est fixé à la somme de quarante:trois millions deux cent septante six mille six cent cinquante cinq (43'276'655 fr.), entièrement libéré.

Il est divisé en cent septante trois millions cent six mille six cent vingt (173'106'620) actions d'une valeur nominale de vingt:cinq centimes (0.25 fr.) chacune.

#### **Explication**

En septembre 2008, le Conseil d'administration a approuvé un programme de rachat d'actions qui autorise la Société à investir jusqu'à US \$250 millions pour acheter ses propres actions. En novembre 2011, la Société a obtenu l'approbation des autorités réglementaires suisses relative à un amendement du programme de rachat d'actions de septembre 2008 afin de permettre de futurs rachats d'actions en vue de leur annulation, jusqu'à un nombre total de 28.5 millions d'actions.

Le Conseil d'administration propose maintenant que les actionnaires approuvent l'annulation de 18.5 millions actions rachetées dans le cadre du programme de septembre 2008 tel qu'amendé et que le capital:actions mentionné à l'article 3 des statuts de la société soit réduit en conséquence.

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<sup>9</sup> Calculé sur la base de 155,960,117 actions émises au 30 juin 2012 (nettes d'actions propres). Les actions qui donnent droit à la distribution sont toutes les actions émises excepté les actions propres détenues par Logitech International S.A. au jour précédent le paiement de la distribution.

Dans leur rapport de révision spécial préparé pour l'Assemblée générale ordinaire, l'organe de révision PricewaterhouseCoopers SA a confirmé que les créances des créanciers de la Société seraient couvertes malgré la réduction du capital:actions proposée.

La réduction du capital:actions par annulation d'actions ne peut être accomplie qu'après la publication de trois avis aux créanciers conformément à l'article 733 du Code suisse des obligations. Si cette proposition est approuvée, ces avis aux créanciers seront publiés après l'Assemblée générale annuelle dans la Feuille officielle suisse du commerce (FOSC). Après l'expiration de la période de deux mois d'attente requise par la loi, la réduction du capital:actions sera exécutée et enregistrée au registre du commerce.

### **Majorité requise pour l'approbation de la proposition**

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

### **Recommandation**

Le Conseil d'Administration recommande un vote **en faveur** de l'approbation de l'annulation de 18.5 millions actions, de la réduction du capital action de la société de CHF 4,625,000 ainsi que de l'amendement des statuts de la société en conséquence.

### **Point 5**

### **Modification et reformulation du Stock Incentive Plan 2006, y compris l'augmentation du nombre d'actions qui peuvent être émises dans le cadre du Plan**

#### **Proposition**

Le Conseil d'administration propose que les actionnaires approuvent les modifications et la reformulation du Stock Incentive Plan 2006 de Logitech International S.A. (le "Plan") afin d'autoriser l'émission de 9,000,000 actions supplémentaires dans le cadre du Plan, d'améliorer le gouvernement d'entreprise de la (ociété et ses pratiques en la matière.

#### **Explication**

Le Conseil d'administration estime qu'un élément clé de la capacité de la (ociété à maintenir son succès réside dans la qualité de son personnel. Il estime de surcroit que sa réussite future dépend de sa capacité à attirer et conserver des employés de haute qualité. Le Conseil d'administration considère que la capacité durable d'octroyer le droit de recevoir des participations dans la (ociété (*to grant equity award*) est un instrument de recrutement et de conservation des employés qui est nécessaire et essentiel à la Société ; il lui permet de recruter et de conserver des employés, des gérants et des directeurs de haute qualité essentiels au succès de la (ociété.

Le Stock Incentive Plan 2006 est le seul plan d'intéressement des employés de la Société (sous réserve de son Inducement Equity Plan 2012 : dont toutes les actions autorisées ont déjà été attribuées : et de ses Plans d'Achat d'Actions pour les Employés). Au 30 juin 2012, il reste environ 4,8 millions d'actions pouvant être émises dans le cadre du Plan. Nous estimons que ces réserves seront épuisées avant l'Assemblée générale annuelle de 2014 malgré le fait que, pour protéger les intérêts des actionnaires, la société gère son programme en utilisant ses ressources de manière optimum.

Le Comité de Rémunération prévoit que les actions supplémentaires requises dans le cadre de cette proposition permettront à la Société de renforcer son plan d'intéressement jusqu'à la fin de l'exercice 2016, et de répondre aux besoin découlant des octrois prévus en relation avec le recrutement, le personnel actuel et en fournissant une flexibilité

raisonnable pour les acquisitions. Le tableau ci-dessous détaille les actions actuellement disponibles selon le Plan d'une part ainsi que les actions qui seront disponibles si cette proposition est approuvée:

**Actions**  
000000000000000000  
 (en millions)

2006 Stock Incentive Plan U Actions

Action initialement autorisées par la Plan	14.0
Actions supplémentaires autorisées lors de l'Assemblée générale 2009	3.5
Actions attribuées de juin 2006 au 30 juin 2012, déduction faite des annulations	(12.7)
Actions supplémentaires demandées dans le cadre de cette proposition	9.0
Total des actions disponibles pour être l'émission au 30 juin 2012 (si la proposition est acceptée)	13.8

Le Conseil d'administration ne propose pas une augmentation du capital conditionnel de la Société pour les plans d'intéressement des collaborateurs de Logitech. Depuis 2000, Logitech a utilisé les actions détenues en trésorerie et acquises dans le cadre de ses programmes de rachat d'actions afin de couvrir ses obligations d'émission liées aux octrois dans le cadre des plans d'intéressement des collaborateurs, y compris les octrois effectués selon le Plan. Le Conseil d'administration prévoit de continuer à procéder ainsi.

Logitech offre des plans d'intéressement à ses collaborateurs depuis le début de ses activités dans les années 1980. La rémunération en titres de participation reflète en partie la pratique du marché, spécialement dans la Silicon Valley, Californie, où la Société a une présence significative. Cependant, il s'agit aussi d'un élément qui fait la différence en matière de recrutement et de conservation du personnel sur le marché de l'emploi hors des Etats-Unis, où, historiquement, la rémunération en titres de participation n'était ou n'est pas courante. Le Conseil d'administration considère qu'avoir la capacité d'offrir un intéressement dans le cadre de la rémunération des employés continue à être un élément clé du programme de rémunération de Logitech et de son succès à long terme.

**Changements importants du Plan**

Le résumé suivant souligne les changements importants du Plan qui sont proposés.

- Le nombre d'actions qui peuvent être émises dans le cadre du Plan a été augmenté de neuf millions (9,000,000) d'actions supplémentaires, passant ainsi de 17.5 millions d'actions à 26.5 millions d'actions.
- La date d'expiration automatique du Plan a été supprimée.
- La comptabilisation des actions selon le Plan a été modifiée, il prévoit désormais que certaines actions seront imputées au nombre maximal d'actions réservées pour l'émission et ne seront pas réintégrées au Plan pour de futurs octrois.
- Le Plan a été modifié pour interdire une modification du prix des options ou des droits à la plus value des actions : *Stock Appreciation Rights* ("SARs")
- Le cercle des bénéficiaires du Plan a été étendu afin de permettre aux consultants d'y participer.

Le descriptif ci-dessous de certains éléments importants du Plan n'est qu'un résumé qui n'a pas de force probante. Pour plus d'informations, veuillez vous référer au Plan annexé à cette invitation (Annexe A).

**Aperçu des dispositions clés du Plan**

Veuillez trouver ci-dessous un résumé des dispositions clés du Plan.

Durée du Plan: Le Plan, tel qu'amendé et reformulé, deviendra effectif à la date à laquelle les actionnaires approuveront le Plan et déploiera ses effets jusqu'à ce que le Conseil d'administration y mette fin. Les modifications proposées s'appliqueront aux nouveaux octrois d'actions aussi bien qu'aux anciens

	qui n'ont pas encore été exécutés#
Participants éligibles:	Les employés, les directeurs et les consultants de la Société, d'une société: mère, d'une filiale ou d'une société affiliée sont admis à recevoir tout type d'octrois possibles selon le Plan# Seuls les employés de la Société, d'une société:mère ou d'une filiale sont admis à recevoir des <i>Incentive Stock Options</i> (ISOs) selon le Plan.
Actions disponibles:	26.5 millions d'actions selon les dispositions du Plan, sous réserve d'ajustements en cas de changements dans la capitalisation de la Société. Si les modifications sont approuvées par les actionnaires, environ 13.8 millions d'actions seront disponibles dans le cadre du Plan (d'après les octrois au 30 juin 2012).
Catégories	(1) Options (2) SARs (3) Actions bloquées (4) Unités bloquées ( <i>Restricted Stock Units</i> )
Durée	Les options et les SARs auront une durée ne pouvant excéder dix ans.
Limites des ISO:	Le nombre d'actions octroyées sous forme d'ISO ne peut excéder le nombre maximal d'actions réservées pour l'émission.
162(m) Limites relatives aux actions:	La section 162(m) du Code requiert, entre autres, que le nombre maximal d'actions attribué par individu soit approuvé par les actionnaires afin que les actions attribuées selon le Plan puissent bénéficier d'un traitement fiscal américain particulier ( <i>performance"based compensation traitement</i> ) qui lui permettra de ne pas être soumis à la limite de US \$1 million qui s'applique aux déductions fiscales de certains membres de la Direction. En conséquence, le Plan limite les octrois individuels comme suit: (1) Aucun employé individuel ne doit se voir octroyer d'options ou SARs portant sur plus de 6 millions d'actions de la Société durant un exercice fiscal T (2) Aucun employé individuel ne doit se voir octroyer des actions bloquées ou Unités bloquées portant sur plus de 4 millions d'actions de la Société durant un exercice fiscal.
Exercice ( <i>vesting</i> )	Déterminé par l'administrateur dans les limites exposées dans le Plan.
Interdit:	(1) Octroyer des options ou des SARs à un prix en:dessous du prix du marché ( <i>fair market value</i> ) des actions de la Société à la date de l'octroi. (2) A moins que ce ne soit approuvé par les actionnaires, modifier le prix ou réduire le prix d'exercice d'un(e) option <i>underwater</i> ou SAR ou échanger des options <i>underwater</i> ou des SAR contre (i) une nouvelle option ou un nouveau SAR dont le prix d'exercice est plus bas, (ii) un paiement au comptant ou (iii) tout autre rémunération. (3) Ajouter des actions au nombre d'actions disponibles pour l'émission lorsque (i) les actions couvertes par l'octroi sont remises à titre de paiement du prix d'achat ou à titre de retenue fiscale sur une option ou autre; (ii) les actions ne sont pas émises ou remise suite au règlement d'un SAR ou d'une option en cash et (iii) les actions sont rachetées sur le marché avec le revenu découlant de l'exercice d'une option

## Résumé du Plan

**Administration du Plan.** Le Conseil d'administration ou le Comité de Rémunération, qui est composé entièrement de directeurs indépendants (désignés collectivement ci:dessous comme l'administrateur), administre le Plan. L'administrateur sélectionne les employés, les consultants et les directeurs éligibles, détermine le nombre d'actions disponibles et, sous réserve des dispositions du Plan, établit les termes et les conditions de chaque accord

d'octroi. L'administrateur peut interpréter le Plan et établir, modifier et abroger toute règle ayant trait au Plan. L'administrateur peut déléguer à un comité d'un ou plusieurs directeurs de la Société la faculté d'octroyer des intéressements, dans la mesure permise par les documents de gouvernance d'entreprise de la Société. L'administrateur peut également adopter des sous-plans et des règles, procédures et formulaires correspondantes afin d'octroyer des titres à des participants hors des Etats-Unis et de manière conforme aux lois non-américaines.

**Réserve d'actions.** Le nombre maximal d'actions qui peuvent être émises dans le cadre du Plan s'élève à 26.5 millions d'actions.

Toute attribution d'options ou de SARs visant à se conformer à la section 162 (m) du Code est limitée à un total de 6 millions d'actions par personne et par année fiscale, et toute attribution d'actions bloquées ou d'unités bloquées visant à se conformer à la Section 162 (m) du Code est limitée à un total de 4 millions d'actions par personne et par année fiscale.

Toute action qui est l'objet d'un octroi qui expire ou se termine sans avoir été exercé ou avant son règlement, n'est pas acquise dans sa totalité, est confisquée, ou est remboursée en espèces et sera à nouveau disponible pour une nouvelle attribution dans le cadre du Plan. Tout équivalent de dividende crédité selon le Plan et payé en espèces ne doit pas être déduit du nombre d'actions qui pourraient être émises en vertu du Plan.

Les actions suivantes seront imputées sur le nombre maximal d'actions réservées et ne seront pas réintégrées : (i) les actions couvertes par un octroi qui sont remises en paiement du prix d'achat ou à titre de retenue fiscale sur une option ou autres, (ii) les actions qui ne sont pas émises ou remises à la suite du règlement net d'un SAR ou d'une option, et (iii) les actions qui sont rachetées sur le marché avec les revenus découlant de l'exercice d'une option.

**Éligibilité.** Seuls les employés de la Société, de la société-mère ou d'une filiale sont admis à recevoir les ISOs. Les employés, les administrateurs et les consultants de la Société, de la société-mère, d'une filiale ou d'une société affiliée sont admis à recevoir des *nonstatutory options*, SARs, actions bloquées, ainsi que des unités bloquées SAR. Au 30 juin 2012, la Société comptait environ 600 employés, dont huit gérants non salariés et 160 consultants éligibles dans le cadre du Plan. Cependant, les octrois aux consultants sont limités par les règles de gouvernement d'entreprise de la Société.

**Attributions :** Les octrois dans le cadre du Plan peuvent inclure les éléments suivants :

**Options.** Une option est le droit d'acheter des actions de la Société à un prix d'exercice fixe pendant une période déterminée. Chaque option fait l'objet d'une convention d'attribution et est soumise aux termes et conditions suivants :

**Nombre d'options.** L'administrateur déterminera le nombre d'actions visées par une option octroyée à un participant.

**Prix d'exercice.** L'administrateur déterminera le prix d'exercice des options octroyées dans le cadre du Plan au moment où les options seront octroyées, mais le prix d'exercice doit être généralement au moins égal au prix du marché (*fair market value*) d'une action de la Société à la date de l'octroi. Le prix du marché d'une action est généralement déterminé par référence au prix de clôture au SIX (Eiss Exchange (pour les options libellées en francs suisses) ou sur le NASDAQ Global Select Market (pour les options libellées en dollars américains). Le prix du marché à la date de l'octroi peut également être déterminé sur la base d'une moyenne des prix de négociation lors d'une période avant ou après la date de l'octroi. Le 30 juin 2012, le prix de clôture d'une action de la Société était de 10.22 CHF sur le SIX Swiss Exchange et de \$10.67 aux Etats-Unis sur le NASDAQ Global Select Market.

**Exercice de l'option; Moyen de paiement.** L'administrateur détermine le moment où les options sont exerçables et peut, à sa discrétion, dans certaines circonstances, accélérer cette période. Le moyen de paiement des actions émises suite à l'exercice d'une option est spécifié dans chaque accord d'attribution. Dans la mesure permise par la loi applicable, le Plan permet le paiement en espèces, en quasi-espèces, en billets à ordre, par d'autres actions (avec quelques restrictions), en exercice *cashless*, en *net exercise*, en toute sorte de combinaison des méthodes précitées de paiement ou toute autre forme de considération autorisée par la loi applicable.

*Durée de l'option.* La durée d'une option est indiquée dans le contrat d'attribution. Toutefois, la durée d'une option ne peut excéder dix ans. Aucune option ne peut être exercée après l'expiration de sa durée.

*Fin de service.* Après la fin de la relation de service, un détenteur d'option peut exercer son option pendant la période de temps déterminée par l'administrateur et indiquée dans le contrat d'attribution. Si aucune période de temps n'est indiquée dans le contrat d'attribution du participant, un participant peut exercer l'option pendant nonante jours après la résiliation, dans la mesure où l'option est acquise à la date de résiliation (mais en aucun cas plus tard que l'expiration du terme d'une telle option tel qu'indiqué dans l'accord d'attribution), à moins que la relation de service d'un participant se termine pour cause de décès ou d'une invalidité, dans ce cas, le participant (ou, si le participant est décédé, la succession du participant, le bénéficiaire désigné ou la personne qui acquiert le droit d'exercer l'option par legs ou héritage) peut exercer l'option, dans la mesure où l'option avait été acquise à la date de la résiliation (ou dans la mesure où l'acquisition est accélérée en cas de décès du participant), dans un délai d'une année après la date de la résiliation. Toutefois, à moins que l'emploi d'un participant soit résilié pour juste motif, si un participant est empêché d'exercer une option dans le délai applicable à cause de questions de *compliance* en relation avec l'émission des actions, l'option restera exerçable pendant trente jours dès réception par le participant de la notification de la Société confirmant que l'option peut être exercée, mais dans tous les cas pas plus tard que l'expiration de la durée de l'option.

Droits à la plus: value des actions (SAR). Un SAR est le droit de recevoir la plus: value des actions de la Société au prix du marché, entre la date d'octroi et la date d'exercice du SAR. La Société peut s'acquitter de la plus: value au comptant, avec des actions de la Société, ou par une combinaison des deux, selon la décision de l'administrateur. Chaque octroi de SAR est matérialisé par une convention d'attribution spécifiant les modalités et conditions de l'octroi. L'administrateur détermine également le prix d'exercice, les termes et conditions des SARs. Cependant, le prix d'exercice doit être au moins égal au prix du marché d'une action de la Société à la date de l'octroi, et la durée d'un SAR ne doit pas dépasser dix ans.

Après la fin du rapport de services, les participants pourront exercer la part acquise de leurs SARs pour la période déterminée par l'administrateur et prévue dans la convention d'octroi. Si aucune période de temps n'est prévue dans la convention d'attribution d'un participant, le participant ou, en cas de mort du participant, sa succession ou sa ou son bénéficiaire aura généralement la faculté d'exercer ses (son) SAR(s) acquis pendant (i) 90 jours après la cessation de service pour des raisons autres qu'un décès ou une invalidité, et (ii) une année après la cessation de service due à un décès ou à une invalidité. Les SARs ne peuvent en aucun cas être exercés après l'expiration de leur durée.

Actions bloquées. Les octrois d'actions bloquées sont des octrois d'actions de la Société conférés conformément aux modalités et conditions établies par l'administrateur. Chaque octroi d'actions bloquées se manifeste par une convention d'attribution spécifiant les modalités et conditions de l'octroi. L'acquisition peut être déclenchée par la durée d'un emploi, l'écoulement du temps ou des objectifs de rendement. L'administrateur déterminera le nombre d'actions bloquées octroyées à tout participant. L'administrateur détermine également le prix de vente, s'il y en a un, et, à moins que l'administrateur n'en décide autrement, l'octroi d'actions bloquées non encore acquises est annulé dès la cessation volontaire ou involontaire de la relation de service entre le participant et la Société pour quelque motif que ce soit, y compris le décès ou l'invalidité.

Unités bloquées (y compris les unités bloquées basées sur la performance). Les unités bloquées représentent le droit de recevoir des actions de la Société ou de l'argent au comptant de valeur équivalente aux actions, ou une combinaison des deux tel que déterminée par l'administrateur. Les unités bloquées sont acquises conformément aux modalités et conditions établies par l'administrateur, comme présenté dans la convention d'attribution applicable. L'acquisition peut être déterminée par la durée d'un emploi, l'écoulement de temps ou des objectifs de rentabilité. Les Unités bloquées qui sont soumises à des objectifs de rentabilité sont désignées comme *performance-based restricted stock units*. Aucune condition liée à des objectifs de rentabilité ne peut être basée sur une rentabilité couvrant une période de moins d'une année. La convention d'octroi peut prévoir une confiscation ou une annulation des unités bloquées, en tout ou en partie, en cas de cessation de la relation de service entre le participant et la Société.

Critères de performance de la Section 162(m). Les octrois basés sur la performance peuvent, mais ne doivent pas, être basés sur les critères de performance qui satisfont à la section 162(m) du Code. Dans la mesure où il est prévu de qualifier les octrois de Moctrois basés sur la performanceN selon la section 162(m) du Code, les critères de performance seront basés sur le cours des actions (en cas d'options ou de SAR) ou sur un ou plusieurs des critères suivants (en cas d'actions bloquées et d'unités bloquées): reconnaissance/acceptation de la marque, *cash flow*, *cash flow return on investissements*, rentabilité, contrôle des coûts, satisfaction des consommateurs, développement de produits, bénéfice avant intérêts, impôts et amortissement; bénéfice par action, profit, valeur ajoutée, *cash flow* disponible, revenus ou revenus nets, revenus avant impôts sur le revenu, parts de marché, nouveaux produits, résultat d'exploitation ou résultat d'exploitation net, marge opérationnelle ou marge bénéficiaire, résultat d'exploitation ou résultat d'exploitation net, excellence opérationnelle, réduction des coûts de production, gamme de produits, programme de diffusion des produits, objectifs d'envois de produits, qualité, rendement des actifs ou actifs nets, rendement du capital, rendement des capitaux investis, rendement des produits d'exploitation, rendement des ventes, recettes, ventes, hausse du prix de l'action, alliances stratégiques, rendement total pour les actionnaires et fonds de roulement. Les objectifs de rentabilité peuvent différer d'un participant à l'autre et d'une attribution à l'autre et peuvent être appliqués dans toutes les combinaisons possibles. Les objectifs de rentabilité peuvent être appliqués à la Société dans son ensemble à un département particulier ou à une filiale, soit individuellement, soit dans le cadre d'une combinaison quelconque, et être mesurés soit en terme absolu soit en terme relatif (y compris en comparaison avec les résultats des années précédentes et/ou avec un groupe témoin).

***Incessibilité des octrois.*** A moins que l'administrateur n'en ait décidé autrement les rémunérations octroyées selon le Plan ne sont pas cessibles autrement que par testament, par la désignation d'un bénéficiaire (si une telle désignation est autorisée par l'administrateur) ou par la loi, et peuvent être exercés seulement par le participant de son vivant. Si l'administrateur rend un octroi cessible, l'octroi doit contenir les modalités et conditions additionnelles que l'administrateur considère comme étant appropriées.

***Adaptations en cas de modification de la structure du capital.*** En cas de changement dans les actions de la Société ou d'autres titres en raison d'un dividende en actions, du fractionnement des actions, d'une combinaison ou d'une reclassification des actions, d'un dividende extraordinaire au comptant ou en actifs, d'une recapitalisation, d'une réorganisation ou tout autre événement similaire concernant les actions de la Société ou d'autres titres, l'administrateur fera les adaptations nécessaires quant au nombre et au type d'actions de la Société ou d'autres titres soumis au Plan : y compris le nombre maximal d'actions qui peuvent être émises dans le cadre de l'exercice d'un ISO et les limites annuelles du nombre d'actions qui peuvent être octroyées en relation avec l'attribution d'ISO, ou en relation avec de précédents octrois, et l'exercice ou le prix d'exercice de précédents octrois, afin de tenir compte des changements intervenus et d'empêcher une dilution ou une augmentation des bénéfices relatifs aux octrois.

***Adaptations en cas de dissolution ou de liquidation.*** Dès la liquidation ou la dissolution effective de la Société, tout octroi non exercé prendra fin. L'administrateur peut, à sa discrétion, prévoir qu'un participant aura le droit d'exercer tout ou une partie de son octroi, y compris les octrois non encore exerçables, avant la réalisation d'une telle mesure.

***Adaptations en cas de fusion ou de changement de contrôle.*** Si la Société fait l'objet d'une fusion, d'un regroupement ou d'une restructuration, ou de la vente d'une partie substantielle de ses actifs, chaque octroi non payé sera soumis à la convention d'attribution applicable, laquelle doit prévoir l'une ou plusieurs des clauses suivantes: le prolongement, la modification ou le remplacement d'octrois non payés; la pleine faculté d'exercer ou l'exigibilité des octrois non payés (ce qui peut être subordonné à la finalisation de la transaction); ou l'annulation des octrois non payés et le paiement au titulaire au comptant ou en actions d'un montant équivalent au montant par action que les actionnaires de la Société sont en droit de recevoir ou de réaliser dans le cadre de la transaction en échange du nombre d'actions relatif à l'octroi.

***Adaptations et fin du Plan.*** Le Plan demeurera en vigueur jusqu'à ce que le Conseil d'administration y mette fin. De plus, le Conseil d'administration a le pouvoir de modifier, de suspendre ou de mettre fin au Plan, mais aucun(e) amendement, modification, suspension ou cessation ne peut porter atteinte aux droits d'un participant titulaire d'un octroi non payée, à moins qu'il en soit convenu autrement entre le participant et l'administrateur.



## Incidences fiscales fédérales américaines

Les règles fiscales fédérales américaines applicables au Plan selon le Code sont résumées ci-dessous. Ce résumé ne traite des lois fiscales d'aucune municipalité, d'aucun Etat ou pays hors des Etats-Unis dans lequel/laquelle un participant réside ou auquel/à laquelle il pourrait être soumis.

**Nonstatutory Options.** Le titulaire de *nonstatutory options* n'a aucun revenu imposable au moment où il se voit octroyé une *nonstatutory option*. Dès l'exercice de l'option, le titulaire de l'option a un revenu imposable qui se calcule sur la base de la différence entre le prix du marché au moment de l'exercice et le prix d'exercice. Tout revenu imposable dans le cadre de l'exercice d'une option par un employé est soumis à une retenue fiscale. La filiale de la Société opérant aux Etats-Unis a généralement droit à une déduction du même montant que le revenu imposable du titulaire de l'option. Dès que le titulaire de l'option peut disposer des actions, toute différence entre le prix de vente et le prix d'exercice du titulaire de l'option, dans la mesure où elle n'est pas considérée comme un revenu imposable comme mentionné plus haut, est traité comme un gain ou une perte de capital à long ou court terme, selon la période prise en compte.

**Droits à la plus-value des actions.** Il n'y a aucun revenu imposable lorsqu'un SAR est octroyé à un participant. Dès l'exercice du droit, le participant aura un revenu imposable d'un montant égal au montant de l'argent reçu au comptant et du prix du marché de toute action reçue. Tout gain ou toute perte additionnelle au moment d'une disposition ultérieure des actions sera un gain en capital ou une perte à long ou court terme, selon la période prise en compte.

Logitech Inc., la filiale de la Société opérant aux Etats-Unis, aura généralement droit à une déduction fiscale d'un montant égal au revenu imposable du participant imposé aux Etats-Unis

**Actions bloquées.** Un participant n'aura généralement pas de revenu imposable au moment où des actions bloquées sont octroyées. Au lieu de cela, il aura un revenu imposable lors du premier exercice fiscal durant lequel sa participation en actions bloquées devient soit (i) librement transmissible, soit (ii) plus soumise à un risque important de déchéance. Cependant, un détenteur d'actions bloquées peut choisir de comptabiliser un revenu imposable au moment de l'octroi (dans la mesure où les actions ne lui ont pas encore été remises) à hauteur du prix du marché des actions octroyées moins tout montant payé pour les actions le jour de leur attribution. Lors de la vente des actions reçues, tout gain ou toute perte, basé(e) sur la différence entre le prix de vente et le prix du marché à la date du règlement, sera imposé(e) comme un gain en capital respectivement une perte à long terme ou à court terme, selon la période de détention.

Logitech Inc aura généralement droit à une déduction fiscale égale au montant du revenu imposable du participant à la date où les actions sont librement cessibles ou ne sont plus soumises à un risque substantiel de déchéance, sous réserve d'une restriction découlant des dispositions applicables du Code.

**Unités bloquées.** Un participant n'aura en général pas de revenu imposable au moment où une attribution d'unités bloquées lui est accordée. Lors de l'exécution de l'attribution, le participant aura normalement un revenu imposable lors de l'année de la réception d'un montant égal à l'argent au comptant reçu et le prix du marché de toutes les actions non bloquées reçues. Lors de la vente des actions reçues, tout gain ou perte, basé(e) sur la différence entre le prix de vente et le prix de marché à la date du règlement, sera imposé(e) comme un gain en capital respectivement une perte à long terme ou à court terme, selon la période de détention.

Logitech Inc aura généralement droit à une déduction fiscale égale au montant du revenu imposable du participant à la date du règlement, sauf dans la mesure où cette déduction est limitée par les dispositions applicables du Code.

**Rémunération liée à la performance en vertu de l'art. 162(m) du Code.** Des règles spéciales limitent la déductibilité de la rémunération versée à certains dirigeants aux Etats-Unis. Conformément à l'article 162(m) du Code, la compensation annuelle versée aux hauts dirigeants aux Etats-Unis peut ne pas être déductible dans la mesure où elle dépasse Y 4 ( 1 million. Cependant, Logitech Inc. peut préserver la déductibilité de la rémunération de certains octrois au-delà de Y US 1 million si les conditions de l'article 162(m) du Code sont remplies. Ces conditions comprennent l'approbation du Plan par les actionnaires et la fixation du nombre maximum d'octrois annuels par personne. Le Plan a été conçu de manière à permettre à l'administrateur d'accorder des droits qui peuvent être qualifiés comme étant basés sur la performance aux fins de satisfaire aux conditions de l'article 162(m) du Code, ce qui permet ainsi à Logitech Inc de continuer à bénéficier d'une

déduction d'impôt fédéral sur le revenu dans le cadre de ces octrois.

### Les attributions du nouveau Plan

Le montant et le timing des octrois accordés en vertu du Plan sont déterminés à la seule discrétion de l'administrateur et ne peuvent donc pas être déterminés à l'avance. Les octrois futurs qui seraient reçus dans le cadre du Plan par des directeurs généraux et d'autres employés sont discrétionnaires et ne sont donc pas déterminables à ce jour.

Le tableau suivant montre, pour chacun des individus et des groupes indiqués, le nombre total d'actions soumises à des octrois qui ont été accordés aux individus et aux groupes indiqués ci-dessous en vertu du Plan depuis sa création jusqu'au 30 juin 2012.

<u>Nom de la personne ou du Groupe</u>	Nombre d'actions sous jacentes à des octrois
<i>Executive Officers</i>	
Guerrino de Luca	220,000
Gerald P. Quindlen	1,287,000
Erik K. Bardman	218,000
Junien Labrousse	634,750
Werner Heid	372,500
L. Joseph Sullivan	365,500
<i>Executive Officers en tant que Groupe</i> <sup>(1)</sup>	803,500
Daniel Borel	27,100
Matthew Bousquette	42,100
Erh:Hsun Chang	58,100
Kee:Lock Chua	43,100
Sally Davis	57,100
Neil Hunt	28,600
Richard Laube	57,100
Monika Ribar	42,100
Membres non:exécutifs du Conseil d'administration en tant que Groupe	355,300
Tous les employés actuels, y compris les dirigeants autres que les membres exécutifs du Conseil d'administration, en tant que Groupe	B,975,560

<sup>(1)</sup> Inclut Messieurs De Luca, Bardman et Sullivan. M. Darrell est devenu président de la Société le 9 avril 2012 et n'avait pas, au 30 juin 2012, d'actions attribuées selon le Stock Incentive Plan 2006.

### Majorité requise pour l'approbation de la proposition

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

### Recommandation

Le Conseil d'administration recommande un vote **en faveur** de l'approbation des modifications et de la reformulation du *Stock Incentive Plan* 2006, y compris l'augmentation de neuf millions (9,000,000) d'actions du nombre d'actions qui peuvent être émises dans le cadre du Plan.

## Point 6

### Autorisation de détenir plus de 10% du capital actions de la Société

#### Proposition

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

#### Explication

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

Les actionnaires autorisent la Société à détenir plus de 10 pour cent de ses propres actions, dans la mesure où les actions propres dépassant le seuil des 10 pour cent de détention sont rachetées dans l'optique de les annuler lors de l'Assemblée générale ordinaire 2012 et/ou de 2013 de la Société# Depuis l'approbation de la Commission des Offres Publiques d'Acquisition et de la SIX Swiss Exchange le 11 novembre 2011, la Société a procédé à des rachats selon son programme de rachat d'actions via une deuxième ligne de négoce qui a permis à la Société de se conformer à ses obligations selon les lois fiscales suisses dans le cadre du rachat d'actions en:dessus du seuil des 10 pour cent.

Au 30 juin 2012, Logitech détenait environ 18.6 pour cent de ses propres actions dans sa trésorerie et selon les plans de rachat d'actions autorisés par le Conseil d'administration, la Société peut acquérir jusqu'à environ US \$4.4 millions d'actions supplémentaires. Même après avoir tenu compte de l'annulation d'actions prévue au Point 4, si elle est approuvée par les actionnaires, et si tous les autres facteurs restent constants, la Société continuera de détenir approximativement 9.8 pour cent de ses propres actions en trésorerie. Si la Société poursuit les rachats dans le cadre du programme de rachat d'actions, elle pourrait à nouveau accumuler des actions de trésorerie représentant près de ou excédent 10 pour cent de son capital émis.

Afin de fournir à la Société une flexibilité continue dans la gestion de son capital, le Conseil d'administration sollicite l'autorisation d'amener la Société à détenir plus de 10 pour cent de ses propres actions, dans la mesure où les actions excédant le seuil de 10 pour cent sont rachetées, via une deuxième ligne de négoce ou autrement, en vue d'être annulées. Dans le cas d'un vote négatif sur cette proposition par les actionnaires, le Conseil d'administration fera en sorte que la Société ne dépasse pas le seuil de 10 pour cent d'actions propres.

#### Majorité requise pour l'approbation de la proposition

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

#### Recommandation du Conseil

Le Conseil d'administration recommande de voter **en faveur** de la décision suivante ()

"La Société est autorisée à détenir plus de 10 pour cent de ses propres actions, dans la mesure où les actions propres dépassant la limite de 10 pour cent sont rachetées, sur une ligne de négoce séparée ou par tout autre moyen, pour être annulées dans le cadre d'une réduction du capital:actions qui sera proposée lors de l'Assemblée générale ordinaire de la Société en 2013 et/ou en 2014."

## **Point 7**

### **Décharge des membres du Conseil d'administration et de la Direction pour leur activité durant l'exercice 2012**

#### **Proposition**

Le Conseil d'administration propose aux actionnaires de donner décharge aux membres du Conseil d'administration et de la Direction pour leur activité durant l'exercice 2012.

#### **Explication**

Comme il est usuel pour des sociétés suisses et conformément à l'article 698, alinéa 2, chiffre 5 du Code suisse des obligations, les actionnaires sont invités à donner décharge aux membres du Conseil d'administration et de la Direction pour leurs activités pendant l'exercice 2012 pour les faits révélés aux actionnaires. Cette décharge exclut des actions en responsabilité de la part de la Société ou d'actionnaires pour le compte de la Société contre des membres du Conseil d'administration ou de la Direction pour leur activité pendant l'exercice 2012 portant sur des faits qui ont été portés à la connaissance des actionnaires. Toutefois, les actionnaires qui n'ont pas voté en faveur de la décharge, ou qui ont acquis leurs actions postérieurement au vote relatif à la décharge sans en avoir connaissance, ne sont pas liés par le résultat du vote pendant une période de six mois suivant ce dernier.

#### **Majorité requise pour l'approbation de la proposition**

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

#### **Recommandation**

Le Conseil d'administration recommande de voter **en faveur** de la proposition de donner décharge aux membres du Conseil d'administration et de la Direction pour leurs activités pendant l'exercice 2012.

## **Point 8**

### **Diminution de la durée du mandat pour les membres du Conseil d'administration**

#### **Proposition**

Le Conseil d'administration propose que la durée du mandat de ses membres soit diminuée de trois ans à un an et que l'article 14, paragraphe 1 des statuts de la (ociété soit modifié comme suit ()

#### **Article 14 (texte actuel):**

Le Conseil d'administration se compose de trois membres au moins, nommés par l'assemblée générale pour une durée de trois ans et indéfiniment rééligibles.

#### **Article 14 (nouveau texte):**

Le Conseil d'administration se compose de trois membres au moins, nommés par l'assemblée générale pour une durée d'une année et indéfiniment rééligibles.

#### **Explication**

Le but de cette proposition est de réélire tous les administrateurs de la Société chaque année afin d'avoir une plus grande flexibilité dans le choix et la composition du Conseil d'administration. L'article 14, paragraphe 1 des (tatuts de la (ociété tel que proposé définit le cadre juridique y relatif. Les membres du Conseil d'administration qui ont été élus au cours des deux dernières années pour la durée de trois ans resteront en fonction jusqu'à l'expiration de leur mandat de trois ans. Si la proposition 8 est acceptée, ce changement sera applicable à compter de l'Assemblée générale ordinaire de 2012; il sera, en particulier, applicable aux élections de la proposition 9.

## Majorité requise pour l'approbation de la proposition

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

## Recommandation

Le Conseil d'administration recommande de voter **en faveur** de l'approbation de la diminution de la durée du mandat des membres du Conseil d'administration de trois ans à un an, et la modification de l'article 14, paragraphe 1 des (tatuts de la Société qui en découle.

## Point 9

### Elections au Conseil d'administration

Le Conseil d'administration est actuellement composé de neuf membres. Chaque administrateur est actuellement élu pour une période de trois ans, avec des échéances échelonnées dans le temps de façon à ce que tous les administrateurs ne doivent pas être élus au même moment. Sous le Point 8 de l'ordre du jour, le Conseil d'administration propose une réduction de la durée du mandat de trois ans à un an dans un souci de flexibilité.

Sur recommandation du Comité de nomination, le Conseil propose d'élire les trois personnes mentionnées ci-dessous en qualité d'administrateur pour une période d'un an si le Point 8 est approuvé par les actionnaires et pour une période de trois ans si le Point 8 n'est pas approuvé, commençant dans tous les cas lors de l'Assemblée générale ordinaire du 5 septembre 2012. Deux candidats sont actuellement membres du Conseil d'administration. Leur mandat viendra à échéance le jour de l'Assemblée générale ordinaire, soit le 5 septembre 2012. Le troisième candidat a été choisi et recommandé par le Comité des Nominations du Conseil d'administration et approuvé par le Conseil en juin 2012 comme candidat à l'élection au Conseil.

Un vote séparé sera tenu pour chaque candidat.

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

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

### 9.1 Réélection de Erh9Hsun Chang

**Proposition:** Le Conseil d'administration propose de réélire M. Erh:Hsun Chang au Conseil d'administration pour une nouvelle période d'un an si le Point 8 est approuvé ou une nouvelle période de trois ans si le Point 8 n'est pas approuvé.

*Erh"Hsun Chang* est un membre du Conseil d'administration depuis juin 2006. Jusqu'en avril 2006, M. Chang occupait la fonction de *Senior Vice President, Worldwide Operations* et *General Manager* pour la région de l'Asie de l'Est. M. Chang a rejoint pour la première fois Logitech en 1986 pour y établir ses opérations à Taiwan. Après avoir quitté la Société en 1988, il y est revenu en 1995 en qualité de Vice:Président, *General Manager* pour la région d'Asie de l'Est et les opérations à l'échelle mondiale. En avril 1997, M. Chang a été nommé *Senior Vice President, General Manager* pour la région d'Asie de l'Est et les opérations à l'échelle mondiale. Les autres expériences professionnelles de M. Chang incluent la fonction de Vice:Président, *Manufacturing Consulting* auprès de KPMG Peat Marwick, une société de services professionnels active sur le plan mondial, de 1991 à 1995, ainsi que la fonction de Vice:Président, *Sales and Marketing, Power Supply Division* de Taiwan Liton Electronics Ltd., une société taïwanaise active dans le

domaine de l'électronique, en 1995. M. Chang est titulaire d'un *BS degree* en ingénierie civile de l'Université de Chung Yuang, à Taiwan, d'un *MBA degree* en *Operations Management* de l'Université de Dallas au Texas, ainsi que d'un *MS degree* en ingénierie industrielle de l'Université A&M du Texas. M. Chang est également Vice:Président de la filiale de Logitech à Taiwan. Il a 63 ans et est citoyen taïwanais.

Ayant une grande carrière dans l'opérationnel, la fabrication ainsi que les ventes et le marketing, en particulier à Taiwan et en Chine, M. Chang apporte sa grande expertise en matière de fabrication et d'opérationnel, ainsi qu'un savoir-faire important dans le domaine des affaires à Taiwan et en Chine.

Il siège actuellement au Comité d'Audit. Le Conseil d'administration a déterminé qu'il est un administrateur indépendant.

## 9.2 Réélection de Kee Lock Chua

**Proposition:** Le Conseil d'administration propose de réélire M. Kee Lock Chua au Conseil d'administration pour une nouvelle période d'un an si le Point 8 est approuvé ou une nouvelle période de trois ans si le Point 8 n'est pas approuvé.

*Kee Lock Chua* est Président et *Chief Executive Officer* de Vertex Group, un groupe de venture capital ayant son siège à Singapour. Avant de rejoindre le groupe Vertex en septembre 2008, M. Chua était, de 2006 à 2008, Président et membre exécutif du Conseil d'administration de Biosensors International Group, Ltd., une société qui produit des appareils médicaux utilisés dans le domaine de la cardiologie et pour des interventions critiques. Précédemment, de 2003 à 2006, M. Chua était *Managing Director* de Walden International, une société de venture capital ayant son siège aux Etats-Unis. De 2001 à 2003, M. Chua a exercé la fonction de *Deputy President* de NatSteel Ltd., une société de produits industriels de Singapour active en Asie-Pacifique. De 2000 à 2001, M. Chua était Président et *Chief Executive Officer* de Intraco Ltd., une société active dans le négoce et la distribution cotée à Singapour. Avant de rejoindre Intraco, M. Chua était Président de MediaRing.com Ltd., une société cotée à Singapour qui fournit des services de *voice over Internet*. Il siège aux Conseils de SHC Capital Ltd. et Yongmao Holdings Limited (où il est *lead independent director*), toutes deux cotées en bourse à Singapour. M. Chua détient un *BS degree* en ingénierie Mécanique de l'Université de Wisconsin et un *MS degree* en ingénierie de l'Université Stanford en Californie. Il a 51 ans et est citoyen de Singapour.

M. Chua a une grande expertise en matière d'investissement et de *leadership*, en tant que *venture capitalist* en Asie et aux Etats-Unis, ainsi qu'en tant qu'ancien *Chief Executive Officer* de sociétés cotées en bourse en Asie. Il apporte au Conseil d'administration du *senior leadership*, ainsi que des compétences financières et globales. En tant que membre du Conseil d'administration de sociétés publiques en Asie, et de sociétés privées, il apporte également son expérience *cross-border*.

M. Chua siège actuellement au Comité de Rémunération et au Comité de Nomination du Conseil d'administration. Il est aussi *Lead Independent Director* de la Société. Le Conseil d'administration a déterminé qu'il est un administrateur indépendant.

## 9.3 Election de Didier Hirsch

**Proposition:** Le Conseil d'administration propose d'élire M. Didier Hirsch au Conseil d'administration pour une période d'un an si le Point 8 est approuvé ou une période de trois ans si le Point 8 n'est pas approuvé.

*Didier Hirsch* est le *Senior Vice President* et le *Chief Financial Officer* de Agilent Technologies, Inc., une société spécialisée dans les mesures et un *leader* de la technologie de l'analyse chimique, des sciences du vivant, de l'électronique et de la communication. Il est au sein d'Agilent depuis 1999 et a siégé en tant que *Chief Accounting Officer* de novembre 2007 à juillet 2010 et *Chief Financial Officer* par interim d'avril 2010 jusqu'à ce qu'il soit promu à son poste actuel en juillet 2010. M. Hirsch a siégé également en tant que Vice:Président, *Corporate Controllershship and Tax* au sein d'Agilent de 2006 jusqu'à juillet 2010, Vice:Président et *Controller* d'avril 2003 à octobre 2006, et Vice:Président et Trésorier de septembre 1999 à avril 2003. M. Hirsch a rejoint la société Hewlett-Packard en 1989 et

il a siégé en tant que Directeur des Finances et de l'Administration de Hewlett:Packard:Europe, Moyen:Orient et Afrique (5 ; 5A) de 1996 à 1999, Directeur des Ressources Humaines de Hewlett:Packard EMEA de 1998 à 1999, Directeur des Finances et de l'Administration de Hewlett:Packard Asie:Pacifique de 1993 à 1996, et Directeur des Finances et de l'Administration de Hewlett:Packard France de 1989 à 1993. Avant Hewlett:Packard, M. Hirsch a travaillé dans des postes dans le domaine financier au sein de Valeo Inc., Gemplus S.C.A., (3 (:Thomson Microelectronics, I.B.H. Holding S.A., Bendix Corporation et Ford Motor. Il siège au Conseil d'administration d'International Rectifier, un fournisseur de technologie pointue de gestion d'énergie, coté à la bourse de New York (NYSE). M. Hirsch a un *MS degree* en *Computer Sciences* de l'Université de Toulouse et un *MS degree* d'Administration Industrielle de l'Université de Purdue. Il a 61 ans et est citoyen français.

En tant que *Chief Financial Officer* d'une société publique leader en matière de technologie, et avec des compétences importantes en finance développées au cours de plusieurs décennies d'expérience au sein de sociétés de technologie et de manufacture aux Etats:Unis, en Europe au Moyen Orient, en Afrique ainsi qu'en Asie:Pacifique, M. Hirsch apporte au Conseil de l'expérience en matière de *leadership*, en finance (y compris U.S. GAAP), en technologie et une expérience globale.

Le Conseil d'administration a déterminé qu'il est un administrateur indépendant.

### **Majorité requise pour l'approbation de la proposition**

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

### **Recommandation**

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

## **Point 10**

### **Réélection de PricewaterhouseCoopers S.A. en qualité d'organe de révision et ratification de la nomination de PricewaterhouseCoopers LLP en qualité d'expert-comptable agréé indépendant pour l'exercice 2013.**

#### **Proposition**

Le Conseil d'administration propose de réélire PricewaterhouseCoopers S.A. en qualité d'organe de révision de Logitech International S.A. pour une période d'une année et que la nomination PricewaterhouseCoopers LLP en qualité d'expert-comptable agréé indépendant pour l'exercice 2013 soit ratifiée.

#### **Explication**

PricewaterhouseCoopers S.A. ou PwC S.A., sur recommandation du Comité d'Audit du Conseil, est proposé pour réélection pour une nouvelle période d'une année en qualité d'organe de révision de Logitech International S.A. PwC S.A. a effectué son premier mandat de révision pour Logitech en 1988.

Le Comité d'Audit a également nommé PricewaterhouseCoopers LLP ou PwC LPP, la filiale américaine de PwC S.A., en qualité d'expert-comptable agréé indépendant pour l'année fiscale se terminant le 31 mars 2013 pour le *reporting* selon la législation américaine sur les valeurs mobilières. Les statuts de Logitech ne requièrent pas que les actionnaires ratifient la nomination de PwC LPP en qualité d'expert-comptable agréé indépendant. Cependant, Logitech soumet la nomination de PwC LPP aux actionnaires pour ratification dans un souci de bonne gouvernance d'entreprise. Si les actionnaires ne ratifient pas la nomination, le Comité d'Audit réexaminera sa décision. Même si la nomination devait être ratifiée, le Comité d'Audit se réserve le droit de modifier, à sa discrétion, la nomination de PwC LPP durant l'année si le Comité devait décider qu'un tel changement est dans l'intérêt de Logitech et de ses actionnaires.

Des informations sur les honoraires que Logitech a payés à &EC S.A. et à &EC LLP, ainsi que d'autres informations concernant &EC S.A. et &EC LLP, figurent sous la rubrique *Independent Public Accountants* et *Report of the Audit Committee* de la version anglaise de cette Invitation et Document d'Information.

Un membre de &EC S.A. sera présent lors de l'Assemblée générale ordinaire. Il pourra y faire une déclaration et répondre à vos questions.

### **Majorité requise pour l'approbation de la proposition**

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

### **Recommandation**

Le Conseil d'administration recommande de voter **en faveur** de la réélection de PricewaterhouseCoopers S.A. en qualité d'organe de révision de Logitech International S.A. et de la ratification de la nomination de PricewaterhouseCoopers ! !& en qualité d'expert:comptable agréé indépendant, chacune pour l'exercice se terminant le 31 mars 2013.

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

Vous êtes invités à vous référer à la version anglaise de cette Invitation et Document d'Information pour davantage d'informations sur notre Conseil d'administration et consulter notre rapport de rémunération pour 2012. La version anglaise de cette Invitation et Document d'Information fait foi en cas de divergence avec les autres versions.

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24. Juli 2012

An unsere Aktionärinnen und Aktionäre:

Sie sind herzlich eingeladen, an der ordentlichen Generalversammlung 2012 der Logitech International S.A. teilzunehmen. Die Versammlung findet am Mittwoch, 1. September 2012 um 14:30 Uhr im Palais de Beaulieu, Saal Rom, in Lausanne, Schweiz, statt.

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

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

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



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*Präsident des Verwaltungsrates*

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## LOGITECH INTERNATIONAL S.A.

### Einladung zur ordentlichen Generalversammlung

Mittwoch, 10. September 2012

10.00 Uhr / Türöffnung um 09.30 Uhr

Palais de Beaulieu 6 Lausanne, Schweiz

88888

### TRAKTANDENLISTE

#### A. Berichte

Geschäftsbericht für das am 31. März 2012 zu Ende gegangene Geschäftsjahr

#### B. Anträge

1. Genehmigung des Jahresberichtes, des Entschädigungsberichtes, der Konzernrechnung und der Jahresrechnung der Logitech International S.A. für das Geschäftsjahr 2012
2. Konsultative Abstimmung über die Managementvergütung
3. Verwendung des Bilanzgewinns und Ausschüttung von Reserven aus Kapitaleinlagen
  - 3.1 Verwendung des Bilanzgewinns
  - 3.2 Ausschüttung von Reserven aus Kapitaleinlagen
4. Aktienkapitalherabsetzung durch Vernichtung zurückgekaufter Aktien
5. Anpassung und Neuformulierung des Stock Incentive Plan 2006, einschliesslich einer Erhöhung der gemäss Plan zur Ausgabe zur Verfügung stehenden Anzahl Aktien
6. Genehmigung zum Halten eigener Aktien von mehr als 10 %
7. Entlastung des Verwaltungsrates und der Geschäftsleitung für das Geschäftsjahr 2012
8. Kürzung der Amtsdauer von Mitgliedern des Verwaltungsrates
9. Wahlen in den Verwaltungsrat
  - 9.1 Wiederwahl von Herrn ErhBHsun Chang
  - 9.2 Wiederwahl von Herrn KeeBock Chua
  - 9.3 Wahl von Herrn Didier Hirsch
10. Wiederwahl von PricewaterhouseCoopers AG als Logitech's Revisionsstelle und Bestätigung der Wahl von PricewaterhouseCoopers LLP als Logitech's unabhängigen zugelassenen Revisionsexperten für das Geschäftsjahr 2013

Apples, Schweiz, 24. Juli 2012

Der Verwaltungsrat

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

### **ALLGEMEINE INFORMATION AN ALLE AKTIONÄRINNEN UND AKTIONÄRE**

#### **Warum erhalte ich diese Einladung und Information?**

Dieses Dokument soll sowohl dem schweizerischen Gesellschaftsrecht als auch den *proxy statement rules* der Vereinigten Staaten von Amerika genügen. Ausserhalb der Vereinigten Staaten von Amerika und Kanadas wird diese Einladung mit Informationsmaterial (die **FEinladung**) den eingetragenen Aktionären zugestellt, wobei Teile in französischer und deutscher Übersetzung abgegeben werden. Der englische Text dieser Einladung ist die massgebliche Version. Die Einladung steht den Aktionären ab dem 24. Juli 2012 zur Verfügung.

Die beigelegte Antwortkarte wird Ihnen im Auftrag des Verwaltungsrates von Logitech für die ordentliche Generalversammlung von Logitech übermittelt. Die Generalversammlung wird am Mittwoch, den 1. September 2012 um 14:30, im Palais de Beaulieu, Rome Room, in Lausanne, Schweiz stattfinden.

#### **Wer ist an der Versammlung stimmberechtigt?**

Aktionäre, die im Aktienregister der Logitech (einschliesslich dem Unterregister bei "The Bank of New York Mellon Corporation", Logitechs amerikanischer Vermittlungsstelle) am Donnerstag, 30. August 2012, eingetragen sind, geniessen das Stimmrecht. Zwischen dem 31. August 2012 und dem auf die Versammlung folgenden Tag werden keine Aktionäre ins Aktienregister eingetragen. Am 30. Juni 2012 waren 120'633 Aktien als stimmberechtigt eingetragen, bei 155'601 an diesem Tag ausstehenden Logitech Aktien. Die Anzahl an der Generalversammlung effektiv stimmberechtigter Aktien wird davon abhängen, wie viele zusätzliche Aktien zwischen dem 30. Juni 2012 und dem 30. August 2012 im Aktienregister eingetragen werden.

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

#### **Wer ist ein eingetragener Aktionär?**

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

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

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

#### **Warum ist es für mich wichtig an den Abstimmungen teilzunehmen?**

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

### **Wie viele eingetragene Aktien müssen vertreten sein, um die Rechtsgültigkeit der Versammlung sicherzustellen?**

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

### **; o sind die wichtigsten Verwaltungssitze der Logitech?**

Logitechs schweizerischer Verwaltungssitz ist in Rue du Sablon 2B, 1110 Morges, Schweiz, und unser Verwaltungssitz in den Vereinigten Staaten von Amerika ist in 7600 Gateway Boulevard, Newark, California 94560. Logitechs Telefonnummer in der Schweiz ist +41(0)218; , 8111 und unsere Telefonnummer in den Vereinigten Staaten von Amerika ist +5108-@ 8500.

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

Unser Jahresbericht 2012 zuhanden der Aktionäre, die Einladung und unser Jahresbericht auf Formular 10K für das Geschäftsjahr 2012, wie es bei der *Securities and Exchange Commission* der Vereinigten Staaten von Amerika hinterlegt wurde, können auf unserer Webseite unter <http://ir.logitech.com> eingesehen werden. Aktionäre können auch kostenlose Kopien dieser Dokumente an unseren Verwaltungssitzen in der Schweiz und den Vereinigten Staaten von Amerika an obgenannten Adressen bestellen.

### **; o kann ich die Abstimmungsergebnisse finden?**

Wir beabsichtigen, die Abstimmungsergebnisse an der Versammlung selbst bekannt zu geben und wir werden nach der Versammlung umgehend eine Pressemitteilung veröffentlichen. Wir werden zudem die Abstimmungsergebnisse auf einem *Current Report* Formular 10K am Dienstag, 11. September 2012, an die *Securities and Exchange Commission* der Vereinigten Staaten von Amerika übermitteln. Eine Kopie des Formulars 10K wird auf unserer Website unter <http://ir.logitech.com> einsehbar sein.

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

Sie dürfen nur an der Generalversammlung teilnehmen und Ihr Stimmrecht ausüben, wenn Sie bis zum 30. August 2012 im Aktienregister eingetragen werden oder wenn Sie eine Vollmacht von Ihrem Effektenhändler, trustee oder nominee erhalten, der Ihre Aktien hält. Wenn Sie Ihre Aktien über einen nicht amerikanischen oder nicht kanadischen Effektenhändler, trustee oder nominee halten, können Sie ins Aktienregister eingetragen werden. In diesem Fall nehmen Sie bitte mit unserem Aktienregisterführer an unserem Verwaltungssitz in der Schweiz, an obiger Adresse, Kontakt auf und folgen Sie den erhaltenen Eintragungsinstruktionen. In gewissen Ländern kann die Eintragung über die Bank oder den Effektenhändler begehrt werden, über die Sie Ihre Aktien halten. Wenn Sie Ihre Aktien über einen amerikanischen oder kanadischen Effektenhändler, trustee oder nominee halten, können Sie diesen kontaktieren und eingetragen werden. Bitte folgen Sie den entsprechenden Instruktionen, die Sie bei dieser Gelegenheit erhalten.

### **WEITERE INFORMATION FÜR EINGETRAGENE AKTIONÄRINNEN UND AKTIONÄRE**

#### **Wie kann ich abstimmen, wenn ich nicht an der Generalversammlung teilnehmen möchte?**

Wenn Sie nicht an der Generalversammlung teilnehmen wollen, können Sie unter Option 3 auf der beiliegenden Antwortkarte entweder Logitech oder den unabhängigen Stimmrechtsvertreter, Frau Beatrice Ehlers, bevollmächtigen, Sie an der Versammlung zu vertreten. Bitte fügen Sie auf der Antwortkarte Ihre Stimminstruktionen bei und datieren und unterzeichnen Sie die Karte. Bitte senden Sie die ausgefüllte Antwortkarte im beiliegenden, entsprechend adressierten Umschlag zurück. Wenn Sie die Antwortkarte unterzeichnen, ohne für gewisse oder alle Traktanden

Stimminstruktionen zu erteilen, wird Ihr Stimmrecht im Sinne der Anträge des Verwaltungsrates ausgeübt. Für weitere Informationen verweisen wir Sie auf die Antwortkarte.

### **Wie kann ich an der Generalversammlung teilnehmen?**

Wünschen Sie an der Generalversammlung teilzunehmen, wählen Sie Option 1 auf der Antwortkarte, die Sie anschliessend im beiliegenden Umschlag vor dem 24. August 2012 an Logitech zurück senden. Wir werden Ihnen eine Zutrittskarte zukommen lassen. Sollten Sie die Zutrittskarte vor der Generalversammlung nicht erhalten, können Sie dennoch an der Versammlung teilnehmen, sofern Sie am 30. August 2012 im Aktienregister eingetragen sind und sich am Versammlungsort ausweisen können.

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

Ja. Wenn Sie sich nicht durch Logitech oder den unabhängigen Stimmrechtsvertreter vertreten lassen möchten, so wählen Sie bitte Option 2 auf der Antwortkarte und geben Sie Namen und Adresse Ihres Vertreters an. Bitte senden Sie die ausgefüllte und unterzeichnete Antwortkarte vor dem 24. August 2012 mittels beiliegenden Briefumschlags an Logitech zurück. Wir werden Ihrem Vertreter eine Zutrittskarte zukommen lassen. Wenn Name und Adresse des Vertreters nicht klar sind, wird Logitech die Zutrittskarte Ihnen senden und Sie müssen sie Ihrem Vertreter weiterleiten.

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

Logitech verhindert die Übertragung von Aktien vor der Generalversammlung nicht. Wenn Sie aber Ihre Aktien vor der Generalversammlung verkaufen und das Aktienregister von der Übertragung benachrichtigt wird, werden Ihre Stimminstruktionen nicht befolgt. Wer Aktien nach der Schliessung des Registers am Donnerstag, 30. August 2012 erwirbt, wird frühestens an dem auf die Versammlung folgenden Tag eingetragen und kann deshalb nicht an der Generalversammlung teilnehmen.

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

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

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

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

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

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

Sollten Sie Fragen haben oder Hilfe im Zusammenhang mit der Stimmabgabe benötigen, rufen Sie uns bitte an

unter der Telefonnummer +1~~510~~~~713~~~~8220~~ oder senden Sie uns ein Email an *logitechIR@logitech.com*.

## **D. SÄTZLICHE INFORMATIONEN FÜR AMERIKANISCHE ODER KANADISCHE WIRTSCHAFTLICH BERECHTIGTE AKTIONÄRE, DEREN TITEL UNTER NOMINEES EINGETRAGEN SIND**

### **Warum erhielt ich eine Informationsnotiz mit der Post betreffend die Verfügbarkeit des Stimmmaterials über Internet und nicht das Stimmmaterial selbst?**

Wir haben sichergestellt, dass das Stimmmaterial den wirtschaftlich berechtigten Aktionären, deren Titel unter amerikanischen oder kanadischen Effekthändlern, trustees oder nominees eingetragen sind, über das Internet zur Verfügung steht. Dementsprechend senden diese Effekthändler, trustees oder nominees eine Mitteilung betreffend die Verfügbarkeit des Stimmmaterials über das Internet (die Informationsnotiz) an die wirtschaftlich berechtigten Aktionäre. Alle diese Aktionäre können das Stimmmaterial auf einer Webseite abrufen, die in der genannten Informationsnotiz enthalten ist, oder das Stimmmaterial in gedruckter Form anfordern. Die Informationsnotiz enthält Angaben, wie das Stimmmaterial über das Internet erhältlich ist und bei (em gedruckte Exemplare bestellt werden können. Zusätzlich können die wirtschaftlich berechtigten Aktionäre, deren Aktien im Namen von amerikanischen oder kanadischen Effekthändlern, trustees oder nominees eingetragen sind, anfordern das Stimmmaterial laufend in gedruckter Form oder elektronisch per Email zu erhalten.

### **Wie bekomme ich elektronisch Zugang zum Stimmmaterial?**

Sie obenerwähnte Informationsnotiz erläutert,

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

Wenn Sie die Wahl treffen, das zukünftige Stimmmaterial per Email zu erhalten, ersparen Sie uns Druck- und Versandkosten und Sie vermindern die Auswirkungen unserer Generalversammlung auf die Umwelt. Wenn Sie die Wahl treffen, zukünftiges Stimmmaterial per Email zu erhalten, werden Sie nächstes Jahr ein Email erhalten, das Sie auf die entsprechende Webseite führt, die das Material sowie einen Link für Stimminstruktionen enthält. Ihre Anweisung, das Stimmmaterial per Email zu erhalten, bleibt bis zum Ihrem Widerruf in Kraft.

### **Wer darf Stimminstruktionen für die Generalversammlung erteilen?**

Wirtschaftlich berechtigte Aktionäre, die ihre Titel über amerikanische oder kanadische Effekthändler, trustees oder nominees am 13. Juli 2012 halten, können ihrem Effekthändler, trustee oder nominee Stimminstruktionen erteilen. Zusätzlich hat Logitech mit Hilfe einer Dienstleistungsgesellschaft sichergestellt, dass eine zusätzliche Abgleichung der Aktienpositionen amerikanischer und kanadischer nominees zwischen dem 13. Juli und dem 22. August 2012 durchgeführt wird. Der 22. August 2012 ist für Logitech das letztmögliche Datum zur Durchführung einer solchen Abgleichung. Dies sollte zu folgenden Korrekturen führen: wenn ein amerikanischer oder kanadischer Halter, der am 13. Juli 2012 wirtschaftlich berechtigter Aktionär ist, seine Stimme abgibt aber nachträglich seine Titel vor dem 22. August 2012 verkauft, werden die Stimminstruktionen annulliert. Wenn ein amerikanischer oder kanadischer Halter, der am 13. Juli 2012 wirtschaftlich berechtigter Aktionäre ist, seine Stimme abgibt und wirtschaftlich berechtigter Aktionär bleibt, aber in der entsprechenden Periode einen Teil seiner Titel verkauft oder weitere Titel zugekauft, so findet eine entsprechende Reduktion oder Erhöhung der Stimmen statt, wie sie sich am 22. August 2012 widerspiegeln.

Wenn Sie nach dem 13. Juli 2012 über einen amerikanischen oder kanadischen Effekthändler, trustee oder nominee Aktien erwerben und diese an der Generalversammlung vertreten wollen oder wenn Sie Stimminstruktionen an einen Bevollmächtigten geben möchten, müssen Sie direkt ins Aktienregister eingetragen werden. Dazu kontaktieren Sie Ihren Effekthändler, trustee oder nominee und folgen seinen Instruktionen. Beginnen Sie diesen Prozess möglichst lange vor dem 30. August 2012, um sicherzustellen, dass das Stimmmaterial zugesandt werden kann und die Stimminstruktionen rechtzeitig bei uns ankommen.

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

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

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

### **; as geschieht wenn ich keine spezifischen Stimminstruktionen erteile?**

Wenn Sie wirtschaftlich berechtigter Aktionär in den Vereinigten Staaten von Amerika oder in Kanada sind und Ihre Aktien über einen Effekthändler, trustee oder nominee halten, dem Sie keine spezifischen Stimminstruktionen erteilen, wird dieser gemäss den Regeln verschiedener nationaler oder regionaler Börsen in blossen Routineangelegenheiten abstimmen, nicht aber in anderen Fragen. Wenn Sie über solche anderen Fragen keine Instruktionen erteilen, wird Ihr nominee sich nicht an der Abstimmung über diese Punkte beteiligen und seine Stimmen gelten als nicht abgegeben. Wir ermutigen Sie, Stimminstruktionen zu erteilen, gemäss den Anleitungen in der Informationsnotiz. Wir gehen davon aus, dass folgende Anträge nicht als Routineangelegenheit betrachtet werden: Antrag 2 (Konsultative Abstimmung über die Managementvergütung), Antrag 3 (Verwendung des Bilanzgewinns und Ausschüttung von Reserven aus Kapitaleinlagen), Antrag 4 (Aktienkapitalherabsetzung durch Vernichtung zurückgekaufter Aktien), Antrag ) (Anpassung und Neuformulierung des Stock Incentive Plan 2006, einschliesslich einer Erhöhung der gemäss Plan zur Ausgabe zur Verfügung stehenden Anzahl Aktien), Antrag 6 (Genehmigung zum Halten eigener Aktien von mehr als 10 %), Antrag ? (Kürzung der Amtsdauer von Mitgliedern des Verwaltungsrates) und Antrag 9 (Wahlen in den Verwaltungsrat). Alle anderen Anträge erachten wir als Routine. Sämtliche Stimmenthaltungen durch nominees werden als nicht abgegebene Stimmen gezählt.

### **5 is wann kann ich meine Stimminstruktionen einreichen?**

Wenn Sie Ihre Aktien über ein amerikanisches oder kanadisches Institut halten, können Sie bis am 30. August 2012, 23.59 Uhr (U.S. Eastern Daylight Time) Stimminstruktionen erteilen.

### **Kann ich eine Instruktion ändern?**

Sie können Ihre Vollmacht widerrufen und Ihre Instruktionen jederzeit bis zur Abstimmung an der Generalversammlung ändern. Sie können Ihre Instruktionen a) über das Internet oder das Telefon (einzig die letzte InternetBoder Telefoninstruktion, welche vor der Generalversammlung übermittelt wird, ist massgebendG b) durch Einsendung einer neuen, vollständig ausgefüllten Stimmkarte, die ein späteres Datum trägt als die vorhergehende und c) durch persönliche Teilnahme an der Generalversammlung, ( enn Sie von Ihrem nominee eine Vollmacht erhalten, ändern. Die Teilnahme an der Generalversammlung hebt die vorhergehenden Instruktionen nur auf, wenn Sie sich aktiv an der Abstimmung beteiligen oder wenn Sie ausdrücklich Ihre Aufhebung verlangen.

### **Wie kann ich einen separaten Satz des Stimmmaterials bekommen oder einen einzigen Satz für meinen Haushalt in den Vereinigten Staaten von Amerika verlangen?**

Wir haben ein von der SEC genehmigtes Verfahren namens *Phouseholding*“ für Aktionäre in den Vereinigten Staaten von Amerika eingeführt. Gemäss diesem Verfahren werden Aktionäre, welche die gleiche Adresse und den gleichen Nachnamen haben und nicht an der elektronischen Zustellung des Stimmmaterials teilnehmen, nur eine Kopie der Informationsnotiz und unseres Jahresberichts und des Informationsmaterials erhalten, sofern nicht einer oder mehrere dieser Aktionäre uns benachrichtigen, dass sie auch weiterhin je ein individuelles Exemplare zu erhalten wünschen. Dieses Verfahren verringert unsere DruckBund Versandkosten. Jeder amerikanische Aktionär, der am *Householding* teilnimmt, wird auch weiterhin eine separate Stimmkarte erhalten bzw. in Anspruch nehmen können.

Sollten Sie zurzeit eine separate Informationsnotiz, Informationsmaterial oder Jahresberichts zu erhalten



wünschen, bitten wir Sie, das zusätzliche Exemplar bei unserem *mailing agent*, Broadridge, per Telefon unter +1(800) 639-639 oder per EMail unter [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com) zu verlangen. Sollten Aktionäre in Ihrem Haushalt einen separaten Jahresbericht und Informationsmaterial in Zukunft zu erhalten wünschen, können diese unsere *investor relations group* unter +1(510) 713-2220 anrufen oder an investor relations, 7600 Gateway Boulevard, Newark, California 94560 schreiben. Sie können auch eine EMail an unsere *investor relations group* an [logitechIR@logitech.com](mailto:logitechIR@logitech.com) senden. Andere Aktionäre, die mehrere auf ihren Namen lautende Konti haben oder die eine Adresse mit anderen Aktionären teilen, können uns ermächtigen, den Versand von mehreren Jahresberichten und Informationsmaterialien einzustellen indem sie an *investor relations* schreiben oder anrufen.

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

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

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

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

Üblicherweise setzen Banken und Effekthändler Fristen für den Erhalt der Stimminstruktionen. Ausserhalb der Vereinigten Staaten von Amerika und Kanadas wird diese Frist normalerweise zwei bis drei Tage vor dem Ablauf der Frist der Gesellschaft, welche die Generalversammlung abhält, angesetzt. Dies erlaubt es den Instituten, die Stimminstruktionen zu sammeln und der Gesellschaft weiterzugeben. Wenn Sie Ihre Logitech Aktien über eine Bank oder einen Effekthändler ausserhalb der Vereinigten Staaten von Amerika oder Kanadas halten, klären Sie bitte mit Ihrer Bank oder Ihrem Effekthändler die anwendbare Frist ab und erteilen Sie Ihre Stimminstruktionen zeitgerecht.

### **WEITERE INFORMATIONEN ÜBER DIE GENERALVERSAMMLUNG**

#### **Informationen für Depotvertreter**

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

#### **Anträge**

Der Verwaltungsrat beabsichtigt nicht, an der Generalversammlung andere Anträge zu stellen, noch hat er Gründe vorzusehen, dass Aktionäre zusätzliche Anträge stellen werden. Sollten andere Anträge rechtmässig gestellt werden und Ihre Stimminstruktionen auf der Antwortkarte offen bleiben, wird mit Ihren Aktien im Sinne der Empfehlungen des Verwaltungsrates gestimmt.

#### **Gesuche zum Erhalt von Stimminstruktionen (*Proxy Solicitation*)**

Wir werden die Kosten tragen, die mit der Einladung zur Abgabe von Stimminstruktionen verbunden sind. Wir haben D.F. King & Co., Inc. beauftragt, Stimminstruktionen einzuholen für eine Gebühr von US\$15,000 zuzüglich angemessener Spesen. Einzelne unserer Verwaltungsräte, Geschäftsleitungsmitglieder und andere Mitarbeiter dürfen Sie auch anfragen, sei es schriftlich, per Telefon, Email oder auf sonstige Weise, ihnen Stimminstruktionen zu erteilen. Sie werden dafür nicht entschädigt. Wir können im Weiteren Georgeson Inc. beauftragen, für uns per Telefon Stimminstruktionen einzuholen, und dies für ein Entgelt von US\$5.00 pro Anruf zuzüglich angemessener Spesen. In

den Vereinigten Staaten von Amerika müssen wir den Effekthändlern und nominees, die als Aktionäre eingetragen sind, das Stimmmaterial zustellen und sie einladen, es den wirtschaftlich Berechtigten weiterzuleiten und wir müssen diese Effekthändler und nominees für ihre in diesem Zusammenhang entstehenden Umtriebe entschädigen. Es bestehen dafür gesetzliche Spesenreglemente.

### **Auszählen der Stimmen**

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

### **Aktionärsanträge und nominees**

#### ***Aktionärsanträge für die Generalversammlung 2012***

Gemäss unseren Statuten haben ein oder mehrere Aktionäre, die zusammen ein Prozent unseres ausgegebenen Aktienkapitals oder einen Nominalwert von einer Million Franken vertreten, das Recht, einen Verhandlungspunkt auf die Traktandenliste der Generalversammlung zu setzen. Solche Vorschläge sind vom Verwaltungsrat in die Generalversammlungsdocumentation einzuschliessen. Ein solcher Antrag ist schriftlich zu stellen, muss schriftlich erläutert werden und nicht später als 60 Tage vor der Generalversammlung dem Verwaltungsrat eingereicht werden. Diese Frist ist für die Generalversammlung vom ) . September 2012 am ; . Juli 2012 abgelaufen. Dennoch erlaubt das schweizerische Recht eingetragenen Aktionären oder ihren Bevollmächtigten, zu den Anträgen des Verwaltungsrates an der Versammlung selbst oder vorgängig Gegenvorschläge zu machen.

#### ***Aktionärsanträge für die Generalversammlung 2013***

Bis spätestens am ) . Juli 201, kann ein eingetragener Aktionär, der die obgenannten Mindestzahlen von Aktien hält, verlangen, dass ein Punkt für die Generalversammlung 201, traktandiert wird. Ein solcher Antrag muss schriftlich gestellt und erläutert werden. Der Antrag ist beim Sekretär des Verwaltungsrates der Logitech am Verwaltungssitz in der Schweiz oder in den Vereinigten Staaten von Amerika zeitgerecht einzureichen. Zusätzlich können Sie, wenn Sie die Bedingungen der Regel 14aB des U.S. Securities Exchange Act von 1934 erfüllen, dem Verwaltungsrat Vorschläge für die Generalversammlung 201, einreichen. Solche Vorschläge sind bis zum 2; . März 2013 schriftlich mit beiliegender Erläuterung des Vorschlages dem Sekretär des Verwaltungsrates an unseren Verwaltungssitzen in der Schweiz oder in den Vereinigten Staaten von Amerika einzureichen. Der Vorschlag muss der Regel 14aB des U.S. Securities Exchanges Act genügen. Diese Bestimmung zählt die Bedingungen auf, die für den Einschluss eines Aktionärsvorschlages in die Generalversammlungsdocumentation nach der amerikanischen Wertschriftengesetzgebung erfüllt sein müssen. Nach den Statuten der Gesellschaft sind nur eingetragene Aktionäre als solche anerkannt. Wenn Sie nicht im Aktienregister eingetragen sind, können Sie demnach keine Traktandumsvorschläge unterbreiten.

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

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

### ***Statutenbestimmungen***

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

## TRAKTANDEN UND ERLÄUTERUNGEN

### A. BERICHTE

#### Bericht über den Geschäftsverlauf im Geschäftsjahr bis 31. März 2012

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

### B. ANTRÄGE

#### Antrag 1

#### Genehmigung des Jahresberichtes, des Entschädigungsberichtes, der Konzernrechnung und der Jahresrechnung der Logitech International S.A. für das Geschäftsjahr 2012

##### Antrag

Der Verwaltungsrat beantragt die Genehmigung des Jahresberichtes, des Entschädigungsberichtes, der Konzernrechnung und der Jahresrechnung der Logitech International S.A. für das Geschäftsjahr 2012.

##### Erläuterungen

Die Konzernrechnung und die Jahresrechnung der Logitech International S.A. für das Geschäftsjahr 2012 sind im Geschäftsbericht wiedergegeben, der allen eingetragenen Aktionären mit dieser Einladung zugestellt wurde. Der Geschäftsbericht enthält ebenfalls die Berichte der Revisionsstelle und zusätzliche Informationen über den Geschäftsgang der Gesellschaft, ihre Organisation und Strategie sowie den Bericht über die *Corporate Governance* gemäss der SIX Swiss Exchange Richtlinie über *Corporate Governance*. Der Entschädigungsbericht ist in dieser Einladung enthalten. Kopien des Geschäftsberichtes und der Einladung mit Informationsmaterial sind auf dem Internet auf <http://ir.logitech.com> abrufbar.

Nach schweizerischem Recht ist der Geschäftsbericht einschliesslich Jahresrechnung und Konzernrechnung schweizerischer Gesellschaften jährlich der Generalversammlung zur Genehmigung vorzulegen. Das Einschliessen des Entschädigungsberichtes in die Genehmigung des Geschäftsberichtes ist eine vorgeschlagene *best practice* Empfehlung, angeregt durch den „*Swiss Code of Best Practice for Corporate Governance*“ der "economiesuisse", dem führenden Wirtschaftsverband der Schweiz. Sollte dieser Antrag von den Aktionären abgelehnt werden, wird der Verwaltungsrat eine ausserordentliche Generalversammlung einberufen, um den Antrag erneut vorzubringen. Eine Annahme dieses Antrags begründet keine Genehmigung oder Ablehnung der einzelnen im Jahresbericht, im Entschädigungsbericht, in der Konzernrechnung und der Jahresrechnung für das Geschäftsjahr 2012 aufgeführten Punkte.

PricewaterhouseCoopers AG, die Revisionsstelle der Logitech, empfiehlt den Aktionären ohne Vorbehalt, die Konzernrechnung und die Jahresrechnung 2012 zu genehmigen. PricewaterhouseCoopers AG ist der Ansicht, "dass die Konzernrechnung für das am 31. März 2012 endende Geschäftsjahr die finanzielle Situation, die Ergebnisse der Geschäftstätigkeit und die Geldflüsse ordnungsgemäss und in jeder Hinsicht vollständig wiedergibt und in Übereinstimmung sowohl mit den Buchhaltungsprinzipien, die in den Vereinigten Staaten von Amerika (U.S. GAAP) allgemein anwendbar sind, als auch in Übereinstimmung mit dem schweizerischen Recht steht". PricewaterhouseCoopers AG ist im Weiteren der Ansicht und bestätigt, dass die Jahresrechnung sowie die beantragte Gewinnverwendung im Einklang mit dem schweizerischen Recht und den Statuten der Logitech International S.A. stehen".

##### Notwendige Mehrheit zur Genehmigung

Der Antrag ist genehmigt, wenn er eine Mehrheit der an der Generalversammlung abgegebenen Stimmen,

entweder persönlich oder aufgrund einer Vollmacht, auf sich vereinigt, wobei Enthaltungen nicht gezählt werden.

## **Empfehlung**

Der Verwaltungsrat beantragt der Generalversammlung, den Jahresbericht, den Entschädigungsbericht, die Konzernrechnung und die Jahresrechnung der Logitech International S.A. für das Geschäftsjahr 2012 zu genehmigen.

## **Antrag 2**

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

#### **Antrag**

Der Verwaltungsrat beantragt, dass die Aktionäre im Rahmen einer konsultativen Abstimmung die Vergütung des Managements von Logitech, wie im Bericht über die Managementvergütung für das Geschäftsjahr 2012 offengelegt, genehmigen.

#### **Erläuterungen**

Anlässlich der ordentlichen Generalversammlungen 2009 und 2010 von Logitech beantragte der Verwaltungsrat den Aktionären die Entschädigungsphilosophie, Politik und Praktiken der Logitech, wie sie im Kapitel "Compensation Discussion and Analysis" des Entschädigungsberichts erläutert sind, zu genehmigen. Dies geschah vor dem Hintergrund der sich zunehmend bewährenden "best practices in Corporate Governance" in der Schweiz und den Vereinigten Staaten von Amerika. Dieser Antrag, allgemein auch als *Pay-on-pay* Antrag bekannt, gab unseren Aktionären die Möglichkeit, ihre Ansichten betreffend unserer Entschädigungspraxis im Ganzen kund zu tun.

Seit letztem Jahr ist eine *say-on-pay* Konsultativabstimmung für alle Publikumsgesellschaften, einschliesslich Logitech, die den anwendbaren amerikanischen *proxy statement rules* unterstehen, verbindlich. Letztes Jahr haben die Aktionäre einen Antrag genehmigt, wonach diese Abstimmung jährlich erfolgen soll. Dementsprechend beantragt der Verwaltungsrat den Aktionären im Rahmen einer konsultativen Abstimmung, die Entschädigung für die leitenden Angestellten von Logitech, die im Entschädigungsbericht, einschliesslich der Kapitel "Compensation Discussion and Analysis", "Summary Compensation table" und der dazugehörenden Entschädigungsübersichtstabellen, Anhänge und Erläuterungen, erwähnt sind, zu genehmigen. Diese Abstimmung soll nicht spezifische Punkte der Entschädigung oder der genannten leitenden Angestellten thematisieren, sondern vielmehr die Gesamtentschädigung der genannten leitenden Angestellten und die Philosophie, Politik und Praktiken, wie sie im Entschädigungsberichts erläutert sind, adressieren.

Diese konsultative Abstimmung ist daher nicht verbindlich. Trotzdem wird die konsultative Abstimmung uns Informationen betreffend die Zufriedenheit der Aktionäre mit unserer Entschädigungsphilosophie, Politik und Praktiken liefern, was der Entschädigungsausschuss des Verwaltungsrates beim Festlegen zukünftiger Entschädigungspläne für leitende Angestellte sodann berücksichtigen kann. Der Entschädigungsausschuss wird im Falle eines bedeutenden negativen Abstimmungsergebnisses versuchen, dessen Ursachen festzustellen.

Wie im Kapitel "Compensation Discussion and Analysis" des Entschädigungsberichts 2012 erläutert, hat Logitech sein Entschädigungsprogramm derart gestaltet, um die entscheidende Anzahl leitender Angestellter, Manager und Mitarbeitende für die Gesellschaft zu gewinnen, zu behalten und zu einer langfristigen Zusammenarbeit zu motivieren und dadurch der langfristige Erfolg der Gesellschaft sicherzustellen. Im Besonderen hat Logitech seinen Entschädigungsplan für leitende Angestellte derart gestaltet um:

- mit ähnlichen, in der gleichen Industrie und Region des Verwaltungssitzes angesiedelten Unternehmen konkurrenzfähig zu sein und die besten Talente anzuwerben und für die Gesellschaft zu gewinnen;

- einen Ausgleich zwischen festem und variablem Lohnbestandteil sicherzustellen und einen Grossteil der Gesamtentschädigung von Logitech's Geschäftsergebnis abhängig zu machen, jedoch unter Aufrechterhaltung eines Kontrollsystems zur Vermeidung des Eingehens unangebrachter Risiken
- die Entschädigung leitender Angestellter mit dem Interesse der Aktionäre zu vereinbaren indem ein bedeutender Teil der Entschädigung mit der Erhöhung des Aktienwertes verknüpft wird
- ein leistungsorientiertes Umfeld, welches überdurchschnittliche Leistungen belohnt, zu fördern; und
- die Beurteilung des Entschädigungsausschusses betreffend leitende Position und erbrachte Leistung wiederzuspiegeln, indem dies durch einen Grundlohn und kurzfristige Boni und das persönliche Potential für den zukünftigen Einsatz für Logitech durch eine Langzeitbeteiligung am Eigenkapital entschädigt werden.

Der Entschädigungsausschuss des Verwaltungsrates hat einen Entschädigungsplan ausgearbeitet, der ausführlicher im Entschädigungsbericht, welcher dieser Einladung beiliegt, erläutert wird. Weitere Einzelheiten zu Entschädigungsphilosophie, Entschädigungsbestandteile für Angestellte unterhalb der Geschäftsführungsstufe, Risiken und Ausgestaltung des Entschädigungsplans von Logitech sowie der Entschädigungen, welche im Geschäftsjahr 2012 ausbezahlt wurden, sind ebenfalls im Entschädigungsbericht dargelegt.

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

### **Notwendige Mehrheit zur Genehmigung**

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

### **Empfehlung**

Der Verwaltungsrat beantragt, dass die Generalversammlung mittels konsultativer Abstimmung die an die leitenden Angestellten von Logitech gezahlten Entschädigungen, wie sie im Entschädigungsbericht, einschliesslich der Kapitel "Compensation Discussion and Analysis", "Summary Compensation table" und der dazugehörigen Entschädigungsübersichtstabellen, Anhänge und Erläuterungen, erwähnt sind, genehmigt.

## **Antrag 3**

### **Verwendung des Bilanzgewinns und Ausschüttung von Reserven aus Kapitaleinlagen**

#### **3.1 Verwendung des Bilanzgewinns**

##### **Antrag**

Der Verwaltungsrat beantragt, den Betrag des Bilanzgewinns von 75 L 460,919,135 (US \$482,397,967 zum Wechselkurs vom 30. Juni 2012) wie folgt zu verwenden:

**Ende Geschäftsjahr am 31. März 2012**

En KCHF)

Gewinnvortrag zu Beginn des Geschäftsjahres 2012	CHF 507,730
Verwendung des Gewinnvortrages gemäss Beschluss der Generalversammlung 2011 BDividende	X
Zuweisung an die Reserve für eigene Aktien	(51,880)
Nettogewinn des Geschäftsjahres 2012	<u>5,069</u>
Gewinnvortrag zur Verfügung der Generalversammlung zum Ende des Geschäftsjahres 2012	<u>CHF 460,919</u>
Nicht verwendeter Gewinn vor Zuweisungen	CHF 460,919
Beantragte Zuweisung an andere allgemeine Reserven für eigene Aktien	(116,070)
Beantragte Zuweisung an die allgemeine Reserve	<u>(9,580)</u>
%ortrag des nicht verwendeten Gewinns	<u>CHF 335,269</u>
Andere allgemeine Reserven für eigene Aktien vor Zuweisungen	CHF 217,375
Beantragte Zuweisung des nicht verwendeten Gewinns	<u>116,070</u>
%ortrag andere allgemeine Reserven für eigene Aktien	<u>CHF 333,445</u>
Allgemeine Reserven vor Zuweisungen	CHF X
Beantragte Zuweisung des nicht verwendeten Gewinns	<u>9,580</u>
%ortrag der allgemeinen Reserven	<u>CHF 9,580</u>
Reserve für eigene Aktien aus Kapitaleinlagen vor Zuweisungen	CHF 116,070
Beantragte Zuweisung an freie Reserven aus Kapitaleinlagen	<u>(116,070)</u>
%ortrag Reserve für eigene Aktien aus Kapitaleinlagen	<u>CHF X</u>
Allgemeine Reserve aus Kapitaleinlagen vor Zuweisungen	CHF 9,580
Beantragte Zuweisung an freie Reserven aus Kapitaleinlagen	<u>(9,580)</u>
%ortrag allgemeine Reserven aus Kapitaleinlagen	<u>CHF X</u>

**Erläuterungen**

Gemäss Schweizerischem Gesellschaftsrecht muss die Generalversammlung bei jeder jährlichen ordentlichen Generalversammlung über Annahme oder Ablehnung in Bezug auf die Verwendung des Bilanzgewinns abstimmen. Der Bilanzgewinn, über den die Aktionäre der Logitech an der ordentlichen Generalversammlung 2012 verfügen können, ist der Bilanzgewinn der Logitech International S.A., der Holdinggesellschaft von Logitech.

Der Verwaltungsrat beantragt in nachstehendem Antrag 3.2, dass die Gesellschaft anstatt einer Dividendenausschüttung aus dem verfügbaren Bilanzgewinn eine Rückzahlung von zusätzlich in die Reserven aus Kapitaleinlagen eingezahltem Kapital vornimmt. Damit die Reserven aus Kapitaleinlagen für diese Ausschüttung zur Verfügung stehen, beantragt der Verwaltungsrat die Reserven für eigene Aktien sowie die allgemeine Reserve, welche aus den Reserven aus Kapitaleinlagen gebildet wurde, aufzulösen, und diese Reserve neu aus dem Bilanzgewinn zu bilden sowie den dann der ordentlichen Generalversammlung zur Verfügung stehenden Bilanzgewinn im Betrag von CHF 335,268,321 vorzutragen.

Der Verwaltungsrat beantragt den Bilanzgewinn vorzutragen, da er davon überzeugt ist, dass es im besten Interesse der Logitech und ihrer Aktionäre ist, die Gewinne zurückzubehalten für zukünftige Investitionen in das Wachstum des

Geschäfts der Logitech, für Aktienrückkäufe und für den ! <gleichen Erwerb anderer Gesellschaften oder Geschäftsbereiche.

Sollte dieser Antrag von den Aktionären abgewiesen werden, wird der Verwaltungsrat diesen Entscheid berücksichtigen, den nachstehenden Antrag 3.2 zurückziehen und eine ausserordentliche Generalversammlung einberufen und seinen jetzigen Vorschlag oder einen veränderten Vorschlag zur Abstimmung bringen.

### **Notwendige Mehrheit zur Genehmigung**

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

### **Empfehlung**

Der Verwaltungsrat empfiehlt, dem Antrag auf Vortrag des Bilanzgewinns des Geschäftsjahres 2012 zuzustimmen.

## **3.2 Ausschüttung von Reserven aus Kapitaleinlagen**

### **Antrag**

Der Verwaltungsrat beantragt, dass ein Betrag von 75 L 125,650,814 (US \$131,506,142 zum Wechselkurs vom 30. Juni 2012) der Reserven aus Kapitaleinlagen der Gesellschaft als freie Reserven umgebucht werden und diese freien Reserven an die Aktionäre im Betrag von etwa CHF 0.81 pro Aktie (US \$0.84 pro Aktie zum Wechselkurs vom 30. Juni 2012)<sup>8</sup> bis zum Gesamtbetrag von CHF 125,650,814 wie folgt ausgeschüttet werden:

**Ende Geschäftsjahr am 31. März 2012**  
(Zahlen in tausend)

Freie Reserven aus Kapitaleinlagen vor Zuweisungen	75 L	X
Beantragte Zuweisung an Reserven für eigene Aktien aus Kapitaleinlagen		116,070
Beantragte Zuweisung an allgemeine Reserven aus Kapitaleinlagen		9,580
Beantragte Ausschüttung aus Kapitaleinlagen		<u>(125,650)</u>
%ortrag freie Reserven aus Kapitaleinlagen	<u>75 L</u>	<u>X</u>

Es wird keine Ausschüttung für eigene Aktien der Gesellschaft oder ihrer Tochtergesellschaften vorgenommen.

Die Auszahlung wird für den 18. September 2012 erwartet.

Dieser Antrag wird zurückgezogen, sofern der vorstehende Antrag 3.1 nicht genehmigt wird.

### **Erläuterungen**

Der Verwaltungsrat beantragt dass die Gesellschaft anstatt einer Dividendenausschüttung aus dem verfügbaren Bilanzgewinn eine Rückzahlung von zusätzlich in die Reserven aus Kapitaleinlagen eingezahltem Kapital vornimmt. Diese Rückzahlung von zusätzlich eingezahltem Kapital stellt eine einmalige Ausschüttung dar und hat zu tun mit dem Rückgang des Aktienpreises der Gesellschaft während dem Geschäftsjahr 2012, der Verfügbarkeit von zusätzlich eingezahltem Kapital und der Gelegenheit, unseren Aktionären für ihre Treue gegenüber der Gesellschaft zu danken.

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<sup>8</sup> Berechnet am 30. Juni 2012 basierend auf 155,960,117 ausgegebenen Aktien, ohne eigene Aktien. Ausschüttungsrechte Aktien sind alle ausgegebenen Aktien, ausser die eigenen Aktien, die Logitech International S.A. am Tag vor der Zahlung des Ausschüttungsbetrages hält.

Gemäss dem günstigen zurzeit geltenden Schweizerischen Steuerrecht und im Gegensatz zu Dividendenzahlungen aus dem Bilanzgewinn unterliegen Rückzahlungen von zusätzlich in die Reserven aus Kapitaleinlagen eingezahltem Kapital nicht der Schweizerischen Verrechnungssteuer.

### **Notwendige Mehrheit zur Genehmigung**

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

### **Empfehlung**

Unter der Voraussetzung, dass vorstehender Antrag 3.1 genehmigt wurde, empfiehlt der Verwaltungsrat, dem Antrag auf Umbuchung eines Betrages von 75 L 125,650,814 der Reserven aus Kapitaleinlagen der Gesellschaft als freie Reserven und der Ausschüttung dieser freien Reserven an die Aktionäre im Betrag von etwa CHF 0.81 pro Aktie<sup>8</sup> bis zum Gesamtbetrag von CHF 125,650,814 zuzustimmen.

## **Antrag 4**

### **Aktienkapitalherabsetzung durch Vernichtung zurückgekaufter Aktien**

#### **Antrag**

Der Verwaltungsrat beantragt, 18.5 Millionen zurückgekauft Aktien gemäss dem vom Verwaltungsrat im September 2008 genehmigten und im November 2011 angepassten Aktienrückkaufprogramm zu vernichten, das Aktienkapital der Gesellschaft um CHF 4,625,000 von CHF 47,901,655 auf CHF 43,276,655 herabzusetzen und die Statuten der Gesellschaft wie folgt anzupassen:

#### **Artikel 3 (Aktueller Text):**

Das Aktienkapital beträgt CHF 47,901,655 (Schweizer Franken siebenundvierzigmillionen neuhundertertausend sechshundertfünfundfünfzig) und ist vollständig einbezahlt.

Es ist eingeteilt in 191,606,620 (einhunderteinundneunzigmillionen sechshundertsechstausend sechshundertzwanzig) Namenaktien mit einem Nominalwert von je CHF 0.25 (fünfundzwanzig Rappen).

#### **Artikel 3 (Neuer Text):**

Das Aktienkapital beträgt CHF 43,276,655 (Schweizer Franken dreiundvierzigmillionen zweihundertsechszehntausend sechshundertfünfundfünfzig) und ist vollständig einbezahlt.

Es ist eingeteilt in 173,106,620 (einhundertdreissigmillionen einhundertsechstausend sechshundertzwanzig) Namenaktien mit einem Nominalwert von je CHF 0.25 (fünfundzwanzig Rappen).

#### **Erläuterung**

Im September 2008 genehmigte der Verwaltungsrat ein Aktienrückkaufprogramm, gemäss welchem die Gesellschaft berechtigt war bis zu US\$ 250 Millionen zum Rückkauf eigener Aktien zu verwenden. Im November 2011 erhielt die Gesellschaft von der Schweizerischen Aufsichtsbehörde die Genehmigung, das Aktienrückkaufprogramm von 2008 derart anzupassen, dass weitere Aktien bis zu einem Totalbetrag von 28.5 Millionen Aktien zur Vernichtung zurückgekauft werden können.

Der Verwaltungsrat beantragt nun daher, dass die Aktionäre die Vernichtung von 18.5 Millionen Aktien, die

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<sup>8</sup> Berechnet am 30. Juni 2012 basierend auf 155,960,117 ausgegebenen Aktien, ohne eigene Aktien. Ausschüttungsrechte Aktien sind alle ausgegebenen Aktien, ausser die eigenen Aktien, die Logitech International S.A. am Tag vor der Zahlung des Ausschüttungsbetrages hält.



gemäss dem angepassten Aktienrückkaufprogramm von 2008 zurückgekauft wurden, genehmigen und das Aktienkapital wie in Artikel 3 der Statuten der Gesellschaft beschrieben entsprechend herabgesetzt wird.

Die Revisionsstelle PricewaterhouseCoopers AG hat in ihrem für die ordentliche Generalversammlung erstellten Prüfungsbericht bestätigt, dass die Forderungen der Gläubiger der Gesellschaft trotz der beantragten Herabsetzung des Aktienkapitals gedeckt wären.

Die Aktienkapitalherabsetzung durch Vernichtung von Aktien kann erst erfolgen, nach dreimaliger Publikation eines Aufrufs an die Gläubiger gemäss Artikel 733 des Schweizerischen Obligationenrechts. Falls der Antrag genehmigt wird, werden die Aufrufe an die Gläubiger nach der ordentlichen Generalversammlung im Schweizerischen Handelsamtsblatt publiziert. Nach Verstreichen der gesetzlichen Wartefrist von zwei Monaten wird die Aktienkapitalherabsetzung vollzogen und im Handelsregister vermerkt.

### **Notwendige Mehrheit zur Genehmigung**

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

### **Empfehlung**

Der Verwaltungsrat empfiehlt, dem Antrag auf Vernichtung von 18.5 Millionen Aktien, der Aktienkapitalherabsetzung der Gesellschaft im Umfang von CHF 4,625,00 und der entsprechenden Anpassung der Statuten der Gesellschaft zuzustimmen.

## **Antrag 5**

### **Anpassung und Neuformulierung des Stock Incentive Plan 2006, einschliesslich einer Erhöhung der gemäss Plan zur Ausgabe zur Verfügung stehenden Anzahl Aktien**

#### **Antrag**

Der Verwaltungsrat beantragt den Aktionären eine Anpassung und Neuformulierung des Stock Incentive Plans 2006 (der "Plan") der Logitech International S.A. zu genehmigen, damit neun Millionen zusätzliche Aktien für die Ausgabe unter dem Plan zur Verfügung stehen, die *corporate governance practices* der Gesellschaft verbessert werden sowie weitere *best practices* eingeführt werden können.


#### **Erläuterung**

Der Verwaltungsrat geht davon aus, dass ein wesentlicher Bestandteil des fortwährenden Erfolgs der Gesellschaft auf der talentierten Belegschaft fusst und dass der zukünftige Erfolg davon abhängt, gut ausgebildete und talentierte Arbeitnehmer anzuziehen und zu behalten. Der Verwaltungsrat glaubt, dass die fortwährende Fähigkeit Aktienbeteiligungen zu ermöglichen, ein wesentliches und notwendiges Rekrutierungsmittel und Treuemittel für die Gesellschaft darstellt, um gut ausgebildete und talentierte Angestellte, Manager und Direktoren, welche für den Erfolg der Gesellschaft notwendig sind, zu rekrutieren und zu behalten.

Der Stock Incentive Plan 2006 ist der einzige aktive Mitarbeiterbeteiligungsplan der Gesellschaft (mit Ausnahme des Inducement Equity Plan 2012, aller genehmigten Aktien, die unter dem Vorbehalt der ausstehenden Zuteilungen stehen, und des Employee Stock Purchase Plans) gemäss dem am 30. Juni 2012 etwa 4.8 Millionen Aktien zur Ausgabe ausstehend waren. Wir gehen davon aus, dass diese verbleibende Anzahl Aktien vor der ordentlichen Generalversammlung 2014 erschöpft sein wird, trotz der Tatsache, dass, um die Interessen der Aktionäre zu schützen, die Gesellschaft das Programm aktiv betreibt, um die Mittel des Aktienplans so effektiv wie möglich zu verwenden.

Das *Compensation Committee* erwartet, dass die zusätzlich beantragten Aktien der Gesellschaft die Unterstützung des Aktienbeteiligungsprogramms über das Ende des Geschäftsjahres 2016 hinaus ermöglichen werden,

wobei erwartete Zuteilungen im Zusammenhang mit dem Anstellen, Behalten und Fördern der Angestellten sowie die Sicherung der nötigen Flexibilität bereits darin enthalten sind. Die nachstehende Tabelle zeigt die zurzeit verfügbaren Aktien gemäss dem Plan auf, sofern dieser Antrag genehmigt wird:

**Aktien**  
  
(in Millionen)

Stock Incentive Plan 2006 V Aktien

Anfänglich genehmigte Aktien gemäss Plan	14.0
Zusätzlich genehmigte Aktien anlässlich der Generalversammlung 2009	3.5
Zuteilte Aktien von Juni 2006 bis zum 30. Juni 2012, gekürzt um Annullierungen	(12.7)
Zusätzlich beantragte Aktien gemäss diesem Antrag	9.0
Total der zur Ausgabe verfügbaren Aktien am 30. Juni 2012 (bei Genehmigung des Antrags)	13.8

Der Verwaltungsrat beantragt keine Erhöhung des bedingten Kapitals der Gesellschaft für Logitech's Aktienbeteiligungsprogramm. Seit dem Jahr 2000 hat Logitech die eigenen Aktien des Aktienrückkaufprogramms verwendet, um seinen Ausgabeverpflichtungen für die gewährten Mitarbeiteraktien einschliesslich den Zuteilungen gemäss des Plans nachzukommen. Die Gesellschaft wird dies auf weiterhin so tun.

Logitech hat schon seit den frühen 1980 Jahren Vergütungen an Angestellte in Form von Mitarbeiteraktien gewährt. Die Verwendung von Aktien als Vergütung entspricht teilweise dem Marktstandard, vor allem in Kaliforniens Silicon Valley, wo die Gesellschaft eine bedeutende Präsenz hat. Trotzdem ist dies auch ein Hauptunterscheidungsmerkmal beim Anwerben und Behalten von Angestellten in Arbeitsmärkten ausserhalb der %ereinigten Staaten von Amerika, wo, historisch gesehen, die Vergütung in Form von Mitarbeiteraktien nicht geläufig war oder ist. Der Verwaltungsrat geht davon aus, dass die Fähigkeit Vergütungen in Form von Mitarbeiteraktien anzubieten, ein wesentlicher Bestandteil von Logitech's Vergütungsprogramm und Langzeiterfolg ist.

**Wesentliche Änderungen des Plans**

Folgende Übersicht zeigt die beantragten wesentlichen Änderungen des Plans auf:

- Die Anzahl der zur Ausgabe vorgesehenen Aktien gemäss den gewährten Zuteilungen unter dem Plan wurden um neun Millionen zusätzliche Aktien von 17.5 Millionen Aktien auf 26.5 Millionen Aktien erhöht.
- Das automatische Ablaufdatum des Plans wurde gestrichen.
- Die Bestimmung zur Berechnung der Aktien wurde im Plan geändert um vorzusehen, dass gewisse Aktien der maximal zur Ausgabe zur Verfügung stehenden Anzahl Aktien angerechnet werden und dem Plan für zukünftige Zuteilungen nicht zurückgegeben werden.
- Der Plan wurde geändert, um eine Preisanpassung für Optionen oder Aktienwertsteigerungsrechten (SARs) zu verbieten.
- Die Bestimmung des Plans betreffend Anspruchsberechtigung wurde erweitert, um Beratern die Beteiligung am Plan zu ermöglichen.

Folgende Übersicht betreffend gewisser wesentlicher Merkmale des Plans bezieht sich vollständig auf den Plan, welcher diesem Informationsmaterial als Anhang A beigelegt ist.

**Überblick der wesentlichen Bestimmungen des Plans**

Nachfolgend eine Zusammenfassung der wesentlichen Bestimmungen des Plans.

Dauer des Plans:	Der geänderte und neuformulierte Plan wird am Tag der Genehmigung durch die Aktionäre wirksam und wird in Kraft bleiben, bis ihn der Verwaltungsrat aufhebt. Die beantragten Änderungen gelten für neue Zuteilungen sowie für früher gewährte Zuteilungen, die noch ausstehend sind.
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Anspruchsberechtigte:	Angestellte, Direktoren und Berater der Gesellschaft, einer Muttergesellschaft, einer Tochtergesellschaft oder einer Zweigniederlassung sind generell berechtigt, jede Art von Prämie, die der Plan anbietet, zu erhalten. Nur Angestellte der Gesellschaft, einer Muttergesellschaft oder einer Tochtergesellschaft sind berechtigt, <i>incentive stock options</i> (ISOs) gemäss dem Plan zu erhalten.
Verfügbare Aktien als Prämien:	26.5 Millionen Aktien während der Dauer des Plans, vorbehaltlich Anpassungen im Falle gewisser Änderungen des Gesellschaftskapitals. Sofern die Änderungen durch die Aktionäre genehmigt werden, stehen etwa 13.8 Millionen Aktien zur Gewährung von neuen Prämien gemäss dem Plan zur Verfügung (basierend auf den bis zum 30. Juni 2012 gewährten Prämien).
Prämienarten	(1) Optionen (2) SARs (3) Gesperrte Aktien (4) Gesperrte <i>Stock Units</i>
Laufzeiten der Prämien:	Optionen und SARs werden Laufzeiten von höchstens zehn Jahren haben.
ISO Limiten:	Höchstens die zur Ausgabe maximal vorgesehene Anzahl Aktien kann als ISOs gemäss Plan gewährt werden.
162(m) Aktienlimiten:	Section 162(m) des Codes verlangt, unter anderem, dass die grösste Anzahl Aktien, die einem Einzelnen zugeteilt wird, durch die Aktionäre genehmigt werden muss, damit die gemäss Plan gewährten Prämien als leistungsbezogene Vergütung behandelt werden können, und somit nicht unter die Grenze von US \$ 1 Million betreffend steuerabzugsfähigen Vergütungen, die gewissen spezifischen leitenden Angestellten gezahlt wurden, fallen . Dementsprechend beschränkt der Plan einzelne Prämien wie folgt: (1) keine Prämien in Form von Optionen oder SARs, die mehr als 6 Millionen der Aktien der Gesellschaft betreffen, können einem einzelnen Angestellten in einem Geschäftsjahr gewährt werden; und (2) keine Prämien in Form von gesperrten Aktien oder gesperrten <i>Stock Units</i> , die mehr als 4 Millionen der Aktien der Gesellschaft betreffen, können einem einzelnen Angestellten in einem Geschäftsjahr gewährt werden.
Ausübung (vesting):	Festgelegt durch den Verwalter im Rahmen der im Plan vorgesehenen Limiten.
Nicht gestattet sind:	(1) Gewähren von Optionen oder SARs zu einem tieferen Preis als dem Verkehrswert ( <i>fair market value</i> ) der Aktien der Gesellschaft am Datum der Zuteilung. (2) Sofern nicht durch die Aktionäre genehmigt, eine Anpassung des Preises oder Herabsetzung des Ausübungspreises einer <i>underwater option</i> oder SAR, oder das Ersetzen von <i>underwater options</i> oder SARs mit (i) einer neuen Option oder SAR mit einem tieferen Ausübungspreis, (ii) einer Bargeldzahlung oder (iii) jeglicher anderen Prämie. (3) Hinzufügen von Aktien zur Anzahl der zur Ausgabe zur Verfügung stehenden Aktien, wenn (i) Aktien, gewährt aufgrund einer Prämie, zur Zahlung des Kaufpreises oder der Steuereinbehaltung für eine Option oder Abrechnung einer Prämie abgetreten werden, (ii) Aktien nicht ausgegeben oder zugestellt werden aufgrund einer Netto-Abrechnung einer ausstehenden SAR oder Option, und (iii) Aktien auf dem freien Markt mit dem Erlös, resultierend aus der Ausübung einer Option, zurückgekauft werden.

## Zusammenfassung des Plans

**Verwaltung des Plans.** Der Verwaltungsrat oder das *Compensation Committee*, das sich ausschliesslich aus

unabhängigen Verwaltungsräten zusammensetzt (nachstehend zusammen als "Verwalter" bezeichnet), verwaltet den Plan. Der Verwalter wählt diejenigen Mitarbeiter, Berater und Direktoren aus, welche einen entsprechenden Anspruch unter dem Plan haben, bestimmt den Umfang der Prämien, welche den Berechtigten zugeteilt werden, und legt, vorbehaltlich der Laufzeiten und Einschränkungen des Plans, die Bedingungen, Konditionen und anderen Bestimmungen für jede Prämiengewährung fest. Der Verwalter kann den Plan interpretieren und jegliche Regelungen betreffend den Plan aufstellen, anpassen oder aufheben. Ferner kann der Verwalter an ein Komitee, welches aus einem oder mehreren Verwaltungsräten besteht, die Möglichkeit zur Gewährung von Prämien, im durch die gesellschaftsinternen Dokumente erlaubten Umfang, delegieren. Der Verwalter kann auch Subpläne und damit zusammenhängende Regel, Abläufe und Formen der Prämienvereinbarung zum Zweck der Gewährung von Prämien an Teilnehmer ausserhalb der Vereinigten Staaten von Amerika sowie zur Übereinstimmung mit nicht-amerikanischen Gesetzen verabschieden.

**Aktienreserve.** Die maximale Anzahl Aktien, die gemäss Plan zur Ausgabe vorgesehen sind, beläuft sich auf 26.5 Millionen Aktien.

- m die Vorgaben von Section 162(m) des Codes zu erfüllen, ist jede Vergabe von Optionen oder SARs auf gesamthaft 6 Millionen Aktien pro Einzelnem in einem Geschäftsjahr und jede Vergabe von gesperrten Aktien oder gesperrten *stock units* auf gesamthaft 4 Millionen Aktien pro Einzelnem in einem Geschäftsjahr begrenzt.

Jegliche Aktien, die im Zusammenhang mit einer Prämie stehen, die ausläuft oder unausgeübt oder vor Abrechnung endet, die nicht vollständig erfüllt oder verfallen ist, oder mit Bargeld vergütet wird, stehen erneut zur Ausgabe gemäss Plan zur Verfügung. Jegliche Gegenwerte für Dividenden, die gemäss Plan gutgeschrieben und in Form von Bargeld ausbezahlt werden, sind nicht der Anzahl Aktien, die gemäss Plan ausgegeben werden könnten, anzurechnen.

Die folgenden Aktien werden der maximal zur Ausgabe zur Verfügung stehenden Anzahl Aktien angerechnet und werden dem Plan nicht für zukünftige Zuteilungen zurückgegeben: (i) Aktien, gewährt aufgrund einer Prämie, die zur Zahlung des Kaufpreises oder der Steuereinbehaltung für eine Option oder Abrechnung einer Prämie abgetreten werden, (ii) Aktien, die nicht ausgegeben oder zugestellt werden aufgrund einer Nettoabrechnung einer ausstehenden SAR oder Option, und (iii) Aktien, die auf dem freien Markt mit dem Erlös, resultierend aus der Ausübung einer Option, zurückgekauft werden.

**Berechtigung.** Nur Angestellte der Gesellschaft, einer Muttergesellschaft oder einer Tochtergesellschaft sind berechtigt, ISOs zu erhalten. Angestellte, Direktoren und Berater der Gesellschaft, einer Muttergesellschaft, einer Tochtergesellschaft oder einer Zweigniederlassung sind berechtigt, nichtgesetzliche Optionen, SARs, gesperrte Aktien und gesperrte *stock units* zu erhalten. Am 30. Juni 2012 hatte die Gesellschaft etwa 7,600 Angestellte, 8 nichtangestellte Direktoren und 160 Berater, die berechtigt waren, Prämien gemäss dem Plan zu erhalten. Beratern hingegen, können nur im durch die gesellschaftsinternen Dokumente erlaubten Umfang, Prämien gewährt werden.

**Prämien.** Gemäss Plan gewährte Prämien können folgender Art sein:

**Optionen.** Eine Option verkörpert das Recht, Aktien der Gesellschaft zu einem festen Preis während einer bestimmten Dauer zu erwerben. Jede Option ist durch eine Prämienvereinbarung ausgewiesen und untersteht den folgenden Bedingungen und Konditionen:

**Anzahl Optionen.** Der Verwalter wird die Anzahl Aktien gemäss der einem Teilnehmer gewährten Option festlegen.

**Ausübungspreis.** Der Verwalter wird den Ausübungspreis für die gemäss Plan gewährten Optionen zum Zeitpunkt der Zuteilung der Optionen bestimmen, wobei der Ausübungspreis grundsätzlich mindestens dem Verkehrswert (*fair market value*) einer Aktie der Gesellschaft am Datum der Gewährung entsprechen muss. Der Verkehrswert (*fair market value*) einer Aktie bestimmt sich grundsätzlich nach dem Schlusskurs einer Aktie der Gesellschaft am Tag der Gewährung der Option, ermittelt entweder an der SIX Swiss Exchange (für in Schweizer Franken bezeichnete Optionen) oder an der NASDAQ Global Select Market (für in US Dollars bezeichnete Optionen). Der Verkehrswert (*fair market value*) am Datum der Zuteilung kann auch basierend auf einem Durchschnitt der Handelskurse während einer Periode vor oder nach dem Datum der Zuteilung bestimmt werden. Am 30. Juni 2012 entsprach der Schlusskurs einer Aktie der Gesellschaft CHF 10.22 an der SIX Swiss Exchange und US \$ 10.67 an der NASDAQ Global Select Market.

*Optionsausübung; Art der Vergütung.* Der Verwalter bestimmt wann Optionen ausgeübt werden können und kann, nach seinem Ermessen, die Ausübung ausstehender Optionen unter gewissen Umständen beschleunigen. Das Zahlungsmittel für Aktien, die aufgrund Ausübung einer Option ausgegeben werden, ist in jeder Prämienvereinbarung festgelegt. Im vom Gesetz erlaubten Umfang erlaubt der Plan die Zahlung mit Barmitteln, Barmittel entsprechenden Zahlungsmittel, Wechsel oder mit Aktien (mit einigen Beschränkungen), bargeldlose Zahlung, Nettozahlung, jegliche Kombination der vorerwähnten Zahlungsmethoden oder jede andere vom anwendbaren Gesetz erlaubte Art der Vergütung.

*Laufzeit der Option.* Die Laufzeit der Option wird in der Prämienvereinbarung erwähnt. Trotzdem kann die Laufzeit einer Option nicht länger als zehn Jahre sein. Keine Option kann nach Ablauf ihrer Laufzeit ausgeübt werden.

*Beendigung der Dienstleistung.* Nach Beendigung der Dienstleistung kann ein Optionsberechtigter seine Option während dem durch den Verwalter festgelegten und in der Prämienvereinbarung erwähnten Zeitraum ausüben. Sofern kein Zeitraum in der Prämienvereinbarung eines Teilnehmers erwähnt ist, kann ein Teilnehmer die Option innert 90 Tagen nach der Beendigung ausüben, in dem Ausmass als die Option am Datum der Beendigung ausübbar ist (aber unter keinen Umständen nach dem Ende der Laufzeit einer solcher Option gemäss Prämienvereinbarung). Es sei denn die Dienstleistung dieses Teilnehmers endet aufgrund dessen Versterbens oder Geschäftsunfähigkeit, in welchem Fall der Teilnehmer (oder, bei dessen Tod, sein Nachlass, Begünstigte oder die Person, welche das Recht zur Ausübung der Option als Erbe oder Nachkomme übernimmt) die Option während einem Jahr nach dem Datum der Beendigung ausüben kann, in dem Ausmass als die Option am Datum der Beendigung ausübbar war (oder im Umfang als die Ausübung durch den Tod des Teilnehmers beschleunigt wurde). Trotzdem, sofern die Dienstleistung eines Teilnehmers nicht beendet wurde, sollte ein Teilnehmer von der Ausübung einer Option während dem nach der Beendigung anwendbaren Zeitraum, aufgrund von rechtlichen Vorschriften im Zusammenhang mit der Ausgabe von Aktien, abgehalten werden, bleibt die Option während 30 Tagen nach dem Datum, an dem die Gesellschaft den Teilnehmer über die Ausübbarkeit der Option informiert hat, ausübbar, in keinem Fall jedoch nach dem Ende der Laufzeit der Option.

*Aktienwertsteigerungsrechte.* Ein SAR ist das Recht, die Wertsteigerung des Verkehrswerts (*fair market value*) der Aktien der Gesellschaft zwischen dem Datum der Zuteilung und dem Ausübungsdatum für diejenige Anzahl Aktien der Gesellschaft betreffend die die SAR ausgeübt wird, zu erhalten. Die Gesellschaft kann die Wertsteigerung in bar, Aktien der Gesellschaft mit gleichem Wert oder in einer Kombination davon, wie durch den Verwalter festgelegt, zahlen. Jede Zuteilung von SARs wird durch eine Prämienvereinbarung, welche die Bedingungen und Konditionen der Gewährung bestimmt, nachgewiesen. Der Verwalter bestimmt die Anzahl Aktien, die einem Dienstleistungserbringer gemäss der SARs Zuteilung gewährt werden. Der Verwalter legt auch den Ausübungspreis der SARs, den Ausübungsplan und andere Bedingungen und Konditionen der SARs fest. Trotzdem muss der Ausübungspreis mindestens dem Verkehrswert (*fair market value*) einer Aktie der Gesellschaft am Datum der Zuteilung entsprechen. Die Laufzeit einer SAR darf nicht länger als zehn Jahre sein.

Nach Beendigung der Dienstleistung kann ein Teilnehmer den ausübaren Teil seiner SAR während dem durch den Verwalter bestimmten und in der Prämienvereinbarung erwähnten Zeitraum ausüben. Sofern kein Zeitraum in der Prämienvereinbarung eines Teilnehmers erwähnt ist, kann ein Teilnehmer oder bei dessen Tod, sein Nachlass oder Begünstigter, grundsätzlich sein SAR ausüben während (i) 90 Tagen nach der Beendigung, sofern nicht durch Versterben oder Handlungsunfähigkeit verursacht und (ii) einem Jahr nach der Beendigung aufgrund Versterbens oder Handlungsunfähigkeit. In keinem Fall kann ein SAR nach dem Ende seiner Laufzeit ausgeübt werden.

*Gesperrte Aktien.* Gesperrte Aktien Zuteilungen sind Zuteilungen von Aktien der Gesellschaft, die gemäss den durch den Verwalter festgelegten Bedingungen und Konditionen auszuüben sind. Jede Zuteilung von gesperrten Aktien wird durch eine Prämienvereinbarung, welche die Bedingungen und Konditionen der Zuteilung bestimmt, nachgewiesen. Die Ausübung kann an Bedingungen, wie fortdauerndes Arbeitsverhältnis, Zeitablauf oder Erreichung von Vorgaben, geknüpft sein. Der Verwalter wird die Anzahl der einem Teilnehmer zugeteilten gesperrten Aktien festlegen. Der Verwalter bestimmt auch den Kaufpreis, falls gegeben, für gesperrte Aktien, sofern nicht vom Verwalter anders bestimmt. Nicht ausgeübte gesperrte Aktien verfallen normalerweise bei der freiwilligen oder unfreiwilligen Beendigung der Dienstleistung des Teilnehmers aus welchen Gründen auch immer einschliesslich bei Tod oder Handlungsunfähigkeit.

*Gesperrte Stock Units (einschliesslich leistungsabhängige gesperrte Stock Units).* Gesperrte *stock units* sind

Prämien, die das Recht beinhalten, Aktien der Gesellschaft oder Barmittel entsprechend dem Wert der Aktien oder einer Kombination von beidem wie vom Verwalter festgelegt zu erhalten, sofern die gesperrten *stock units* ausübbar sind. Gesperrte *stock units* sind gemäss den Bedingungen und Konditionen, wie sie vom Verwalter festgelegt in der anwendbaren Prämienvereinbarung erwähnt sind, ausübbar. Die Ausübung kann an Bedingungen wie fortdauerndes Arbeitsverhältnis, Zeitablauf oder Erreichung von Vorgaben, geknüpft sein. Gesperrte *stock units*, die von der Erreichung von Vorgaben abhängen, gelten als leistungsabhängige gesperrte *stock units*. Keine Bedingung, die der Erreichung von Vorgaben unterliegt, kann auf eine Zielerreichung innert einer Dauer von weniger als einem Jahr gerichtet sein. Die Prämienvereinbarung kann das Verfallen oder die Annullierung von gesperrten *stock units*, ganz oder teilweise, für den Fall der Beendigung der Dienstleistung des Teilnehmers vorsehen.

**162(m) Kriterien der Zielerreichung.** Zuteilungen, die von der Erreichung von Vorgaben abhängen, können, aber müssen nicht, auf den Kriterien der Zielerreichung entsprechend Section 162(m) des Codes basieren. Im Umfang als die Zuteilung als leistungsabhängige Vergütung gemäss Section 162(m) des Codes gelten soll, werden die Kriterien der Zielerreichung auf der Wertsteigerung des Aktienpreises (im Falle von Optionen oder SARs) oder auf einem oder mehreren der folgenden Kriterien (im Fall von gesperrten Aktien und gesperrten *stock units*) basieren: Markenakzeptanz, Cash Flow, Cash Flow Ertrag aus Investitionen, Beitrag zur Profitabilität, Kontrolle der Kosten, Kostenpositionen, Kapitalkosten, Kundenzufriedenheit, Produktentwicklung, Ergebnis vor Zinsen, Steuern und Amortisation; Ertrag pro Aktie, wirtschaftlicher Gewinn, wirtschaftlicher Mehrwert, freier Cash Flow, Ertrag oder NettoErtrag, Ertrag vor Ertragssteuern, Marktanteil, Produktinnovation, Umsatzertrag oder NettoUmsatzertrag, Umsatzmarge oder Gewinnmarge, Betriebsergebnis oder NettoBetriebsergebnis, Prozessstärke, Reduzierung Produktkosten, Produktvielfalt, Pläne zur Produktlancierung, Produktausgabeziele, Qualität, Anlagen ertrag oder NettoAnlagen ertrag, Kapitalertrag, Ertrag aus verwendetem Kapital, Ertrag aus Eigenkapital, Ertrag aus investiertem Kapital, Ertrag aus operativem Ergebnis, Verkaufsertrag, Einnahmen, Verkäufe, Aktienpreisentwicklung, strategische Allianzen, Total Aktionärsrendite, und Betriebsmittel. Die Vorgaben der Zielerreichung können von Teilnehmer zu Teilnehmer sowie von Zuteilung zu Zuteilung verschieden sein und können in jeder Kombination verwendet werden. Jegliche Zielvorgaben können sich auf die Gesamtheit der Gesellschaft oder auf einen Geschäftszweig oder eine Tochtergesellschaft entweder allein oder in Kombination beziehen und entweder jährlich oder kumulativ über mehrere Jahre hinweg gemessen werden. Zielvorgaben können, je nach Anwendbarkeit, in absoluten oder relativen Zeitperioden gemessen werden (einschliesslich gegenüber Ergebnissen früherer Jahre und/oder gegenüber Vergleichsgruppen).

**Unübertragbarkeit von Ansprüchen.** Sofern der Verwalter es nicht anders bestimmt, können gemäss dem Plan zugewiesene Ansprüche nicht übertragen werden, ausser durch Testament, Bezeichnung eines Begünstigten (sofern eine solche Bezeichnung durch den Verwalter genehmigt wird) oder Erbrecht (*laws of descent and distribution*) und dürfen während der Lebenszeit des Teilnehmers nur durch diesen ausgeübt werden. Sollte der Verwalter eine Anspruchübertragung vorsehen, hat der Anspruch alle gemäss Verwalter notwendigen zusätzlichen Bedingungen und Konditionen zu enthalten.

**Anpassungen aufgrund Änderungen der Kapitalisierung.** Für den Fall, dass die Aktien der Gesellschaft oder Wertpapiere ändern aufgrund einer Wertpapierdividende, Aktiensplit, Kombination oder Neuzuteilung von Aktien, ausserordentliche Dividenden in bar oder von Aktiven, Rekapitalisierung, Reorganisation oder ähnlicher Handlungen, die einen Einfluss auf die Aktien der Gesellschaft oder anderer Wertpapiere haben, (ird der Verwalter Anpassungen in Bezug auf die Anzahl und Art der Aktien der Gesellschaft oder anderer Wertpapiere gemäss dem Plan vornehmen. Dies einschliesslich der maximalen Anzahl Aktien, die aufgrund der Ausübung eines ISO und der jährlichen Höchstzahl Aktien, die im Zusammenhang mit der Gewährung einer ISO Zuteilung ausgegeben werden könnten oder vorbehaltlich früher gewährter Zuteilungen, und der Ausübungsoder Abrechnungspreis für eine frühere gewährte Zuteilung, um die Änderung wiederzugeben und eine Verwässerung oder Ausweitung des Gewinns gemäss der Prämie auszuschliessen.

**Anpassungen aufgrund Auflösung oder Liquidation.** Mit Wirksamkeit der Auflösung oder Liquidation der Gesellschaft enden grundsätzlich jegliche nicht ausgeübte Prämienansprüche. Der Verwalter kann gemäss seinem Ermessen vorsehen, dass ein Teilnehmer das Recht hat, die gesamte oder einen Teil der Prämie auszuüben, einschliesslich Aktien betreffend die eine Prämie ansonsten nicht ausübbar wäre, vorgängig der Vollendung einer solchen vorgeschlagenen Handlung.

**Anpassungen aufgrund Fusion oder Kontrollwechsel.** Für den Fall, dass die Gesellschaft als Partei an einer

Fusion, Konsolidierung oder Reorganisation oder dem Verkauf aller wesentlicher Aktiven beteiligt ist, untersteht jede dann ausstehende Prämie der anwendbaren Prämienvereinbarung, die einen oder mehrere der folgenden Punkte vorsehen muss: die Weitergeltung, Übernahme, oder Ersetzung ausstehender Prämien; vollständige Ausübbarkeit oder Ausübung der ausstehenden Prämien (dies kann vom Abschluss der Transaktion abhängig sein); oder die Annullierung von ausstehenden Prämienansprüchen und die Zahlung eines Geldbetrages oder in Form von Aktien an den Inhaber, der dem Betrag pro Aktie entspricht, den Aktionäre der Gesellschaft zu erhalten berechtigt sind oder im Zusammenhang mit der anwendbaren Transaktion realisieren in Bezug auf die Anzahl Aktien gemäss der anwendbaren Prämie (wobei die Zahlung vorbehaltlich der andauernden Ausübbarkeit gemacht werden kann).

**Änderung und Beendigung des Plans.** Der Plan bleibt bis zur Beendigung durch den Verwaltungsrat in Kraft. Zudem kann der Verwaltungsrat den Plan anpassen, ändern, aufheben oder beenden, jedoch darf keine Anpassung, Änderung, Aufhebung oder Beendigung die Rechte eines Teilnehmers gemäss einer ausstehenden Prämie beeinflussen, es sei denn der Teilnehmer und der Verwalter treffen eine andere Einigung.

### Steuerfolgen in den Vereinigten Staaten von Amerika

Die Steuerregeln des amerikanischen Bundesrechts, die gemäss dem Code auf den Plan anwendbar sind, werden untenstehend zusammengefasst. Diese Zusammenfassung enthält keine Hinweise auf Gemeinde- oder Einzelstaatenrecht. Ebenso enthält es keine Hinweise auf Steuerregeln von Staaten ausserhalb der Vereinigten Staaten von Amerika, in welchen ein Teilnehmer wohnt oder denen er oder sie untersteht.

**Nichtgesetzliche Optionen.** Ein Optionsberechtigter erzielt kein steuerbares Einkommen im Zeitpunkt der Zuteilung der nichtgesetzlichen Option. Bei Ausübung erzielt der Optionsberechtigte ein steuerbares Einkommen, berechnet grundsätzlich nach dem dannzumaligen höheren Verkehrswert (*fair market value*) der Aktien gegenüber dem Ausübungspreis. Jegliches erzieltes steuerbares Einkommen in Zusammenhang mit der Ausübung einer Option durch einen Angestellten unterliegt der Steuereinbehaltung. Die in Amerika tätige Tochtergesellschaft der Gesellschaft ist grundsätzlich zu einer Reduzierung im gleichen Betrag, wie der Optionsberechtigte ein Einkommen erzielt, berechtigt. / ei Verwendung der Aktien durch den Optionsberechtigten wird jede Differenz zwischen dem Verkaufspreis und dem Ausübungspreis durch den Optionsberechtigten, sofern nicht als steuerbares Einkommen gemäss vorstehenden Erläuterungen erzielt, als langfristiger oder kurzfristiger Kapitalgewinn oder Verlust, abhängig von der Haltedauer, behandelt.

**Wertsteigerungsrechte.** Kein steuerbares Einkommen ist meldepflichtig, wenn ein SAR an einem Teilnehmer gewährt wird. Bei Ausübung dieses Recht wird durch den Teilnehmer ein ordentliches Einkommen erzielt im gleichen Umfang, der dem erhaltenen Geldbetrag und dem Verkehrswert (*fair market value*) der erhaltenen Aktien entspricht. Jeder zusätzliche Gewinn oder Verlust, der durch eine spätere Verwendung der Aktien erzielt wird, gilt als langfristiger oder kurzfristiger Kapitalgewinn oder Verlust, abhängig von der Haltedauer.

Logitech Inc., die in Amerika tätige Tochtergesellschaft, wird grundsätzlich zu einer Steuerreduzierung im Zusammenhang mit einer Prämie gemäss Plan im gleichen Umfang der dem erzielten Einkommen eines Teilnehmers entspricht, berechtigt sein, vorbehaltlich amerikanischer Besteuerung und dem Zeitpunkt, in dem der Teilnehmer solches Einkommen erzielt.

**Gesperrte Aktien.** Ein Teilnehmer realisiert grundsätzlich kein steuerbares Einkommen im Zeitpunkt, in dem die Zuteilung der gesperrten Aktien gewährt wird. Stattdessen realisiert er oder sie ein ordentliches Einkommen im ersten steuerbaren Jahr, in welchem sein oder ihr Interesse an den gesperrten Aktien entweder (i) frei übertragbar wird oder (ii) nicht länger einem wesentlichen Verfallrisiko ausgesetzt ist (bspw. ausübbar). Trotzdem kann ein Inhaber gesperrter Aktien wählen ein Einkommen, im Zeitpunkt in dem ihm oder ihr die Prämie gewährt wird, zu erzielen (im nicht ausgeübten Umfang), im Betrag, der dem Verkehrswert (*fair market value*) der den Aktien, der Prämie unterliegen, abzüglich jeden Betrags, der für die Aktien am Datum der Gewährung der Prämie gezahlt wurde. Beim Verkauf jeglicher erhaltener Aktien wird jeder Gewinn oder Verlust, basierend auf der Differenz zwischen dem Verkaufspreis und dem Verkehrswert (*fair market value*) am Abrechnungsdatum, als langfristiger oder kurzfristiger Kapitalgewinn oder Verlust, abhängig von der Haltedauer, besteuert.

Logitech Inc. wird grundsätzlich zu einer Steuerreduzierung im gleichen Umfang der dem erzielten ordentlichen Einkommen eines Teilnehmers am Datum, an dem die Aktien frei übertragbar oder nicht länger einem wesentlichen Verfallrisiko ausgesetzt sind, entspricht, berechtigt sein, mit Ausnahme in dem Umfang als eine solche Reduzierung durch die anwendbaren Bestimmungen des Codes begrenzt ist.

**Gesperrte Stock Units.** Ein Teilnehmer realisiert grundsätzlich kein steuerbares Einkommen im Zeitpunkt, in dem die Zuteilung der gesperrten *stock units* gewährt wird. Bei Abrechnung der Prämie wird der Teilnehmer grundsätzlich ein ordentliches Einkommen im Jahr des Erhalts erzielen im gleichen Umfang, der dem erhaltenen Geldbetrag und dem Verkehrswert (*Fair market value*) von jeglichen erhaltenen nicht gesperrten Aktien entspricht. Beim Verkauf jeglicher erhaltener Aktien wird jeder Gewinn oder Verlust, basierend auf der Differenz zwischen dem Verkaufspreis und dem Verkehrswert (*Fair market value*) am Abrechnungsdatum, als langfristiger oder kurzfristiger Kapitalgewinn oder Verlust, abhängig von der Haltedauer, besteuert.

Logitech Inc. wird grundsätzlich zu einer Steuerreduzierung im gleichen Umfang, der dem erzielten ordentlichen Einkommen eines Teilnehmers am Abrechnungsdatum entspricht, berechtigt sein, mit Ausnahme in dem Umfang als eine solche Reduzierung durch die anwendbaren Bestimmungen des Codes begrenzt ist.

**Leistungsabhängige Vergütung gemäss Code Section 162(m).** Spezielle Regeln limitieren die Abzugsfähigkeit von Vergütungen, die gewissen leitenden Angestellten in den Vereinigten Staaten von Amerika gezahlt werden. Gemäss Section 162(m) des Codes kann die jährlich gezahlte Vergütung an leitende Angestellte in den USA nicht abgezogen werden, sofern sie US\$ 1 Million übersteigt. Trotzdem kann Logitech Inc. die Abzugsfähigkeit von gewissen Vergütungen über US\$ 1 Million bewahren, sofern die Bedingungen von Section 162(m) des Codes erfüllt sind. Diese Bedingungen beinhalten eine Genehmigung des Plans durch die Aktionäre und die Limitierung der Anzahl Prämien, die ein Einzelner pro Jahr erhalten kann. Der Plan wurde derart entworfen, dass es dem Verwalter ermöglicht wird, Prämien, die als leistungsabhängig gelten zum Zweck der Erfüllung der Bedingungen der Section 162(m) des Codes, zu gewähren, was es Logitech Inc. erlaubt, weiterhin eine bundesrechtliche Einkommenssteuerreduzierung in Zusammenhang mit solchen Prämien zu erhalten.

**Bezüge des neuen Plans**

Die Anzahl und der Zeitpunkt der gemäss Plan gewährten Prämien werden im alleinigen Ermessen des Verwalters festgelegt und können daher nicht im Voraus festgelegt werden. Die zukünftigen Prämien, die die leitenden Angestellten und anderen Mitarbeiter gemäss Plan erhalten würden, sind dem Ermessen überlassen und daher zurzeit nicht bestimmbar.

Die folgende Tabelle zeigt, ausgewiesen für jeden Einzelnen und die Gruppe, die gesamte Anzahl Aktien entsprechend den Prämien, die nachstehend ausgewiesenen Einzelnen und Gruppen gemäss Plan seit seiner Einführung bis zum 30. Juni 2012 gewährt wurden:

<u>Name der Person oder Gruppe</u>	Anzahl Aktien, die den gewährten Prämien unterliegen ////////////////////
<i>Executive Officers</i>	
Guerrino de Luca	220'000
Gerald P.Quindlen	1'287'000
Erik K.Bardman	218'000
Junien Labrousse	634'750
Werner Heid	372'500
L.Joseph Sullivan	365'500
Derzeitige <i>Executive Officers</i> als Gruppe <sup>(1)</sup>	803'500



Daniel Borel	27'100
Matthew Bousquette	42'100
ErhHsun Chang	58'100
KeeElock Chua	43'100
Sally Davis	57'100
Neil Hunt	28'600
Richard Laube	57'100
Monika Ribar	42'100

Derzeitige nichtB angestellte Mitglieder des Verwaltungsrates als Gruppe

355'300

Alle derzeitigen Angestellten, einschliesslich *Officers* mit Ausnahme von *Executive Officers*, als Gruppe

9'975'560

(<sup>1</sup>) Einschliesslich die Herren De Luca, Bardman und Sullivan. Herr Darrell wurde am 9. April 2012 Präsident der Gesellschaft und erhielt bis zum 30. Juni 2012 keine Aktien gemäss dem 2006 Stock Incentive Plan zugeteilt.

### Notwendige Mehrheit zur Genehmigung

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

### Empfehlung

Der Verwaltungsrat empfiehlt, der beantragten Anpassung und Neuformulierung des 2006 Stock Incentive Plans, einschliesslich der Erhöhung um neun Millionen zur Ausgabe unter dem Plan zur Verfügung stehender Aktien zuzustimmen.

## Antrag F

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

#### Antrag

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

#### Erläuterungen

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

Aktionäre haben die Gesellschaft ermächtigt, mehr als 10 Prozent eigener Aktien zu halten, sofern die Aktien, welche die 10 Prozent Schwelle überschreiten, zum Zweck der Vernichtung anlässlich der ordentlichen Generalversammlung 2012 und/oder 2013 zurückgekauft werden. Seit der am 11. November 2011 erteilten

Genehmigung durch die Übernahmekommission und die SIX Swiss Exchange hat die Gesellschaft Aktienrückkäufe gemäss dem Aktienrückkaufprogramm mittels einer *Psecond trading line*“ vorgenommen, die es der Gesellschaft ermöglicht, ihren Verpflichtungen gemäss dem Schweizerischen Steuerrecht in Zusammenhang mit dem Rückkauf von Aktien über die 10 Prozent Schwelle hinaus.

Am 30. Juni 2012 hielt Logitech ungefähr 18.6 Prozent seiner Aktien als eigene Aktien und gemäss den vom Verwaltungsrat genehmigten Aktienrückkaufprogrammen kann die Gesellschaft weitere eigene Aktien im Umfang von ungefähr US\$ 4.4 Millionen erwerben. Trotz Berücksichtigung der Vernichtung von Aktien gemäss Antrag 4, sofern von den Aktionären genehmigt, und unter Beibehaltung aller Gegebenheiten auf dem gleichen Stand wie am 30. Juni 2012 wird die Gesellschaft etwa 9.8 Prozent ihrer Aktien als eigene Aktien halten. Sofern die Gesellschaft weiterhin Aktienrückkäufe gemäss dem Aktienrückkaufprogramm vornimmt, könnte sie wieder in die Nähe der Schwelle von 10 % der eigenen Aktien kommen oder diese sogar übertreffen.

Damit die Gesellschaft in Zukunft mit Flexibilität in Bezug auf ihr Kapital ausgestattet ist, beantragt der Verwaltungsrat die Zustimmung der Aktionäre zum Halten eigener Aktien von mehr als 10 Prozent, sofern die Aktien, welche die 10 Prozent Schwelle überschreiten, zum Zweck der Vernichtung mittels einer *Psecond trading line*Qoder auf andere Weise zurückgekauft werden. Sollte die Generalversammlung diesen Antrag ablehnen, wird der Verwaltungsrat veranlassen, dass die Gesellschaft nicht mehr als 10 Prozent eigener Aktien hält.

### **Notwendige Mehrheit zur Genehmigung**

Der Antrag ist genehmigt, wenn er eine Mehrheit der an der Generalversammlung abgegebenen Stimmen, entweder persönlich oder aufgrund einer Vollmacht, auf sich vereinigt, wobei sowohl Enthaltungen als auch Stimmen von Verwaltungsratsmitgliedern, Mitgliedern des Managements von Logitech sowie von Logitech vertretene Stimmen nicht gezählt werden.

### **Empfehlung**

Der Verwaltungsrat empfiehlt die Annahme des folgenden Beschlusses:

FDie Gesellschaft wird ermächtigt, mehr als 10 % eigene Aktien zu halten, sofern diejenigen Aktien, welche die 10%EGrenze übersteigen, zurückgekauft werden, sei es über eine *Psecond trading line*Qoder auf andere Weise, um anlässlich einer Kapitalherabsetzung, welche der ordentlichen Generalversammlung 201, und/oder 2014 beantragt wird, vernichtet zu werden."

## **Antrag I**

### **Entlastung des Verwaltungsrates und der Geschäftsleitung für das Geschäftsjahr ()\*(**

#### **Antrag**

Der Verwaltungsrat beantragt der Generalversammlung der Entlastung seiner Mitglieder sowie der Geschäftsleitung für deren Tätigkeiten im Geschäftsjahr 2012 zuzustimmen.

#### **Erläuterungen**

Es ist in schweizerischen Gesellschaften üblich und in Artikel 698 Absatz 2 Ziffer 5 des Schweizerischen Obligationenrechts vorgesehen, den Aktionären die Entlastung der Mitglieder des Verwaltungsrates und der Geschäftsleitung zu beantragen. Die Entlastung betrifft die Haftung für ihre Handlungen während des Geschäftsjahres 2012. Die Entlastung schliesst Verantwortlichkeitsklagen der Gesellschaft oder von Aktionären gegen die Mitglieder des Verwaltungsrates und der Geschäftsleitung aus, sofern sie die Geschäftstätigkeit im Geschäftsjahr 2012 betreffen, und auf Tatsachen beruhen, die den Aktionären mitgeteilt wurden. Aktionäre, die der Entlastung nicht zustimmen oder ihre Aktien nach der Abstimmung ohne Wissen über die Genehmigung dieses Antrages erwerben, sind während einer Frist von sechs Monaten nach der Generalversammlung an den Entlastungsbeschluss nicht gebunden.

**Notwendige Mehrheit zur Genehmigung**

Der Antrag ist genehmigt, wenn er eine Mehrheit der an der Generalversammlung abgegebenen Stimmen, entweder persönlich oder aufgrund einer Vollmacht, auf sich vereinigt, wobei sowohl Enthaltungen als auch Stimmen von Verwaltungsratsmitgliedern, Mitgliedern des Managements von Logitech sowie von Logitech vertretene Stimmen nicht gezählt werden.

**Empfehlung**

Der Verwaltungsrat empfiehlt der Generalversammlung die Annahme des Antrages auf Entlastung der Mitglieder des Verwaltungsrates und der Geschäftsleitung für die Tätigkeit im Geschäftsjahr 2012.

**Antrag 8****Kürzung der Amtsdauer von Mitgliedern des Verwaltungsrates****Antrag**

Der Verwaltungsrat beantragt die Kürzung der Amtsdauer für seine Mitglieder von drei Jahren auf ein Jahr und Artikel 14 Absatz 1 der Statuten der Gesellschaft wie folgt anzupassen:

**Artikel 14 (Aktueller Text):**

Der Verwaltungsrat der Gesellschaft besteht aus mindestens drei von der Generalversammlung für eine Amtsdauer von drei Jahren zu wählenden Mitgliedern. Die Mitglieder sind unbegrenzt wieder wählbar.

**Artikel 14 (Neuer Text):**

Der Verwaltungsrat der Gesellschaft besteht aus mindestens drei von der Generalversammlung für eine Amtsdauer von einem Jahr zu wählenden Mitgliedern. Die Mitglieder sind unbegrenzt wieder wählbar.

**Erläuterungen**

Der Zweck dieses Antrages zur jährlichen Wiederwahl aller Verwaltungsratsmitglieder liegt in der dadurch erreichten grösseren Flexibilität in der Wahl und Besetzung des Verwaltungsrates. Der vorgeschlagene Artikel 14 der Statuten der Gesellschaft bietet dafür den gesetzlichen Rahmen. Die Mitglieder des Verwaltungsrates, die während der letzten zwei Jahre für eine Amtsdauer von drei Jahren gewählt wurden, werden im Amt bleiben bis die dreijährige Amtsdauer abgelaufen ist. Sofern dieser Antrag 8 angenommen wird, ist diese Änderung ab der ordentlichen Generalversammlung 2012 anwendbar; sie wird insbesondere für die Wahlen gemäss Antrag 9 anwendbar sein.

**Notwendige Mehrheit zur Genehmigung**

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

**Empfehlung**

Der Verwaltungsrat empfiehlt der Generalversammlung die Annahme des Antrages auf Kürzung der Amtsdauer von Mitglieder des Verwaltungsrates von drei Jahren auf ein Jahr und die entsprechende Anpassung von Artikel 14 Absatz 1 der Statuten der Gesellschaft.

## **Antrag K**

### **Wahlen in den Verwaltungsrat**

Unser Verwaltungsrat hat gegenwärtig neun Mitglieder. Jedes Mitglied ist zurzeit für drei Jahre gewählt. Die Amtszeiten sind so gestaffelt, dass nicht alle Mitglieder gleichzeitig zur Wiederwahl kommen. Gemäss Antrag 8 schlägt der Verwaltungsrat eine Kürzung der Amtsdauer von drei Jahren auf ein Jahr im Interesse der Flexibilität vor.

Auf Empfehlung des Nominationsausschusses hat der Verwaltungsrat die nachstehenden drei Personen zur Wahl vorgeschlagen für eine Amtsdauer von einem Jahr, sofern der Antrag 8 durch die Aktionäre angenommen wird, und für eine Amtsdauer von drei Jahren, sofern der Antrag 8 nicht angenommen wird. In beiden Fällen beginnt die Amtsdauer mit der Generalversammlung vom ). September 2012. Zwei der vorgeschlagenen Personen sind aktuelle Mitglieder des Verwaltungsrates. Ihre Mandatszeit endet zum Zeitpunkt der Generalversammlung vom ). September 2012. Die dritte vorgeschlagene Person wurde durch den Nominationsausschuss ausgewählt und vorgeschlagen und durch den Verwaltungsrat im Juni 2012 als vorgeschlagene Person zur Wahl in den Verwaltungsrat genehmigt.

Für jeden Kandidaten wird eine getrennte Abstimmung durchgeführt.

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

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

#### **K1 Wiederwahl von Herrn ErhHsun Chang**

**Antrag,** Der Verwaltungsrat beantragt die Wiederwahl in den Verwaltungsrat von Herrn ErhHsun Chang für eine weitere Amtsdauer von einem Jahr, sofern Antrag 8 angenommen wird, oder für drei weitere Jahre, wenn Antrag 8 nicht angenommen wird.

*Erh-Hsun Chang* ist Mitglied des Verwaltungsrates seit Juni 2006. Bis April 2006 war Herr Chang Senior Vice President Worldwide Operations and General Manager Far East der Gesellschaft. Herr Chang trat 1986 bei Logitech ein, um das Geschäft in Taiwan aufzubauen. Nachdem er die Gesellschaft 1988 verliess, kam er 1995 als Vice President, General Manager, Far Eastern Area and Worldwide Operations zurück. Im April 1997 wurde Herr Chang Senior Vice President, General Manager, Far Eastern Area and Worldwide Operations. Weitere Berufserfahrungen bringt Herr Chang durch seine Aktivitäten als Vice President Manufacturing Consulting zwischen 1991 und 1995 bei KPMG Peat Marwick, einer weltweit tätigen Dienstleistungsgesellschaft, und als Vice President, Sales and Marketing, Power Supply Division im Jahr 1995 bei Taiwan Liton Electronics Ltd., einer taiwanesischen Elektronikgesellschaft, mit. Herr Chang besitzt einen Bachelor of Science in Civil Engineering der Chung Yuang University, Taiwan, und hat einen MBA in Operations Management der University of Dallas, Texas, sowie einen Master of Science in Industrial Engineering der Texas A&M University. Herr Chang ist ebenfalls Vizepräsident des Verwaltungsrates von Logitech's Tochtergesellschaft in Taiwan. Er ist 63 Jahre alt und Staatsbürger von Taiwan.

Herr Chang verfügt Dank seiner umfassenden Karriere in den Bereichen operatives Geschäft, Produktion und Verkauf und Marketing, besonders in Taiwan und China, über langjährige Führungserfahrung, Kenntnis in den Bereichen operatives Geschäft und Produktion und weitreichende Kompetenz betreffend Geschäftstätigkeit in Taiwan und China.

Herr Chang ist zum gegenwärtigen Zeitpunkt Mitglied des *Audit Committee*. Der Verwaltungsrat hat beschlossen, dass er als unabhängiger Direktor gilt.

## **K2 ; iedewahl von Herrn KeeLock Chua**

**Antrag,** Der Verwaltungsrat beantragt die Wiederwahl in den Verwaltungsrat von Herrn KeeLock Chua für eine weitere Amtsdauer von einem Jahr, sofern Antrag 8 angenommen wird, oder für drei weitere Jahre, wenn Antrag 8 nicht angenommen wird.

*Kee-Lock Chua* ist Präsident und CEO der Vertex Group, einer von Singapur aus geführten Kapitalbeteiligungsgruppe. Bevor er im September 2008 zur Vertex Gruppe sties, war Herr Chua von 2006 bis 2008 Präsident and Geschäftsführer der Biosensors International Group Ltd., einer Entwicklerin und Produzentin von medizinischen Geräten, die in der Kardiologie und bei kritischen Pflegebehandlungen zum Einsatz kommen. Zuvor, von 2003 bis 2006, war Herr Chua Managing Director der Walden International, einer aus den USA geführten Kapitalbeteiligungsgesellschaft. Von 2001 bis 2003 war Herr Chua stellvertretender Präsident der NatSteel Ltd., Singapur, die Industrieprodukte herstellt und in Asien aktiv ist. Von 2000 bis 2001 war Herr Chua Präsident and CEO der Intraco Ltd., einer in Singapur kotierten Handelsgesellschaft. Davor war Herr Chua Präsident der MediaRing.com Ltd., einer in Singapur kotierten Gesellschaft, die voiceOverInternet Dienstleistungen anbietet. Er ist ebenfalls Mitglied des Verwaltungsrates der SHC Capital Ltd. und Yongmao Holdings Limited (bei welcher er als führender unabhängiger Direktor gilt), welche beide öffentlich gehandelte Gesellschaften in Singapur sind. Herr Chua besitzt einen Bachelor of Science in Mechanical Engineering der University of Wisconsin und einen Master of Science in Engineering der Stanford University, California.. Herr Chua ist 51 Jahre alt und Staatsbürger von Singapur.

Herr Chua verfügt über weitreichende Investment und langjährige Führungserfahrung sowohl als *venture capitalist* Investor in Asien und den Vereinigten Staaten von Amerika als auch als ehemaliger CEO öffentlich gehandelter Gesellschaften in Asien. Er bereichert den Verwaltungsrat mit seiner langjährigen Führungserfahrung sowie Kompetenz in finanziellen und globalen Angelegenheiten. Als Direktor kotierter Gesellschaften und privater Gesellschaften in Asien verfügt er zudem über gesellschaftsübergreifende Erfahrung.

Herr Chua ist zum gegenwärtigen Zeitpunkt Mitglied des *Compensation Committee* und *Nomination Committee* des Verwaltungsrates. Er ist zudem der führende unabhängige Direktor der Gesellschaft. Der Verwaltungsrat hat beschlossen, dass er als unabhängiger Direktor gilt.

## **9.3 Wahl von Herrn Didier Hirsch**

**Antrag:** Der Verwaltungsrat beantragt die Wahl in den Verwaltungsrat von Herrn Didier Hirsch für eine Amtsdauer von einem Jahr, sofern Antrag 8 angenommen wird, oder für drei Jahre, wenn Antrag 8 nicht angenommen wird

Didier Hirsch ist Senior Vice President und Chief Financial Officer der Agilent Technologies Inc., einer Gesellschaft für Messtechnik und führendem Technologieunternehmen im Bereich chemische Analyse, Life Sciences, Elektronik und Kommunikation. Er ist seit 1999 bei Agilent tätig und war von November 2007 bis Juli 2010 Chief Accounting Officer und seit April 2010 interim Chief Financial Officer bis zur Ernennung in seiner heutigen Funktion im Juli 2010. Herr Hirsch war bei Agilent ebenfalls als Vice President, Corporate Controllershship und Tax von 2006 bis Juli 2010, als Vice President und Controller von April 2003 bis Oktober 2006, und Vice President und Treasurer von September 1999 bis April 2003 tätig. Herr Hirsch sties 1989 zu HewlettPackard Company und war von 1996 bis 1999 Director of Finance and Administration für HewlettPackard Europe, Middle East and Africa (EMEA), Director of Human Resources von HewlettPackard I MEA von 1998 bis 1999, Director of Finance and Administration von

HewlettPackard Asia Pacific von 1993 bis 1996, sowie Director of Finance and Administration von HewlettPackard France von 1989 bis 1993. Bevor Herr Hirsch bei HewlettPackard tätig war, arbeitete im Bereich Finanzen bei Valeo Inc., Gemplus S.C.A., SGS Thomson Microelectronics, I.B.H. Holding S.A., Bendix Corporation und Ford Motor Company. Er ist ebenfalls Mitglied des Verwaltungsrates der International Rectifier, einem an der New York Stock Exchange (NYSE) notierten Anbieter von modernen Energieverwaltungstechnologien. Herr Hirsch besitzt einen Master of Science in Computer Sciences der Universität Toulouse sowie einen Master of Science in Industrial Administration der Universität Purdue. Er ist 61 Jahre alt und Staatsbürger von Frankreich.

Herr Hirsch als Chief Financial Officer einer führenden Publikumstechnologiegesellschaft verfügt durch seine während Jahrzehnten gesammelten Erfahrungen bei Technologie- und Produktionsunternehmen in den USA, EMEA und Asien über weitreichende Kompetenzen in Finanzangelegenheiten. Er bereichert den Verwaltungsrat mit seiner langjährigen Führungserfahrung sowie Kompetenz in finanziellen (einschliesslich U.S. GAAP), technologischen und globalen Angelegenheiten.

Der Verwaltungsrat hat beschlossen, dass Herr Hirsch als unabhängiger Direktor gilt

### **Notwendige Mehrheit zur Genehmigung**

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

### **Empfehlung**

Der Verwaltungsrat empfiehlt die Wahl der obgenannten Kandidaten in den Verwaltungsrat.

### **Antrag \*)**

### **Wiederwahl von PricewaterhouseCoopers AG als Logitech's Revisionsstelle und Bestätigung der Wahl von PricewaterhouseCoopers LLP als Logitech's unabhängigem zugelassenen Revisionsexperten für das Geschäftsjahr 2013**

### **Antrag**

Der Verwaltungsrat beantragt, PricewaterhouseCoopers AG. als Revisionsstelle der Logitech International S.A. für ein weiteres Jahr wiederzuwählen sowie die PricewaterhouseCoopers LLP als Logitech's unabhängigem zugelassenen Revisionsexperten für das Geschäftsjahr 2013 zu ernennen.

### **Empfehlung**

Auf Empfehlung des *Audit Committee* des Verwaltungsrates ist die PricewaterhouseCoopers AG oder PwC AG für ein weiteres Jahr als Revisionsstelle der Logitech International AG vorgeschlagen. Die PwC AG ist seit 1988 für die Revision der Logitech verantwortlich.

Das *Audit Committee* hat ebenfalls die PricewaterhouseCoopers LLP oder PwC LLP, die amerikanische Tochtergesellschaft der PwC AG, als unabhängigem zugelassenen Revisionsexperten der Gesellschaft für das am 31. März 2013 endende Geschäftsjahr aufgrund der Vorschriften des amerikanischen Aktienrechts ernannt. Die Statuten der Logitech sehen keine Genehmigungspflicht der Ernennung der PwC LLP als unabhängigem zugelassenen Revisionsexperten der Gesellschaft durch die Aktionäre vor. Trotzdem unterbreitet Logitech die Ernennung der PwC LLP den Aktionäre zur Genehmigung aufgrund von *Corporate Governance* Überlegungen. Sollten die Aktionäre die Ernennung nicht genehmigen, wird das *Audit Committee* die Ernennung der PwC LLP überprüfen. Auch für den Fall der Genehmigung der Ernennung kann das *Audit Committee*, in seinem Ermessen, die Ernennung während dem Jahr ändern, sollte das Committee zum Schluss kommen, dass eine solche Änderung im besten Interesse der Gesellschaft und seiner Aktionäre ist.

Informationen über die Honorare, die Logitech an die . ( 7 AG und . ( C " " . bezahlt hat, sowie weitere Information über die PwC AG und . ( C " " . entnehmen Sie dem untenstehenden Abschnitt unter dem Titel "Independent Public Accountants" und "Report of the Audit Committee".

Ein Mitglied der . ( C AG wird an der Generalversammlung teilnehmen, die ' öglichkeit haben sich zu äussern und zur Verfügung stehen zur Beantwortung allfälliger Fragen.

### **Notwendige Mehrheit zur Genehmigung**

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

### **Empfehlung**

Der Verwaltungsrat empfiehlt die Wiederwahl der PricewaterhouseCoopers AG als Revisionsstelle der Logitech International S.A. sowie die Genehmigung der Ernennung der PricewaterhouseCoopers LLP als Logitech's unabhängigem zugelassenen Revisionsexperten beide für das am 31. März 2013 endende Geschäftsjahr.

## **VERWALTUNGSRATSANGELEGENHEITEN UND ENTSCHÄDIGUNGSBERICHT**

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

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July 24, 2012

To our shareholders:

You are cordially invited to attend Logitech's 2012 Annual General Meeting. The meeting will be held on Wednesday, September 5, 2012 at 2:30 p.m. at the Palais De Beaulieu, Rome Room, in Lausanne, Switzerland.

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

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

Thank you for your continued support of Logitech.

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

GUERRINO DE LUCA  
*Chairman of the Board*

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## **LOGITECH INTERNATIONAL S.A.**

**Invitation to the Annual General Meeting  
Wednesday, September 5, 2012  
2:30 p.m. (registration starts at 1:30 p.m.)  
Palais de Beaulieu – Lausanne, Switzerland**

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### **AGENDA**

#### **A. Reports**

Report on Operations for the fiscal year ended March 31, 2012

#### **B. Proposals**

1. Approval of the Annual Report, the Compensation Report, the consolidated financial statements and the statutory financial statements of Logitech International S.A. for fiscal year 2012
2. Advisory vote on executive compensation
3. Appropriation of retained earnings and distribution of capital contribution reserves
  - 3.1 Appropriation of retained earnings
  - 3.2 Distribution of capital contribution reserves
4. Reduction of share capital by cancellation of repurchased shares
5. Amendment and restatement of the 2006 Stock Incentive Plan, including an increase to the number of shares available for issuance under the Plan
6. Authorization to exceed 10% holding of own share capital
7. Release of the Board of Directors and Executive Officers from liability for activities during fiscal year 2012
8. Decrease of the term of office for members of the Board of Directors
9. Elections to the Board of Directors
  - 9.1 Re-election of Mr. Erh-Hsun Chang
  - 9.2 Re-election of Mr. Kee-Lock Chua
  - 9.3 Election of Mr. Didier Hirsch
10. Re-election of PricewaterhouseCoopers S.A. as Logitech's auditors and ratification of the appointment of PricewaterhouseCoopers LLP as Logitech's independent registered public accounting firm for fiscal year 2013

Apples, Switzerland, July 24, 2012

The Board of Directors

## **QUESTIONS AND ANSWERS ABOUT THE LOGITECH 2012 ANNUAL GENERAL MEETING**

### **GENERAL INFORMATION FOR ALL SHAREHOLDERS**

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

This document is designed to comply with both Swiss corporate law and U.S. proxy statement rules. Outside of the U.S. and Canada this Invitation and Proxy Statement will be delivered to registered shareholders with certain portions translated into French and German. We made copies of this Invitation and Proxy Statement available to shareholders beginning on July 24, 2012.

The enclosed Response Coupon is solicited on behalf of the Board of Directors of Logitech for use at Logitech’s Annual General Meeting. The meeting will be held on Wednesday, September 5, 2012 at 2:30 p.m. at the Palais de Beaulieu, Rome Room, in Lausanne, Switzerland.

#### **Who is entitled to vote at the meeting?**

Shareholders registered in the Share Register of Logitech International S.A. (including in the sub-register maintained by Logitech’s U.S. transfer agent, The Bank of New York Mellon Corporation) on Thursday, August 30, 2012 have the right to vote. No shareholders will be entered in the Share Register between August 31, 2012 and the day following the meeting. As of June 30, 2012 there were 120,955,463 shares registered and entitled to vote out of a total of 155,960,117 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, 2012 and August 30, 2012.

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

#### **Who is a registered shareholder?**

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

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

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

#### **Why is it important for me to vote?**

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

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

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

**Where are Logitech's principal executive offices?**

Logitech's principal executive office in Switzerland is at Rue du Sablon 2-4, 1110 Morges, Switzerland, and our principal executive office in the United States is at 7600 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 +510-795-8500.

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

A copy of our 2012 Annual Report to Shareholders, this Invitation and Proxy Statement and our Annual Report on Form 10-K for fiscal year 2012 filed with the U.S. Securities and Exchange Commission are available on our website at <http://ir.logitech.com>. Shareholders also may request free copies of these materials at our principal executive offices in Switzerland or the United States, at the addresses and phone numbers above.

**Where can I find the voting results of the meeting?**

We intend to announce voting results at the meeting and issue a press release promptly after the meeting. We will also file the results on a Current Report on Form 8-K with the U.S. Securities and Exchange Commission by Tuesday, September 11, 2012. A copy of the Form 8-K will be available on our website at <http://ir.logitech.com>.

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

You may not attend the meeting and vote your shares in person at the meeting unless you either become a registered shareholder by August 30, 2012 or you obtain a "legal proxy" from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting. If you hold your shares through a non-U.S. or non-Canadian broker, trustee or nominee, you may become a registered shareholder by contacting our Share Registrar at our principal executive offices in Switzerland, at the above address, and following their registration instructions or, in certain countries, by requesting registration through the bank or brokerage through which you hold your shares. If you hold your shares through a U.S. or Canadian broker, trustee or nominee, you may become a registered shareholder by contacting your broker, trustee or nominee, and following their registration instructions.

**FURTHER INFORMATION FOR REGISTERED SHAREHOLDERS****How can I vote if I do not plan to attend the meeting?**

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

**How can I attend the meeting?**

If you wish to attend the meeting, please mark Option 1 on the Response Coupon, and send the completed, signed and dated Response Coupon to Logitech using the enclosed postage paid envelope by Friday, August 24, 2012. We will send you an admission card for the meeting. If an admission card is not received by you prior to the meeting and you are a registered shareholder as of August 30, 2012, you may attend the meeting by presenting proof of identification at the meeting.

**Can I have another person represent me at the meeting?**

Yes. If you would like someone other than either Logitech or the Independent Representative to represent you at the meeting, please mark Option 2 on the Response Coupon and provide the name and address of the person you want to represent you. Please return the completed, signed and dated Response Coupon to Logitech using the enclosed postage paid envelope by August 24, 2012. We will send an admission card for the meeting to your representative. If the name and address instructions you provide are not clear Logitech will send the admission card to you, and you must forward it to your representative.

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

Logitech does not block the transfer of shares before the meeting. However, if you sell your Logitech shares before the meeting and Logitech's Share Registrar is notified of the sale, your votes with those shares will not be counted. Any person who purchases shares after the Share Register closes on Thursday, August 30, 2012 will not be able to register them until the day after the meeting and so will not be able to vote the shares at the meeting.

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

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

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

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

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

**Who can I contact if I have questions?**

If you have any questions or need assistance in voting your shares, please call us at +1-510-713-4220 or e-mail us at [logitechIR@logitech.com](mailto:logitechIR@logitech.com).

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

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

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

### **How can I get electronic access to the proxy materials?**

The Notice will provide you with instructions regarding how to:

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

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

### **Who may provide voting instructions for the meeting?**

For purposes of U.S. or Canadian beneficial shareholder voting, shareholders holding shares through a U.S. or Canadian broker, trustee or nominee organization on July 13, 2012 may direct the organization on how to vote. Logitech has made arrangements with a service company to U.S. and Canadian brokers, trustees and nominee organizations for that service company to provide a reconciliation of share positions of U.S. and Canadian “street name” beneficial owners between July 13, 2012 and August 22, 2012, which Logitech determined is the last practicable date before the meeting for such a reconciliation. These arrangements are intended to result in the following adjustments: If a U.S. or Canadian “street name” beneficial owner as of July 13, 2012 votes but subsequently sells their shares before August 22, 2012, their votes will be cancelled. A U.S. or Canadian “street name” beneficial owner as of July 13, 2012 that has voted and subsequently increases or decreases their shareholdings but remains a beneficial owner as of August 22, 2012 will have their votes increased or decreased to reflect their shareholdings as of August 22, 2012.

If you acquire Logitech shares in “street name” after July 13, 2012 through a U.S. or Canadian broker, trustee or nominee, and wish to vote at the meeting or provide voting instructions by proxy, you must become a registered shareholder. You may become a registered shareholder by contacting your broker, trustee or nominee, and following their registration instructions. In order to allow adequate time for registration, for proxy materials to be sent to you, and for your voting instructions to be returned to us before the meeting, please begin the registration process as far before August 30, 2012 as possible.

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

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

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

### **What happens if I do not give specific voting instructions?**

If you are a beneficial owner of shares held in “street name” in the United States or Canada and do not provide your broker, trustee or nominee with specific voting instructions, then under the rules of various national and regional securities exchanges, your broker, trustee or nominee may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, your shares will not be voted on such matter and will not be considered votes cast on the applicable Proposal. We encourage you to provide voting instructions to the organization that holds your shares by carefully following the instructions provided in the Notice. We believe the following Proposals will be considered non-routine: Proposal 2 (Advisory vote on executive compensation), Proposal 3 (Appropriation of retained earnings and distribution of capital contribution reserves), Proposal 4 (Reduction of share capital by cancellation of repurchased shares), Proposal 5 (Amendment and restatement of the 2006 Stock Incentive Plan, including an increase to the number of shares available for issuance under the Plan), Proposal 6 (Authorization to exceed 10% holding of own share capital), Proposal 8 (Decrease of the term of office for members of the Board of Directors) and Proposal 9 (Elections to the Board of Directors). All other Proposals involve matters that we believe will be considered routine. Any “broker non-votes” on any Proposals will not be considered votes cast on the Proposal.

### **What is the deadline for delivering my voting instructions?**

If you hold your shares through a U.S. or Canadian bank or brokerage or other custodian, you have until 11:59 pm (U.S. Eastern Daylight Time) on Thursday, August 30, 2012 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.

### **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 the Notice and our annual report and proxy statement 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 Notice, proxy statement or annual report at this time, please request the additional copy by contacting our mailing agent, Broadridge, by telephone at +1-800-579-1639 or by e-mail at [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com). If any shareholders in your household wish to receive a separate annual report and a separate proxy statement in the future, they may call our investor relations group at +1-510-713-4220 or write to investor relations, 7600 Gateway Boulevard, Newark, California 94560. They may also send an email to our investor relations group at [logitechIR@logitech.com](mailto: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 annual reports and proxy statements 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 onto the company holding the meeting. If you hold Logitech shares through a bank or brokerage outside the U.S. or Canada please check with your bank or brokerage for their specific voting deadline and submit your voting instructions to them as far before the meeting date as possible.

## **OTHER MEETING INFORMATION**

### **Further Information for Depository representatives**

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

### **Meeting Proposals**

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

### **Proxy Solicitation**

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

### **Tabulation of Votes**

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

## **Shareholder Proposals and Nominees**

### ***Shareholder Proposals for 2012 Annual General Meeting***

Under our Articles of Incorporation, one or more registered shareholders who together represent shares representing at least the lesser of (i) one percent of our issued share capital or (ii) an aggregate par value of one million Swiss francs may demand that an item be placed on the agenda of a meeting of shareholders. Any such proposal must be included by the Board in our materials for the meeting. A request to place an item on the meeting agenda must be in writing, describe the proposal and be received by our Board of Directors at least 60 days prior to the date of the meeting. The deadline to receive proposals for the agenda for the September 5, 2012 Annual General Meeting was July 6, 2012. However, under Swiss law registered shareholders, or persons holding a valid proxy from a registered shareholder, may propose alternatives to items on the 2012 Annual General Meeting agenda before or at the meeting.

### ***Shareholder Proposals for 2013 Annual General Meeting***

A registered shareholder that satisfies the minimum shareholding requirements in the Company's Articles of Incorporation may demand that an item be placed on the agenda for our 2013 meeting of shareholders by delivering a written request describing the proposal to the Secretary of Logitech at our principal executive office in either Switzerland or the United States no later than July 5, 2013. 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 2013 Annual General Meeting agenda by delivering a request and a description of the proposal to the Secretary of Logitech at our principal executive office in either Switzerland or the United States no later than March 26, 2013. 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 2013 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, 2012

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 2012.

### B. PROPOSALS

#### Proposal 1

#### Approval of the Annual Report, the Compensation Report, the Consolidated Financial Statements and the Statutory Financial Statements of Logitech International S.A. for Fiscal Year 2012

##### Proposal

The Board of Directors proposes that the Annual Report, the Compensation Report, the consolidated financial statements and the statutory financial statements of Logitech International S.A. for fiscal year 2012 be approved.

##### Explanation

The Logitech consolidated financial statements and the statutory financial statements of Logitech International S.A. for fiscal year 2012 are contained in Logitech's Annual Report, which was distributed to all registered shareholders with this Invitation and Proxy Statement. The Annual Report also contains the report of Logitech's auditors, the report of the statutory auditors and additional information on the Company's business, organization and strategy, and information relating to corporate governance as required by the SIX Swiss Exchange directive on corporate governance. The Compensation Report forms part of this Invitation and Proxy Statement. Copies of the Annual Report, Invitation and Proxy Statement are available on the Internet at *ir.logitech.com*.

Under Swiss law, the annual report and financial statements of Swiss companies must be submitted to shareholders for approval or disapproval at each annual general meeting. The submission of the compensation report to a vote of shareholders as part of the approval of the annual report is a suggested best practice under applicable Swiss best corporate governance principles published by *economiesuisse*, a leading Swiss business organization. In the event of a negative vote on this proposal by shareholders, the Board of Directors will call an extraordinary general meeting of shareholders for re-consideration of this proposal by shareholders. Approval of this proposal does not constitute approval or disapproval of any of the individual matters referred to in the Annual Report, the Compensation Report or the consolidated or statutory financial statements for fiscal year 2012.

PricewaterhouseCoopers S.A., as Logitech auditors, issued an unqualified recommendation to the Annual General Meeting that the Logitech consolidated and Logitech International S.A. financial statements be approved. PricewaterhouseCoopers S.A. express their opinion that the "consolidated financial statements for the year ended March 31, 2012 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 express their opinion and confirm that the financial statements and the proposed appropriation of available earnings comply with Swiss law and the Articles of Incorporation of Logitech International S.A.

##### Voting Requirement to Approve Proposal

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

##### Recommendation

The Board of Directors recommends a vote "FOR" approval of the Annual Report, the Compensation Report, the consolidated financial statements and the statutory financial statements of Logitech International S.A. for fiscal year 2012.

## Proposal 2

### Advisory Vote on Executive Compensation

#### Proposal

The Board of Directors proposes that shareholders approve, on an advisory basis, the compensation of Logitech's named executive officers disclosed in Logitech's Compensation Report for fiscal year 2012.

#### Explanation

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

Beginning last year, 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. Last year, 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. However, the say-on-pay vote will provide information to us regarding shareholder sentiment about our executive compensation philosophy, policies and practices, which the Compensation Committee of the Board will be able to consider when determining future executive compensation. The Committee will seek to determine the causes of any significant negative voting result.

As discussed in the Compensation Discussion and Analysis section of Logitech's 2012 Compensation Report, Logitech has designed its compensation programs to attract, retain and motivate the high caliber of executives, managers and staff that is critical to the long-term success of its business. More specifically, Logitech's executive compensation programs have been designed to:

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

The Compensation Committee of the Board has developed a compensation program that is described more fully in the Compensation Report included in the Annual Report and this Invitation and Proxy Statement. Logitech's compensation philosophy, compensation components for employees below the executive level, compensation program risks and design, and compensation paid during fiscal year 2012 are also set out in the Compensation Report.

While compensation is a central part of attracting, retaining and motivating the best executives and employees, we believe it is not the sole or exclusive reason why exceptional executives or employees choose to join and stay at Logitech, or why they work hard to achieve results for shareholders. In this regard, both the Compensation

Committee and management believe that providing a working environment and opportunities in which executives and employees can develop, express their individual potential, and make a difference, are also a key part of Logitech's success in attracting, retaining and motivating executives and employees.

### Voting Requirement to Approve Proposal

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

### Recommendation

The Board of Directors recommends a vote "FOR" approval of the following advisory resolution:

"Resolved, that the compensation 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 Distribution of Capital Contribution Reserves

#### 3.1 Appropriation of Retained Earnings

##### Proposal

The Board of Directors proposes that CHF 460,919,135 (US \$482,397,967 based on the exchange rate on June 30, 2012) of retained earnings be appropriated as follows:

	<u>Year ended</u> <u>March 31, 2012</u> (in thousands)
Retained earnings at the beginning of fiscal year 2012 . . . . .	CHF 507,730
Appropriation of retained earnings resolved by the 2011 Annual General Meeting - Dividend . . . . .	—
Attribution from reserve for treasury shares . . . . .	(51,880)
Net income for fiscal year 2012 . . . . .	<u>5,069</u>
Retained earnings at the disposal of the Annual General Meeting at the end of fiscal year 2012 . . . . .	<u>CHF 460,919</u>
Unappropriated retained earnings before allocations . . . . .	CHF 460,919
Proposed allocation to other general reserves for treasury shares . . . . .	(116,070)
Proposed allocation to general reserve . . . . .	<u>(9,580)</u>
Unappropriated retained earnings to be carried forward . . . . .	<u>CHF 335,269</u>
Other general reserves for treasury shares before allocation . . . . .	CHF 217,375
Proposed allocation from unappropriated retained earnings . . . . .	<u>116,070</u>
Other general reserves for treasury shares to be carried forward . . . . .	<u>CHF 333,445</u>
General reserve before allocations . . . . .	CHF —
Proposed allocation from unappropriated retained earnings . . . . .	<u>9,580</u>
General reserve to be carried forward . . . . .	<u>CHF 9,580</u>
Reserve for treasury shares from capital contributions before allocation . . . . .	CHF 116,070
Proposed allocation to free reserves from capital contributions . . . . .	<u>(116,070)</u>
Reserve for treasury shares from capital contributions to be carried forward . . . . .	<u>CHF —</u>
General reserve from capital contributions before allocations . . . . .	CHF 9,580
Proposed allocation to free reserves from capital contributions . . . . .	<u>(9,580)</u>
General reserve from capital contributions to be carried forward . . . . .	<u>CHF —</u>

## Explanation

Under Swiss law, the use of retained earnings must be submitted to shareholders for approval or disapproval at each annual general meeting. The retained earnings at the disposal of Logitech shareholders at the 2012 Annual General Meeting are the earnings of Logitech International S.A., the Logitech parent holding company.

The Board of Directors proposes in Proposal 3.2 below that, in lieu of a dividend out of available earnings, the Company distributes qualifying additional paid-in capital out of its capital contribution reserves. In order to free up the capital contribution reserves required for this distribution, the Board of Directors proposes to release the reserves for treasury shares and the general reserve that had been constituted out of capital contributions reserves, to recreate such reserves from retained earnings, and to carry forward the balance of the retained earnings at the disposal of the Annual General Meeting in an amount of CHF 335,268,321.

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.

In the event of a negative vote on this proposal by shareholders, the Board of Directors will take the vote of the shareholders into consideration, withdraw Proposal 3.2 below, and call an extraordinary general meeting of shareholders for re-consideration by shareholders of this proposal or a revised proposal.

## Voting Requirement to Approve Proposal

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

## Recommendation

The Board of Directors recommends a vote "FOR" approval of the proposed appropriation of retained earnings with respect to fiscal year 2012.

## 3.2 Distribution of Capital Contribution Reserves

### Proposal

The Board of Directors proposes that the Company's capital contribution reserves be reclassified as free reserves in an amount of CHF 125,650,814 (US \$131,506,142 based on the exchange rate on June 30, 2012), and that such free reserves be distributed to shareholders in an amount of approximately CHF 0.81 per share (US \$0.84 per share based on the exchange rate on June 30, 2012),\* up to an aggregate amount of CHF 125,650,814, as follows:

	<u>Year ended</u> <u>March 31, 2012</u> <u>(in thousands)</u>
Free reserve from capital contributions before allocations . . . . .	CHF —
Proposed allocation from reserve for treasury shares from capital contributions . . . . .	116,070
Proposed allocation from general reserve from capital contributions . . . . .	9,580
Proposed distribution from capital contributions . . . . .	<u>(125,650)</u>
Free reserve from capital contributions to be carried forward . . . . .	<u>CHF —</u>

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

The approximate payment date for the distribution is expected to be September 18, 2012.

This proposal shall be withdrawn if Proposal 3.1 above is not approved.

\* Calculated based on 155,960,117 shares outstanding, net of treasury shares, as of June 30, 2012. 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.

## Explanation

The Board of Directors is proposing that, in lieu of a dividend out of available earnings, the Company distributes qualifying additional paid-in capital out of its capital contribution reserves. This cash distribution of qualifying additional paid-in capital would be a one-time distribution based on the significant decline in the Company's stock price during fiscal year 2012, the availability of additional paid-in capital and the opportunity to reward our shareholders for their commitment to the Company.

Under the favorable current Swiss tax regime and contrary to dividends out of available earnings, distributions made out of qualifying additional paid-in capital are not subject to Swiss federal withholding tax.

## 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

Subject to Proposal 3.1 above having been approved, the Board of Directors recommends a vote "FOR" approval of the reclassification of the Company's capital contribution reserves as free reserves in an amount of CHF 125,650,814 and the distribution of such free reserves to shareholders in an amount of approximately CHF 0.81 per share,\* up to an aggregate amount of CHF 125,650,814.

### Proposal 4

#### Reduction of Share Capital by Cancellation of Repurchased Shares

##### Proposal

The Board of Directors proposes that 18.5 million shares repurchased under the buyback program that was authorized by the Board of Directors in September 2008, as amended in November 2011, be cancelled, that the share capital of the Company be reduced by CHF 4,625,000 from CHF 47,901,655 to CHF 43,276,655, and that the Articles of Incorporation of the Company be amended as follows:

##### Article 3 (Current Text):

The share capital is fixed at CHF 47,901,655 (forty-seven million nine hundred one thousand six hundred fifty-five Swiss francs), entirely paid in.

It is divided into 191,606,620 (one hundred ninety-one million six hundred six thousand six hundred twenty) registered shares with a nominal value of CHF 0.25 (twenty-five centimes) each.

##### Article 3 (New Text):

The share capital is fixed at CHF 43,276,655 (forty-three million two hundred seventy-six thousand six hundred fifty-five Swiss francs), entirely paid in.

It is divided into 173,106,620 (one hundred seventy-three million one hundred six thousand six hundred twenty) registered shares with a nominal value of CHF 0.25 (twenty-five centimes) each.

## Explanation

In September 2008, the Board of Directors approved a share buyback program which authorizes the Company to invest up to US \$250 million to purchase its own shares. In November 2011, the Company received approval from the Swiss regulatory authorities for an amendment to the September 2008 share buyback program to enable future repurchases of shares for cancellation, up to a total of 28.5 million shares.

\* Calculated based on 155,960,117 shares outstanding, net of treasury shares, as of June 30, 2012. 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.

The Board of Directors now proposes that the shareholders approve the cancellation of 18.5 million shares repurchased under the amended September 2008 program and that the share capital set forth in Article 3 of the Company's Articles of Incorporation be reduced accordingly.

In their special audit report prepared for the Annual General Meeting the auditors PricewaterhouseCoopers SA confirmed that the claims of the Company's creditors would be covered despite the proposed share capital reduction.

The capital reduction by cancellation of shares can only be accomplished after publication of three notices to creditors in accordance with Article 733 of the Swiss Code of Obligations. If this proposal is approved, such notices to creditors will be published after the Annual General Meeting in the *Swiss Official Gazette of Commerce*. After the two-month waiting period required by law has lapsed, the capital reduction will be effected and entered in the Commercial Register.

### **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 cancellation of 18.5 million shares, the reduction of share capital of the Company by CHF 4,625,000, and the amendment of the Articles of Incorporation of the Company accordingly.

## **Proposal 5**

### **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 nine million (9,000,000) 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 30, 2012 we have approximately 4.8 million shares remaining for issuance under the Plan. We estimate that this remaining pool will be exhausted before the 2014 Annual General Meeting despite the fact that, to protect shareholder interests, 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 2016, 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:



	<u>Shares</u> (in millions)
<b><u>2006 Stock Incentive Plan Share Reservation</u></b>	
Initial share authorized under the Plan. . . . .	14.0
Additional shares authorized at 2009 Annual General Meeting . . . . .	3.5
Shares awarded from June 2006 through June 30, 2012, net of cancellations. . . . .	(12.7)
Additional shares requested under this proposal . . . . .	<u>9.0</u>
Total shares available for issuance at June 30, 2012 (as if proposal approved) . . . . .	<u>13.8</u>

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.

### **Material Changes to the Plan**

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

- The number of shares reserved for issuance pursuant to awards granted under Plan has been increased by nine million (9,000,000) additional shares from 17.5 million shares to 26.5 million shares.
- The automatic expiration date of the Plan has been eliminated.
- The share counting provision in the Plan has been amended to provide that certain shares will be counted against the maximum number of shares reserved for issuance and will not be returned to the Plan for future awards.
- The Plan has been amended to prohibit the repricing of options or stock appreciation rights (SARs).
- The eligibility provision in the Plan has been expanded to permit consultants to participate in 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 the proxy statement, as filed with the SEC, as Appendix A.

### **Key Terms of the Plan at a Glance**

The following is a summary of the key provisions of the Plan.

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 new awards as well as to previously granted awards that are outstanding.
Eligible Participants:	<p>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.</p> <p>Only employees of the Company, a parent or a subsidiary are eligible to receive incentive stock options (ISOs) under the Plan.</p>

Shares Available for Awards:	<p>26.5 million shares over the term of the Plan, subject to adjustment in the event of certain changes in the capitalization of the Company.</p> <p>If the amendments are approved by the shareholders, approximately 13.8 million shares will be available for the grant of new awards under the Plan (based on awards granted through June 30, 2012).</p>
Award Types	<ol style="list-style-type: none"> <li>(1) Options</li> <li>(2) SARs</li> <li>(3) Restricted Shares</li> <li>(4) Restricted Stock Units</li> </ol>
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:	<p>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 US \$1 million limitation on tax deductibility for compensation paid to certain specified executive officers.</p> <p>Accordingly, the Plan limits individual awards as follows:</p> <ol style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ol>
Vesting:	Determined by the administrator within the limits set forth in the Plan.
Not Permitted:	<ol style="list-style-type: none"> <li>(1) Granting options or SARs at a price below fair market value of the Company's shares on the date of grant.</li> <li>(2) 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.</li> <li>(3) Adding shares back to the number of shares available for issuance when (i) shares covered by an award are surrendered in payment of the purchase price or tax withholding of an option or settlement of an award, (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.</li> </ol>

## 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 26.5 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, or is settled in cash 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 award that are surrendered in payment of the purchase price or tax withholding of an option or settlement of an award, (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 30, 2012, the Company had approximately 7,600 employees, eight non-employee directors and 160 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:

**Options.** 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 30, 2012, the closing price of a share of the Company was CHF 10.22 on the SIX Swiss Exchange and US \$10.67 on the NASDAQ Global Select Market.

*Exercise of Option; Form of Consideration.* The administrator determines when options become exercisable and may, in its discretion, accelerate the vesting of 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 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. 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. 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.

**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.

## 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 US \$1 million. However, Logitech Inc. can preserve the deductibility of certain compensation in excess of US \$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.

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 30, 2012:

<u>Name of Individual or Group</u>	<u>Number of Shares Underlying Awards Granted</u>
<b>Named Executive Officers</b>	
Guerrino De Luca . . . . .	220,000
Gerald P. Quindlen . . . . .	1,287,000
Erik K. Bardman . . . . .	218,000
Junien Labrousse . . . . .	634,750
Werner Heid . . . . .	372,500
L. Joseph Sullivan . . . . .	365,500
Current Executive Officers as a Group <sup>(1)</sup> . . . . .	803,500
Daniel Borel . . . . .	27,100
Matthew Bousquette . . . . .	42,100
Erh-Hsun Chang . . . . .	58,100
Kee-Lock Chua . . . . .	43,100
Sally Davis . . . . .	57,100
Neil Hunt . . . . .	28,600
Richard Laube . . . . .	57,100
Monika Ribar . . . . .	42,100
Current Non-Employee Directors as a Group . . . . .	<u>355,300</u>
All Current Employees, including Officers other than Executive Officers, as a Group . . . . .	9,975,560

(1) Includes Messrs. De Luca, Bardman and Sullivan. Mr. Darrell became the Company's President on April 9, 2012 and, as of June 30, 2012, had no shares awarded under the 2006 Stock Incentive Plan.

## 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 nine million (9,000,000) shares to the number of shares available for issuance under the Plan.

## Proposal 6

### Authorization to Exceed 10% Holding of Own Share Capital

#### Proposal

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

#### Explanation

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

Shareholders authorized the Company to hold more than 10 percent of its own shares, to the extent that the own shares exceeding the 10 percent ownership threshold are being repurchased with a view to being cancelled at the 2012 and/or 2013 Annual General Meeting of the Company. Since the November 11, 2011 approval by the Swiss Takeover Board and the SIX Swiss Exchange, the Company has been making repurchases under its stock repurchase program through a "second trading line" that permits the Company to comply with its obligations under the Swiss tax laws in connection with repurchasing shares above the 10 percent threshold.

As of June 30, 2012, Logitech held approximately 18.6 percent of its own shares in its treasury and, under share repurchase plans authorized by the Board of Directors, the Company may acquire up to approximately US \$4.4 million of additional shares. Even after taking into account the share cancellation in Proposal 4, if approved by shareholders, and holding all other factors constant as of June 30, 2012, the Company will continue to hold approximately 9.8 percent of its own shares in treasury. If the Company continues repurchases under its stock repurchase program, it may again accumulate shares in treasury approaching or exceeding 10 percent of its issued capital.

In order to provide the Company with continued flexibility in the management of its capital, the Board of Directors seeks authorization to cause the Company to hold more than 10 percent of its own shares, to the extent that the shares exceeding the 10 percent ownership threshold are being repurchased, over a second trading line or otherwise, with a view to being cancelled. In the event of a negative vote on this proposal by shareholders, the Board of Directors will cause the Company not to exceed a 10 percent holding of its own shares.

#### Voting Requirement to Approve Proposal

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

#### Recommendation

The Board of Directors recommends a vote "**FOR**" approval of the following resolution:

"The Company shall be authorized to hold more than 10 per cent of its own shares, to the extent that the own shares exceeding the 10 percent ownership threshold are being repurchased, over a second trading line or otherwise, with a view to being cancelled on the occasion of a reduction of share capital, to be proposed to the Annual General Meeting of the Company in 2013 and/or 2014."



## Proposal 7

### Release of the Board of Directors and Executive Officers from Liability for Activities during Fiscal Year 2012

#### 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 2012.

#### 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 2012 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 2012 relating to facts that have been disclosed to shareholders. Shareholders that do not vote in favor of the proposal, or acquire their shares after the vote without knowledge of the approval of this resolution, are not bound by the result for a period ending six months after the vote.

#### Voting Requirement to Approve Proposal

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

#### Recommendation

The Board of Directors recommends a vote “FOR” the proposal to release the members of the Board of Directors and Executive Officers from liability for activities during fiscal year 2012.

## Proposal 8

### Decrease of the Term of Office for Members of the Board of Directors

#### Proposal

The Board of Directors proposes that the term of office for its members be decreased from three years to one year and that Article 14, Paragraph 1 of the Company’s Articles of Incorporation be amended as follows:

#### Article 14 (Current text):

The Board of Directors of the Company shall be composed of at least three members appointed by the general meeting of shareholders for a term of three years and who shall be indefinitely re-eligible.

#### Article 14 (New Text):

The Board of Directors of the Company shall be composed of at least three members appointed by the general meeting of shareholders for a term of one year and who shall be indefinitely re-eligible.

#### Explanation

The purpose of this proposal is having all the directors of the Company re- elected every year in order to lead to more flexibility in the choice and the composition of the Board of Directors. The proposed Article 14, Paragraph 1 of the Company’s Articles of Incorporation provides the legal framework for this. The members of the board of directors who were elected during the past two years for the term of three years will remain in office until the expiry of their three- year term. If this Proposal 8 is accepted, this change will be applicable as of the 2012 Annual General Meeting; it will, in particular, be applicable to the elections under Proposal 9.

## **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 decrease of the term of office for members of the Board of Directors from three years to one year, and the related amendment of Article 14, Paragraph 1 of the Company’s Articles of Incorporation.

## **Proposal 9**

### **Elections to the Board of Directors**

Our Board of Directors is presently composed of nine members. Each director currently serves a three-year term, with the terms of the directors staggered so that not all directors are up for election in any one year. Under Proposal 8, the Board of Directors proposes a reduction of the term of office from three years to one year in the interest of flexibility.

At the recommendation of the Nominating Committee, the Board has nominated the three individuals below to serve as directors for a one-year term if Proposal 8 is approved by shareholders and for a three-year term if Proposal 8 is not approved, beginning in each case as of the Annual General Meeting on September 5, 2012. Two of the nominees currently serve as members of the Board of Directors. Their current terms expire on the date of the Annual General Meeting on September 5, 2012. The third nominee was identified and recommended by the Nominating Committee of the Board and approved by the Board in June 2012 as a nominee for election to the Board.

There will be a separate vote on each nominee.

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

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

### **9.1 Re-election of Mr. Erh-Hsun Chang**

**Proposal:** The Board of Directors proposes that Mr. Erh-Hsun Chang be re-elected to the Board for a further one-year term if Proposal 8 is approved or a further three-year term if Proposal 8 is not approved.

*Erh-Hsun Chang* has been a member of the Board of Directors since June 2006. Until April 2006 Mr. Chang was the Company’s Senior Vice President, Worldwide Operations and General Manager, Far East. Mr. Chang first joined Logitech in 1986 to establish its operations in Taiwan. After leaving the Company in 1988, he returned in 1995 as Vice President, General Manager, Far Eastern Area and Worldwide Operations. In April 1997, Mr. Chang was named Senior Vice President, General Manager, Far Eastern Area and Worldwide Operations. Mr. Chang’s other business experience includes tenure as Vice President, Manufacturing Consulting at KPMG Peat Marwick, a global professional services firm, between 1991 and 1995, and as Vice President, Sales and Marketing, Power Supply Division, of Taiwan Liton Electronics Ltd., a Taiwanese electronics company, in 1995. Mr. Chang holds a BS degree in Civil Engineering from Chung Yuang University, Taiwan, an MBA degree in Operations Management from the University of Dallas, and an MS degree in Industrial Engineering from Texas A&M University. Mr. Chang is also Vice Chairman of the Company’s subsidiary in Taiwan. He is 63 years old and is a Taiwan citizen.

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

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

## 9.2 Re-election of Mr. Kee-Lock Chua

**Proposal:** The Board of Directors proposes that Mr. Kee-Lock Chua be re-elected to the Board for a further one-year term if Proposal 8 is approved or a further three-year term if Proposal 8 is not approved.

*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 Boards of SHC Capital Ltd. and Yongmao Holdings Limited (where he is lead independent director), each 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. He is 51 years old and is a Singapore citizen.

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

## 9.3 Election of Mr. Didier Hirsch

**Proposal:** The Board of Directors proposes that Mr. Didier Hirsch be elected to the Board for a one-year term if Proposal 8 is approved or a three-year term if Proposal 8 is not approved.

*Didier Hirsch* is the Senior Vice President and Chief Financial Officer of Agilent Technologies, Inc., a measurement company and a technology leader in chemical analysis, life sciences, electronics and communications. He has been with Agilent since 1999, and served as its Chief Accounting Officer from November 2007 to July 2010 and interim Chief Financial Officer from April 2010 until being promoted to his current position in July 2010. Mr. Hirsch also served Agilent as its Vice President, Corporate Controllershship and Tax from 2006 until July 2010, Vice President and Controller from April 2003 to October 2006, and Vice President and Treasurer from September 1999 to April 2003. 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 Human Resources of Hewlett-Packard EMEA from 1998 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 International Rectifier, a New York Stock Exchange (NYSE)-listed supplier of advanced power management technology. Mr. Hirsch holds an MS degree in Computer Sciences from Toulouse University and an MS degree in Industrial Administration from Purdue University. He is 61 years old and is a French citizen.

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.

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

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

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

### **Recommendation**

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

### **Proposal 10**

#### **Re-election of PricewaterhouseCoopers S.A. as Logitech’s Auditors and Ratification of the Appointment of PricewaterhouseCoopers LLP as Logitech’s Independent Registered Public Accounting Firm for Fiscal Year 2013**

### **Proposal**

The Board of Directors proposes that PricewaterhouseCoopers S.A. be re-elected as auditors of Logitech International S.A. for a one-year term and that the appointment of PricewaterhouseCoopers LLP as Logitech’s independent registered public accounting firm for fiscal year 2013 be ratified.

### **Explanation**

PricewaterhouseCoopers S.A., or PwC S.A., upon recommendation of the Audit Committee of the Board, is proposed for re-election for a further year as auditors for Logitech International S.A. PwC S.A. assumed its first audit mandate for Logitech in 1988.

The Audit Committee has also appointed PricewaterhouseCoopers LLP, or PwC LLP, the U.S. affiliate of PwC S.A., as the Company’s independent registered public accounting firm for the fiscal year ending March 31, 2013 for purposes of U.S. securities law reporting. Logitech’s Articles of Incorporation do not require that shareholders ratify the appointment of PwC LLP as the Company’s independent registered public accounting firm. However, Logitech is submitting the appointment of PwC 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 PwC 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 PwC S.A. and PwC LLP, as well as further information regarding PwC S.A. and PwC LLP, is set out below under the heading “Independent Public Accountants” and “Report of the Audit Committee.”

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

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

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

### **Recommendation**

Our Board of Directors recommends a vote “**FOR**” the re-election of PricewaterhouseCoopers S.A. as auditors of Logitech International S.A. and the ratification of the appointment of Pricewaterhouse Coopers LLP as Logitech’s independent registered public accounting firm, each for the fiscal year ending March 31, 2013.

## **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 nine members of the Board of Directors as of June 30, 2012. If all of the current directors remain on the Board and all of the nominees to the Board presented in Proposal 9 are elected, the Board will have ten members.

### **BOARD OF DIRECTORS INDEPENDENCE**

Each of our directors other than Daniel Borel and Guerrino De Luca qualifies as independent in accordance with the published listing requirements of NASDAQ and Swiss corporate governance best practices guidelines. The Board of Directors has determined that Erh-Hsun Chang, Kee-Lock Chua and Didier Hirsch, the director nominees standing for re-election or election at the 2012 Annual General Meeting, each qualifies as independent. The NASDAQ independence definition includes a series of objective tests, such as that the director is not an employee of the company and has not engaged in various types of business dealings with the company. In addition, as further required by NASDAQ rules, the Board has made a subjective determination as to each independent director that no relationships exist which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, the directors reviewed and discussed information provided by the directors and the Company with regard to each director’s business and personal activities as they may relate to Logitech and Logitech’s management.

**MEMBERS OF THE BOARD OF DIRECTORS**

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

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

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

**Matthew Bousquette** ..... *Matthew Bousquette* is the Chairman of the Board of EGI Holdings LLC, a U.S.-based producer of giftware and home and garden décor products. He is the former president of the Mattel Brands business unit of Mattel, Inc. Mr. Bousquette joined Mattel as senior vice president of marketing in December 1993, and was promoted to successively more senior positions at Mattel, including general manager of Boys Toys in July 1995, executive vice president of Boys Toys in May 1998, president of Boys/Entertainment in March 1999, and president of Mattel Brands from February 2003 to October 2005. Mr. Bousquette’s previous experience included various positions at Lewis Galoob Toys, Inc., Teleflora and the Procter & Gamble Company. He serves on the Board of the District 181 Foundation, a foundation supporting initiatives that benefit local district students. Mr. Bousquette earned a BBA degree from the University of Michigan.

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

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

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

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

**Kee-Lock Chua** .....  
 51 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 Boards of SHC Capital Ltd. and Yongmao Holdings Limited (where he is lead independent director), each 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.

**Sally Davis** .....  
58 Years Old  
Director since 2007  
Former Chief Executive Officer,  
BT Wholesale  
British national

*Sally Davis* is the former Chief Executive 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 also a member of the Board of the Department for Transport, part of the UK government, a member of the Board of Telenor Group, a global mobile communications services company, and a member of the Executive Board of the British Broadcasting Corporation (BBC), a British public service broadcasting company. She holds a BA degree from and is a Fellow of University College, London.

Ms. Davis's 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.

**Guerrino De Luca** .....  
59 Years Old  
Director since 1998  
Chairman of the Board of Directors and  
Chief Executive Officer of  
Logitech International S.A.  
Italian and U.S. national

*Guerrino De Luca* has served as Chairman of the Logitech Board of Directors since January 2008 and as Chief Executive Officer since April 2012. Mr. De Luca served as Logitech's 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 current and former Chief Executive Officer, Mr. De Luca brings significant senior leadership, industry, strategy, marketing and global experience to the Board.



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

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

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

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

*Richard Laube* is the Chief Executive Officer of Nobel Biocare Holding A.G., a dental solutions company. He has held that position since April 2011. Previously, he was an Executive Vice President of Nestlé S.A., a nutrition, health and wellness company, Chief Executive Officer of Nestlé Nutrition and a member of the Nestlé Executive Board until August 2010. He joined Nestlé in April 2005 as Deputy Executive Vice President, Corporate Business Development, and was appointed Deputy Executive Vice President, Chief Executive Officer of Nestlé Nutrition in November 2005. He was appointed Executive Vice President in 2008. Since January 2011 he has also served as an advisor to the Roark Capital Group, a private equity firm based in Atlanta, Georgia. Prior to joining Nestlé he served from 1999 to 2004 as President, Roche Consumer Health, and served on the Roche Corporate Executive Committee from 2001 to 2004. Previously, he was employed by Procter & Gamble from 1980 to 1998, serving in successively more senior roles in Switzerland, the United States, Japan, Germany and Brazil. Mr. Laube holds MA and BA degrees in Organizational Development and Evaluation Research from Boston University.

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

**Monika Ribar** . . . . .  
52 Years Old  
Director since 2004  
President and CEO, Panalpina Group  
Swiss national

*Monika Ribar* is the President and Chief Executive Officer of the Panalpina Group, a Swiss freight forwarding and logistics services provider. She has held that position since October 2006. Ms. Ribar has been a member of Panalpina’s Executive Board since February 2000, and served as Panalpina’s Chief Financial Officer from June 2005 to October 2006, and as its Chief Information Officer from February 2000 to June 2005. From June 1995 to February 2000, she served as Panalpina’s Corporate Controller, and from 1991 to 1995 served in project management positions at Panalpina. Prior to joining Panalpina, Ms. Ribar worked at Fides Group (now KPMG Switzerland), a professional services firm, serving as Head of Strategic Planning, and was employed by the BASF Group, a German chemical products company. She also serves on the Boards of SIKA AG, a SIX Swiss Exchange-listed supplier of specialty chemical products and industrial materials, and Swiss International Air Lines Ltd., the flag carrier airline of Switzerland. Ms. Ribar holds a Masters degree in Economics and Business Administration from the University of St. Gallen, Switzerland.

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

Other than the current employment and involvement noted above, no other Logitech Board member currently has material supervisory, management, or advisory functions outside Logitech. None of the Company’s directors holds any official functions or political posts.

## **ELECTIONS TO THE BOARD OF DIRECTORS**

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

### **Shareholder Recommendations and Nominees**

Under our Articles of Incorporation, one or more registered shareholders who together represent shares representing at least the lesser of (i) one percent of our issued share capital or (ii) an aggregate par value of one million Swiss francs may demand that an item be placed on the agenda of a meeting of shareholders, including a nominee for election to the Board of Directors. A request to place an item on the meeting agenda must be in writing, describe the proposal and be received by our Board of Directors at least 60 days prior to the date of the meeting. Demands by registered shareholders to place an item on the agenda of a meeting of shareholders should be sent to: Secretary to the Board of Directors, Logitech International S.A., Rue du Sablon 2-4, 1110 Morges, Switzerland, or c/o Logitech Inc., 7600 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 2012 Annual General Meeting - If I am not a registered shareholder, can I attend and vote at the meeting?”

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

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

## Board Composition

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

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

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

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

## Identification and Evaluation of Nominees for Directors

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

## TERMS OF OFFICE OF DIRECTORS

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

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

The year of appointment and remaining term of office as of March 31, 2012 for each Director are as follows:

<u>Name</u>	<u>Year First Appointed</u>	<u>Year Current Term Expires</u>
Daniel Borel <sup>(1)</sup> . . . . .	1988	Annual General Meeting 2013
Matthew Bousquette <sup>(1)</sup> . . . . .	2005	Annual General Meeting 2014
Erh-Hsun Chang <sup>(1) (3)</sup> . . . . .	2006	Annual General Meeting 2012
Kee-Lock Chua <sup>(1) (3)</sup> . . . . .	2000	Annual General Meeting 2012
Sally Davis <sup>(1)</sup> . . . . .	2007	Annual General Meeting 2013
Guerrino De Luca <sup>(2)</sup> . . . . .	1998	Annual General Meeting 2013
Neil Hunt <sup>(1)</sup> . . . . .	2010	Annual General Meeting 2013
Richard Laube <sup>(1)</sup> . . . . .	2008	Annual General Meeting 2014
Monika Ribar <sup>(1)</sup> . . . . .	2004	Annual General Meeting 2013

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

(2) Executive member of the Board of Directors.

(3) The term of each of Mr. Chang and Mr. Chua expires at the 2012 Annual General Meeting, and each is being presented for re-election to the Board of Directors at that meeting.

## BOARD RESPONSIBILITIES AND STRUCTURE

The Board of Directors is responsible for supervising the management of the business and affairs of the Company. In addition to the non-transferable powers and duties of boards of directors under Swiss law, the Logitech Board of Directors also has the following responsibilities:

- the signatory power of its members;
- the approval of the budget submitted by the Chief Executive Officer;
- the approval of any type of investment or acquisition not included in the approved budgets;

- the approval of any expenditure of more than US \$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 it is expected that Mr. Darrell will become the Chief Executive Officer as of January 1, 2013. The Board considers the holding of both the Chairman and Chief Executive Officer positions by Mr. De Luca as a temporary arrangement, and intends to return to its general practice of the positions being held by separate persons upon the appointment of the new Chief Executive Officer.

The Chairman of the Board is appointed on an annual basis, at the Board meeting coinciding with the Annual General Meeting of Shareholders. The Secretary of the Board of Directors is also appointed at the same meeting. As of June 30, 2012, the Secretary was Ms. Catherine Valentine, the Company's Vice President, Legal and General Counsel.

### **Role of the Chairman and of the Chief Executive Officer**

The Chairman assumes a leading role in mid- and long-term strategic planning and the selection of top-level management, and he supports major transaction initiatives of Logitech.

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

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

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

### **Lead Independent Director**

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

### **Means by Which the Board of Directors Supervises Executive Officers**

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

- At each regular Board meeting the Chief Executive Officer reports to the Board of Directors on developments and important issues. The Chief Executive Officer also provides regular updates to the Board members regarding Logitech's business between the dates of regular Board meetings.
- The offices of Chairman and Chief Executive Officer are generally separated, to help ensure balance between leadership of the Board and leadership of the day-to-day management of Logitech.
- Executive officers and other members of senior management, at the invitation of the Board, attend portions of meetings of the Board and its Committees to report on the financial results of Logitech, its operations, performance and outlook, and on areas of the business within their responsibility, as well as other business matters. For further information on participation by executive officers and other members of senior management in Board and Committee meetings please refer to "Board Committees" below.
- There are regular quarterly closed sessions of the non-executive, independent members of the Board of Directors, led by the Lead Independent Director, where Logitech issues are discussed without the presence of executive or non-independent members of the Board or executive officers.
- The Board holds quarterly closed sessions, where all Board members meet without the presence of non-Board members, to discuss matters appropriate to such sessions, including organizational structure and the hiring and mandates of executive officers.
- There are regularly scheduled reviews at Board meetings of Logitech strategic and operational issues, including discussions of issues placed on the agenda by the non-executive members of the Board of Directors.
- The Board reviews and approves significant changes in Logitech's structure and organization, and is actively involved in significant transactions, including acquisitions, divestitures and major investments.
- All non-executive Board members have access, at their request, to all internal Logitech information.
- The head of the Internal Audit function reports to the Audit Committee.

### **The Board's Role in Risk Oversight**

One of the Board's functions is oversight of risk management at Logitech. "Risk" is inherent in business, and the Board seeks to understand and advise on risk in conjunction with the activities of the Board and the Board's Committees.

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

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

The Board's risk oversight role is implemented at the full Board level, and also in individual Board Committees. The full Board receives specific reports on enterprise risk management, in which the identification and control of risk are the primary topics of the discussion. Presentations and other information for the Board and Board Committees generally identify and discuss relevant risk and risk control; and the Board members assess and oversee the risks as a part of their review of the related business, financial, or other activity of the Company. The Compensation Committee oversees issues related to the design and risk controls of compensation programs. The Audit Committee oversees issues related to internal control over financial reporting and Logitech's risk tolerance in cash-management investments. The Board's role in oversight does not have a direct impact on the Board's leadership structure, which is discussed above.

### **Board Meetings**

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

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

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

### **Emergency Resolutions**

In case of emergency, the Chairman of the Board may have the power to pass resolutions which would otherwise be the responsibility of the Board. Decisions by the Chairman of the Board made in this manner are subject to ratification by the Board of Directors at its next meeting or by way of written consent. No such emergency resolutions were passed during fiscal year 2012.

### **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 2012, separate sessions of the independent directors were held five times.

### **Board Effectiveness**

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

## BOARD COMMITTEES

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

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

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

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

In fiscal year 2012 the Board met twelve times, seven of which were regularly scheduled meetings. In addition, the Audit Committee met ten times, the Compensation Committee met seven times, the Nominating Committee met two times and the Committee for Board Compensation met once. In addition to its meetings, the Board took two actions for approval by consent during fiscal year 2012. We expect each director to attend each meeting of the Board and the Committees on which he or she serves, and also expect them to attend the Annual General Meeting of shareholders. Each director attended the 2011 Annual General Meeting. All directors attended at least 75% of the meetings of the Board and the Committees on which he or she served. Detailed attendance information for Board and Board Committee meetings during fiscal year 2012 is as follows:

	<u>Board of Directors</u>	<u>Audit Committee</u>	<u>Compensation Committee</u>	<u>Nominating Committee</u>	<u>Committee for Board Compensation</u>
<i># of meetings held</i> . . . . .	12	10	7	2	1
Daniel Borel . . . . .	9				
Matthew Bousquette . . . . .	11	10	7		
Erh-Hsun Chang . . . . .	11	9			
Kee-Lock Chua . . . . .	12		7	2	
Sally Davis . . . . .	11	10		2	
Guerrino De Luca . . . . .	12			2	1
Neil Hunt <sup>(1)</sup> . . . . .	12		2		
Richard Laube . . . . .	10		7		
Monika Ribar . . . . .	11	10			

(1) Mr. Hunt joined the Compensation Committee as of the Annual General Meeting on September 7, 2011, and attended both of the Compensation Committee meetings that were held after that date. Prior to joining the Compensation Committee, he attended two of the Committee meetings as an observer.



## **Audit Committee**

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

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

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

The Audit Committee met ten times in fiscal year 2012. Five meetings were held in person on the day prior to the regularly scheduled quarterly Board meeting, for two to four hours, and five were held by telephone, for approximately an hour. The Committee received reports and presentations before the meetings in order to allow them time to prepare adequately. At the Committee's invitation, the Company's Chief Financial Officer, Corporate Controller or Acting Corporate Controller, Vice President of Internal Audit and General Counsel or Associate General Counsel attended each meeting, and representatives from the Company's independent auditors, PricewaterhouseCoopers, also attended each meeting except one. Other members of management also participated in certain meetings. Five meetings also included separate sessions with representatives of the independent auditors and with the Chief Financial Officer, and four meetings included a separate session with the Vice President of Internal Audit.

## **Compensation Committee**

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

The Compensation Committee currently consists of Mr. Bousquette, Chairman, Mr. Chua, Mr. Hunt and Mr. Laube. Mr. Hunt joined the Committee as of the Annual General Meeting on September 7, 2011. The Board of Directors has determined that each member of the Committee meets the independence requirements of the NASDAQ Stock Market listing standards.

The Compensation Committee met seven times in fiscal year 2012. At the Committee's invitation, the Company's Vice President of Worldwide Human Resources and the Senior Director of Worldwide Compensation & Benefits attended each meeting, and the Committee's independent advisor from Radford Consulting attended one meeting. The Company's Associate General Counsel also attended one meeting. Five meetings were held in person and two by teleconference and each meeting lasted for one to two hours. In addition to its meetings, the Committee took fourteen actions for approval by consent during fiscal year 2012.

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

### **Committee for Board Compensation**

The Committee for Board Compensation establishes the compensation of the non-executive directors. This Committee currently consists of Mr. De Luca and, prior to Mr. Quindlen's resignation as the Company's President and Chief Executive Officer as of July 27, 2011, consisted of Mr. De Luca and Mr. Quindlen. The Committee for Board Compensation met once in fiscal year 2012. The meeting was held in person and lasted approximately one hour. At the Committee's invitation, the Company's Vice President of Worldwide Human Resources and the Senior Director of Worldwide Compensation & Benefits attended the meeting.

### **Nominating Committee**

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

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

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

The Nominating Committee currently consists of Mr. De Luca, Chairman, Mr. Chua and Ms. Davis. Mr. De Luca is not an independent director under applicable NASDAQ rules. The Board of Directors has determined that Mr. Chua and Ms. Davis meet the independence requirements of the NASDAQ Stock Market listing standards. Upon the Committee's recommendation of nominees for election to the Board of Directors, the nominees are presented to the full Board. Nominees are then selected by a majority of the independent members of the Board. The Nominating Committee met twice in fiscal year 2012. One of the meetings was held in person and the other by teleconference, and each meeting lasted approximately one hour.

## **COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

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

## **COMMUNICATIONS WITH THE BOARD OF DIRECTORS**

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

Logitech International S.A.  
Attn: Corporate Secretary  
Rue du Sablon 2-4  
1110 Morges, Switzerland

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT  
AS OF JUNE 30, 2012**

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, 2012 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, 2012;
- each director and each nominee for director;
- the persons named in the Summary Compensation Table in the Compensation Report (the “named executive officers”); and
- all directors and current executive officers as a group.

<u>Beneficial Owner<sup>(1)</sup></u>	<u>Number of Shares Owned<sup>(2)</sup></u>	<u>Shares that May be Acquired Within 60 Days<sup>(3)</sup></u>	<u>Total Beneficial Ownership</u>	<u>Total as a Percentage of Shares Outstanding<sup>(4)</sup></u>
<b>5% Shareholders:</b>				
Capital Research Global Investors <sup>(5)</sup> . . . . .	16,410,000	—	16,410,000	10.5%
Morgan Stanley, The Corporation Trust Company <sup>(6)</sup> . . . . .	12,654,812	—	12,654,812	8.1%
FMR LLC <sup>(7)</sup> . . . . .	11,532,789	—	11,532,789	7.4%
Daniel Borel <sup>(8)</sup> . . . . .	11,368,313	—	11,368,313	7.3%
<b>Directors, not including the Chairman or the Chief Executive Officer:</b>				
Daniel Borel <sup>(8)</sup> . . . . .	11,368,313	—	11,368,313	7.3%
Matthew Bousquette . . . . .	19,459	75,000	94,459	*
Erh-Hsun Chang . . . . .	166,985	319,000	485,985	*
Kee-Lock Chua . . . . .	28,716	55,000	83,716	*
Sally Davis . . . . .	29,258	30,000	59,258	*
Neil Hunt . . . . .	3,467	—	3,467	*
Richard Laube . . . . .	83,869	30,000	113,869	*
Monika Ribar . . . . .	17,620	95,000	112,620	*
<b>Nominee for Director:</b>				
Didier Hirsch . . . . .	—	—	—	*
<b>Named Executive Officers:</b>				
Guerrino De Luca . . . . .	164,018	946,788	1,110,806	*
Bracken Darrell <sup>(9)</sup> . . . . .	—	—	—	*
Erik K. Bardman . . . . .	9,148	50,000	59,148	*
Junien Labrousse . . . . .	47,316	471,250	518,566	*
L. Joseph Sullivan . . . . .	11,752	205,000	216,752	*
Gerald P. Quindlen . . . . .	25,606	—	25,606	*
Werner Heid . . . . .	24,390	153,750	178,140	*
Current Directors and Executive Officers, as a Group (12) . . . . .	11,902,605	1,805,788	13,708,393	8.7%

\* Less than 1%

- (1) Unless otherwise indicated, the address for each beneficial owner listed in this table is c/o Logitech International S.A., Rue du Sablon 2-4 Morges, Switzerland / 7600 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, 2012 and options and restricted stock units that are expected to vest within 60 days after June 30, 2012. 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 155,960,117 shares outstanding on June 30, 2012 (191,606,620 shares outstanding less 35,646,503 treasury shares outstanding).
- (5) Based on information set forth in a Schedule 13G filed with the SEC on February 14, 2012 by Capital Research Global Investors, a division of Capital Research and Management Company (CRMC), reporting ownership of Logitech's shares as of December 31, 2011, and indicating sole investment and voting power with respect to all of the shares. According to the filing, Capital Research Global Investors is deemed to be the beneficial owner of 16,410,000 shares as a result of CRMC acting as investment advisor to various investment companies. The address of the entities affiliated with CRMC is 333 South Hope Street, Los Angeles, California 90071.
- (6) On April 5, 2012, Morgan Stanley, The Corporation Trust Company notified us that as of August 2010 Morgan Stanley, The Corporation Trust Company and its subsidiaries held 12,654,812 shares. The address of Morgan Stanley/The Corporation Trust Company is 1209 Orange Street, Wilmington, Delaware 19801.
- (7) Based on information set forth in a Schedule 13G filed with the SEC on February 14, 2012 by FMR LLC, reporting ownership of Logitech's shares as of December 31, 2011, and indicating sole investment power with respect to 11,532,789 shares, sole voting power with respect to 907,789 shares and shared investment power with respect to none of the shares. According to the filing, FMR LLC is deemed to be the beneficial owners of 11,532,789 shares on behalf of funds managed by and clients of direct and indirect subsidiaries of FMR LLC. FMR LLC is the parent holding company of Fidelity Management & Research Company, investment manager for U.S. mutual funds, and Fidelity Management & Trust Company, a U.S. state chartered bank which acts as a trustee or investment manager of various pension and trust accounts. The address of the entities affiliated with FMR LLC is 82 Devonshire Street, Boston, Massachusetts 02109.
- (8) 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. Mr. Borel filed a Schedule 13G/A with the SEC on February 29, 2012, reporting ownership of shares as of December 31, 2011, and indicating sole investment and voting power with respect to 11,308,813 shares, shared investment power with respect to 59,500 shares and shared voting power with respect to 53,000 shares.
- (9) Mr. Darrell joined the Company as President on April 9, 2012.

## 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 at least 5,000 Logitech shares under guidelines adopted by the Board in June 2006. Directors are required to achieve this ownership within three years of joining the Board, or, in the case of directors serving at the time the guidelines were adopted, within three years of the effective date of adoption of the guidelines. The guidelines will be adjusted to reflect any share splits or other capital adjustments, and will be re-evaluated by the Board from time to time. As of June 30, 2012, 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. These guidelines require the Chief Executive Officer to hold a number of Logitech shares with a market value equal to 3 times his annual base salary. Officers who report to the Chief Executive Officer or President must hold a number of Logitech shares with a market value equal to 2 times annual base salary. Officers subject to the guidelines are required to achieve the guideline within three years of being appointed to the position making them subject to the guideline, or, in the case of such officers serving at the time the guidelines were adopted, within three years of the effective date of adoption of the guidelines. The guidelines will be adjusted to reflect any share splits or other capital adjustments, and will be re-evaluated by the Compensation Committee from time to time. Up to 50% of the guideline may be met through the net value of vested, unexercised stock options. If the guideline is not met within 3 years, the 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 Chief Executive Officer or President direct reports must hold at least 50% of the net shares resulting from option exercises or other equity incentive awards until the guideline is reached. As of June 30, 2012, eleven of the fifteen executive officers and other officers who report directly to the Chief Executive Officer or President had either satisfied these ownership guidelines or had time remaining to do so.

To support our goal of Logitech's executive officers holding meaningful amounts of Logitech stock, in June 2011, the Compensation Committee adopted a provision, applicable to executive officers and Chief Executive Officer or President direct reports who have not met at least 75% of their stock ownership targets within three years of being subject to the ownership requirements, to pay a portion, increasing over time, of any earned bonus under the annual incentive bonus program in Logitech shares. These shares will be subject to the holding requirements noted above. In fiscal year 2012, this provision was not used, as no bonuses were earned under the annual incentive bonus program.

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

### **OUR POLICIES**

It is our policy that all employees must not engage in any activities which could conflict with Logitech's business interests, which could adversely affect its reputation or which could interfere with the fulfillment of the responsibilities of the employee's job, which at all times must be performed in the best interests of Logitech. In addition, Logitech employees may not use their position with Logitech, or Logitech's information or assets, for their personal gain or for the improper benefit of others. These policies are included in our Conflict of Interest and Business Ethics Policy, which covers our directors, executive officers and other employees. If in a particular circumstance the Board concludes that there is or may be a perceived conflict of interest, the Board will instruct our Legal department to work with our relevant business units to determine if there is a conflict of interest. Any waivers to these conflict rules with regard to a director or executive officer require the prior approval of the Audit Committee.

### **NASDAQ RULES AND SWISS BEST CORPORATE GOVERNANCE PRACTICES**

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

## SEC RULES

In addition to the Logitech and NASDAQ policies and rules described above, the SEC has specific disclosure requirements covering certain types of transactions involving Logitech and a director or executive officer or persons and entities affiliated with them. Since April 1, 2011, we have not been a party to, and we have no plans to be a party to, any transaction or series of similar transactions in which the amount involved exceeded or will exceed US \$ 120,000 and in which any current director, director nominee, executive officer, holder of more than 5% of our shares, or any member of the immediate family of any of the foregoing, had or will have a direct or indirect material interest. We have entered into an indemnification agreement with each of our directors and executive officers. The indemnification agreements require us to indemnify our directors and officers to the fullest extent permitted by Swiss and California law.

None of the following persons has been indebted to Logitech or its subsidiaries at any time since the beginning of fiscal year 2012: any of our directors or executive officers; any nominee for election as a director; any member of the immediate family of any of our directors, executive officers or nominees for director; any corporation or organization of which any of our directors, executive officers or nominees is an executive officer or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities (except trade debt entered into in the ordinary course of business); and any trust or other estate in which any of the directors, executive officers or nominees for director has a substantial beneficial interest or for which such person serves as a trustee or in a similar capacity.

## INDEPENDENT AUDITORS

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

Logitech's independent auditors are currently PricewaterhouseCoopers S.A., Lausanne, Switzerland. PricewaterhouseCoopers S.A. assumed its first audit mandate for Logitech in 1988. They were re-elected by the shareholders as Logitech's auditors at the Annual General Meeting in September 2011. For purposes of U.S. securities law reporting, PricewaterhouseCoopers LLP, San Jose, California, serves as the Company's independent registered public accounting firm. Together, PricewaterhouseCoopers S.A. and PricewaterhouseCoopers LLP are referred to as "PwC."

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

Representatives of PwC are invited to attend all regular meetings of the Audit Committee. During fiscal year 2012, PwC representatives attended nine of the ten Audit Committee meetings. The Committee met separately five times with representatives of PwC in closed sessions of Committee meetings.

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

## AUDIT AND NON-AUDIT FEES

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

The following table sets forth the aggregate fees billed to us for the audit and other services provided by PwC during the fiscal years ended March 31, 2012 and 2011 (in thousands):

	<u>2012</u>	<u>2011<sup>(5)</sup></u>
Audit fees <sup>(1)</sup> . . . . .	\$3,057	\$2,822
Audit-related fees <sup>(2)</sup> . . . . .	12	17
Tax fees <sup>(3)</sup> . . . . .	634	472
All other fees <sup>(4)</sup> . . . . .	61	16
Total . . . . .	<u>\$3,764</u>	<u>\$3,327</u>

- (1) *Audit fees.* This category represent fees for professional services provided in connection with the audit of our financial statements, the audit of our internal control over financial reporting, and review of our quarterly financial statements and audit services provided in connection with other statutory or regulatory filings.
- (2) *Audit-related fees.* This category represents consultation on issues such as acquisition accounting, due diligence services in connection with acquisitions, review and testing of the impact of new accounting pronouncements, and other topics.
- (3) *Tax fees.* This category represents fees for tax compliance, assistance with tax audits, tax advice and tax planning.
- (4) *All other fees.* This category primarily represents fees for government grant audits and database licenses.
- (5) Certain fiscal year 2011 amounts have been reclassified to conform to the fiscal year 2012 presentation.

## PRE-APPROVAL PROCEDURES AND POLICIES

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

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



## REPORT OF THE AUDIT COMMITTEE

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

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

The Audit Committee has reviewed and discussed our audited financial statements for the fiscal year ended March 31, 2012, with our management. In addition, The Audit Committee has discussed with the independent auditors the matters required to be discussed by the Statement on Auditing Standards No.114, as amended (AICPA, Professional Standards, Vol. 1. AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

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

Based on the reviews and discussions referred to above, the 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, 2012.

Submitted by the Audit Committee of the Board

Monika Ribar, Chairperson  
Matthew Bousquette  
Erh-Hsun Chang  
Sally Davis

## **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

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

We believe that all Section 16(a) filing requirements were met in fiscal year 2012, with the exceptions noted below:

- A late Form 4 report was filed for Daniel Borel on June 13, 2012 to report 26,500 shares acquired from his daughter on June 23, 2011. The shares were previously reported as being indirectly owned by Mr. Borel and the filing reports that the shares are now directly owned by Mr. Borel.

## COMPENSATION REPORT 2012

### INTRODUCTION

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

This Compensation Report has been designed to comply with the proxy statement rules under U.S. securities laws as well as Swiss regulations and best corporate governance practices. This Report is an integrated part of our Annual Report, Invitation and Proxy Statement for our 2012 Annual General Meeting.

### Compensation Discussion and Analysis

#### EXECUTIVE SUMMARY

During Fiscal Year 2012, Logitech faced multiple challenges including lower demand and sales execution issues in our EMEA region, much lower than expected demand for Logitech Revue with Google TV, and a product portfolio that was weaker than anticipated. While we addressed these issues as we progressed through the year, they were the primary drivers of our disappointing full fiscal year performance, with sales essentially flat and major year-over-year declines in our operating income and share price.

The following are key developments in fiscal year 2012 relating to compensation:

- *Impact of Logitech's Performance Against Expectations and Relative to Overall Market.* When making compensation decisions in both fiscal year 2012 and at the start of fiscal year 2013, the Compensation Committee gave considerable weight to Logitech's continued challenges in executing against our stated financial plans as well as Logitech's performance relative to the overall market and our compensation peer group, as highlighted in "Compensation Elements" and other parts of this discussion below.
- *Base Salary Actions.* Given Logitech's financial performance exiting fiscal year 2011, only two of our executive officers received base salary increases for fiscal year 2012 – Mr. Bardman and Mr. Sullivan. Given Logitech's relative market performance for the whole of fiscal year 2012 and our executives' salary position versus the market, only one executive officer, Mr. Bardman, received a base salary increase for fiscal year 2013.
- *No Bonus Plan Payouts.* Based on Logitech's failure to execute against our fiscal year 2012 plan, as well as our disappointing performance relative to our overall industry, the Compensation Committee elected not to provide any payouts for executive officers under our annual cash incentive bonus plan, the Logitech Management Performance Bonus Plan, including those who were eligible to receive a payment under the Bonus Plan.
- *Reduced Equity Grants.* When determining the size of the annual equity grants provided in fiscal year 2012, the Compensation Committee had the expectation that our executive officers must build Logitech's value at a rate greater than the overall market for these particular grants to deliver value in line with those of our compensation peer group companies. To reflect this, all executive officers, with the exception of our Chairman, received smaller equity grants in fiscal year 2012.

- *Organizational Changes.* The past 12 months have seen significant changes in our executive officer group. Mr. Quindlen, Logitech's former President & Chief Executive Officer, resigned from Logitech effective July 27, 2011. Upon Mr. Quindlen's departure, Mr. De Luca, Logitech's Chairman of the Board and former Chief Executive Officer, was appointed to the role of acting President and Chief Executive Officer. In April 2012, Logitech appointed Bracken Darrell to the role of President with the expectation that he will succeed Mr. De Luca as Chief Executive Officer in January 2013. As part of our fiscal year 2013 Q1 restructuring, Mr. Heid's role as Senior Vice President of Worldwide Sales and Marketing was eliminated and he left the Company. As part of that same restructuring, Mr. Labrousse's roles as Executive Vice President of the Products Group and President of Logitech Europe were eliminated, he ceased to be an executive officer and he assumed the role of Senior Vice President, Consumer Computing Platform Group.
- *No Vesting of Prior Performance-Based Stock Units.* In fiscal year 2012, Logitech's performance resulted in a total shareholder return, or TSR, that was below the overall market. As a result, executive officers received no shares, and therefore no actual delivered value, from the performance-based stock units, or PSUs, granted June 2009 whose two- year performance period ended in fiscal year 2012, because the minimum TSR performance threshold was not met. We believe this appropriately reflects our pay for performance philosophy and our focus on aligning our executive officers' compensation with providing above average performance for our shareholders.
- *Effective Compensation Program Design.* 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 our internal goals, and limited rewards when Logitech's performance does not meet those goals. The balance we have built between fixed compensation (base salary), short-term incentives (annual incentive bonus program), and long-term incentives (equity) ensures that, while our executives received no short-term incentives in fiscal year 2012, they received market competitive base salaries, and have every opportunity to receive significant rewards from their long-term incentives if they are able to deliver above market performance in the coming years. Looking forward, we fully expect Logitech's leadership team to drive a turnaround of the Company's performance that will reward both our shareholders and the executives who help to deliver improved results.

## **EXECUTIVE COMPENSATION OBJECTIVES AND PHILOSOPHY**

Logitech's executive compensation programs have been designed to:

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

An important component of Logitech's executive compensation philosophy is to pay executives at or near the median of other companies that compete for similar executive talent, and that individual performance and importance to Logitech should be reflected in the compensation of each executive. However, while compensation is a central part of attracting, retaining and motivating the best executives and employees, we believe it is not the sole

or exclusive reason why exceptional executives or employees choose to join and stay at Logitech, or why they work hard to achieve results for shareholders. In this regard, both the Compensation Committee and management believe that providing a working environment and opportunities in which executives and employees can develop, express their individual potential, and make a difference are also a key part of Logitech's success in attracting, retaining and motivating executives and employees.

## **EXECUTIVE COMPENSATION PRACTICES**

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

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

In addition, Logitech has been a leader in providing our shareholders advisory votes on compensation. Beginning in 2009, Logitech voluntarily submitted its compensation philosophy, policies, and procedures to a shareholder advisory vote. Our voluntary practice is now a requirement under U.S. legislation that guarantees shareholders the ability to periodically cast advisory votes on executive compensation, and is reflected in Proposal 2 for our Annual General Meeting in September 2012. 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.

At our 2011 Annual General Meeting, shareholders demonstrated strong support for the compensation of our named executive officers voting in favor of our advisory compensation resolution. The Compensation Committee was mindful of this support for our pay-for-performance compensation philosophy in retaining our general compensation practices and setting fiscal year 2012 compensation for our executive officers.

## **NAMED EXECUTIVE OFFICERS**

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

- Guerrino De Luca, our Chief Executive Officer and Chairman.
- Erik K. Bardman, our Chief Financial Officer.
- Junien Labrousse, our Senior Vice President, Consumer Computing Platform Group.
- L. Joseph Sullivan, our Senior Vice President, Worldwide Operations.
- Two former officers who either served as Chief Executive Officer during fiscal year 2012 or were serving as an executive officer of Logitech at the end of fiscal year 2012: Gerald P. Quindlen and Werner Heid, respectively.

## ELEMENTS OF COMPENSATION

The principal components of our executive compensation programs are:

- Base salary.
- Performance-based cash compensation, in the form of annual incentive cash payments.
- Long-term equity incentive awards, which in fiscal year 2012 consisted of performance-based stock units and time-based restricted stock units.

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

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

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

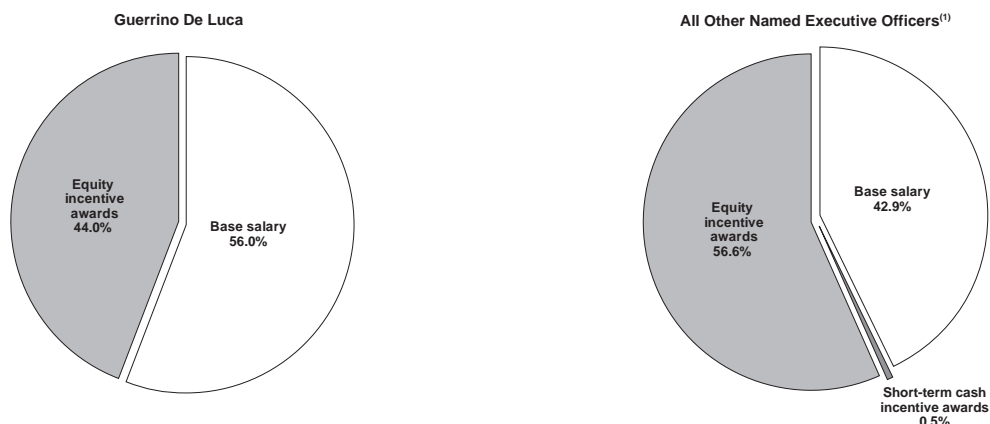
### Pay Mix

In determining how we allocate an executive’s total compensation package among base salary, performance-based cash compensation and long-term equity incentives, we emphasize compensation elements that reward performance against measures that correlate closely with increases in shareholder value. Accordingly, the majority of our executive compensation is at-risk, including the annual performance-based cash bonus and the majority of our long-term equity incentive grants. Our CEO and other executive officers have a higher percentage of at-risk compensation (and thus greater upside potential and downside risk) relative to Logitech’s other employees.

The charts below indicate the percentage of total compensation costs in fiscal year 2012 represented by base salary, performance-based cash compensation, and long-term equity incentive awards for our Chief Executive Officer, Guerrino De Luca, and for all other named executive officers who remained executive officers through fiscal year 2012. All underlying amounts are taken from the Summary Compensation Table on page 136.

We design our programs to have the largest portion of potential compensation to be based on long-term performance (equity), the next largest portion based on short-term performance (annual performance bonus), and the smallest portion as regular salary. While the fiscal year 2012 pay mix does not appear to reflect this design philosophy, with executive officers receiving almost half of their annual compensation in base salary and the other half in equity, it should be noted that the executive officers received only 65% to 75% of their target compensation for the year. This reflects the impact of: (1) not meeting internal expectations (Board-approved financial targets)

which resulted in 0% bonus payouts under the annual incentive program; and (2) Logitech's stock price performance in fiscal year 2012, which resulted in fiscal year 2012 annual equity grant values that were approximately half the value of the prior year.



(1) Includes Messrs. Bardman, Labrousse, Sullivan and Heid. Mr. Quindlen only served for a portion of fiscal year 2012.

### Base salary

Consistent with Logitech's philosophy of tying pay to performance, we aim to deliver a relatively small percentage of our executive officers' overall compensation in the form of base salary. Base salary is intended to recognize the executive's current contributions to Logitech and compensate the executive for his or her expected day-to-day service. The Committee targets executive salaries to be at or near the market median for comparable positions. In fiscal year 2012, due to the annual performance bonuses not paying out, base salaries comprised approximately 40% to 60% of total compensation in fiscal year 2012 for our named executive officers. Had the Logitech Management Performance Bonus Plan for fiscal year 2012 paid in full, base salary would have represented approximately 30% of total compensation costs.

In setting base salary levels for fiscal year 2012, the Compensation Committee considered each executive's pay against similar roles among our compensation peer group companies, based on data provided by the Committee's independent compensation consultant in March 2011, overall salary increase trends for executive officers, and each executive's performance over the past year.

In fiscal year 2012, given the disappointing conclusion to our fiscal year 2011 and the position of our executive officers' salaries relative to the median for our compensation peer group companies, we provided salary increases to only two of our executive officers. Mr. Sullivan, whose compensation was at market median for his role, received an increase of 3%, which was the average increase for our compensation peer group. Mr. Bardman, whose salary was below the market median for his position, received a slightly larger increase of 5%. In light of Logitech's performance exiting fiscal year 2011, Mr. Quindlen, whose salary was at market median, did not receive a fiscal year 2012 salary increase. Given that the salaries for Mr. Heid and Mr. Labrousse were significantly above market median for their roles, neither received a salary increase in fiscal year 2012. Mr. De Luca's salary was reduced by 9% at the start of the fiscal year to recognize his continued transition to a dedicated Chairman of the Board role. No adjustment was made to Mr. De Luca's compensation upon his assumption of the duties of Chief Executive Officer after the resignation of Mr. Quindlen in July 2011. This resulted in substantially lower-than-median compensation for our Chief Executive Officer relative to our compensation peer group.

<u>Named Executive Officer</u>	<u>2012 Base Salary (\$)</u>	<u>2011 Base Salary (\$)</u>	<u>Change 2011 to 2012</u>
Guerrino De Luca . . . . .	500,000	550,000	-9%
Erik K. Bardman . . . . .	440,000	420,000	5%
L. Joseph Sullivan . . . . .	402,000	390,000	3%
<i>Former Officers:</i>			
Gerald P. Quindlen . . . . .	825,000 <sup>(1)</sup>	825,000	0%
Werner Heid . . . . .	570,000	570,000	0%
<u>Named Executive Officer</u>	<u>2012 Base Salary (CHF)</u>	<u>2011 Base Salary (CHF)</u>	<u>Change 2011 to 2012</u>
Junien Labrousse . . . . .	710,000 <sup>(2)</sup>	710,000 <sup>(3)</sup>	0%

- (1) The base salary of Mr. Quindlen, our former President and Chief Executive Officer who resigned from the Company in July 2011, was annualized based on salary earned through July 2011.
- (2) Mr. Labrousse's fiscal year 2012 base salary was set in Swiss francs. The base salary in U.S. dollars was \$804,135, which was based on converting from Swiss francs to U.S. dollars using an average monthly exchange rate.
- (3) Mr. Labrousse's fiscal year 2011 base salary was set by the Compensation Committee in U.S. dollars at \$700,000. Mr. Labrousse subsequently relocated to Switzerland during fiscal year 2011 and his base salary was set to be equivalent at CHF 710,000 based on converting from U.S. dollars to Swiss francs using the conversion rate of 1.0111 on September 6, 2010, the date on which his relocation was announced.

When evaluating salaries at the start of fiscal year 2013, the Committee took into consideration Logitech's disappointing performance in fiscal year 2012 and the relative market position of our executive officers' salaries. The Committee authorized an increase only for Mr. Bardman, as his salary was well below the median CFO salary of our compensation peer group, and the Committee viewed his contributions as important to the financial health of the Company.

As part of Logitech's fiscal year 2013 first quarter restructuring, Mr. Labrousse's role of Executive Vice President of the Products Group was eliminated, and he assumed the role of Senior Vice President, Consumer Computing Platform Group. Given this role change, the Committee approved a 12% reduction to Mr. Labrousse's annual salary from CHF 710,000 to CHF 625,000. In addition, Mr. Labrousse's target annual bonus percentage decreased from 75% to 65% of annual salary, resulting in an annual targeted cash compensation reduction of 17%.

### **Performance-based cash compensation**

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

The Bonus Plan is designed to motivate and reward executives for above-target performance. These annual performance-based bonuses represent a significant portion of each executive's potential annual cash compensation, ranging from 40% to 50% of annual targeted cash compensation. Payout under the incentive plan is variable, based on the achievement against Logitech financial goals, and can range from 0% to 200% of the executive's target incentive.



***Named executive officer bonus targets for fiscal year 2012***

In fiscal year 2012 the Committee approved an increase to the target bonus percentage for Mr. Labrousse. This action was based on management’s request to align bonus target percentages for our senior executives reporting to the Chief Executive Officer, which raised Mr. Labrousse’s target bonus percentage from 67% to 75% of his base salary. The bonus targets as a percentage of base salary for the other named executive officers remained the same as those in fiscal year 2011. The cash bonus target percentages for fiscal year 2012 are summarized in the table below.

<u>Named Executive Officer</u>	<u>2012 Annual Target Bonus Percentage of Base Salary</u>	<u>2011 Annual Target Bonus Percentage of Base Salary</u>	<u>Change 2011 to 2012</u>
Guerrino De Luca . . . . .	100%	100%	0%
Erik K. Bardman . . . . .	75%	75%	0%
Junien Labrousse . . . . .	75%	67%	12%
L. Joseph Sullivan . . . . .	75%	75%	0%
<i>Former Officers:</i>			
Gerald P. Quindlen . . . . .	125%	125%	0%
Werner Heid . . . . .	75%	75%	0%

The target bonus opportunities for named executive officers in fiscal year 2012 are in aggregate at the median of our compensation peer group, based on peer group data provided by the Committee’s independent compensation consultant to the Committee in March 2011.

No bonuses were paid to executive officers under the Bonus Plan for fiscal year 2012. The Compensation Committee paid a discretionary bonus to Mr. Bardman for fiscal year 2012, separate from the Bonus Plan, based on Mr. Bardman’s contributions during fiscal year 2012.

***Performance measures for fiscal year 2012 bonus program***

In fiscal year 2012, the Bonus Plan was based on the following performance measures:

<u>Performance Measure</u>	<u>Why It is Used</u>	<u>Measurement Basis</u>
Revenue	Revenue growth is an essential component of long-term success and viability and enables future strategic investments.	Generally Accepted Accounting Principles (GAAP), with adjustments for over/under performance in key strategic focus areas.
Adjusted Operating Income/ Contribution Margin	Generating an increase in per-share value for investors is a priority, as operating profit allows Logitech to re-invest in research & development (R&D), operations and people for future success.	GAAP, excluding one-time transaction charges related to acquisitions and divestitures.
Period Costs & Variances (PC&V)	PC&V consists of period costs that are not included in standard cost and variances regarding standard cost and actual cost. Lower PC&V results in higher gross margin and operating income.	GAAP.
Total Supply Chain Costs	Total Supply Chain costs consist of elements included in standard cost and costs that are not included in standard cost but are a part of Total Cost of Goods Sold. Efficiencies in Supply Chain increase gross margin and operating income.	GAAP, with measurement made as a % of Gross Shipments.

For all named executive officers, the 2012 Bonus Plan goals were set equal to Logitech’s annual business plan for fiscal year 2012 as approved by the Board in July 2011, with the exception of the Operating Income and Contribution Margin goals which were based on the Board approved figures and then adjusted to reflect the Logitech Revue inventory write-off taken in the first quarter of fiscal year 2012. In addition to 50% of his bonus being tied to Logitech’s annual revenue and adjusted operating income goals, Mr. Labrousse had 50% of his bonus based on the annual performance of the Product Group; Mr. Heid had 50% of his bonus based on the annual performance of the Worldwide Sales & Marketing function; and Mr. Sullivan had 50% of his bonus based on the annual performance of the Worldwide Operations function, including the Period Costs & Variances and Total Supply Chain Costs performance measures. All other named executive officers’ bonuses were based 100% on achievement against Logitech’s revenue and adjusted operating income goals. Please see further details below under the heading “Bonus Plan performance targets and results for fiscal year 2012.”

The minimum performance required before any bonus payment is made under the fiscal year 2012 Bonus Plan was 94% of the target performance for all revenue-based metrics, 75% to 85% of the target performance for profit-based metrics, and 80% of the target performance for the Operations metrics.

***Bonus Formula***

The formula for determining the bonus awards for fiscal year 2012 was as follows:

Executive’s eligible wages	X	Executive’s target bonus percentage <sup>(1)</sup>	X	Bonus Plan funding percentage <sup>(2)</sup>	=	Annual bonus award
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- (1) Expressed as a percentage of base salary.
  - (2) Based on achievement against target performance measures, including the potential for a greater than 1-to-1 acceleration or deceleration of the funding percentage for each percentage by which actual performance exceeds or falls below target performance thresholds.

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

### Bonus Plan performance targets and results for fiscal year 2012

Logitech did not pay any bonuses to the named executive officers for fiscal year 2012 regardless of the Bonus Plan formula. The cash bonus awards for fiscal year 2012 were calculated solely on the formula funding results prescribed by the measures noted in the following table. This resulted in all but two Logitech executives earning 0% bonus payout under the bonus program formula. In evaluating Logitech's overall performance against the Board-approved fiscal year 2012 financial goals, the Compensation Committee used its discretionary authority under the Bonus Plan to reduce to 0% the payouts for Mr. Labrousse and Mr. Sullivan who otherwise would have earned bonuses under the Bonus Plan formula. The performance targets, actual performance and funding percentages from the Bonus Plan in fiscal year 2012 for our named executive officers are set out in the following table:

Participant	Performance Measure	Minimum	Performance	Maximum	Actual	Performance	Funding	Paid
		Performance	Target	Performance		Target	Against	
		Target	Target	Target	Achievement	Target	(Per Plan)	Percentage <sup>(7)</sup>
		(\$s in millions)	(\$s in millions)	(\$s in millions)	(\$s in millions)			
Gerald P. Quindlen . . .	Annual Revenue (50%)	2,491.0	2,650.0	3,975.0	2,316.2	87%	0%	0%
Erik K. Bardman	Adjusted Operating Income (50%) <sup>(1)</sup>	130.6	174.1	261.2	72.0	41%	0%	0%
Guerrino De Luca						<b>64%</b>	<b>0%</b>	<b>0%</b>
Werner Heid . . . . .	Annual Revenue (25%)	2,491.0	2,650.0	3,975.0	2,316.2	87%	0%	0%
	Adjusted Operating Income (25%) <sup>(1)</sup>	130.6	174.1	261.2	72.0	41%	0%	0%
	Sales Group Revenue (25%)	2,109.7	2,244.4	3,366.6	1,977.0	88%	0%	0%
	Sales Group Contribution Margin (25%) <sup>(2) (3)</sup>	600.1	706.0	847.2	586.3	83%	0%	0%
						<b>75%</b>	<b>0%</b>	<b>0%</b>
Junien Labrousse . . .	Annual Revenue (25%)	2,491.0	2,650.0	3,975.0	2,316.2	87%	0%	0%
	Adjusted Operating Income (25%) <sup>(1)</sup>	130.6	174.1	261.2	72.0	41%	0%	0%
	Product Group Revenue (25%)	2,331.6	2,480.4	3,720.6	2,165.7	87%	0%	0%
	Product Group Contribution Margin (25%) <sup>(2) (4)</sup>	631.8	743.3	892.0	705.1	95%	80%	0%
						<b>78%</b>	<b>20%</b>	<b>0%</b>
L. Joseph Sullivan . . .	Annual Revenue (25%)	2,491.0	2,650.0	3,975.0	2,316.2	87%	0%	0%
	Adjusted Operating Income (25%) <sup>(1)</sup>	130.6	174.1	261.2	72.0	41%	0%	0%
	Period Costs & Variances (25%) <sup>(5)</sup>	214.0	178.3	89.2	149.2	116%	116%	0%
	Total Supply Chain Costs (25%) <sup>(6)</sup>	8.7%	7.7%	6.7%	7.5%	102%	102%	0%
						<b>87%</b>	<b>55%</b>	<b>0%</b>
All named executive officers							<b>4%</b>	<b>0%</b>

(1) Adjusted Operating Income target reflects a reduction of \$34 million from the Board-approved Operating Income target resulting from the Logitech Revue inventory write-off during the fiscal year.

(2) Contribution Margin targets for the Sales Group and the Product Group reflect a reduction of \$10.8M for Logitech Revue inventory write-off charges.

(3) Sales Group Contribution Margin consists of Net Sales less Standard Cost less Sales & Marketing Direct Operating Expense plus Capital Usage Fees.

- (4) Product Group Contribution Margin consists of Standard Margin less Product Group Cost of Goods Sold less Product Group Operating Expenses (excluding PC&V).
- (5) Period Costs & Variances consists of period costs that are not included in the standard cost and variances regarding the standard cost and the actual cost.
- (6) Total Supply Chain Costs consists of elements included in the standard cost and costs that are not included in standard cost but are a part of the Total Cost of Goods Sold.
- (7) Compensation Committee resolved that no payouts would be made under the fiscal year 2012 annual cash incentive plan, even if the funding percentage was greater than zero.

### ***Annual performance-based cash payments***

The following table details the fiscal year 2012 and fiscal year 2011 annual performance-based cash payments for each named executive officer:

<u>Named Executive Officer</u>	<u>2012 Annual Incentive Plan Bonus Earned (\$)</u>	<u>2011 Annual Incentive Plan Bonus Earned (\$)</u>	<u>Change 2011 to 2012</u>
Guerrino De Luca . . . . .	\$—	\$ 578,000	-100%
Erik K. Bardman <sup>(1)</sup> . . . . .	—	331,000	-100%
Junien Labrousse . . . . .	—	535,276 <sup>(2)</sup>	-100%
L. Joseph Sullivan . . . . .	—	308,000	-100%
<i>Former Officers:</i>			
Gerald P. Quindlen <sup>(3)</sup> . . . . .	—	1,083,000	-100%
Werner Heid . . . . .	—	415,000	-100%

- (1) Mr. Bardman received a bonus at the discretion of the Compensation Committee, outside of the Bonus Plan, of \$25,000 in recognition of his contributions in fiscal year 2012.
- (2) Mr. Labrousse’s fiscal year 2011 bonus was paid in Swiss francs. The amount reported above was converted to U.S. dollars at a rate of 1.0924 Swiss francs per dollar, the exchange rate as of March 31, 2011.
- (3) Mr. Quindlen did not receive a bonus under the Bonus Plan for fiscal year 2012 given his resignation from the Company in July 2011.

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

During fiscal year 2012 the Compensation Committee granted our named executive officers long-term equity incentive awards in the form of performance-based stock units, or PSUs, and time-based restricted stock units, or RSUs, in order to align their incentives with the long- term interests of our shareholders, to support retention of the executives, to provide competitive total compensation packages, and to provide a direct incentive for future performance. In fiscal year 2013, the Compensation Committee granted Logitech’s new President, Mr. Darrell, a mix of stock options, RSUs, and premium-priced stock options, or PPOs. We believe this equity package, and use of the PPOs in particular, will serve to motivate and reward Mr. Darrell to lead the Company in delivering significantly higher stock value for our shareholders.

*PSUs.* The majority (60%) of the value of the fiscal year 2012 equity awards were in the form of PSUs. The PSUs are “at-risk” compensation because Logitech’s relative total shareholder return performance must be at or above the minimum threshold percentile against the NASDAQ-100 Index over the performance period of three years in order for the executive to receive any shares from the PSU grant. If, at the end of the performance period, threshold performance is achieved, the number of shares in which the executive officer vests is pro-rated according to performance.

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

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

The performance measure for the performance-based restricted stock units granted in fiscal years 2009 to 2012 is the relative total shareholder return, or TSR, expressed as a percentile rank, of Logitech shares against the TSR of companies included in the NASDAQ-100 Index. The Compensation Committee believes this measure is a key reflection of Logitech's operational and financial performance, because it focuses on relative performance against other mid- to large-size technology companies.

For purposes of the PSUs, relative TSR reflects (i) the aggregate change in the 30-day average closing price of Logitech shares against the companies in the NASDAQ-100 Index, and (ii) the value (if any) returned to shareholders in the form of dividends or similar distributions, assumed to be reinvested in shares when paid, each at the beginning and the end of a three-year performance period (for grants made in fiscal year 2011 or later) or two-year performance period (for grants made prior to fiscal year 2011).

In fiscal year 2012, the Compensation Committee adjusted the structure of the PSU vesting schedule based on our compensation peer group and high-technology market data provided by the Compensation Committee's independent compensation consultant. The vesting schedule was adjusted to be more consistent with general market practice that uses a lower threshold percentile for vesting and a lower vesting multiplier for maximum performance. The TSR percentile threshold was lowered from 40<sup>th</sup> percentile to 30<sup>th</sup> percentile - with the vesting percentage remaining at 50% for achievement at this performance level. If the minimum performance threshold of a 30<sup>th</sup> percentile rank of Logitech TSR against the NASDAQ-100 Index TSR over the performance period is not met, no shares subject to the PSUs will vest. The target performance level remains unchanged at the 60<sup>th</sup> percentile, which yields a vesting percentage of 100%, and the maximum performance level remains unchanged at the 75<sup>th</sup> percentile, but the vesting percentage was reduced from 200% to 150%. For a percentile rank between the 30<sup>th</sup> and 60<sup>th</sup> percentiles, or between the 60<sup>th</sup> and 75<sup>th</sup> percentiles, the percent of shares subject to the PSU that will vest will be determined by straight-line interpolation.

The structure of the PSUs granted in fiscal year 2012 is summarized in the table below:

<b>PSU Grants Made On or After April 2011: Percentile Rank of Logitech TSR Against NASDAQ-100 Index TSR</b>	<b>Percentage of Shares that Vest Under PSU</b>
Below 30 <sup>th</sup> Percentile Rank (threshold) . . . . .	0%
30 <sup>th</sup> Percentile Rank . . . . .	50%
60 <sup>th</sup> Percentile Rank (target) . . . . .	100%
75 <sup>th</sup> Percentile Rank and Above . . . . .	150%

*RSUs.* Less than half (40%) of the value of the fiscal year 2012 equity awards were granted in the form of restricted stock units. Time-based restricted stock units, or RSUs, provide for the issuance of shares at a future date upon vesting of the RSUs. RSUs issued to executive officers and other employees generally have a four-year vesting period, with the RSUs vesting in four equal annual increments. The Committee believes RSUs create incentives for performance and further align the interests of executives with those of shareholders because an RSU's value increases or decreases in conjunction with the Company's stock price. Because the value at grant of RSUs is generally greater than that of stock options, we are able to grant a smaller number of RSUs while delivering similar

grant- date award value. As a result, granting RSUs helps minimize the dilutive effects of our equity awards on our shareholders and, in the Committee's view, provides a more cost effective balance of incentive and risk than standard stock options.

*PPOs.* In April 2012, the Compensation Committee made its first grant of premium-priced options, or PPOs. PPOs are stock options that have an exercise price that is set higher than Logitech's trading price on the date of grant. The Committee believes PPOs create exceptional incentives for performance and further align the interests of executives with those of shareholders because a PPO has no value until Logitech's stock price performance has been considerably increased. Because the value at grant of PPOs is significantly lower than that of RSUs, PSUs or standard stock options, we need to grant a larger number of PPOs to deliver similar grant-date award value. As a result, granting PPOs will more rapidly deplete our stock pool, but in the Committee's view, this will be offset by the increased incentive value and potential upside to our shareholders and to the grant recipients. PPOs were granted to Mr. Darrell as part of his new hire equity package. In the case of Mr. Darrell, his PPO grants had exercise prices between 175% and 250% of Logitech's stock price on date of grant. The Committee plans to use PPOs in fiscal year 2013 as part of the annual equity package provided to our executive officers to further motivate and reward the team to drive Logitech's performance in the coming years.

### ***Long-term equity incentive awards granted in fiscal year 2012***

During fiscal year 2012 the target value of long-term equity incentive awards granted to Logitech's named executive officers was determined by the Compensation Committee at the beginning of the fiscal year based on our compensation peer group data provided by the Compensation Committee's independent compensation consultant and data from the Radford Global Technology Executive Compensation survey, recommendations from the Committee's independent compensation consultant and Logitech management with regard to grant values, anticipated compensation expense and shareholder dilution, as well as the Compensation Committee's judgment on the relative impact of each executive officer's position within Logitech and the performance of each executive officer.

For fiscal year 2012, the Compensation Committee approved long-term incentive grant values for each named executive officer that were approximately 10% below the 50th percentiles of grant values for comparable executives at our compensation peer group companies. This was to reflect the Committee's expectation that our executive officers must build Logitech's value at a rate greater than the overall market to receive equity values in line with those of our compensation peer group companies. To earn market levels of equity, Logitech will have to outperform the market in terms of stock price appreciation. Grants were made in particular as follows:

*Grants to Mr. Quindlen.* On April 11, 2011, as part of the annual executive compensation review, Mr. Quindlen received a PSU grant for 124,000 shares, assuming 100% target performance, and an RSU grant of 83,000 shares, as part of his fiscal year 2012 annual compensation as CEO. In the analysis provided by the Committee's independent compensation consultant, this grant was slightly below market median annual equity grant values for CEOs in our compensation peer group.

*Grant to Mr. De Luca.* On April 11, 2011, as part of the annual executive compensation review, Mr. De Luca received a PSU grant for 30,000 shares, assuming 100% target performance, as part of his fiscal year 2012 compensation as Chairman. Mr. De Luca did not receive any other equity incentive grants during fiscal year 2012.

*Grants to Other Named Executive Officers.* The equity incentive award grants made to all Logitech named executive officers during fiscal year 2012 are set out in the Grants of Plan-Based Awards in Fiscal Year 2012 table on page 139.

The following table illustrates grant date fair values, which is the accounting cost to Logitech, of the equity awards that each named executive officer received in fiscal year 2012 and 2011. The grant date fair values in fiscal year 2012 decreased by approximately 50% from those in fiscal year 2011 due to:

- the decrease in the number of shares subject to equity grants made to the named executive officers in fiscal year 2012 over those in 2011, for the reasons described above;

- the fiscal year 2012 change to the structure of the PSU vesting schedule to reduce the maximum vesting percentage from 200% to 150% resulted in significantly lower grant date fair values; and
- the decrease in Logitech's stock price of approximately 30% between the grant date of the grants made in 2011 and the grants made in 2012, which impacts the grant date fair value of RSUs on a dollar-for-dollar basis, and impacts the grant date fair value of PSUs on a greater-than-dollar-for-dollar basis.

Named Executive Officer	Type of Equity Grant	2012 Shares Subject to Equity Grants (#)	2011 Shares Subject to Equity Grants (#)	Shares Subject to Equity Grants - Change 2011 to 2012	2012 Grant Date Fair Value (\$) <sup>(1)</sup>	2011 Grant Date Fair Value (\$) <sup>(1)</sup>	Grant Date Fair Value Change 2011 to 2012
Guerrino De Luca . . . . .	PSUs	30,000	30,000	0%	392,400	835,500	-53%
	Options	n/a	n/a	n/a	n/a	n/a	n/a
		<u>30,000</u>	<u>30,000</u>	<u>0%</u>	<u>392,400</u>	<u>835,500</u>	<u>-53%</u>
Erik K. Bardman . . . . .	PSUs	35,000	36,000	-3%	457,800	1,002,600	-54%
	RSUs	23,000	24,000	-4%	331,200	487,200	-32%
	Options	n/a	n/a	n/a	n/a	n/a	n/a
		<u>58,000</u>	<u>60,000</u>	<u>-3%</u>	<u>789,000</u>	<u>1,489,800</u>	<u>-47%</u>
Junien Labrousse . . . . .	PSUs	35,000	36,000	-3%	457,800	1,002,600	-54%
	RSUs	23,000	24,000	-4%	332,580	487,200	-32%
	Options	n/a	n/a	n/a	n/a	n/a	n/a
		<u>58,000</u>	<u>60,000</u>	<u>-3%</u>	<u>790,380</u>	<u>1,489,800</u>	<u>-47%</u>
L. Joseph Sullivan . . . . .	PSUs	25,000	27,000	-7%	327,000	751,950	-57%
	RSUs	16,000	18,000	-11%	230,400	365,400	-37%
	Options	n/a	n/a	n/a	n/a	n/a	n/a
		<u>41,000</u>	<u>45,000</u>	<u>-9%</u>	<u>557,400</u>	<u>1,117,350</u>	<u>-50%</u>
<i>Former Officers:</i>							
Gerald P. Quindlen . . . . .	PSUs	124,000	141,000	-12%	1,621,920	3,926,850	-59%
	RSUs	83,000	94,000	-12%	1,195,200	1,908,200	-37%
	Options	n/a	n/a	n/a	n/a	n/a	n/a
		<u>207,000</u>	<u>235,000</u>	<u>-12%</u>	<u>2,817,120</u>	<u>5,835,050</u>	<u>-52%</u>
Werner Heid . . . . .	PSUs	35,000	36,000	-3%	457,800	1,002,600	-54%
	RSUs	23,000	24,000	-4%	331,200	487,200	-32%
	Options	n/a	n/a	n/a	n/a	n/a	n/a
		<u>58,000</u>	<u>60,000</u>	<u>-3%</u>	<u>789,000</u>	<u>1,489,800</u>	<u>-47%</u>

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

### *Determination of long-term equity incentive awards*

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

### *Timing of grants*

Long-term equity incentive award grants to executive officers are typically and predominantly made at regularly scheduled, predetermined meetings of the Compensation Committee. These meetings are scheduled up to 18 months in advance and take place before the regularly scheduled, predetermined meetings of the full Board. On limited occasions, grants may be made at an interim meeting of the Compensation Committee or by consent, for the purpose of approving the hiring and compensation package for newly hired or promoted executives. The timing of interim meetings or consents, if they occur, is based on the activity which generated the need for the meeting or the consent, not Logitech's share price. In fiscal year 2012 grants were made to new hires and promoted employees, including those at the executive officer level, through regularly scheduled monthly written consents of the Compensation Committee.

### **BRACKEN DARRELL'S NEW HIRE PACKAGE**

In April 2012, Logitech appointed Mr. Darrell to the role of President, and he is expected to succeed Mr. De Luca as Chief Executive Officer in January 2013. When establishing Mr. Darrell's compensation package, the Compensation Committee based its decisions on our compensation peer group and high-technology market data for chief executive officer positions provided by the Compensation Committee's independent compensation consultant, as well as the compensation and benefits package Mr. Darrell had with his previous employer.

The Compensation Committee positioned Mr. Darrell's cash compensation package between the 25<sup>th</sup> and 50<sup>th</sup> percentile of the market data for chief executive officers, given that it is expected that he will be assuming the chief executive officer position in January 2013. Mr. Darrell's base salary is \$750,000 and his annual bonus target percentage is 100%.

When developing Mr. Darrell's equity package, the Compensation Committee targeted his new hire equity package at the 50<sup>th</sup> percentile of the market for chief executive officers to ensure that, over time, he will have an ownership position and equity value consistent with those held by our compensation peer group chief executive officers. Mr. Darrell's equity package consists of (1) 500,000 stock options to provide a meaningful upside for success in driving the profitable growth of the business; (2) 100,000 RSUs to offset a portion of the earned, but not vested long-term incentives Mr. Darrell lost when leaving his former employer; (3) 1.2 million premium-priced stock options, or PPOs, that have value only if there is a significant increase in Logitech's stock value. We believe this equity package will provide exceptionally rewarding incentives to Mr. Darrell if he is able to lead the Company in driving a substantial increase in Logitech's market value.

Mr. Darrell received a relocation assistance package to move him and his family from Switzerland to the United States that includes payments for certain relocation costs and expenses such as airfare, house purchase and sale assistance (including reimbursement for a qualified home purchase of up to 2% of the purchase price and reimbursement for qualified home sales expenses of up to 1% of the home sale price), a relocation bonus equivalent to two months' salary, tax advice assistance, moving costs and temporary living benefits including lodging, meals and auto rental.

As part of his terms of employment, Mr. Darrell will receive severance benefits in the case of a termination without cause or under certain conditions associated with a Change of Control, as described in the section "Potential Payments Upon Termination or Change in Control."



## **DETERMINING TOTAL EXECUTIVE COMPENSATION**

### **Role of the Compensation Committee**

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

Under the Compensation Committee's charter, the Committee has the authority to engage its own advisors (including compensation consultants) to assist it in carrying out its responsibilities. In February 2011 the Committee retained Radford, an AON/Hewitt company, to provide analysis, advice and guidance with respect to executive compensation. On the request of the Committee, Radford developed specific executive compensation analyses and recommendations for Logitech's Chairman, CEO, and executive officers for fiscal year 2012. In fiscal year 2012, at the request of the Compensation Committee, Radford provided advice and recommendations to the committee on competitiveness of executive officer compensation levels, revisions and additions to the Company's compensation peer group, goal metrics and bonus design, compensation mix between cash and equity, employment contract provisions, executive severance packages, executive officer hiring packages, developments in high technology compensation programs, trends in executive compensation for the Silicon Valley and Europe, legislation and regulations affecting executive compensation, and the impact of the global economy on executive compensation and director compensation. Logitech paid fees of less than \$ 100,000 to various divisions and subsidiaries of AON Corporation for services not related to executive compensation consulting services. The majority of these additional services consisted of activities Radford or AON/Hewitt have provided to Logitech for several years, and include the purchase of Radford's industry compensation surveys, the accounting valuations of equity grants, and the calculation of PSU grant performance.

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

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

The fiscal year 2012 executive officer compensation proposals for base salary, bonus targets and equity grant values were developed by Radford and presented to both the Compensation Committee and Logitech's management. Based on the analysis performed by Radford, Logitech's Vice President of Worldwide Human Resources and its compensation department, in consultation with Guerrino De Luca, Logitech's Chairman, and Gerald Quindlen, Logitech's former President and Chief Executive Officer, (other than with respect to their own proposed compensation) provided specific recommendations to the Compensation Committee.

As part of the annual personnel review and succession planning process, Mr. Quindlen also provided the Board and the Compensation Committee with his perspective on the performance of Logitech's executive officers, and Mr. De Luca provided the Board with his perspective on the performance of Mr. Quindlen. This performance feedback provided additional input to the Committee when making its decisions on fiscal year 2012 compensation.

Once the Compensation Committee received the analysis and recommendations from both Radford and Logitech's management, who were in agreement on the recommended actions, the Committee made all decisions regarding executive officer fiscal year 2012 compensation without Mr. De Luca, Mr. Quindlen or any executive officer present. The Committee considered, but was not in any way bound by, the recommendations made by management.

## Overview of Factors Considered by Committee

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

- Competitive considerations.
- Subjective elements, such as the scope of the executive's role, experience and skills, the individual's performance during the prior fiscal year and potential for future contribution to Logitech.
- The performance of Logitech in the prior fiscal year.
- Logitech's performance relative to the Company's compensation peer group and the overall technology industry.
- Accrued and realized gains from past equity incentive awards.

## Competitive considerations

We attempt to compensate our executive officers competitively relative to industry peers. Both peer group and broader industry compensation survey data is used by our Compensation Committee when setting Logitech's executive compensation, as well as to assist the Compensation Committee in the evaluation of the design of bonus plan and equity compensation programs.

Prior to the start of fiscal year 2012, the Compensation Committee asked the Committee's independent compensation consultant, Radford, to review the composition of Logitech's compensation peer group, which was established in partnership with Fred W. Cook Consulting in March 2008, and re-evaluated by Fred W. Cook in March 2010, to ensure the companies included remained appropriate for Logitech's use in executive compensation benchmarking.

In February 2011, Radford evaluated the current compensation peer group and made recommendations based on the criteria of (i) involvement in the PC-based consumer electronics industry, or (ii) revenues approximately equal to Logitech's and a presence near Silicon Valley in the San Francisco Bay Area. Although Logitech is a Swiss company, Logitech primarily competes for executive management talent with technology companies in the United States, and particularly in the high-technology area of Silicon Valley. As a result, our compensation peer group consists primarily of U.S. public technology companies.

While the composition of the new compensation peer group remains substantially the same as our prior peer group, Radford recommended, and the Committee approved, the removal of 6 companies whose revenues were significantly above or below our target annual revenue range of \$1 billion to \$3 billion, and the addition of 5 companies who met our peer company criteria. Additionally, over the past 18 months, 4 of the companies in our prior peer group were removed due to acquisition. For fiscal year 2012, the compensation peer group consisted of:

Activision Blizzard, Inc.	Electronic Arts, Inc.	Plantronics
Agilent Technologies, Inc.	Intuit, Inc.	Polycom, Inc.
Analog Devices, Inc.	Lexmark International, Inc.	SanDisk Corporation
Autodesk, Inc.	NetApp, Inc.	Take-Two Interactive
BMC Software, Inc.	Nuance Communications, Inc.	VeriFone Systems, Inc.
Brocade Communications Systems, Inc.	NVIDIA Corporation	

The Committee believes the updated compensation peer group is more representative of the companies with which Logitech competes for talent and, accordingly, benchmarks its compensation against. The peer group used in fiscal year 2012 has average annual revenues, net income and market capitalization that are closer to Logitech's current financial performance, than the peer group established in March 2008.

At the time the fiscal year 2012 executive compensation review was performed, in March 2012, Logitech ranked at approximately the 40<sup>th</sup> percentile among the peer group for revenues, at approximately the 20<sup>th</sup> percentile for market capitalization and below the 25<sup>th</sup> percentile for operating income.

	<u>Revenues (in millions)</u>	<u>Operating Income (in millions)</u>	<u>Market Capitalization (in millions)</u>
75 <sup>th</sup> Percentile .....	\$3,931	\$418	\$11,673
Median .....	2,762	253	8,769
25 <sup>th</sup> Percentile .....	1,219	68	4,309
Logitech .....	1,967	65	3,477

*Most recently available four quarters as of February 2011. Market Capitalization as of March 28, 2011.*

*Produced by Radford,*

*Source: Hoovers, A D&B Company*

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

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

### **Effect of individual performance**

The differences in compensation among the individual named executive officers, as disclosed in the Summary Compensation Table on page 136, were primarily related to market compensation in each position, based on compensation peer group and survey data, a subjective assessment of the executive’s impact on the Company’s past and future performance, succession planning and retention. Except with respect to the Bonus Plan, the Compensation Committee does not review executive officers’ individual performance against pre-established individual performance metrics devised by the Compensation Committee, between the Compensation Committee and the respective executive, or otherwise.

### **Other factors**

For newly hired executives, in addition to market compensation for the position, consideration is given to the base salary of the individual at his or her prior employment and any unique personal circumstances that motivated the executive to leave that prior position and join Logitech.

### **Timing of compensation decisions**

Executive compensation (base salary, target bonus, and equity grants) is typically reviewed and actions are taken at the start of the fiscal year in order to align all compensation actions, and the related performance periods, with the fiscal year or multiple fiscal years. The Committee may also make executive compensation decisions at other times during the fiscal year in the event of an executive new hire or promotion or other reasons.

## **OTHER COMPENSATION ELEMENTS**

### **Other cash compensation**

The Compensation Committee may award discretionary bonuses in order to recognize outstanding individual performance, to assist in the retention of key talent, or for other reasons. The Committee approved a one-time discretionary bonus to Mr. Bardman in the amount of \$25,000 in fiscal year 2012 to recognize his outstanding individual contributions during the fiscal year. The Committee did not otherwise award any discretionary bonuses in fiscal year 2012.

### **Deferred compensation plan**

Executive officers based in the United States are also eligible to participate in the Logitech Inc. Deferred Compensation Plan and a predecessor plan, which is an unfunded and unsecured plan that allows employees of Logitech Inc., the Logitech subsidiary in the United States, who earn more than a threshold amount the opportunity to defer U.S. taxes on up to 80% of their base salary and up to 90% of their bonus or commission compensation. Under the plan, compensation may be deferred until termination 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. The earnings credited to the participants are intended to be funded solely by the plan investments. Logitech does not make contributions to this plan. Information regarding named executive officer participation in the Deferred Compensation Plan can be found in the Non-Qualified Deferred Compensation for Fiscal Year 2012 table and the accompanying narrative.

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

Mr. Labrousse participates in the Switzerland Logitech Employee Pension Fund. This is a defined benefit pension plan available to all our employees in Switzerland.

### **Severance and related benefits**

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

The purpose of the Change of Control Agreements is to support retention in the event of a prospective change of control. Should a change of control occur, benefits will be paid after a "double trigger" event – meaning that there has been both a change of control, and the executive is terminated without cause or resigns for good reason within 12 months thereafter – as described in "Potential Payments Upon Termination or Change in Control." At the time of this report, 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.

Both Mr. Quindlen and Mr. Heid were entitled to severance payments and benefits in connection with their employment agreement and offer letter, respectively. Upon their departures, they received only the payments or benefits set forth in those agreements as described in "Potential Payments Upon Termination or Change in Control."

When Mr. Darrell was hired, leaving his role as an executive officer of Whirlpool and relocating from Europe to Silicon Valley, California, he negotiated severance terms in his offer letter. Under that agreement, if Mr. Darrell's employment is involuntarily terminated without cause or he resigns for good reason, other than after a change in control, he is entitled to his base salary and target bonus for between one and two years, depending on the timing of such termination, and, if he is terminated within his first year of employment, accelerated vesting of a portion of his new hire grants, as described in "Potential Payments Upon Termination or Change in Control." The terms in Mr. Darrell's agreement are intended to provide consideration for his service to Logitech and the potential length of time until subsequent employment is secured if he is involuntarily terminated without cause or resigns for good reason. The Compensation Committee believes that the terms of Mr. Darrell's severance are consistent with those of chief executive officers in our compensation peer group as well as the overall technology industry.

The PSU and RSU award agreements for named executive officers other than Guerrino De Luca provide for the acceleration of vesting of the RSUs and PSUs subject to the award agreements under the same circumstances and conditions as under the Change of Control Agreements; namely, if the named executive officer is subject to an involuntary termination within 12 months after a change of control because his or her employment is terminated without cause or the executive resigns for good reason. In the event of such an involuntary termination:

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

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

### **Perquisites**

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

Mr. Quindlen, Logitech's former President and Chief Executive Officer, was provided with personal tax preparation services in fiscal year 2012. Expenses related to these services were imputed as income to Mr. Quindlen and the additional tax liabilities were paid by Logitech as a gross-up payment. In addition, Mr. Quindlen received the use of a car and the payment of travel costs generated when he worked out of our California office. These benefits were provided in lieu of relocating Mr. Quindlen from his East Coast residence. Expenses related to these services were imputed as income to Mr. Quindlen and the additional tax liabilities were paid by Logitech as a gross-up payment. The aggregate amount of Mr. Quindlen's benefits is reflected in the Summary Compensation Table below under the heading "All Other Compensation."

Upon Mr. De Luca's appointment to the Chief Executive Officer role after the resignation of Mr. Quindlen, he was provided with the occasional use of a company car and driver during fiscal year 2012. Expenses related to these services are imputed as income to Mr. De Luca and the additional tax liabilities are paid by Logitech as a gross-up payment. Mr. De Luca has received no other compensation for his assumption of the Chief Executive Officer role. The aggregate amount of Mr. De Luca's benefits is reflected in the Summary Compensation Table below under the heading "All Other Compensation."

In fiscal year 2012, Logitech paid a total of approximately \$72,749 in costs associated with Mr. Labrousse's relocation, including tax consulting services associated with his relocation, from the United States to Switzerland, which was initiated in fiscal year 2011 under the terms of the relocation policy applicable to executive international transfers. The aggregate amount of the fiscal year 2012 relocation costs for Mr. Labrousse is reflected in the Summary Compensation Table below under the heading "All Other Compensation."

### **Other Benefits**

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

- Company contributions to retirement programs are based on location of employing company, such as the Logitech Inc. 401(k) in the United States and the Logitech Employee Pension Fund in Switzerland.
- Health, welfare and life insurance benefits.
- Opportunity for participation in the Logitech Employee Share Purchase Plans.

## **OTHER COMPENSATION POLICIES**

### **Derivatives**

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

### **Recovery of compensation for restatements and misconduct**

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

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

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

Any decision to suspend or cause a forfeiture of any award held by an executive officer under the 2006 Stock Incentive Plan or the Management Performance Bonus Plan is subject to the approval of the Board of Directors.

### **Additional tax and accounting considerations**

#### ***U.S. Tax Code Section 162(m)***

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

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

In addition to considering the tax consequences, the Compensation Committee considers the accounting consequences, including the impact of the Financial Accounting Standard Board's Accounting Standards Codification Section 718, on its decisions in determining the forms of different equity awards.

## **COMPENSATION BELOW THE EXECUTIVE LEVEL**

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

### **Components – Non-Executive Compensation**

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

*Base salary.* Base salary is set to reward employees' current contributions to Logitech and compensate them for their expected day-to-day service.

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

*Long-term equity incentive awards.* Approximately one-third of the Company's professional staff receives long-term equity incentive awards, in the form of RSUs. Eligible employees at the level of Vice-President or above also receive PSUs. In addition, full-time professional staff, in countries where Logitech is able to offer the program, are eligible to participate in the Company's employee share purchase plans, which allow eligible employees to purchase Logitech shares at a 15% discount from the market price of Logitech's shares at the beginning or end of each six-month offering period.

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

### **Compensation Philosophy – Non-Executive Compensation**

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

- Base salary should be at approximately the median for comparable companies in the industry and in the region where the employee is based.
- The total level of at-risk compensation should increase with the level of the employee, to reflect the relative impact of the employee on the Company's performance.
- High-performing employees should receive significantly higher potential compensation in the form of equity incentive awards in order to help retain and motivate these employees.

- Other than for the compensation of employees in the Company's sales organization, the performance measures under the Company's short-term incentives in the form of cash bonuses, profit sharing, or long-term equity incentive awards should be based on the performance of the entire Logitech group, or the performance of the Logitech group plus the performance of the employee's department or unit, rather than on the performance of the individual employee. This is primarily to encourage collaboration among the Company's employees.
- For employees in the Company's sales organization, compensation should include commissions based on the employee's sales performance against sales quotas or targets. Approximately 30% to 40% of a salesperson's total target compensation is based on commissions. The Company believes this direct linking of salesperson compensation to individual performance helps drive sales performance and reflects competitive market practice.
- Equity incentive compensation is an important component of employee compensation. This reflects market practice, especially in California's Silicon Valley, where the Company has a significant presence, but the Company also believes that equity incentive compensation is a key differentiator in attracting and retaining employees in employment markets outside of the United States where, historically, equity incentive compensation was not or is not common.

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

### **Compensation Risks Assessment**

The Compensation Committee conducted a review, with the assistance of Radford, the Committee's independent compensation consultant, of Logitech's compensation programs in April 2011 to assess the risks associated with their design. The Committee reviewed in particular the following compensation programs and associated practices:

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

The review included a consideration of compensation risk areas associated with Logitech's current compensation programs, and risk controls. Based on this review, we have concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. The Compensation Committee conducted a similar risk assessment review in March 2012, and the Compensation Committee does not believe that there have been any changes in our compensation programs that would alter the risks involved.



## **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 2012 Invitation and Proxy Statement and Annual Report.

### **Compensation Committee**

MATTHEW BOUSQUETTE, *Chairman*

KEE-LOCK CHUA

NEIL HUNT

RICHARD LAUBE

## SUMMARY COMPENSATION TABLE

The following table provides information regarding the compensation and benefits earned during fiscal years 2012, 2011 and 2010 by our named executive officers. For more information, please refer to “Compensation Disclosure and Analysis,” as well as “Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table.”

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards(\$) <sup>(1)</sup>	Option Awards (\$) <sup>(1)</sup>	Non-equity Incentive Plan Compensation (\$) <sup>(2)</sup>	Changes in Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$) <sup>(3)</sup>	Total (\$)
Guerrino De Luca <sup>(4)</sup> . . . . .	FY12	500,000	—	392,400	—	—	—	30,306	922,706
Chief Executive Officer and Chairman of the Board	FY11	550,000	—	835,500	—	578,000	—	12,168	1,975,668
	FY10	550,000	—	—	118,200	907,000	—	12,168	1,587,368
Erik K. Bardman . . . . .	FY12	440,000	25,000	789,000	—	—	—	9,278	1,263,278
Sr. Vice President, Finance and Chief Financial Officer	FY11	420,000	—	1,489,800	—	331,000	—	7,800	2,248,600
	FY10	184,615 <sup>(5)</sup>	—	—	620,000	162,000	—	3,257	969,867
Junien Labrousse <sup>(6)</sup> . . . . .	FY12	804,135	—	790,380	—	—	—	176,736	1,771,251
Executive Vice-President, Products and President, Logitech Europe	FY11	718,588	133,547 <sup>(7)</sup>	1,489,800	—	535,276	—	169,128	3,046,339
	FY10	680,000	—	545,860	491,400	680,000	—	12,271	2,409,531
L. Joseph Sullivan . . . . .	FY12	402,000	—	557,400	—	—	—	11,762	971,162
Senior Vice-President, Worldwide Operations	FY11	390,000	—	1,117,350	—	308,000	—	10,501	1,825,851
	FY10	378,461	—	362,520	354,900	408,000	—	10,398	1,514,279
<i>Former Officers:</i>									
Gerald P. Quindlen <sup>(8)</sup> . . . . .	FY12	264,000	—	2,817,120	—	—	—	1,770,033	4,851,153
President and Chief Executive Officer	FY11	825,000	—	5,835,050	—	1,083,000	—	62,365	7,805,415
	FY10	787,500	—	1,007,600	394,000	1,299,000	—	50,370	3,538,470
Werner Heid <sup>(9)</sup> . . . . .	FY12	570,000	—	789,000	—	—	—	12,331	1,371,331
Senior Vice President, Sales and Marketing	FY11	570,000	—	1,489,800	—	415,000	—	9,741	2,484,541
	FY10	550,000	40,467 <sup>(10)</sup>	362,520	450,450	607,000	—	9,648	2,020,085

(1) These amounts do not represent the actual economic value realized by the named executive officer. Under SEC rules, the values reported in the “Stock Awards” and “Option Awards” columns reflect the aggregate grant date fair value of grants of stock options and stock awards to each of the listed officers in the fiscal years shown. The key assumptions and methodology of valuation of stock options and stock awards are presented in Note 4 to the Consolidated Financial Statements included in Logitech’s Annual Report to Shareholders.

For FY12: Assuming the highest level of performance is achieved, the maximum possible value of the PSUs allocated in FY12, using the market value of our shares on the grant date of the PSUs, was: (a) in the case of Mr. De Luca, \$588,600; (b) in the case of Mr. Bardman, Mr. Labrousse and Mr. Heid, \$686,700 each; (c) in the case of Mr. Sullivan, \$490,500; and (d) in the case of Mr. Quindlen, \$2,432,880.

For FY11: Assuming the highest level of performance is achieved, the maximum possible value of the PSUs allocated in FY11, using the market value of our shares on the grant date of the PSUs, was: (a) in the case of Mr. De Luca, \$1,218,000; (b) in the case of Mr. Bardman, \$1,461,600; (c) in the case of Mr. Labrousse, \$1,461,600; (d) in the case of Mr. Sullivan, \$1,503,900; (e) in the case of Mr. Quindlen, \$5,724,600; and (f) in the case of Mr. Heid, \$1,461,600.

For FY10: None of the shares represented by PSUs granted in FY10 vested because the minimum performance condition was not met. Assuming the highest level of performance was achieved, the maximum possible value of the PSUs allocated in FY10, using the market value of our shares on the grant date of the PSUs, is: (a) in the case of Mr. Labrousse, \$560,800; (b) in the case of Mr. Sullivan, \$472,680; (c) in the case of Mr. Quindlen, \$1,121,600; and (d) in the case of Mr. Heid, \$364,520.

- (2) Reflects amounts earned under 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 was appointed Chief Executive Officer effective April 9, 2012. He had been appointed acting President and Chief Executive Officer effective July 27, 2011.
- (5) Mr. Bardman joined Logitech as Sr. Vice President, Finance and Chief Financial Officer commencing on October 5, 2009.
- (6) Mr. Labrousse was the Senior Vice President, Products and President, Logitech Europe until April 22, 2012. In connection with a restructuring, he ceased to be an executive officer as of April 22. On behalf of the Company, Mr. Labrousse moved to Switzerland as of January 1, 2011 and his base salary was set at 710,000 Swiss francs. Mr. Labrousse's salaries for fiscal year 2012 and a portion of fiscal year 2011 reflect a conversion to U.S. dollars using a Swiss franc to U.S. dollar exchange rate.
- (7) Reflects (1) a bonus of \$21,047 approved by the Compensation Committee to enable Mr. Labrousse to offset taxes incurred on a life insurance contract on his life held by the Company in connection with the Logitech Inc. deferred compensation plan, which life insurance contract the Company surrendered for cash in December, 2010, and (2) a bonus in the amount of \$112,500 approved by the Compensation Committee to offset some of the costs of Mr. Labrousse's relocation to Switzerland.
- (8) Mr. Quindlen's service as President and Chief Executive Officer ended July 27, 2011.
- (9) Mr. Heid's service as Senior Vice President, Sales and Marketing ended May 15, 2012.
- (10) The Compensation Committee approved the payment of this bonus to Mr. Heid to enable him to purchase a value of Logitech shares equal to what he would have purchased under the Logitech Employee Share Purchase Plan for the February 1 - July 31, 2009 offering period but for his employment start date being after the offering start date.

### All Other Compensation Table

Name	Year	Car Use or Service (\$) <sup>(1)</sup>	Tax Preparation Services (\$) <sup>(2)</sup>	401(k) (\$) <sup>(3)</sup>	Group Term Life Insurance (\$)	Relocation or Travel in lieu of Relocation (\$) <sup>(4)</sup>	Premium for Deferred Compensation Insurance (\$) <sup>(5)</sup>	Defined Benefit Pension Plan Employer Contrib. (\$) <sup>(6)</sup>	Severance (\$) <sup>(7)</sup>	Other Awards (\$)	Total (\$)
Guerrino De Luca . . .	FY12	16,679	—	7,350	6,277	—	—	—	—	—	30,306
	FY11	—	—	6,750	5,418	—	—	—	—	—	12,168
	FY10	—	—	6,750	5,418	—	—	—	—	—	12,168
Erik K. Bardman . . .	FY12	—	—	7,350	1,928	—	—	—	—	—	9,278
	FY11	—	—	6,750	1,050	—	—	—	—	—	7,800
	FY10	—	—	2,841	416	—	—	—	—	—	3,257
Junien Labrousse . . .	FY12	—	21,784	—	—	50,965	—	103,987	—	—	176,736
	FY11	—	21,290	5,063	2,921	115,109	1,889	22,856	—	—	169,128
	FY10	—	—	6,750	3,616	—	1,905	—	—	—	12,271
L. Joseph Sullivan . . .	FY12	—	—	7,350	4,412	—	—	—	—	—	11,762
	FY11	—	—	6,750	3,751	—	—	—	—	—	10,501
	FY10	—	—	6,750	3,648	—	—	—	—	—	10,398
<i>Former Officers:</i>											
Gerald P. Quindlen . .	FY12	1,652	8,775	2,856	1,580	36,420	—	—	1,718,750	—	1,770,033
	FY11	5,936	17,698	2,758	4,384	31,589	—	—	—	—	62,365
	FY10	4,172	19,563	2,726	4,209	19,700	—	—	—	—	50,370
Werner Heid . . . . .	FY12	—	—	7,350	3,510	—	—	—	—	1,471	12,331
	FY11	—	—	6,750	2,991	—	—	—	—	—	9,741
	FY10	—	—	6,750	2,898	—	—	—	—	—	9,648

- (1) In the case of Mr. De Luca, represents, in fiscal year 2012, the cost to Logitech of \$16,679 related to his occasional use of a company car and driver to and from work, and tax gross-up payments of \$6,954, relating to the income imputed to Mr. De Luca as a result. In the case of Mr. Quindlen, represents the estimated cost to Logitech related to his use of a company car while working from the Company's office in California.
- (2) In the case of Mr. Labrousse, represents the cost to Logitech of \$21,784 and \$21,290 in fiscal years 2012 and 2011, respectively, for tax preparation services for Mr. Labrousse related to his transfer from the U.S. to Switzerland. In the case of Mr. Quidlen, represents the cost to Logitech of \$5,675, \$9,910 and \$12,925 in fiscal years 2012, 2011 and 2010, respectively, related to tax preparation services, and tax gross-up payments, of \$3,100, \$7,788 and \$6,638, respectively, relating to the income imputed to Mr. Quindlen as a result.
- (3) Represents 401(k) savings plan matching contributions, which are available to all of our regular employees who are on our U.S. payroll.

- (4) In the case of Mr. Labrousse, represents the costs associated with Mr. Labrousse's relocation to Switzerland, including household goods shipping, temporary accommodations, flights, rental car and other costs. In the case of Mr. Quindlen, represents the cost to Logitech for Mr. Quindlen's travel to and from Logitech's offices in California from his residence.
- (5) Represents imputed income to Mr. Labrousse from an insurance policy held to fund, in part, the Logitech Inc. Deferred Compensation Plan.
- (6) Represents the matching contributions to the Logitech Employee Pension Fund in Switzerland for Mr. Labrousse, which are available to all of our regular employees who are on our Swiss payroll.
- (7) Represents the severance compensation paid to Mr. Quindlen, the former President and Chief Executive Officer.

## GRANTS OF PLAN-BASED AWARDS IN FISCAL YEAR 2012

The following table sets forth certain information regarding grants of plan-based awards to each of our named executive officers during fiscal year 2012. For more information, please refer to "Compensation Disclosure and Analysis."

Name	Type	Grant Date (MM/DD/YY)	Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Actual (\$) <sup>(2)</sup>	Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(3)</sup>			All Other Stock Awards: Number of Shares or Units (#) <sup>(4)</sup>	Grant Date Fair Value (\$) <sup>(5)</sup>
				Threshold (\$)	Target (\$)	Maximum (\$)		Threshold (#)	Target (#)	Maximum (#)		
Guerrino												
De Luca . . .	PSU	04/11/11	04/11/11					15,000	30,000	45,000	—	392,400
	FY12 Bonus	N/A	N/A	325,000	500,000	1,000,000	—					
Erik K.												
Bardman . .	PSU	04/11/11	04/11/11					17,500	35,000	52,500	—	457,800
	RSU	04/11/11	04/11/11					—	—	—	23,000	331,200
	FY12 Bonus	N/A	N/A	214,500	330,000	660,000	—					
Junien												
Labrousse. .	PSU	04/11/11	04/11/11					17,500	35,000	52,500	—	457,800
	RSU	04/11/11	04/11/11					—	—	—	23,000	332,580
	FY12 Bonus	N/A	N/A	383,230	589,584	1,179,168	—					
L. Joseph												
Sullivan . . .	PSU	04/11/11	04/11/11					12,500	25,000	37,500	—	327,000
	RSU	04/11/11	04/11/11					—	—	—	16,000	230,400
	FY12 Bonus	N/A	N/A	195,975	301,500	603,000	—					
<i>Former Officers:</i>												
Gerald P.												
Quindlen . .	PSU	04/11/11	04/11/11					62,000	124,000	186,000	—	1,621,920
	RSU	04/11/11	04/11/11					—	—	—	83,000	1,195,200
	FY12 Bonus	N/A	N/A	670,313	1,031,250	2,062,500	—					
Werner												
Heid . . . . .	PSU	04/11/11	04/11/11					17,500	35,000	52,500	—	457,800
	RSU	04/11/11	04/11/11					—	—	—	23,000	331,200
	FY12 Bonus	N/A	N/A	277,875	427,500	855,000	—					

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- (1) The amounts in these columns reflect possible payouts with respect to each applicable performance period for the fiscal year 2012 bonus programs under the Bonus Plan.
  - (2) The amounts in this column reflect actual payouts with respect to each applicable performance period for the fiscal year 2012 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 2012.
  - (3) Represents PSUs. All shares subject to the PSUs are unvested. The actual amount, if any, of shares that will vest under the PSUs will not be known until the end of the performance period on April 10, 2014.
  - (4) Represents RSUs that vest at a rate of 25% per year over four years, on each yearly anniversary of the grant date.
  - (5) These amounts do not represent the actual economic value realized by the named executive officer. Amounts in this column represent the grant date fair value of PSUs and RSUs calculated in accordance with Accounting Standards Codification (ASC) 718 but does not include a reduction for forfeitures. For PSUs, that number is calculated by multiplying the value determined using the Monte Carlo method by the target number of units awarded. For RSUs, that number is equal to the closing price of Logitech shares on the grant date. The key assumptions for the valuation of the PSUs are presented in Note 4 to the Consolidated Financial Statements included in Logitech's Annual Report to Shareholders and Annual Report on Form 10-K for fiscal year 2012 filed with the SEC on May 30, 2012.

## **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. Other than Mr. Quindlen's compensation in connection with his resignation, the compensation earned by the named executive officers in fiscal year 2012 was not the result of any terms of their employment agreements or offer letters.

### **Performance-Based Vesting Conditions**

Please refer to "Compensation Disclosure and Analysis—Elements of Compensation—Performance-based cash incentive awards" for a discussion of the performance measures applicable to the Bonus Plan during fiscal year 2012. In addition, please refer to "Compensation Disclosure and Analysis—Elements of Compensation—Long-term equity incentive awards" for a discussion of performance measures under the PSUs granted to named executive officers during fiscal year 2012.

### **OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

The following table provides information regarding outstanding equity awards for each of our named executive officers as of March 31, 2012. This table includes unexercised and unvested stock options, unvested RSUs and unvested PSUs.

Unless otherwise specified, options and RSUs vest at a rate of 25% per year on each of the first four anniversaries of the grant date. Market value for stock options is calculated by taking the difference between the closing price of Logitech shares on NASDAQ on the last trading day of the fiscal year (\$7.80 on March 31, 2012) and the option exercise price, and multiplying it by the number of outstanding options. Market value for stock awards (RSUs and PSUs) is determined by multiplying the number of shares by the closing price of Logitech shares on NASDAQ on the last trading day of the fiscal year.

Certain of the options as granted to Mr. De Luca have exercise prices denominated in Swiss Francs. The U.S. Dollar exercise prices shown in the table below for such options are presented in the table based on a Swiss Franc to U.S. Dollar exchange rate on March 31, 2012 of 1 to 1.10705.

Name	Grant Date (MM/DD/YY)	Option Awards				Stock Awards					
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)/Share	Option Expiration Date (MM/DD/YY)	Market Value of Unexercised Options (\$)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(1)</sup>	
Guerrino De Luca . . .	10/16/02	370,538	—	11.35 <sup>(2)</sup>	04/16/13	—	—	—	—	—	
	04/08/04	200,000	—	16.84 <sup>(3)</sup>	04/08/14	—	—	—	—	—	
	04/01/05	200,000	—	20.54 <sup>(4)</sup>	04/01/15	—	—	—	—	—	
	04/01/06	100,000	—	20.05	04/01/16	—	—	—	—	—	
	04/02/07	50,000	—	27.95	04/02/17	—	—	—	—	—	
	04/01/08	15,000	—	26.67	04/01/18	—	—	—	—	—	
	04/01/09	11,250	3,750	10.64	04/01/19	—	—	—	—	—	
	11/15/10	—	—	—	—	—	—	—	30,000	234,000	
	04/11/11	—	—	—	—	—	—	—	30,000	234,000	
<b>Total</b>		<b>946,788</b>	<b>3,750</b>					<b>60,000</b>	<b>468,000</b>		
Erik K. Bardman . . .	10/23/09	50,000	50,000	18.76	10/23/19	—	—	—	—	—	
	11/15/10	—	—	—	—	—	18,000	140,400	—	—	
	11/15/10	—	—	—	—	—	—	—	36,000	280,800	
	04/11/11	—	—	—	—	—	23,000	179,400	—	—	
	04/11/11	—	—	—	—	—	—	—	35,000	273,000	
<b>Total</b>		<b>50,000</b>	<b>50,000</b>			<b>41,000</b>	<b>319,800</b>	<b>71,000</b>	<b>553,800</b>		
Junien Labrousse . . .	09/26/05	100,000	—	20.25	09/26/15	—	—	—	—	—	
	10/02/06	50,000	—	21.61	10/02/16	—	—	—	—	—	
	04/02/07	140,000	—	27.95	04/02/17	—	—	—	—	—	
	10/02/07	50,000	—	30.09	10/02/17	—	—	—	—	—	
	10/01/08	56,250	18,750	22.59	10/01/18	—	—	—	—	—	
	12/12/08	30,000	15,000	13.48	12/12/18	—	—	—	—	—	
	06/29/09	22,500	45,000	14.02	06/29/19	—	—	—	—	—	
	06/29/09	—	—	—	—	—	6,500	50,700	—	—	
	11/15/10	—	—	—	—	—	18,000	140,400	—	—	
	11/15/10	—	—	—	—	—	—	—	36,000	280,800	
	04/11/11	—	—	—	—	—	23,000	179,400	—	—	
	04/11/11	—	—	—	—	—	—	—	35,000	273,000	
	<b>Total</b>		<b>448,750</b>	<b>78,750</b>			<b>47,500</b>	<b>370,500</b>	<b>71,000</b>	<b>553,800</b>	
L. Joseph Sullivan . . .	11/02/05	25,000	—	20.25	10/24/15	—	—	—	—	—	
	03/23/06	25,000	—	19.96	03/23/16	—	—	—	—	—	
	10/02/06	22,500	—	21.61	10/02/16	—	—	—	—	—	
	10/02/07	50,000	—	30.09	10/02/17	—	—	—	—	—	
	10/01/08	37,500	12,500	22.59	10/01/18	—	—	—	—	—	
	12/12/08	12,500	12,500	13.48	12/12/18	—	—	—	—	—	
	06/29/09	16,250	32,500	14.02	06/29/19	—	—	—	—	—	
	06/29/09	—	—	—	—	—	4,500	35,100	—	—	
	11/15/10	—	—	—	—	—	13,500	105,300	—	—	
	11/15/10	—	—	—	—	—	—	—	27,000	210,600	
	04/11/11	—	—	—	—	—	16,000	124,800	—	—	
	04/11/11	—	—	—	—	—	—	—	25,000	195,000	
<b>Total</b>		<b>188,750</b>	<b>57,500</b>			<b>34,000</b>	<b>265,200</b>	<b>52,000</b>	<b>405,600</b>		

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Name	Option Awards					Stock Awards				
	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 (\$) <sup>(1)</sup>
<i>Former Officers:</i>										
Gerald P. Quindlen . . .	<b>Total</b>	—	—			—	—	—	—	—
Werner Heid . . . . .	03/06/09	112,500	37,500	8.01	03/06/19	—	—	—	—	—
	06/29/09	32,500	32,500	14.02	06/29/19	—	—	—	—	—
	06/29/09	—	—	—	—	—	4,500	35,100	—	—
	09/01/09	8,750	8,750	17.44	09/01/19	—	—	—	—	—
	11/15/10	—	—	—	—	—	18,000	140,400	—	—
	11/15/10	—	—	—	—	—	—	—	36,000	280,800
	04/11/11	—	—	—	—	—	23,000	179,400	—	—
	04/11/11	—	—	—	—	—	—	—	35,000	273,000
	<b>Total</b>	<b>153,750</b>	<b>78,750</b>				<b>45,500</b>	<b>354,900</b>	<b>71,000</b>	<b>553,800</b>

- (1) PSUs are shown at their target amount. The minimum performance condition of the PSUs granted on June 29, 2009, in fiscal year 2010, was not met and therefore no shares vested at the conclusion of the 2-year performance period on June 29, 2011. The actual conversion, if any, of the PSUs granted in fiscal year 2011 into Logitech shares following the conclusion of the 3-year performance period will range between 50% and 200% of that target amount, depending upon Logitech's TSR performance versus the TSR benchmark over the performance period. The actual conversion, if any, of the PSUs granted in fiscal year 2012 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 TSR benchmark over the performance period.
- (2) The exercise price of the option as granted (as split-adjusted) is 10.25 Swiss Francs per share.
- (3) The exercise price of the option as granted (as split-adjusted) is 15.21 Swiss Francs per share.
- (4) The exercise price of the option as granted (as split-adjusted) is 18.55 Swiss Francs per share.



## OPTION EXERCISES AND STOCK VESTED FOR FISCAL YEAR 2012

The following table provides the number of shares acquired and the value realized upon exercise of stock options and the vesting of RSUs during fiscal year 2012 by each of our named executive officers. No shares resulted from PSUs whose performance period ended during fiscal year 2012 because the minimum performance condition was not met.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) <sup>(1)</sup>	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) <sup>(2)</sup>
Guerrino De Luca . . . . .	—	—	—	—
Erik K. Bardman . . . . .	—	—	6,000	48,660
Junien Labrousse . . . . .	—	—	9,250	84,930
L. Joseph Sullivan . . . . .	—	—	6,750	61,605
<i>Former Officers:</i>				
Gerald P. Quindlen . . . . .	50,000	23,000	5,000	55,800
Werner Heid . . . . .	—	—	8,250	73,770

- (1) The value realized equals the difference between the option exercise price and the fair market value of Logitech shares on the date of exercise, multiplied by the number of shares for which the option was exercised.
- (2) Based on the closing trading price of Logitech shares on the NASDAQ Global Select Market.

## PENSION BENEFITS FOR FISCAL YEAR 2012

Junien Labrousse, Senior Vice President, Consumer Computing Platforms 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 retirement plan benefits maintained by Logitech. For additional information regarding other benefits provided upon retirement of Logitech executive officers, please refer to "Potential Payments Upon Termination or Change in Control."

Name	Plan Name	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit (\$)
Guerrino De Luca . . . . .	—	n/a	—
Erik K. Bardman . . . . .	—	n/a	—
Junien Labrousse . . . . .	Logitech Employee Pension Fund	1.25	290,827
L. Joseph Sullivan . . . . .	—	n/a	—
<i>Former Officers:</i>			
Gerald P. Quindlen . . . . .	—	n/a	—
Werner Heid . . . . .	—	n/a	—

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## NON-QUALIFIED DEFERRED COMPENSATION FOR FISCAL YEAR 2012

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 2012 and at fiscal year-end.

Name	Executive Contributions in Last Fiscal Year (\$) <sup>(1)</sup>	Logitech Contributions in Last Fiscal Year (\$)	Aggregate Earnings in Last Fiscal Year (\$) <sup>(2)</sup>	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last Fiscal Year End (\$)
Guerrino De Luca . . . . .	—	—	—	—	—
Erik K. Bardman . . . . .	—	—	—	—	—
Junien Labrousse . . . . .	—	—	92,724	—	2,680,680 <sup>(3)</sup>
L. Joseph Sullivan . . . . .	108,738	—	16,645	—	365,940
<i>Former Officers:</i>					
Gerald P. Quindlen . . . . .	—	—	—	—	—
Werner Heid . . . . .	154,063	—	5,938	—	215,572

- (1) Amounts are included in the Summary Compensation table in the “Salary” column for fiscal year 2012. All contributions were made under the Logitech Inc. Deferred Compensation Plan.
- (2) These amounts are not included in the Summary Compensation table because plan earnings were not preferential or above market.
- (3) Mr. Labrousse’s aggregate contributions of \$1,392,280 for fiscal year 2008 through fiscal year 2011 were reported as compensation to Mr. Labrousse in the Summary Compensation table.

## NARRATIVE DISCLOSURE TO NON-QUALIFIED DEFERRED COMPENSATION TABLE

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

Upon enrollment, participants select from a number of mutual funds selected by Logitech Inc.’s Deferred Compensation Committee for this purpose, and the participants’ contributions are invested according to the participants’ elections. Investment elections may be changed by participants at any time.

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

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

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

## PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

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

- Change of control severance agreements, under which the executive officers may receive certain benefits if they are subject to an involuntary termination within 12 months after a “change of control” because his or her employment is terminated without cause or because the executive resigns for good reason.
- PSU and RSU award agreements, that provide for the accelerated vesting of the shares subject to the award agreements under the same circumstances as under the change of control agreements.

- An offer letter with Bracken Darrell, under which he is entitled to severance benefits if we terminate his employment without cause or if he resigns for good reason.
- An offer letter with Werner Heid, under which he was entitled to severance benefits if we terminate his employment without cause.

These agreements are described in more detail in the subsections below.

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

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

### **Change of Control Severance Agreements**

Each of our named executive officers has executed a change of control severance agreement with Logitech. The change of control agreement with Mr. De Luca is slightly different than those of the other executive officers. The purpose of the change of control agreements is to support retention in the event of a prospective change of control.

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

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

The term “current compensation” includes:

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

The change of control agreement defines the term “change of control” to mean:

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

The change of control agreement with Mr. De Luca is the same as for the other executive officers, except that only those stock options granted by the Company to him before January 28, 2008, while he was serving as Chief Executive Officer, are subject to acceleration under the agreement. Options granted to him after January 28, 2008 are not subject to acceleration.

## **PSU and RSU Award Agreements**

The PSU and RSU award agreements for named executive officers other than Guerrino De Luca provide for the acceleration of vesting of the RSUs and PSUs subject to the award agreements under the same circumstances and conditions as under the change of control agreements; namely, if the named executive officer is subject to an involuntary termination within 12 months after a change of control because his or her employment is terminated without cause or the executive resigns for good reason. In the event of such an involuntary termination:

- All shares subject to the RSUs will vest.
- 100% of the shares subject to the PSUs will vest if the change of control occurred within one year after the grant date of the PSUs. If the change of control occurred more than one year after the grant date of the PSUs, the number of shares subject to the PSU that will vest will be determined by applying the performance criteria under the PSUs as if the performance period had ended on the date of the change of control.

## **Bracken Darrell Offer Letter**

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

- If the termination occurs within one year after his employment start date, he is entitled to:
  - an amount equal to 200% of his then-current annual base salary, less applicable withholdings; plus
  - an amount equal to 200% of his then-current annual targeted bonus amount, less applicable withholdings; plus
  - 25% of his initial stock option grant for 500,000 Logitech shares and 25% of his initial restricted stock unit grant for 100,000 shares will accelerate and vest.
- If the termination occurs more than one year but within two years after his employment start date, he is entitled to:
  - an amount equal to 150% of his then-current annual base salary, less applicable withholdings; plus
  - an amount equal to 150% of his then-current annual targeted bonus amount, less applicable withholdings.
- If the termination occurs more than two years after his employment start date, he is entitled to:
  - an amount equal to 100% of his then-current annual base salary, less applicable withholdings; plus
  - an amount equal to 100% of his then-current annual targeted bonus amount, less applicable withholdings.

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

“Cause” in Mr. Darrell’s offer letter is defined as: (i) theft, dishonesty, misconduct or falsification of any employment or Logitech records; (ii) improper disclosure of Logitech’s confidential or proprietary information; (iii) failure or inability to perform any assigned duties after written notice from Logitech of, and a reasonable opportunity to cure, such failure or inability; (iv) conviction (including any plea of guilty or no contest) of a felony, or of any other criminal act if that act impairs his ability to perform his duties; or (v) failure to cooperate in good

faith with a governmental or internal investigation of Logitech or its directors, officers or employees, if Logitech has requested his cooperation. “Good reason” in Mr. Darrell’s offer letter is defined as: (i) a material reduction of his authority, duties or responsibilities, or (ii) if, by January 31, 2013, he is not reporting directly to the Logitech International Board of Directors as Chief Executive Officer.

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

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

## **Agreements with Former Executive Officers**

### ***Gerald Quindlen Employment Agreement***

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

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

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

If any amounts became payable to Mr. Quindlen under his change of control agreement, or any successor agreement, the aggregate amount of any amounts payable to Mr. Quindlen under his employment agreement would have been reduced to the extent necessary so as to prevent the duplication of severance payments to him.

Mr. Quindlen resigned from Logitech in July 2011 and received a severance package of \$1,876,250 (including the estimated value of COBRA health insurance) as prescribed under his Employment Agreement.

### **Werner Heid Offer Letter**

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

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

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

Mr. Heid resigned from Logitech, effective as of May 2012, and received a severance package of \$758,925 (including the estimated value of COBRA health insurance) as prescribed under his Offer Letter.

### Tables of Potential Payments Upon Termination or Change in Control

The table below estimates the amount of compensation that would be paid in the event of an involuntary termination of a listed named executive officer without cause after a change in control, assuming that each of the terminations was effective as of March 31, 2012, subject to the terms of the change of control agreement and the terms of the PSU and RSU award agreements with each of the listed named executive officers.

For Mr. Heid, the additional table below estimates the amount of compensation that would have been paid in the event of an involuntary termination without cause, assuming that the termination was effective as of March 31, 2012, subject to the terms of the agreement with him. As of March 31, 2012, no compensation amounts were payable to any named executive officer in the event of a mutual agreement to terminate employment, whether upon retirement or otherwise.

The price used for determining the value of accelerated equity in the tables below was the closing price of Logitech's shares on NASDAQ on March 31, 2012, the last business day of the fiscal year, of \$7.80. For those unvested options held by Mr. De Luca that have exercise prices denominated in Swiss Francs, the U.S. Dollar equivalent of such exercise prices as of March 31, 2012 were calculated based on a Swiss Franc to U.S. Dollar exchange rate on March 31, 2012 of 1 to 1.10705.

#### Involuntary Termination After Change in Control

Name	Base Salary <sup>(1)</sup>	Bonus <sup>(2)</sup>	Other Benefits <sup>(3)</sup>	Value of Accelerated Equity Awards <sup>(4)</sup>	280G cut-back <sup>(5)</sup>	Total
Guerrino De Luca . . . . .	500,000	—	26,900	—	—	526,900
Erik K. Bardman . . . . .	440,000	—	26,900	592,800	—	1,059,700
Junien Labrousse . . . . .	786,006	—	26,900	643,500	—	1,456,406
L. Joseph Sullivan . . . . .	402,000	—	26,900	460,200	—	889,100
<i>Former Officer:</i>						
Werner Heid . . . . .	570,000	—	26,900	627,900	—	1,224,800

(1) Represents fiscal year 2012 annual base salary in effect on March 31, 2012.

Mr. Labrousse's salary amount was converted using the exchange rate of 1 CHF to 1.10705 USD as of March 31, 2012.

(2) No bonuses were earned or paid for fiscal year 2012.

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

(4) Represents, as of March 31, 2012, the aggregate intrinsic value (market value less exercise price) of unvested options, the aggregate market value of shares underlying all unvested RSUs, and 100% of the shares subject to PRSUs granted April 11, 2011, in each case held by the named executive officer as of March 31, 2012. The minimum performance condition under the terms of the PRSUs granted November 15, 2010 was not met as of March 31, 2012, and therefore, no value is attributed to the shares subject to such PRSUs. Per the terms of his agreements, Mr. De Luca does not receive any acceleration of RSU or PRSU vesting.

(5) Under the Change of Control agreements for the executive officers listed above, there is a "280G cut-back" so that, in effect, the maximum value of the cash payments plus accelerated equity awards to which an executive is entitled under the agreement is just under 3 times the average annual taxable compensation paid by Logitech to the executive in the prior five taxable years, calculated in accordance with the U.S. Tax Code. The 280G cut-back in the Change of Control agreements was not applicable to any of these named executive officers for a March 31, 2012 termination date.

Note: Gerald Quindlen terminated his employment on July 27, 2011 - see Note under “Potential Payments upon Involuntary Termination” table below for details regarding amounts provided to Mr. Quindlen in connection with his termination of employment.

### Potential Payments Upon Involuntary Termination

Name	Base Salary <sup>(1)</sup>	Bonus <sup>(2)</sup>	Total
Werner Heid . . . . .	\$ 427,500	\$320,625	<b>\$748,125</b>

(1) Represents 75% of Mr. Heid’s fiscal year 2012 annual base salary in effect on March 31, 2012.

(2) Represents 75% of Mr. Heid’s fiscal year 2012 target bonus in effect on March 31, 2012.

Note: Gerald Quindlen terminated his employment with the Company on July 27, 2011 and received an amount equal to his then-current annual base salary plus his annual targeted bonus amount, which together totaled \$1,856,250, and was entitled to receive the continuation of health insurance benefits for up to 12 months, with an estimated total value of \$19,800.

### COMPENSATION OF DIRECTORS

The compensation of the members of the Board of Directors that are not Logitech employees is established by the Committee for Board Compensation, which consisted of Guerrino De Luca, our Chairman, and, until his resignation in July 2011, Gerald Quindlen, our former Chief Executive Officer. The general policy is that compensation for non-employee directors should be a mix of cash and equity-based compensation. To assist the committee in its annual review of director compensation, Logitech’s compensation department provides director pay practices and compensation data compiled from the annual reports and proxy statements of companies within the NASDAQ 100 and technology companies generally considered comparable to Logitech.

Cash compensation of non-employee directors consists solely of annual retainers based on Board and committee service. Non-employee directors also receive an annual RSU grant based on a fixed market value. These grants vest on the one-year anniversary of Board service.

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:

	Total (CHF)	Total (\$) <sup>(1)</sup>
Annual cash retainer. . . . .	60,000	66,423
An additional annual cash retainer for the lead independent director. . . . .	20,000	22,141
Annual retainer for the Audit Committee chair. . . . .	40,000	44,282
Annual retainer for the Compensation Committee chair. . . . .	30,000	33,212
Annual retainer for non-chair Audit Committee members.. . . .	15,000	16,606
Annual retainer for non-chair Compensation Committee members. . . . .	10,000	11,071
Annual retainer for Nominating Committee members.. . . .	3,000	3,321
Annual RSU grant. . . . .	120,000	132,846
Compensation for the number of travel days spent traveling to attend Board and committee meetings, per day rate. . . . .	2,500	2,768
Reimbursement of reasonable expenses for non-local travel (business class).		

(1) CHF amount was converted using the exchange rate of 1 Swiss franc to 1.10705 U.S. Dollar as of March 31, 2012.

Non-employee Board members may elect to receive their Board fees in shares, net of withholdings. Any such shares are to be issued under the 2006 Stock Incentive Plan.

Annual service is measured between the dates of the Company’s Annual General Meetings, held in September each year.

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The following table summarizes the total compensation earned or paid by Logitech during fiscal year 2012 to continuing members of the Board of Directors who were not executive officers as of March 31, 2012. Because the table is based on Logitech's fiscal year, and annual service for purposes of Board compensation is measured between the dates of Logitech's Annual General Meeting, held in September each year, the amounts in the table do not necessarily align with the description of Board compensation above. The compensation paid to Guerrino De Luca and Gerald Quindlen, the members of the Board of Directors that are or were Logitech executive officers as of fiscal year-end or during fiscal year 2012, is presented in the Summary Compensation Table.

**Non-Employee Director Summary Compensation for Fiscal Year 2012**

Name	Fees Earned In Cash (\$)	Stock Awards (\$)	Total (\$)
Daniel Borel . . . . .	79,616	139,466	219,082
Matthew Bousquette . . . . .	142,171	137,685	279,856
Erh-Hsun Chang . . . . .	108,050	137,685	245,735
Kee-Lock Chua . . . . .	128,522	137,685	266,207
Sally Davis . . . . .	111,462	139,466	250,928
Neil Hunt . . . . .	92,885	137,685	230,570
Richard Laube . . . . .	90,989	139,466	230,455
Monika Ribar . . . . .	125,110	139,466	264,576

The following table presents additional information with respect to the equity awards held as of March 31, 2012 by members of the Board of Directors who were not executive officers as of fiscal year-end.

In 2010, Logitech began granting RSUs instead of stock options to continuing non-employee directors. The RSUs granted in fiscal years 2010 and 2011 fully vest on approximately the one-year anniversary date of the grant.

Market value for stock options is calculated by taking the difference between the closing price of Logitech shares on NASDAQ on the last trading day of the fiscal year (\$7.80 on March 31, 2012) and the option exercise price, and multiplying it by the number of outstanding options. Market value for RSUs is determined by multiplying the number of shares by the closing price of Logitech shares on NASDAQ on the last trading day of the fiscal year.

Information regarding the option and stock awards held as of March 31, 2012 by Guerrino De Luca and Gerald Quindlen, the only members of the Board of Directors that are or were Logitech executive officers as of such date or during fiscal year 2012, is presented in the Outstanding Equity Awards at Fiscal Year-End table.

Certain of the options as granted have exercise prices denominated in Swiss Francs. The U.S. dollar exercise price in the table below for such options is based on a Swiss Franc to U.S. Dollar exchange rate on March 31, 2012 of 1 to 1.10705.



## Outstanding Equity Awards for Non-Employee Directors at Fiscal 2012 Year-End

Name	Grant Date (MM/DD/YY)	Option Awards				Stock Awards	
		Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#) <sup>(1)</sup>	Option Exercise Price / Share (\$)	Market Value of Unexercised Options (\$)	Number of Shares or Units of Stock That Have Not Vested (#) <sup>(2)</sup>	Market Value of Shares or Units of Stock That Have Not Vested (\$)
Daniel Borel . . . . .	09/08/11	—	—	—	—	13,700	106,860
	<b>Total</b>	—	—			<b>13,700</b>	<b>106,860</b>
Matthew Bousquette . . .	06/16/05	60,000	—	15.41	—	—	—
	09/10/08	15,000	—	23.29	—	—	—
	09/08/11	—	—	—	—	13,700	106,860
	<b>Total</b>	<b>75,000</b>	—			<b>13,700</b>	<b>106,860</b>
Erh-Hsun Chang <sup>(3)</sup> . . . . .	09/12/03	109,000	—	7.76	4,360	—	—
	07/12/04	120,000	—	11.44	—	—	—
	09/26/05	60,000	—	20.25	—	—	—
	06/16/06	30,000	—	19.43	—	—	—
	09/08/11	—	—	—	—	13,700	106,860
	<b>Total</b>	<b>319,000</b>	—			<b>13,700</b>	<b>106,860</b>
Kee-Lock Chua . . . . .	06/26/03	40,000	—	15.82 <sup>(4)</sup>	—	—	—
	06/16/06	15,000	—	19.43	—	—	—
	09/08/11	—	—	—	—	13,700	106,860
	<b>Total</b>	<b>55,000</b>	—			<b>13,700</b>	<b>106,860</b>
Sally Davis . . . . .	06/20/07	30,000	—	38.14 <sup>(5)</sup>	—	—	—
	09/08/11	—	—	—	—	13,700	106,860
	<b>Total</b>	<b>30,000</b>	—			<b>13,700</b>	<b>106,860</b>
Neil Hunt . . . . .	09/09/10	—	—	—	—	9,933 <sup>(6)</sup>	77,477
	09/08/11	—	—	—	—	13,700	106,860
	<b>Total</b>	—	—			<b>23,633</b>	<b>184,337</b>
Richard Laube . . . . .	09/10/08	30,000	—	28.98 <sup>(7)</sup>	—	—	—
	09/08/11	—	—	—	—	13,700	106,860
	<b>Total</b>	<b>30,000</b>	—			<b>13,700</b>	<b>106,860</b>
Monika Ribar . . . . .	06/24/04	80,000	—	16.25 <sup>(8)</sup>	—	—	—
	06/20/07	15,000	—	38.14 <sup>(9)</sup>	—	—	—
	09/08/11	—	—	—	—	13,700	106,860
	<b>Total</b>	<b>95,000</b>	—			<b>13,700</b>	<b>106,860</b>

- (1) Unless otherwise indicated, the shares subject to these options vest and become exercisable at a rate of 33% per year over three years from the grant date, on each yearly anniversary of the grant date.
- (2) Unless otherwise indicated, the shares subject to these stock awards vest in full on August 31 (approximately one year) following the grant date.
- (3) Options granted to Mr. Chang before 2006 were in respect of his role as a Logitech executive officer at such time. Mr. Chang served as a Logitech executive officer until April 2006.
- (4) The exercise price of the option as granted (as split-adjusted) is 14.29 Swiss Francs per share.
- (5) The exercise price of the option as granted is 34.45 Swiss Francs per share.
- (6) Represents a stock award of 14,900 shares which vests at a rate of 33% per year over 3 years from the grant date, on each yearly anniversary of the grant date.

- (7) The exercise price of the option as granted is 26.18 Swiss Francs per share.
- (8) The exercise price of the option as granted (as split-adjusted) is 14.68 Swiss Francs per share.
- (9) The exercise price of the option as granted is 34.45 Swiss Francs per share.

## EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes the shares that may be issued upon the exercise of options, RSUs, PSUs and other rights under our employee equity compensation plans as of March 31, 2012. These plans include the 1996 Employee Share Purchase Plan (U.S.), 2006 Employee Share Purchase Plan (Non-U.S.) (together, the “ESPPs”) and 2006 Stock Incentive Plan. The table also includes shares that may be issued upon the exercise of outstanding options under the 1996 Stock Plan (which plan terminated in 2006). The table does not include the 1.8 million shares that may be issued pursuant to the 2012 Stock Inducement Equity Plan adopted in April 2012 in connection with the hiring of Mr. Darrell or the additional shares that may be issuable pursuant to the proposed amendment to add an additional 9 million shares to the 2006 Stock Incentive Plan that is the subject of Proposal 5 of this Invitation and Proxy Statement.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (#)	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights <sup>(1)</sup>	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a) (#)
Equity Compensation Plans			
Approved by Security Holders . . . . .	17,158,655 <sup>(2)</sup>	\$ 19	8,857,537
Equity Compensation Plans			
Not Approved by Security Holders. . . . .	—	—	—
Total . . . . .	17,158,655	\$ 19	8,857,537

- (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).

### **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, 2012, Logitech has granted stock options, RSUs and PSUs under the 2006 Plan and has made no grants of restricted shares or stock appreciation rights. Stock options granted under the 2006 Plan generally will have terms not exceeding ten years and will be issued at exercise prices not less than the fair market value on the date of grant. Awards under the 2006 Plan may be conditioned on continued employment, the passage of time or the satisfaction of performance vesting criteria. The 2006 Plan expires on June 16, 2016. An aggregate of 17.5 million shares is reserved for issuance under the 2006 Plan. As of March 31, 2012, a total of 4,331,255 shares were available for issuance under this plan.

### ***1996 Stock Plan***

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

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

### ***Employee Share Purchase Plans***

Logitech maintains two employee share purchase plans, one for employees in the United States and one for employees outside the United States. The plan for employees outside the United States is named the 2006 Employee Share Purchase Plan (Non-U.S.), 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. There are two offering periods, each consisting of a six-month period during which payroll deductions of employee participants are accumulated under the share purchase plan. Subject to continued participation in these plans, purchase agreements are automatically executed at the end of each offering period. A total of 21 million shares have been reserved for issuance under both the 1996 and 2006 ESPP plans. As of March 31, 2012, a total of 4,526,282 shares were available for issuance under these plans.

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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 our Annual Report on Form 10-K for the fiscal year ended March 31, 2012, available at [www.sec.gov](http://www.sec.gov), under the caption "Risk Factors," and below in "Quantitative and Qualitative Disclosures about Market Risk."*

### Overview of Our Company

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

Our peripherals segment encompasses the design, manufacturing and marketing of peripherals for PCs (personal computers), tablets and other digital platforms. Our products for home and business PCs include mice, trackballs, keyboards, interactive gaming controllers, multimedia speakers, headsets, webcams, and lapdesks. Our tablet accessories include keyboards, keyboard cases and covers, headsets, wireless speakers, and stands. Our Internet communications products include webcams, headsets, video communications services, and digital video security systems. Our digital music products include speakers, earphones, custom in-ear monitors and Squeezebox Wi-Fi music players. For home entertainment systems, we offer the Harmony line of advanced remote controls. For gaming consoles, we offer a range of gaming controllers and microphones, as well as other accessories.

Our peripherals research and product management teams are organized along product lines, and are responsible for product strategy, industrial design and development, and technological innovation. Our marketing and sales organization helps define product opportunities and bring our products to market, and is responsible for building the Logitech brand and consumer awareness of our products. This organization is comprised of retail sales and marketing groups. Our retail sales and marketing activities are organized into three geographic regions: Americas (including North and South America), EMEA (Europe-Middle East-Africa), and Asia Pacific (including, among other countries, China, Taiwan, Japan, India and Australia). In addition, at the start of fiscal year 2012 we established an organization focused on developing and selling products for enterprise markets, including peripherals for unified communications applications. This group combines product management and sales personnel for enterprise products, including our OEM (original equipment manufacturer) sales team, into one organization.

We sell our peripheral products to a network of distributors, retailers, and OEMs. Our worldwide retail network includes wholesale distributors, consumer electronics retailers, mass merchandisers, specialty electronics stores, computer and telecommunications stores, value-added resellers, and online merchants. Sales of peripherals to our retail channels were 86% and 85% of our net sales for the fiscal years ended March 31, 2012 and 2011. The large majority of our revenues have historically been derived from sales of our peripheral products for use by consumers. Our OEM customers include the majority of the world's largest PC manufacturers. Sales to OEM customers were 8% and 9% of our net sales for the fiscal years ended March 31, 2012 and 2011.

Our video conferencing segment encompasses the design, manufacturing and marketing of LifeSize video conferencing products, infrastructure and services for the enterprise, public sector, and other business markets. LifeSize products include scalable HD (high-definition) video communication endpoints, HD video conferencing systems with integrated monitors, video bridges and other infrastructure software and hardware to support large-scale video deployments, and services to support these products. The LifeSize division maintains a separate marketing and sales organization, which sells LifeSize products and services worldwide. LifeSize product development and product management organizations are separate, but coordinated with our peripherals business, particularly our

webcam and video communications groups. We sell our LifeSize products and services to distributors, value-added resellers, OEMs, and, occasionally, direct enterprise customers. Sales of LifeSize products were 6% of our net sales in the fiscal years ended March 31, 2012 and 2011.

We seek to fulfill the increasing demand for interfaces between people and the expanding digital world across multiple platforms and user environments. The interface evolves as platforms, user models and our target markets evolve. As access to digital information has expanded, we have extended our focus to mobile devices, the digital home, and the enterprise as access points to the Internet and the digital world. All of these platforms require interfaces that are customized according to how the devices are used. We believe that continued investment in product research and development is critical to creating the innovation required to strengthen our competitive advantage and to drive future sales growth. We are committed to identifying and meeting current and future customer trends with new and improved product technologies, partnering with others where our strengths are complementary, as well as leveraging the value of the Logitech and LifeSize brands from a competitive, channel partner and consumer experience perspective. We believe innovation and product quality are important to gaining market acceptance and maintaining market leadership.

We are developing new categories of products, such as tablet accessories, expanding in emerging retail markets, such as China, Russia, India and Latin America, increasing our presence in digital music, and entering new product arenas, such as hosted video conferencing as a service, and peripherals and services for UC (unified communications). As we do so, we are confronting new competitors, many of which have more experience in the categories or markets and have greater marketing resources and brand name recognition than we have. In addition, because of the continuing convergence of the markets for computing devices and consumer electronics, we expect greater competition in the future from well-established consumer electronics companies in our new categories as well as future ones we might enter. Many of these companies have greater financial, technical, sales, marketing and other resources than we have.

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

As we address the current and future market challenges we face, we are evaluating our current product portfolio and roadmap to align our resources, prioritize our investments, fill product gaps, and introduce more innovative, differentiated products. 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.

### **Summary of Financial Results**

Our total net sales for the fiscal year ended March 31, 2012 decreased 2% compared with the fiscal year ended March 31, 2011. Growth in our Asia Pacific region, led by China, was offset by sales declines in our Americas and EMEA regions.

Retail sales in fiscal year 2012 decreased 1% and retail units increased 3% compared with fiscal year 2011. Our overall retail average selling price in fiscal year 2012 declined 4% compared with fiscal year 2011.



Retail sales in our Asia Pacific region increased 18% in fiscal year 2012 compared with fiscal year 2011. China continued to be the single biggest driver in the region, with sales up by 58% in fiscal year 2012. Retail sales in our Americas region decreased by 9%, due to lower sales from Logitech Revue and our Google TV peripherals, which were impacted by the price drop implemented in our second fiscal quarter of 2012 and our exit from the product line, and weak performance in the digital home and video categories. Lackluster economic conditions in Western Europe and product gaps in our video and remotes product categories led to the decrease in EMEA retail sales of 2% in fiscal year 2012. If foreign currency exchange rates had been the same in fiscal years 2012 and 2011, the percentage changes in our constant dollar retail sales would have been an increase of 15% in Asia Pacific, a decrease of 7% in the Americas, and a decrease of 4% in EMEA.

OEM sales decreased 17% in fiscal year 2012 compared with fiscal year 2011, and OEM units sold increased 1%, primarily due to increased pointing device sales.

Sales of LifeSize Communications products, which were 6% of total net sales in both fiscal years 2012 and 2011, increased by 10% in fiscal year 2012 compared with fiscal year 2011.

Our gross margin for fiscal year 2012 was 33.5% compared with 35.4% in the prior fiscal year, due to increased manufacturing and distribution costs, a \$34.1 million inventory valuation adjustment related to Logitech Revue and related peripherals, and an unfavorable shift in retail product mix towards products with lower average selling prices. Operating expenses for fiscal year 2012 were 30.4% of net sales compared with 29.4% in fiscal year 2011. The increase in operating expenses was primarily due to the expansion of LifeSize, increased investment in areas of future growth opportunities, such as China, and new product development, offset by lower advertising, marketing, bonus and stock compensation expenses.

Net income for the year ended March 31, 2012 was \$71.5 million, compared with net income of \$128.5 million in fiscal year 2011. The decline in net income was due to lower net sales, lower gross margin, and increased operating expenses.

### **Trends in Our Business**

Our sales of PC peripherals for use by consumers in the Americas and Europe have historically made up the large majority of our revenues. We believe Logitech's future sales growth will be determined by our ability to create innovative products across all digital platforms, and our ability to increase sales in emerging markets, digital music, products for enterprises, and LifeSize video conferencing.

The increasing popularity of smaller, mobile computing devices such as tablets and smartphones with touch interfaces and the declining popularity of desktop PCs have rapidly changed the market and usage model for PC peripherals. Logitech has begun to offer peripherals and accessories to augment the use of mobile devices. For example, consumers are optimizing their audio experiences on their tablets and smartphones with premium earphones and speakers that pair easily with their mobile devices. And they are enhancing their tablet experience with a range of accessories and peripherals such as the Logitech Keyboard Case that enable them to create, consume and share digital content more conveniently and comfortably. However, consumer acceptance and demand for our products for tablets and other mobile devices is still developing.

In our traditional, mature markets, such as North America, Western and Nordic Europe, Japan, and Australia, although the installed base of PC users is large, consumer demand for PCs and peripherals is slowing and potentially may decline in future years. We believe there are continued growth opportunities for our PC peripherals outside the more mature markets of the Americas and Europe. We have invested significantly in growing the number of our sales, marketing and administrative personnel in China, with the result that China was our third-largest country in retail sales for fiscal year 2012. We are also expanding our presence and our sales in Russia, India and Latin America. We believe these markets offer high potential for us, but growing and conducting business in these markets will continue to require significant investment and management focus, and our return on investment is not

certain due to, among other things, the challenges presented by potentially entrenched local competition, higher credit risks, and other factors that affect consumer trends in ways which may be substantially different from our current major markets.

We believe that digital music, the seamless consumption of audio content on home and mobile devices, presents a significant and natural growth opportunity for Logitech, based on our history of successful earphone, headset and speaker products. Today's consumers consider listening to music as a pervasive entertainment activity, fueled by the growth in smartphones, tablets, music services and Internet radio. Logitech has a solid foundation of audio solutions to satisfy consumers' needs for music consumption, including Logitech UE earphones and speakers, and Squeezebox Wi-Fi music players. As we have increased our focus on products for the consumption of digital music, we are encountering competitors with higher consumer recognition and retailer shelf space, which may challenge our success in the digital music arena.

We are also increasing our efforts on creating and selling products and services to enterprises. We believe the preferences of employees increasingly drive companies' choices in the information technologies they deploy to their employee base, and this consumerization of information technology has made the enterprise market open to embracing consumer technology and design. While our LifeSize division has extensive experience in developing and selling products for enterprises, we are still in the early stages of our enterprise market team's efforts for our productivity peripherals and related services. Growing our enterprise business will continue to require investment in creation of business-specific products, targeted product marketing, and sales channel development.

Our video conferencing segment represented 6% of our net sales for the fiscal years ended March 31, 2012 and 2011. The trend among businesses and institutions to use video conferencing offers a key growth opportunity for Logitech. However, the growth of our video conferencing segment depends in part on our ability to increase sales to enterprises with installed bases of competitor equipment, and to enterprises that may purchase competitor equipment in the future. We believe the ability of our LifeSize products to interoperate with the equipment of other telecommunications, video conferencing or telepresence equipment suppliers to be a key factor in purchasing decisions by current or prospective LifeSize customers. In addition, LifeSize has broadened its product portfolio to include infrastructure, cloud services and other offerings which require different approaches to developing customer solutions.

Sales of retail video products represented 11% and 13% of our total retail sales for the fiscal years ended March 31, 2012 and 2011. Future sales of tethered consumer webcams in the consumer market is unclear, as the embedded webcam experience appears to be sufficient to meet the needs of many retail consumers as the quality of embedded webcams improves. At the beginning of the quarter ended March 31, 2012, we launched the Logitech HD Pro Webcam C920. This product is an example of how we intend to enhance our webcam product line-up by enabling experiences that cannot be easily achieved with an embedded webcam.

Sales in our digital home category have declined significantly. We believe the disappointing sales results for Harmony fiscal year 2012 reflect the aging of our Harmony products at the mid- and high-level price points as we previously directed significant digital home engineering and marketing resources towards our Logitech Revue and related peripherals for Google TV. We have exited the Google TV product category, and we plan to strengthen our Harmony line in fiscal year 2013.

Sales of our OEM mice and keyboards have historically made up the bulk of our OEM sales. OEM sales accounted for 8% and 9% of total revenues during the fiscal years ended March 31, 2012 and 2011. In recent years, the shift away from desktop PCs adversely affected our sales of OEM mice and keyboards, which are sold with name-brand desktop PCs. We expect this trend to continue and for OEM sales to comprise a smaller percentage of our total revenues in the future.

We continue to evaluate potential acquisitions to enhance the breadth and depth of our expertise in engineering and other functional areas, our technologies and our product offerings.

Our balance sheet includes goodwill of \$220.9 million related to various past acquisitions which are part of our peripherals reporting unit, and \$339.7 million related to our video conferencing reporting unit. We perform our annual goodwill impairment test annually as of December 31, or more frequently, if certain events or circumstances warrant. Events or changes in circumstances which might indicate potential impairment in goodwill include the company specific factors described in our Form 10-K, volatility in stock price, a sustained decline in market capitalization relative to net book value, and lower than projected revenue, market growth, or operating results. Management performed a goodwill impairment analysis, as described in Note 9 to our consolidated financial statements, of each of our reporting units as of December 31, 2011, and determined that the fair value of our peripherals reporting unit exceeded the carrying value of the reporting unit by more than 30% of the carrying value, and the fair value of our video conferencing reporting unit exceeded the carrying value of the reporting unit by more than 80% of the carrying value. Management continues to evaluate and monitor all key factors impacting the carrying value of our recorded goodwill, as well as other long lived assets. Adverse changes in the Company's expected operating results, market capitalization, business climate, or other negative events could result in a material non-cash impairment charge in the future.

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

Although our financial results are reported in U.S. dollars, approximately 45% of our sales for the fiscal year ended March 31, 2012 were made in currencies other than the U.S. dollar, such as the euro, Chinese renminbi, Japanese yen, Canadian dollar and Australian dollar. Our product costs are primarily in U.S. dollars and Chinese renminbi. Our operating expenses are incurred in U.S. dollars, Chinese renminbi, Swiss francs, euros, and, to a lesser extent, 29 other currencies. To the extent that the U.S. dollar significantly increases or decreases in value relative to the currencies in which our sales and operating expenses are denominated, the reported dollar amounts of our sales and expenses may decrease or increase.

Our gross margins vary with the mix of products sold, competitive activity, product life cycle, new product introductions, unit volumes, commodity and supply chain costs, foreign currency exchange rate fluctuations, geographic sales mix, and the complexity and functionality of new product introductions. Changes in consumer demand affect the need for us to undertake promotional efforts, such as cooperative marketing arrangements, customer incentive programs or other pricing programs, which alter our product gross margins. Gross margins for the fiscal year ended March 31, 2012 were 33.5%, compared with 35.4% in fiscal year 2011, primarily due to increased manufacturing and distribution costs, a \$34.1 million inventory valuation adjustment related to Logitech Revue and related peripherals, and an unfavorable shift in retail product mix towards products with lower average selling prices.

Logitech is incorporated in Switzerland but operates in various countries with differing tax laws and rates. A portion of our income before taxes and the provision for income taxes are generated outside of Switzerland. Therefore, our effective income tax rate depends on the amount of profits generated in each of the various tax jurisdictions in which we operate. For the fiscal years ended March 31, 2012 and 2011, the income tax provisions were \$19.8 million and \$20.0 million based on effective income tax rates of 21.7% and 13.5% of pre-tax income. The change in the effective income tax rate for the fiscal year ended March 31, 2012 compared with 2011 was primarily due to the mix of income and losses in the various tax jurisdictions in which the Company operates, and a discrete tax benefit of \$7.2 million in fiscal year ended March 31, 2011 for the closure of income tax audits in certain

jurisdictions. The Company is under examination in various tax jurisdictions. The Company is not able to estimate the potential impact that these examinations may have on income tax expense. If the examinations are resolved unfavorably, there is a possibility they may have a material negative impact on our results of operations.

### **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 the Company to make judgments, estimates and assumptions that affect reported amounts of assets, liabilities, net sales and expenses, and the disclosure of contingent assets and liabilities.

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

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

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

#### ***Accruals for Customer Programs***

We record accruals for product returns, cooperative marketing arrangements, customer incentive programs and pricing programs. An allowance against accounts receivable is recorded for accruals and program activity related to our direct customers and those indirect customers who receive payments for program activity through our direct customers. An accrued 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 recorded as a reduction of revenue or as an operating expense, if we receive a separately identifiable benefit from the customer and can reasonably estimate the fair value of that benefit. Significant management judgment and estimates must be used to determine the cost of these programs in any accounting period.

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

*Cooperative Marketing Arrangements.* We enter into customer marketing programs with many of our distribution and retail customers, and with certain indirect partners, allowing customers to receive a credit equal to a set percentage of their purchases of the Company's products, or a fixed dollar credit for various marketing arrangements. 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 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 the Company's discretion for the primary benefit of end-users. Estimated costs of consumer rebates and similar incentives are recorded at the time the incentive is offered, based on the specific terms and conditions. Certain incentive programs, including consumer rebates, require management to estimate the number of customers who will actually redeem the incentive based on historical experience and the specific terms and conditions of particular programs.

*Pricing Programs.* We have agreements with certain of our customers that contain terms allowing price protection credits to be issued in the event of a subsequent price reduction. At management's discretion, we also offer special pricing discounts to certain customers. Special pricing discounts are usually offered only for limited time periods or for sales of selected products to specific indirect partners. Our decision to make price reductions is influenced by product life cycle stage, market acceptance of products, the competitive environment, new product introductions and other factors. Estimates of expected future pricing actions are recognized at the time of sale based on analyses of historical pricing actions by customer and by product, inventories owned by and located at distributors and retailers, current customer demand, current operating conditions, and other relevant customer and product information, such as stage of product life-cycle.

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

### ***Investment Securities***

Our investment securities portfolio as of March 31, 2012 and 2011 consisted of bank time deposits, marketable securities related to a deferred compensation plan and auction rate securities collateralized by residential and commercial mortgages. The bank time deposits are classified as cash equivalents, and are recorded at cost, which approximates fair value. The marketable securities related to the deferred compensation plan are classified as non-current trading investments, and are recorded at fair value based on quoted market prices. The auction rate securities are classified as non-current available-for-sale assets, and are recorded at estimated fair value, determined by estimating future cash flows through time according to each security's terms, including periodic consideration of overcollateralization and interest coverage tests, and incorporating estimates of default rate, loss severity, prepayment, and delinquency assumptions when available, for the underlying assets in the securities based on representative indices and various research reports. The estimated coupon and principal payments are discounted at the rate of return required by investors, based on the characteristics of each security as calculated from the indices. The markets for the auction rate securities which the Company holds as of March 31, 2012 have failed since August 2007 and are not expected to resume in the foreseeable future, if at all.

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

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

We regularly evaluate the collectibility of our accounts receivable and maintain allowances for doubtful accounts. The allowances are based on management's assessment of the collectibility of specific customer accounts, including their credit worthiness and financial condition, as well as the Company's historical experience with bad debts and customer deductions, receivables aging, current economic trends and geographic or country-specific

risks and the financial condition of our distribution channel. If management determines that a customer's accounts receivable balance is uncollectible, recognition of revenue from that customer is deferred until collectibility is reasonably assured.

As of March 31, 2012, one customer group represented 14% of total accounts receivable. The customers comprising the ten highest outstanding trade receivable balances accounted for approximately 55% of total accounts receivable as of March 31, 2012. A deterioration of a significant customer's financial condition could cause actual write-offs to be materially different from the estimated allowance. If any of these customers' receivable balances should be deemed uncollectible or if actual write-offs are higher than historical experience, we would have to make adjustments to our allowance for doubtful accounts, which could result in an increase in the Company's operating expenses.

### ***Inventory Valuation***

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

We record inventories at the lower of cost or market value and record write-downs of inventories which are obsolete or in excess of anticipated demand or market value. A review of inventory is performed each fiscal quarter that considers factors including the marketability and product life cycle stage, product development plans, component cost trends, demand forecasts and current sales levels. We identify inventory exposures by comparing inventory on hand, in the channel and on order to historical and forecasted sales over six month periods. Inventory on hand which is not expected to be sold or utilized based on review of forecasted sales and utilization is considered excess, and we recognize the write-off in cost of sales at the time of such determination. The write-off is determined by comparison of the current replacement cost with the estimated selling price less any costs of completion and disposal (net realizable value) and the net realizable value less an allowance for normal profit. At the time of loss recognition, a new, lower-cost basis for that inventory is established and subsequent changes in facts and circumstances would not result in an increase in the cost basis. If there were an abrupt and substantial decline in demand for Logitech's products or an unanticipated change in technological or customer requirements, we may be required to record additional write-downs which could adversely affect gross margins in the period when the write-downs are recorded.

### ***Share-Based Compensation Expense***

Share-based compensation expense includes compensation expense, reduced for estimated forfeitures, for awards granted after April 1, 2006 based on the grant-date fair value. The grant date fair value for stock options and stock purchase rights is estimated using the Black-Scholes-Merton option-pricing valuation model. The grant date fair value of RSUs (restricted stock units) which vest upon meeting certain market conditions is estimated using the Monte-Carlo simulation method. The grant date fair value of time-based RSUs is calculated based on the share market price on the date of grant. For stock options and restricted stock assumed by Logitech when LifeSize was acquired, the grant date used to estimate fair value was deemed to be December 11, 2009, the date of acquisition. Compensation expense for awards granted or assumed after April 1, 2006 is recognized on a straight-line basis over the service period of the award. For share-based compensation awards granted prior to but not yet vested as of April 1, 2006, share-based compensation expense is based on the grant-date fair value estimated using the Black-Scholes-Merton option-pricing valuation model reduced for estimated forfeitures, and recognized on a straight-line basis over the service period for each separately vesting portion of the award. See Note 4—Employee Benefit Plans in the Notes to Consolidated Financial Statements for further discussion of share-based compensation.

Our estimates of share-based compensation expense require a number of complex and subjective assumptions including our stock price volatility, employee exercise patterns, future forfeitures, dividend yield, related tax effects and the selection of an appropriate fair value model. We estimate expected share price volatility based on historical volatility using daily prices over the term of past options, RSUs or purchase offerings, as we consider historical share price volatility as most representative of future volatility. We estimate expected life based on historical settlement

rates, which we believe are most representative of future exercise and post-vesting termination behaviors. We use historical data to estimate pre-vesting forfeitures, and we record share-based compensation expense only for those awards that are expected to vest. The dividend yield assumption is based on the Company's history and future expectations of dividend payouts.

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

### ***Accounting for Income Taxes***

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

We assess the likelihood that our deferred tax assets will be recovered from future taxable income, considering all available evidence such as historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and feasible tax strategies. We believe it is more likely than not such assets will be realized; however, ultimate realization could be negatively impacted by market conditions and other variables not known or anticipated at this time. When we determine that we are not able to realize all or part of our deferred tax assets, an adjustment is charged to earnings in the period when such determination is made. Likewise, if we later determine that it is more likely than not that the deferred tax assets would be realized, the previously provided valuation allowance would be reversed.

We make certain estimates and judgments about the application of tax law, the expected resolution of uncertain tax positions and other matters surrounding the recognition and measurement of uncertain tax benefits. In the event that uncertain tax positions are resolved for amounts different than our estimates, or the related statutes of limitations expire without the assessment of additional income taxes, we will be required to adjust the amounts of the related assets and liabilities in the period in which such events occur. Such adjustments may have a material impact on our income tax provision and our results of operations.

### ***Valuation of Long-Lived Assets***

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

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

Recoverability of investments, property, plant and equipment, and other intangible assets is measured by comparing the projected undiscounted cash flows the asset is expected to generate with its carrying amount. If an asset is considered impaired, the impairment to be recognized is measured by the excess of the carrying amount of the asset over its fair value.

We perform our annual goodwill impairment test annually as of December 31, or more frequently, if certain events or circumstances warrant. Events or changes in circumstances which might indicate potential impairment in goodwill include the company specific factors described in our Form 10-K, volatility in stock price, a sustained decline in market capitalization relative to net book value, and lower than projected revenue, market growth, or operating results. Management performed a goodwill impairment analysis, as described in Note 9 to our consolidated financial statements, of each of our reporting units as of December 31, 2011, and determined that the fair value of our peripherals reporting unit exceeded the carrying value of the reporting unit by more than 30% of the carrying value, and the fair value of our video conferencing reporting unit exceeded the carrying value of the reporting unit by more than 80% of the carrying value. Management continues to evaluate and monitor all key factors impacting the carrying value of our recorded goodwill, as well as other long lived assets. Adverse changes in the Company's expected operating results, market capitalization, business climate, or other negative events could result in a material non-cash impairment charge in the future.

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

### Recent Accounting Pronouncements

In September 2011, the FASB issued ASU 2011-08, *Intangibles—Goodwill and Other (Topic 350)*. ASU 2011-08 provides entities the option to first assess qualitatively whether it is necessary to perform the two-step goodwill impairment test. If an entity concludes, as a result of its qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the quantitative two-step goodwill impairment test is required. An entity may elect to bypass the qualitative assessment and proceed to perform the first step of the two-step goodwill impairment test. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The Company will adopt ASU 2011-08 in the first quarter of fiscal year 2013. The adoption of ASU 2011-08 is not expected to have a material impact on the consolidated financial statements and footnote disclosures.

### Results of Operations

#### Net Sales

Net sales by channel for fiscal years 2012, 2011 and 2010 were as follows (in thousands):

	Year Ended March 31,			Change %	
	2012	2011	2010	2012 vs 2011	2011 vs 2010
Retail . . . . .	\$ 1,982,783	\$ 2,005,210	\$ 1,745,152	(1)%	15%
OEM. . . . .	185,959	223,775	198,364	(17)%	13%
LifeSize . . . . .	147,461	133,901	23,232	10%	476%
Total net sales. . . . .	<u>\$2,316,203</u>	<u>\$2,362,886</u>	<u>\$1,966,748</u>	(2)%	20%



Our retail sales in fiscal year 2012 were essentially flat compared with fiscal year 2011, as the retail sales increase in Asia Pacific region was offset by declines in the Americas and EMEA regions. In fiscal year 2011, our retail sales increased over fiscal year 2010 due to increased consumer demand as sales recovered from the global economic downturn. Retail units sold increased 3% and 19% in fiscal years 2012 and 2011 compared with the preceding fiscal years. Our overall retail average selling price declined 4% and 3% in fiscal years 2012 and 2011 compared with the preceding fiscal years. Products priced below \$40 represented approximately 55%, 56% and 57% of retail sales in fiscal years 2012, 2011 and 2010, while products priced above \$100 represented 13% of retail sales in fiscal year 2012, 18% in fiscal year 2011 and 15% in fiscal year 2010. If foreign currency exchange rates had been the same in fiscal years 2012 and 2011, our constant dollar retail sales decrease would have been 3%. For both fiscal years 2011 and 2010 compared with the preceding fiscal years, our constant dollar retail sales increase would have been 18%.

OEM units sold decreased 12% in fiscal year 2012 and increased 9% during fiscal year 2011 compared with the preceding fiscal years. If foreign currency exchange rates had been the same in fiscal years 2012 and 2011, our constant dollar OEM sales would have decreased 18%. If foreign currency exchange rates had been the same in fiscal years 2011 and 2010, our constant dollar OEM sales would have increased 12%. OEM sales declined in fiscal year 2012 primarily in gaming and keyboards/desktops. The OEM sales increase in fiscal year 2011 was the result of strong keyboard and headset sales.

LifeSize net sales increased in fiscal year 2012 over 2011, primarily driven by growth in the EMEA and Asia Pacific regions, with strong growth in Russia, China and Australia. Sales of infrastructure software and hardware grew due to the launch of the LifeSize Bridge and the LifeSize UVC Video Center in late fiscal year 2011. LifeSize sales for fiscal year 2010 represent sales for the period from December 11, 2009, the date of acquisition, to the end of the fiscal year. Foreign currency exchange rates did not affect LifeSize sales.

The following table presents the approximate percentage of the Company's total net sales that were denominated in currencies other than the U.S. dollar in fiscal years 2012, 2011 and 2010:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Currencies other than USD. . . . .	45%	42%	49%

If foreign currency exchange rates had been the same in fiscal years 2012 and 2011, and in fiscal years 2011 and 2010, the percentage changes in our constant dollar net sales would have been:

	<u>2012</u>	<u>2011</u>
Retail . . . . .	(3)%	18%
OEM. . . . .	(18)%	12%
LifeSize . . . . .	<u>10%</u>	<u>476%</u>
Total net sales. . . . .	<u>(3)%</u>	<u>22%</u>

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

### ***Retail Sales by Region***

The following table presents the change in retail sales by region and the change in constant dollar retail sales if foreign currency exchange rates had been the same in fiscal year 2012 compared with fiscal year 2011, and fiscal year 2011 compared with fiscal year 2010:

	2012 vs 2011			2011 vs 2010		
	Change in Retail Units Sold	Change in Retail Sales	Change in Constant Dollar Retail Sales	Change in Retail Units Sold	Change in Retail Sales	Change in Constant Dollar Retail Sales
Asia Pacific . . . . .	26%	18%	15%	53%	37%	33%
Americas . . . . .	(5)%	(9)%	(7)%	14%	28%	28%
EMEA . . . . .	(3)%	(2)%	(4)%	9%	(2)%	4%
Total retail sales . . . . .	<u>3%</u>	<u>(1)%</u>	<u>(3)%</u>	<u>19%</u>	<u>15%</u>	<u>18%</u>

Asia Pacific region achieved double-digit retail sales increases in all product families except Digital Home, led by strong sales increases in pointing devices and keyboards/desktops. Retail sales in China increased 58% in fiscal year 2012 compared with 2011, as a result of our increased investment in sales and marketing efforts in the country. In fiscal year 2012, China was our third largest country in terms of net revenue. In fiscal year 2011, retail sales in the Asia Pacific region increased in all product families compared with fiscal year 2010, also based on strong sales in China. Retail sell-through in the Asia Pacific region increased 15% in fiscal year 2012 over 2011, and grew 20% in fiscal year 2011 compared with 2010.

In the Americas region, retail sales for fiscal year 2012 compared with 2011 increased in keyboards/ desktops, were flat in audio, and declined in all other product families, particularly Digital Home, Video and Pointing Devices. Digital Home sales declined \$14.3 million due to lower sales of Logitech Revue for Google TV, reflecting our decision to lower the retail price of the product and not produce any more units. Retail sales for fiscal year 2011 increased in all product families compared with the preceding year. Retail sell-through in the Americas region increased 2% in fiscal year 2012 over 2011, compared with 15% in fiscal year 2011 over 2010.

Retail sales in the EMEA region rebounded in the fourth quarter of fiscal year 2012, primarily due to improved execution and management of programs with our channel partners. On a year to date basis, sales increased for the keyboards/desktops and audio product families, and declined in Digital Home and Video. Retail sales in the EMEA region decreased in most product families in fiscal year 2011 compared with 2010, as a result of the uneven economic recovery, particularly in western Europe, and ineffective regional pricing and channel management programs. Retail sell-through in the EMEA region increased 1% in fiscal year 2012 compared with a 12% increase in fiscal year 2011.

We use retail sell-through data, which represents sales of our products by our retailer customers to consumers, and by our distributor customers to their customers, along with other metrics, to assess consumer demand for our products. Sell-through data is subject to limitations due to collection methods and the third party nature of the data and thus may not be an accurate indicator of actual consumer demand for our products. In addition, the customers supplying sell-through data vary by geographic region and from period to period, but typically represent a majority of our retail sales.

### *Net Retail Sales by Product Family*

Net retail sales by product family for fiscal years 2012, 2011 and 2010 were as follows (in thousands):

	Year Ended March 31,			Change %	
	2012	2011	2010	2012 vs 2011	2011 vs 2010
<b>Net retail sales by product family:</b>					
Retail—Pointing Devices . . . . .	\$ 619,505	\$ 618,404	\$ 528,236	0%	17%
Retail—Keyboards & Desktops . . . . .	447,991	386,968	329,038	16%	18%
Retail—Audio . . . . .	483,485	466,927	454,957	4%	3%
Retail—Video. . . . .	215,657	255,015	228,344	(15)%	12%
Retail—Gaming . . . . .	111,480	104,545	107,595	7%	(3)%
Retail—Digital Home . . . . .	104,665	173,351	96,982	(40)%	79%
Total net retail sales . . . . .	<u>\$1,982,783</u>	<u>\$2,005,210</u>	<u>\$1,745,152</u>	(1)%	15%

Logitech's Pointing Devices product family includes our mice, trackballs and other pointing devices. Keyboards and desktops (mouse and keyboard combined) include cordless and corded keyboards and desktops, and tablet keyboards and keyboard cases. Audio includes speakers and headset products for the PC, the home, the tablet and other mobile entertainment platforms, and Squeezebox wireless music. Our video product category is comprised of PC webcams and Alert video security systems. Gaming includes console and PC gaming peripherals. The Digital Home product category combines our Harmony Remote controls and Logitech Revue with related peripherals. Net sales reflect accruals for product returns, cooperative marketing arrangements, customer incentive programs and pricing programs.

#### *Retail Pointing Devices*

Retail unit sales of our pointing devices increased 7% and 27% in fiscal years 2012 and 2011 compared with the preceding fiscal years. The stronger growth in units reflects the success of our value-priced offerings, particularly in the Asia Pacific region, where sales in dollars increased 20% in fiscal year 2012 and 57% in fiscal year 2011 compared with the preceding fiscal years. In our Americas and EMEA regions, sales in dollars decreased 9% and 1% in fiscal year 2012, compared with increases of 21% and 0% in fiscal year 2011. Sales of cordless mice increased 5% in fiscal year 2012 and 27% in fiscal year 2011. Unit sales of cordless mice grew 17% in fiscal year 2012 and 52% in fiscal year 2011, driven by strong sales of our value-priced cordless notebook mice, including the Wireless Mouse M185 and the Wireless Mouse M315 in 2012, and the Wireless Mouse M215 and the Wireless Mouse M310 in 2011. Sales of corded mice decreased 7% in fiscal year 2012 compared with 2011, with units decreasing 3%. In fiscal year 2011, sales of corded mice decreased 7% compared with 2010, with units increasing 6%.

#### *Retail Keyboards and Desktops*

Retail unit sales of keyboards and desktops increased 7% during fiscal year 2012 and 23% during fiscal year 2011, compared with the preceding fiscal years. Sales in dollars increased 28%, 16% and 7% in our Asia Pacific, Americas and EMEA regions in fiscal year 2012 compared with 2011. In fiscal year 2011, sales in dollars increased 52% and 35% in our Asia Pacific and Americas regions, but declined 6% in our EMEA region. Sales of cordless keyboards and desktops increased 14% and units increased 27% in fiscal year 2012 compared with 2011, with strong sales of the Wireless Combo MK250, and the Wireless Combo MK220. Sales of cordless keyboards and desktops in fiscal year 2011 increased 28% and units increased 39% compared with 2010, with strong sales of the Wireless Keyboard K250 and the Wireless Desktop MK320. Sales of corded keyboards and desktops decreased 13% in dollars and 10% in units in fiscal year 2012. In fiscal year 2011, sales of corded keyboards and desktops increased 4% in dollars and 15% in units.

### ***Retail Audio***

Retail audio unit sales decreased 1% in fiscal year 2012 and increased 2% in fiscal year 2011, compared with the preceding fiscal years. Sales in dollars increased 1%, 3% and 14% in the Americas, EMEA and Asia Pacific regions, in fiscal year 2012 compared with 2011. In fiscal year 2011 compared with 2010, sales in dollars increased 23% and 7% in the Americas and Asia Pacific regions, and decreased 10% in the EMEA region. The growth in fiscal year 2012 was led by our digital music speakers and Ultimate Ears products. Digital music speakers increased 13% in dollars and 19% in units, following a decrease of 11% in dollars and 6% in units in fiscal year 2011. The Logitech Mini Boombox, a compact Bluetooth sound system that we began shipping in the latter part of fiscal year 2012, contributed significantly to the growth in the digital music speaker category. Retail sales of Ultimate Ears products increased 51% fiscal years 2012, following a 1% decrease in 2011, and unit sales increased 49% and 36% in the same periods.

### ***Retail Video***

Retail unit sales of our video products decreased 15% in fiscal year 2012, compared with an increase of 20% in fiscal year 2011. The 15% sales decrease in fiscal year 2012 was mainly due to weakness in the webcam product line, which continued to be negatively impacted by the combination of market trends and gaps in our product portfolio. The future sales for webcams in the consumer market is unclear, as the embedded webcam experience appears to be sufficient to meet the needs of many retail consumers. We continue to enhance our product line-up by enabling experiences that cannot be easily achieved with an embedded webcam. For example, we experienced strong growth with our initial launch of the Logitech HD Pro Webcam C920, which offers full HD 1080p video calls on Skype, in the latter part of the fiscal year 2012. The 12% sales increase in fiscal year 2011 was due in part to our video security products, which were negatively affected in fiscal year 2010 by the product transition to our new Logitech Alert HD digital video security system, launched in August 2010. Sales in dollars decreased 25% and 12% in the Americas and EMEA regions, and increased 11% in the Asia Pacific region in fiscal year 2012 compared with 2011. In fiscal year 2011 compared with 2010, sales in dollars increased 17%, 13% and 9% in the Asia Pacific, Americas and EMEA regions.

### ***Retail Gaming***

Retail unit sales of our gaming peripherals decreased 3% in fiscal year 2012, compared with a decrease of 27% in fiscal year 2011. Retail sales increased 7% in fiscal year 2012, compared with a decrease of 3% in fiscal year 2011. The growth was entirely due to PC gaming, with growth driven by steering wheels, but partially offset by sales declines in console gaming. PC gaming sales increased 22% in dollars and 9% in units in fiscal year 2012, compared with a decrease of 12% in dollars and 20% in units in fiscal year 2011. Console gaming sales decreased 28% in dollars and 47% in units in fiscal year 2012, compared with an increase of 21% in dollars and a decrease of 37% in units in fiscal year 2011. Sales in the Asia Pacific and EMEA regions grew 31% and 5% in fiscal year 2012, while the Americas region declined 5%. In fiscal year 2011, sales in dollars declined 11% in EMEA, but grew 15% and 6% in the Asia Pacific and Americas regions.

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

Retail unit sales in our digital home category, which includes Harmony remotes, Logitech Revue, and our Google TV peripherals, declined 17% in fiscal year 2012, compared with the growth experienced in fiscal year 2011. Sales of Harmony remotes declined 37% in dollars and 22% in units in fiscal year 2012, compared with increases of 46% in dollars and 79% in units in fiscal year 2011. The sales decline in fiscal year 2012 was experienced across all regions. We are overdue for a meaningful refresh across much of the remotes category and we plan to strengthen our Harmony line-up in the coming months. Sales of Logitech Revue and our Google TV peripherals, which were launched during fiscal year 2011, decreased 52% in dollars but increased 46% in units due to the impact of the price drop in our second fiscal quarter of 2012 and our exit from the product line. In fiscal year 2011, sales of Logitech Revue and associated peripherals for Google TV were \$26.7 million.

### Gross Profit

Gross profit for fiscal years 2012, 2011 and 2010 was as follows (in thousands):

	Year Ended March 31,			Change %	
	2012	2011	2010	2012 vs 2011	2011 vs 2010
Net sales . . . . .	\$2,316,203	\$2,362,886	\$1,966,748	(2)%	20%
Cost of goods sold. . . . .	1,539,614	1,526,380	1,339,852	1%	14%
Gross profit. . . . .	<u>\$ 776,589</u>	<u>\$ 836,506</u>	<u>\$ 626,896</u>	(7)%	33%
Gross margin . . . . .	33.5%	35.4%	31.9%		

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

The decline in gross margin in fiscal year 2012 compared with 2011 resulted from increased manufacturing and distribution costs due to higher labor and obsolescence costs, from a \$34.1 million inventory valuation adjustment reflecting the lower of cost or market on our inventory of Logitech Revue and related peripherals on hand and at our suppliers, and an unfavorable shift in retail product mix towards products with lower average selling prices. The improvement in the gross margin percentage in fiscal year 2011 over 2010 was primarily related to a favorable shift in retail product mix, operational efficiencies in our supply chain costs, and lower obsolescence write-downs, somewhat offset by the negative impact of the weaker euro during most of fiscal year 2011.

### Operating Expenses

Operating expenses for fiscal years 2012, 2011 and 2010 were as follows (in thousands):

	Year Ended March 31,			Change %	
	2012	2011	2010	2012 vs 2011	2011 vs 2010
Marketing and selling . . . . .	\$423,854	\$420,580	\$304,788	1%	38%
% of net sales. . . . .	18.3%	17.8%	15.5%		
Research and development . . . . .	162,331	156,390	135,813	4%	15%
% of net sales. . . . .	7.0%	6.6%	6.9%		
General and administrative . . . . .	118,423	116,880	106,147	1%	10%
% of net sales. . . . .	5.1%	4.9%	5.4%		
Restructuring charges. . . . .	—	—	1,784	0%	(100)%
% of net sales. . . . .	0.0%	0.0%	0.1%		
Total operating expenses . . . . .	<u>\$704,608</u>	<u>\$693,850</u>	<u>\$548,532</u>	2%	26%
% of net sales. . . . .	30.4%	29.4%	27.9%		

The increase in total operating expenses as a percentage of net sales was primarily due to the addition of LifeSize expenses beginning in December 2009, and increased investment in areas which we believe represent future growth opportunities. Fiscal year 2010 also included \$6.6 million in transactions costs related to the acquisition of LifeSize and \$1.8 million in restructuring charges associated with the restructuring plan initiated in January 2009.

On April 25, 2012, we announced a restructuring plan to reduce operating costs and improve financial results. We estimate pre-tax restructuring charges related to employee termination costs, contract termination costs, and other associated costs of approximately \$25 million to \$40 million will be incurred in connection with the restructuring plan, which is expected to be completed within fiscal year 2013.

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

### ***Marketing and Selling***

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

Marketing and selling expense increased 1% in fiscal year 2012 compared with 2011, primarily from higher personnel-related expenses resulting from increased headcount for LifeSize, the enterprise market team, and the Asia Pacific region, higher infrastructure costs to support the additional headcount, and the settlement of a customer bankruptcy dispute. These increases were substantially offset by a decrease in variable demand generation activities compared with fiscal year 2011, and a decrease in accrued bonus expense resulting from lower than anticipated profitability levels.

The increase in marketing and selling expense in fiscal year 2011 compared with fiscal year 2010 resulted primarily from the addition of LifeSize sales and marketing personnel in December 2009, variable demand generation activities, and increased personnel costs. In fiscal year 2011, we invested approximately \$32 million in variable demand generation activities focused on Harmony remotes and Logitech Revue. Non-LifeSize personnel costs increased due to a 14% increase in headcount, partly to support the expansion of sales efforts in China, and normal salary and bonus increases compared with fiscal year 2010.

If foreign currency exchange rates had been the same in fiscal years 2012 and 2011, the percentage change in constant dollar marketing and sales expense would have been a decrease of 1% instead of an increase of 1%. The percentage changes in constant dollar marketing and selling expense for fiscal years 2011 and 2010 compared with the preceding years were the same as the percentage changes in U.S. dollars.

### ***Research and Development***

Research and development expense consists of personnel and related overhead costs, contractors and outside consultants, supplies and materials, equipment depreciation and facilities costs, all associated with the design and development of new products and enhancements of existing products.

The 4% increase in research and development expense from fiscal year 2011 to 2012 was primarily due to higher personnel-related expenses, mainly from our LifeSize division, and from increased investments in product development for Pointing Devices, Audio and Digital Home. These increases were offset in part by decreases in accrued bonus expense resulting from lower than anticipated profitability levels, lower share-based compensation expense, and cost containment efforts in consulting and outsourcing.

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

If foreign currency exchange rates had been the same in fiscal years 2012 and 2011, the change in constant dollar research and development expense would have been an increase of 1% instead of 4%. If foreign currency exchange rates had been the same in fiscal years 2011 and 2010, the change in constant dollar research and development expense would have been 13%.

### ***General and Administrative***

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

General and administrative expense increased by 1% from fiscal year 2011 to 2012, primarily due to higher personnel-related expenses resulting from increased headcount, mainly from our LifeSize division, offset in part by a decrease in accrued bonus expense resulting from lower than anticipated profitability levels and lower share-based compensation expense resulting from executive departures.

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

If foreign currency exchange rates had been the same in fiscal years 2012 and 2011, the percentage change in constant dollar general and administrative expense would have been a decrease of 1% instead of an increase of 1%. If foreign currency exchange rates had been the same in fiscal years 2011 and 2010, the percentage change in constant dollar general and administrative expenses would be the same as the percentage change in U.S. dollars.

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

Interest income and expense for fiscal years 2012, 2011 and 2010 were as follows (in thousands):

	Year Ended March 31,			Change %	
	2012	2011	2010	2012 vs 2011	2011 vs 2010
Interest income . . . . .	\$3,121	\$2,343	\$2,406	33%	(3)%
Interest expense . . . . .	(447)	(27)	(286)	1556%	(91)%
Interest income, net . . . . .	<u>\$2,674</u>	<u>\$2,316</u>	<u>\$2,120</u>	15%	9%

In fiscal year 2012 compared with 2011, interest income was higher primarily due to higher interest rates. In fiscal year 2011 compared with 2010, interest income was slightly lower due to lower invested balances offset by slightly higher interest rates.

The increase in interest expense from fiscal year 2011 to fiscal year 2012 represents commitment fees and non-recurring fees related to the revolving credit facility entered into in December 2011.

### ***Other Income, Net***

Other income and expense for fiscal years 2012, 2011 and 2010 were as follows (in thousands):

	Year Ended March 31,			Change %	
	2012	2011	2010	2012 vs 2011	2011 vs 2010
Gain on sale of buildings . . . . .	\$ 8,967	\$ 838	\$ —	970%	—
Gain on sale of available-for-sale securities . . . . .	6,109	—	—	100%	100%
Foreign currency exchange gains, net . . . . .	1,575	480	1,720	228%	(72)%
Investment income related to					
deferred compensation plan . . . . .	227	1,409	1,221	(84)%	15%
Write-down of investments . . . . .	—	(43)	(643)	(100)%	(93)%
Other, net . . . . .	(256)	792	841	132%	6%
Other income, net . . . . .	<u>\$16,622</u>	<u>\$3,476</u>	<u>\$3,139</u>	378%	11%

The gain on sale of property and plant for fiscal year 2012 relates to the sale of unused manufacturing properties in China. The gain on sale of building in the fiscal year 2011 relates to the sale of our building in Romanel, Switzerland.

During fiscal year 2012, the Company sold two of its available-for-sale securities, with a total carrying value of \$0.5 million and a total par value of \$10.0 million, for \$6.6 million, resulting in a gain of \$6.1 million.

Foreign currency exchange gains or losses relate to balances denominated in currencies other than the functional currency of a particular subsidiary, to the sale of currencies, and to gains or losses recognized on foreign exchange forward contracts. The gains on currency sales in fiscal years 2012, 2011 and 2010 were largely offset by losses on foreign exchange forward contracts intended to reduce the short-term effects of foreign currency fluctuations on foreign currency receivables or payables. We do not speculate in currency positions, but we are alert to opportunities to maximize foreign exchange gains.

Investment income for fiscal year 2012 represents earnings, gains, and losses on trading investments related to a deferred compensation plan offered by one of our subsidiaries. Investment income for fiscal year 2011 represents earnings, gains, and losses on the trading investments and changes in the cash surrender value of Company-owned life insurance contracts, related to the same deferred compensation plan. In December 2010, the Company surrendered the life insurance contracts for cash, and invested the proceeds in a portfolio of mutual funds, which represent the trading investments. For fiscal year 2010, investment income consists of changes in the cash surrender value of the deferred compensation plan life insurance contracts.

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

### ***Provision for Income Taxes***

The provision for income taxes and effective income tax rate for fiscal years 2012, 2011 and 2010 were as follows (in thousands):

	Year Ended March 31,		
	2012	2011	2010
Provision for income taxes . . . . .	\$19,819	\$19,988	\$18,666
Effective income tax rate . . . . .	21.7%	13.5%	22.3%



The provision for income taxes consists of income and withholding taxes. Logitech operates in multiple jurisdictions and its profits are taxed pursuant to the tax laws of these jurisdictions. The Company's effective income tax rate may be affected by changes in or interpretations of tax laws in any given jurisdiction, utilization of net operating loss and tax credit carryforwards, changes in geographical mix of income and expense, and changes in management's assessment of matters such as the ability to realize deferred tax assets.

The change in the effective income tax rate to 21.7% in fiscal year 2012 compared with 13.5% in 2011 is primarily due to the mix of income and losses in the various tax jurisdictions in which the Company operates, and a discrete tax benefit of \$7.2 million in fiscal year 2011 from the closure of income tax audits in certain jurisdictions. The change in the effective income tax rate to 13.5% in fiscal year 2011 compared with 22.3% in fiscal year 2010 is primarily due to discrete tax benefits of \$13.5 million from the expiration of statutes of limitations and the closure of income tax audits in certain jurisdictions in fiscal year 2011.

On December 17, 2010, the enactment in the U.S. of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 extended retroactively through the end of calendar year 2011 the U.S. federal research and development tax credit which had expired on December 31, 2009. As of December 31, 2011, such U.S. federal research tax credit expired. The income tax expense for the fiscal year ended March 31, 2012 reflected a \$1.4 million tax benefit for U.S. federal research tax credit.

As of March 31, 2012 and 2011, the total amount of unrecognized tax benefits and related accrued interest and penalties due to uncertain tax positions was \$143.3 million and \$138.1 million, of which \$125.4 million and \$118.2 million would affect the effective income tax rate if recognized.

The Company recognizes interest and penalties related to unrecognized tax positions in income tax expense. As of March 31, 2012, accrued interest and penalties related to uncertain tax positions decreased to \$7.5 million from \$8.0 million as of March 31, 2011.

The Company files Swiss and foreign tax returns. For all these tax returns, the Company is generally not subject to tax examinations for years prior to 1999. The U.S. Internal Revenue Service has completed its field examinations of tax returns for the Company's U.S. subsidiary for fiscal years 2006 and 2007, and has issued NOPAs (notices of proposed adjustment) related to international tax issues for those years. The Company disagrees with the NOPAs and is contesting through the administrative process for the U.S. Internal Revenue Service claims regarding 2006 and 2007. The Company believes the outcome of this examination will not have a material adverse effect on our consolidated operating results.

In addition, the U.S. Internal Revenue Service is in the process of examining the Company's U.S. subsidiary for fiscal years 2008 and 2009. The Company is also under examination and has received assessment notices in other tax jurisdictions. At this time, the Company is not able to estimate the potential impact that these examinations may have on income tax expense. If the examinations are resolved unfavorably, there is a possibility they may have a material negative impact on our results of operations.

Although the Company believes it has adequately provided for uncertain tax positions, the provisions on these positions may change as revised estimates are made or the underlying matters are settled or otherwise resolved. Although the timing of the resolution or closure on audits is highly uncertain, the Company does not believe it is reasonably possible that the unrecognized tax benefits would materially change in the next twelve months.

## Liquidity and Capital Resources

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

At March 31, 2012, our working capital was \$576.7 million, compared with \$605.7 million at March 31, 2011. The decrease in working capital over the prior year was primarily due to the decrease in accounts receivable, offset in part by an increase in inventory.

During fiscal year 2012, operating activities provided net cash of \$196.1 million, generated from operations, cash collections on accounts receivables, and increases in current liabilities. We used \$51.2 million in investing activities, including \$47.8 million for investments in tooling, computer hardware and software, and leasehold improvements. Net cash used by financing activities was \$139.4 million, primarily for the repurchase of shares under our share buyback program, offset in part by proceeds of employee stock purchases and the exercise of stock options.

At March 31, 2012, we had cash and cash equivalents of \$478.4 million. Our cash and cash equivalents are comprised of bank demand deposits and short-term time deposits carried at cost, which is equivalent to fair value. Approximately 66% of our cash and cash equivalents are held by our Swiss-based entities, and approximately 27% is held by our subsidiaries in Hong Kong and China. We do not believe we would be subject to any material adverse tax impact or significantly inhibited by any country in which we do business from the repatriation of funds to Switzerland, our home domicile.

In December 2011, the Company entered into a Senior Revolving Credit Facility Agreement with a group of primarily Swiss banks that provides for a revolving multicurrency unsecured credit facility in an amount of up to \$250.0 million. The Company may, upon notice to the lenders and subject to certain requirements, arrange with existing or new lenders to provide up to an aggregate of \$150.0 million in additional commitments, for a total of \$400.0 million of unsecured revolving credit. The credit facility may be used for working capital, general corporate purposes, and acquisitions. There were no outstanding borrowings under the credit facility at March 31, 2012.

The credit facility matures on October 31, 2016. The Company may prepay the loans under the credit facility in whole or in part at any time without premium or penalty. Borrowings under the credit facility will accrue interest at a per annum rate based on LIBOR (London Interbank Offered Rate), or EURIBOR (Euro Interbank Offered Rate) in the case of loans denominated in euros, plus a variable margin determined quarterly based on the ratio of senior debt to earnings before interest, taxes, depreciation and amortization for the preceding four-quarter period, plus, if applicable, an additional rate per annum intended to compensate the lenders for the cost of compliance with regulatory reserve requirements and other banking regulations. The Company also pays a quarterly commitment fee of 40% of the applicable margin on the available commitment. In connection with entering into the credit facility, the Company incurred non-recurring fees totaling \$1.5 million, which are amortized on a straight-line basis over the term of the credit facility.

The facility agreement contains representations, covenants and events of default customary in Swiss credit markets. Affirmative covenants include covenants regarding reporting requirements, maintenance of insurance, maintenance of properties and compliance with applicable laws and regulations, and financial covenants that require the maintenance of net senior debt, interest cover and adjusted equity ratios determined in accordance with the terms of the facility. Negative covenants limit the ability of the Company and its subsidiaries, among other things, to grant liens, make investments, incur debt, make restricted payments, enter into a merger or acquisition, or sell, transfer or dispose of assets, in each case subject to certain exceptions. As of March 31, 2012, the Company was in compliance with all covenants and conditions.

Upon an uncured event of default under the facility, the lenders may declare all or a portion of the outstanding obligations payable by the Company to be immediately due and payable, terminate their commitments and exercise other rights and remedies provided for under the facility. The events of default under the facility include, among other things, payment defaults, covenant defaults, inaccuracy of representations and warranties, cross defaults with certain other indebtedness, bankruptcy and insolvency events and events that have a material adverse effect (as defined in the facility). Upon a change of control of the Company, lenders whose commitments aggregate more than two-thirds of the total commitments under the facility may terminate the commitments and declare all outstanding obligations to be due and payable.

The Company has credit lines with several European and Asian banks totaling \$77.3 million as of March 31, 2012. As is common for businesses in European and Asian countries, these credit lines are uncommitted and unsecured. Despite the lack of formal commitments from the banks, we believe that these lines of credit will continue to be made available because of our long-standing relationships with these banks and our current financial condition. At March 31, 2012, there were no outstanding borrowings under these lines of credit. There are no financial covenants under these facilities. The Company also has credit lines related to corporate credit cards totaling \$30.8 million as of March 31, 2012. The outstanding borrowings under these credit lines are recorded in other current liabilities. There are no financial covenants under these credit lines.

The Company has financed its operating and capital requirements primarily through cash flow from operations and, to a lesser extent, from capital markets and bank borrowings. Our normal liquidity for the next 12 months and our longer-term capital resource requirements are provided from three sources: cash flow generated from operations, cash and cash equivalents on hand, and borrowings, as needed, under our credit facilities. Based upon our available cash balances, credit lines and credit facility, and the trend of our historical cash flow generation, we believe we have sufficient liquidity to fund operations for at least the next 12 months.

#### ***Cash Flow from Operating Activities***

The following table presents selected financial information and statistics for fiscal years 2012, 2011 and 2010 (dollars in thousands):

	<b>Year Ended March 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Accounts receivable, net. . . . .	\$223,104	\$258,294	\$195,247
Inventories . . . . .	\$297,072	\$280,814	\$219,593
Working capital. . . . .	\$576,745	\$605,666	\$353,370
Days sales in accounts receivable (DSO) <sup>(1)</sup> . . . . .	38 days	42 days	33 days
Inventory turnover (ITO) <sup>(2)</sup> . . . . .	4.6x	5.2x	6.1x
Net cash provided by operating activities . . . . .	\$196,142	\$156,742	\$365,259

(1) DSO is determined using ending accounts receivable as of the most recent quarter-end and net sales for the most recent quarter.

(2) ITO is determined using ending inventories and annualized cost of goods sold (based on the most recent quarterly cost of goods sold).

During fiscal year 2012, the Company's operating activities generated net cash of \$196.1 million, compared with \$156.7 million in 2011 and \$365.3 million in 2010. The increase in fiscal year 2012 compared with 2011 was primarily due to cash generated from operations, lower accounts receivable balances, and a smaller increase in inventories. The decrease in fiscal year 2011 compared with 2010 was the result of higher accounts receivable and inventory balances, due to increased sales, higher DSO, and inventory of the new Logitech Revue product, and smaller increases than fiscal year 2010 in accounts payable and accrued liabilities.

DSO for fiscal year 2012 decreased by 4 days compared with fiscal year 2011 and increased by 9 days compared with fiscal year 2010. The decrease in fiscal year 2012 over 2011 was primarily from lower accounts receivable balances due to increased cash collections. The increase in fiscal year 2011 over 2010 resulted from a decline in shipment linearity, slight changes in payment terms, and changes in the types of incentive promotions offered.

Typical payment terms require customers to pay for product sales generally within 30 to 60 days; however, terms may vary by customer type, by country and by selling season. Extended payment terms are sometimes offered to a limited number of customers during the second and third fiscal quarters. The Company does not modify payment terms on existing receivables, but may offer discounts for early payment.

Inventory turnover decreased between fiscal years 2012 and 2011 and between 2011 and 2010 primarily due to higher inventory levels at fiscal year-end in relation to sales during the fourth quarter.

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

Cash flows from investing activities during fiscal years 2012, 2011 and 2010 were as follows (in thousands):

	<b>Year Ended March 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Purchases of property, plant and equipment . . . . .	\$ (47,807)	\$ (43,039)	\$ (39,834)
Acquisitions, net of cash acquired . . . . .	(18,814)	(7,300)	(388,809)
Proceeds from sale of available-for-sale securities . . . . .	6,550	—	—
Proceeds from sale of property and plant . . . . .	8,967	2,688	—
Purchases of trading investments . . . . .	(7,505)	(19,075)	—
Proceeds from sales of trading investments . . . . .	7,399	6,470	—
Proceeds from cash surrender of life insurance policies . . . . .	—	11,313	813
Proceeds from sale of business . . . . .	—	9,087	—
Premiums paid on cash surrender value life insurance policies . . . . .	—	(5)	—
Net cash used in investing activities . . . . .	<u>\$ (51,210)</u>	<u>\$ (39,861)</u>	<u>\$ (427,830)</u>

Our expenditures for property, plant and equipment during fiscal years 2012, 2011 and 2010 were principally for normal expenditures for tooling, computer hardware and software, equipment and leasehold improvements. Purchasing activity in fiscal year 2012 compared with 2011 was higher primarily due to leasehold improvement costs related to our new Americas headquarters.

In fiscal year 2012, the Company acquired Mirial S.r.l. for a total consideration of \$18.8 million (A13.0 million), net of cash acquired of \$1.4 million (A1.0 million). In fiscal year 2011, we acquired substantially all of the assets of Paradiel AS for \$7.3 million in a business combination. In fiscal year 2010, we acquired LifeSize Communications for \$378.6 million, net of cash acquired of \$3.7 million, and certain assets of TV Compass for \$10 million.

The Company received \$6.6 million from the sale of two available-for-sale securities with a total carrying value of \$0.5 million and a total par value of \$10.0 million during fiscal year 2012. The gain of \$6.1 million was recognized in other income (expense), net.

Proceeds from the sale of property and plant related to the sale of unused manufacturing properties in China in fiscal year 2012 and the sale of our building in Romanel, Switzerland in fiscal year 2011.

The purchases and sales of trading investments in fiscal year 2012 represent mutual fund activity directed by participants in a deferred compensation plan offered by one of the Company's subsidiaries. The mutual funds are held by a Rabbi Trust. Prior to December 2010, the deferred compensation plan was invested in Company-owned life insurance contracts. In December 2010, we surrendered the life insurance contracts held in the Rabbi Trust to invest in a Company-selected portfolio of mutual funds.

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

### **Cash Flow from Financing Activities**

The following tables present information on our cash flows from financing activities, including information on our share repurchases during fiscal years 2012, 2011 and 2010 (in thousands except per share amounts):

	Year Ended March 31,		
	2012	2011	2010
Purchases of treasury shares <sup>(1)</sup> . . . . .	\$ (156,036)	\$ —	\$ (126,301)
Proceeds from sale of shares upon exercise of options and purchase rights . . . . .	17,591	43,001	28,917
Tax withholdings related to net share settlements of restricted stock units . . . . .	(966)	(223)	—
Excess tax benefits from share-based compensation . . . . .	37	3,455	2,814
Repayments of debt . . . . .	—	—	(13,630)
Net cash provided by (used in) financing activities . . . . .	<u>\$ (139,374)</u>	<u>\$ 46,233</u>	<u>\$ (108,200)</u>

	Year Ended March 31,		
	2012	2011	2010
Number of shares repurchased . . . . .	17,509	—	7,425
Value of shares repurchased <sup>(1)</sup> . . . . .	156,036	\$ —	\$ 126,301
Average price per share . . . . .	\$ 8.91	\$ —	\$ 17.01

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

During fiscal year 2012, we repurchased 17.5 million shares for \$156.0 million under the Company's September 2008 buyback program. In fiscal year 2010, we repurchased 7.4 million shares for \$126.3 million under the buyback program announced in June 2007. The amounts of the repurchases include transaction costs incurred as part of the repurchase. The June 2007 buyback program was completed in March 2010. No share repurchases were made in fiscal year 2011 under the September 2008 buyback program.

Cash of \$17.6 million, \$43.0 million and \$28.9 million was provided during the fiscal years 2012, 2011 and 2010 from the sale of shares upon exercise of options and purchase rights pursuant to the Company's stock plans. The payment of tax withholdings related to net share settlements of RSUs (restricted stock units) required the use of \$1.0 million and \$0.2 million in cash in fiscal years 2012 and 2011. Tax benefits recognized on the exercise of share-based payment awards provided \$0.04 million, \$3.5 million and \$2.8 million in fiscal years 2012, 2011 and 2010.

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

### **Cash Outlook**

Our principal sources of liquidity are our cash and cash equivalents, cash flow generated from operations and, to a lesser extent, capital markets and borrowings. Over the past several years, we have generated positive cash flow from our operating activities, including cash from operations of \$196.1 million in fiscal year 2012. In fiscal year 2012, although our operating cash flows were negatively affected by a decrease in demand for our products in some regions and by uncertainty regarding future global economic conditions, the levels of our cash and cash equivalents and our working capital remained strong. Our future working capital requirements and capital expenditures may

increase to support investment in product innovations and growth opportunities, to repurchase our stock, or to acquire or invest in complementary businesses, products, services, and technologies. Additional financing may not be available at all or on terms favorable to us.

In December 2011, the Company entered into a Senior Revolving Credit Facility Agreement with a group of primarily Swiss banks that provides for a revolving multicurrency unsecured credit facility in an amount of up to \$250.0 million. The Company may, upon notice to the lenders and subject to certain requirements, arrange with existing or new lenders to provide up to an aggregate of \$150.0 million in additional commitments, for a total of \$400.0 million of unsecured revolving credit. The credit facility may be used for working capital, general corporate purposes, and acquisitions. The credit facility matures on October 31, 2016. The Company may prepay the loans under the credit facility in whole or in part at any time without premium or penalty. The facility agreement contains representations, covenants and events of default customary in Swiss credit markets. There were no outstanding borrowings under the credit facility at March 31, 2012. As of March 31, 2012, the Company was in compliance with all covenants and conditions.

In September 2008, our Board of Directors approved a share buyback program, which authorizes the Company to invest up to \$250 million to purchase its own shares. In November 2011, the Company received approval from the Swiss regulatory authorities for an amendment to the September 2008 share buyback program to enable future repurchases of shares for cancellation. As of March 31, 2012, the approved amount remaining under the amended September 2008 program was \$94.3 million.

During the second quarter of fiscal year 2012, the U.S. Internal Revenue Service completed its field examinations of tax returns for the Company's U.S. subsidiary for fiscal years 2006 and 2007, and issued NOPAs (notices of proposed adjustment) related to international tax issues for those years. The Company disagrees with the NOPAs and is contesting through the administrative process for the U.S. Internal Revenue Service claims regarding 2006 and 2007.

In addition, the U.S. Internal Revenue Service is in the process of examining the Company's U.S. subsidiary for fiscal years 2008 and 2009. The Company is also under examination and has received assessment notices in other tax jurisdictions. At this time, the Company is not able to estimate the potential impact that these examinations may have on income tax expense. If the examinations are resolved unfavorably, there is a possibility they may have a material negative impact on our results of operations.

Although the Company believes it has adequately provided for uncertain tax positions, the provisions on these positions may change as revised estimates are made or the underlying matters are settled or otherwise resolved. Although the timing of the resolution or closure on audits is highly uncertain, the Company does not believe it is reasonably possible that the unrecognized tax benefits would materially change in the next twelve months.

On April 25, 2012, we announced a restructuring plan to reduce operating costs and improve financial results. We estimate pre-tax restructuring charges related to employee termination costs, contract termination costs, and other associated costs of approximately \$25 million to \$40 million will be incurred in connection with the restructuring plan, which is expected to be completed within fiscal year 2013.

Other contractual obligations and commitments of the Company which require cash are described in the following sections.

Based upon our available cash balances, credit lines and credit facility, and the trend of our historical cash flow generation, we believe we have sufficient liquidity to fund operations for at least the next 12 months.

## Contractual Obligations and Commitments

As of March 31, 2012, the Company's outstanding contractual obligations and commitments included: (i) facilities leased under operating lease commitments, (ii) purchase commitments and obligations, (iii) long-term liabilities for income taxes payable, and (iv) defined benefit pension plan and non-retirement post-employment benefit obligations. The following summarizes our contractual obligations and commitments at March 31, 2012 (in thousands):

	Total	Payments Due by Period			
		Less than 1 year	1 - 3 years	4 - 5 years	More than 5 years
Operating leases . . . . .	\$ 110,999	\$ 20,834	\$ 29,685	\$ 23,339	\$ 37,141
Purchase commitments—inventory . . . . .	140,549	140,549	—	—	—
Purchase obligations—operating expenses . . . . .	48,886	48,886	—	—	—
Purchase obligations—capital expenditures . . . . .	19,554	19,554	—	—	—
Income taxes payable—non-current <sup>(1)</sup> . . . . .	137,319	—	—	—	—
Obligation for deferred compensation <sup>(1)</sup> . . . . .	14,393	—	—	—	—
Pension and post-employment obligations <sup>(1)</sup> . . . . .	43,466	—	—	—	—
Other long-term liabilities <sup>(2)</sup> . . . . .	4,018	—	—	—	—
Total contractual obligations and commitments . . .	<u>\$ 519,184</u>	<u>\$ 229,823</u>	<u>\$ 29,685</u>	<u>\$ 23,339</u>	<u>\$ 37,141</u>

(1) As specific payment dates for these obligations are unknown, the related balances have not been reflected in the "Payments Due by Period" section of the table. We expect to contribute approximately \$4.5 million to our defined benefit pension plans during fiscal year 2013.

(2) Other long-term liabilities at March 31, 2012 related to various other obligations. As specific payment dates for these obligations are unknown, the related balances have not been reflected in the "Payments Due by Period" section of the table.

### Operating Leases

The Company leases facilities under operating leases, certain of which require it to pay property taxes, insurance and maintenance costs. Operating leases for facilities are generally renewable at the Company's option and usually include escalation clauses linked to inflation. The remaining terms on our non-cancelable operating leases expire in various years through 2028. Our asset retirement obligations on these leases as of March 31, 2012 were \$1.9 million.

The increase in operating lease commitments to \$111.0 million as of March 31, 2012 compared with \$72.6 million as of March 31, 2011 was due to approximately \$13 million for an expansion of our LifeSize headquarters in Austin, Texas and approximately \$35 million related to new facilities for our Americas operations in Northern California. Fair value of future rent obligations of approximately \$4 million related to the Company's former Americas headquarters will be charged to expense during the first quarter of fiscal year 2013 when the Company ceases use of the facility.

### Purchase Commitments

At March 31, 2012, we have fixed purchase commitments of \$140.5 million for inventory purchases made in the normal course of business to original design manufacturers, contract manufacturers and other suppliers, which are expected to be fulfilled by March 31, 2012. We also had commitments of \$48.9 million for consulting services, marketing arrangements, advertising, outsourced customer services, information technology maintenance and support services, and other services. Fixed purchase commitments for capital expenditures amounted to \$19.6 million at March 31, 2012, and primarily relate to commitments for tooling, computer hardware and leasehold improvements. We expect to continue making capital expenditures in the future to support product development activities and ongoing and expanded operations. Although open purchase commitments are considered enforceable and legally binding, the terms generally allow us the option to reschedule and adjust our requirements based on business needs prior to delivery of goods or performance of services.

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

At March 31, 2012, we had \$137.3 million in non-current income taxes payable, including interest and penalties, related to our income tax liability for recognized uncertain tax positions, compared with \$132.0 million in non-current taxes payable as of March 31, 2011. As specific payment dates for these obligations are unknown, the related balances have not been reflected in the “Payments Due by Period” section of the table.

The Company files Swiss and foreign tax returns. For all these tax returns, the Company is generally not subject to tax examinations for years prior to 1999. The U.S. Internal Revenue Service has completed its field examinations of tax returns for the Company’s U.S. subsidiary for fiscal years 2006 and 2007, and has issued NOPAs (notices of proposed adjustment) related to international tax issues for those years. The Company disagrees with the NOPAs and is contesting through the administrative process for the U.S. Internal Revenue Service claims regarding 2006 and 2007. The Company believes the outcome of this examination will not have a material adverse effect on our consolidated operating results.

In addition, the U.S. Internal Revenue Service is in the process of examining the Company’s U.S. subsidiary for fiscal years 2008 and 2009. The Company is also under examination and has received assessment notices in other tax jurisdictions. At this time, the Company is not able to estimate the potential impact that these examinations may have on income tax expense. If the examinations are resolved unfavorably, there is a possibility they may have a material negative impact on our results of operations.

Although the Company believes it has adequately provided for uncertain tax positions, the provisions on these positions may change as revised estimates are made or the underlying matters are settled or otherwise resolved. Although the timing of the resolution or closure on audits is highly uncertain, the Company does not believe it is reasonably possible that the unrecognized tax benefits would materially change in the next twelve months.

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

At March 31, 2012, we had \$14.4 million in liabilities related to a deferred compensation plan offered by one of the Company’s subsidiaries. As specific payment dates for these obligations are unknown, the related balances have not been reflected in the “Payments Due by Period” section of the table. See Note 4—Employee Benefit Plans for more information.

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

At March 31, 2012, we had \$43.5 million in liabilities related to our defined benefit pension plans and non-retirement post-employment benefit obligations, of which \$4.1 million is payable in the next 12 months. As specific payment dates for these obligations are unknown beyond a 12-month period, the related balances have not been reflected in the “Payments Due by Period” section of the table. See Note 4—Employee Benefit Plans for more information.

### ***Off-Balance Sheet Arrangements***

The Company has not entered into any transactions with unconsolidated entities whereby we have financial guarantees, subordinated retained interests, derivative instruments or other contingent arrangements that expose us to material continuing risks, contingent liabilities, or any other obligation under a variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company.

### ***Guarantees***

Logitech International S.A., the parent holding company, has guaranteed payment of the purchase obligations of various subsidiaries from certain component suppliers. These guarantees generally have an unlimited term. The maximum potential future payment under the guarantee arrangements is limited to \$36.0 million. At March 31, 2012, there were no purchase obligations outstanding for which the parent holding company was required to guarantee payment.



Logitech Europe S.A., a subsidiary of the parent holding company, has guaranteed the purchase obligations of another Logitech subsidiary and third-party contract manufacturers under three guarantee agreements. Two of these guarantees do not specify a maximum amount. The remaining guarantee has a total limit of \$7.0 million. As of March 31, 2012, \$3.9 million of guaranteed purchase obligations were outstanding under these guarantees. Logitech Europe S.A. has also guaranteed payment of the purchase obligations of a third-party contract manufacturer under three guarantee agreements. The maximum amount of these guarantees was \$3.7 million as of March 31, 2012. As of March 31, 2012, \$0.7 million of guaranteed purchase obligations were outstanding under these agreements.

Logitech International S.A. and Logitech Europe S.A. have guaranteed certain contingent liabilities of various subsidiaries related to transactions occurring in the normal course of business. The maximum amount of the guarantees was \$69.1 million as of March 31, 2012. As of March 31, 2012, \$16.0 million of guaranteed liabilities were subject to these guarantees.

### ***Indemnifications***

Logitech indemnifies some 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. No amounts have been accrued for indemnification provisions at March 31, 2012. 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.

Logitech 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. Logitech is 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.

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# **ADDITIONAL FINANCIAL DISCLOSURES**

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## ADDITIONAL FINANCIAL DISCLOSURES

### MARKETING, SALES AND DISTRIBUTION

#### *Principal Markets*

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

	Year ended March 31,		
	2012	2011	2010
Americas . . . . .	\$ 953,867	\$ 1,032,988	\$ 729,473
EMEA . . . . .	846,464	872,774	882,635
Asia Pacific . . . . .	515,872	457,124	354,640
Total net sales . . . . .	\$ 2,316,203	\$ 2,362,886	\$ 1,966,748

Sales are attributed to countries on the basis of the customers' locations. Revenues from sales to customers in Switzerland, our home domicile, represented an insignificant portion of our total consolidated net sales in fiscal years 2012, 2011 and 2010. In fiscal years 2012 and 2011, the United States represented 34% and 36% of our total consolidated net sales. In fiscal year 2010, the United States represented 32% and Germany represented 11% of our total consolidated net sales. No other single country represented more than 10% of the Company's total consolidated net sales for fiscal years 2012, 2011 and 2010.

In fiscal years 2012, 2011 and 2010, Ingram Micro Inc. and its affiliated entities together accounted for 14%, 12% and 13% of our net sales. No other customer individually accounted for more than 10% of our net sales during fiscal years 2012, 2011 and 2010. The material terms of our distribution agreements with Ingram Micro and its affiliated entities are summarized as follows:

- The agreements are non-exclusive in the particular territory and contain no minimum purchase requirements.
- Each agreement may be terminated for convenience at any time by either party. Most agreements provide for termination on 30 days' written notice from either party, with two Ingram Micro agreements providing for termination on 90 days' notice.
- We generally offer an allowance for marketing activities equal to a negotiated percentage of sales and volume rebates related to purchase volumes or sales of specific products to specified retailers. These terms vary by agreement.
- Most agreements allow price protection credits to be issued for on-hand or in transit new inventory if we, in our sole discretion, lower the price of the product.
- We grant limited rights to return product, which vary by distributor. Under most of the Ingram Micro agreements, the Ingram Micro entities may return defective products and may return up to 10% of the previous quarter's purchases, if they place an offsetting order for the amount they returned. Under one agreement, the Ingram Micro entity may return aged products or take a nominal credit for inventory held over 60 days.

#### *Marketing*

Logitech builds awareness of our products and recognition of the Logitech brand through targeted advertising, public relations efforts, social media, distinct packaging of our retail products, in-store promotions and merchandising, a Worldwide Web site and other efforts. We also acquire knowledge of our users through customer feedback and market research, including focus groups, product registrations, user questionnaires, primary and multi-client surveys and other techniques. In addition, manufacturers of PCs and other products also receive customer feedback and perform user market research, which sometimes results in requests to Logitech for specific products, features or enhancements.

### *Sales and Distribution*

Logitech sells its peripherals through many distribution channels, including distributors, OEMs and regional and national retail chains, including online retailers. We support these retail channels with third-party distribution centers located in North America, Europe and Asia Pacific. These centers perform final configuration of products and product localization with local language manuals, packaging, software CDs and power plugs.

In retail channels, Logitech's direct sales force sells to distributors and large retailers. These distributors in North America include Ingram Micro, Tech Data Corporation, D&H Distributing, and Synnex Corporation. In Europe, pan-European distributors include Ingram Micro, Tech Data, and Gem Distribution. We also sell to many regional distributors such as Actebis GmbH in Germany and Copaco Dc B.V. in the Netherlands. In Asia, major distributors include Beijing Digital China Limited in China, Daiwabo in Japan, and the pan-Asian distributor, Ingram Micro. Our distributor customers typically resell products to retailers, value-added resellers, systems integrators and other distributors with whom Logitech does not have a direct relationship.

Logitech's products can be purchased in most major retail chains, where we typically have access to significant shelf space. These chains in the U.S. include Best Buy, Wal-Mart, Staples, Target, and Office Depot. In Europe, chains include Metro Group (MediaMarkt and Saturn), Carrefour Group, Kesa Electricals, Fnac, and Dixons Stores Group PLC, and in Asia Pacific, Australia's Dick Smith Electronics Limited. Logitech products can also be purchased at the top online e-tailers, which include Amazon.com, TigerDirect.com, Buy.com, CDW, Insight Enterprises, Inc. and others.

Logitech's OEM products are sold to large OEM customers through a direct sales force, and we support smaller OEM customers through distributors. We count the majority of the world's largest PC manufacturers among our customers. We are also increasing our focus in the enterprise market.

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

Through our operating subsidiaries, we maintain sales offices or sales representatives in 41 countries.

### **MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Logitech's shares are listed and traded on both the SIX Swiss Exchange, where the share price is denominated in Swiss francs, and on the Nasdaq Global Select Market, where the share price is denominated in U.S. dollars. The trading symbol for Logitech shares is LOGN on the SIX Swiss Exchange and LOGI on Nasdaq. As of April 30, 2012, there were 191,606,620 shares issued (including 27,134,133 shares held as treasury stock) held by 20,753 holders of record, and the closing price of our shares was CHF 9.27 (\$10.22 based on exchange rates on such date) per share on the SIX Swiss Exchange and \$10.15 per share as reported by the Nasdaq Stock Market.

### *SIX Swiss Exchange*

The following table sets forth certain historical share price information for the Company's shares traded on the SIX Swiss Exchange, as reported by the SIX Swiss Exchange. The U.S. dollar equivalent is based on the noon buying rate on the trading day of the month in which the high or low closing sales price occurred. The noon buying rate is the rate in New York City for cable transfers in selected currencies as certified for customs purposes by the Federal Reserve Bank of New York.

	<b>Price per share on the SIX Swiss Exchange</b>			
	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
	<b>CHF</b>	<b>CHF</b>	<b>\$</b>	<b>\$</b>
<b>Quarterly Highs and Lows:</b>				
Fiscal year 2012:				
First quarter . . . . .	13.95	8.65	15.22	10.35
Second quarter . . . . .	9.87	5.99	11.81	8.05
Third quarter . . . . .	8.94	6.65	10.17	7.27
Fourth quarter . . . . .	8.24	6.57	8.95	7.07
Fiscal year 2011:				
First quarter . . . . .	18.76	14.76	17.48	13.66
Second quarter . . . . .	17.25	14.24	16.54	13.18
Third quarter . . . . .	20.53	16.64	20.64	17.08
Fourth quarter . . . . .	18.78	16.12	19.28	17.50

### *Nasdaq Global Select Market*

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

	<b>Price per share on Nasdaq</b>	
	<b>High</b>	<b>Low</b>
	<b>\$</b>	<b>\$</b>
<b>Quarterly Highs and Lows:</b>		
Fiscal year 2012:		
First quarter . . . . .	14.84	10.48
Second quarter . . . . .	11.64	7.72
Third quarter . . . . .	10.34	7.21
Fourth quarter . . . . .	8.91	7.20
Fiscal year 2011:		
First quarter . . . . .	17.84	13.41
Second quarter . . . . .	16.54	13.36
Third quarter . . . . .	21.89	17.02
Fourth quarter . . . . .	19.97	17.69

### **Dividends**

Under Swiss law, a corporation may only pay dividends upon a vote of its shareholders. This vote typically follows the recommendation of the corporation's board of directors. Logitech has not paid dividends since 1996 in order to retain earnings for use in the operation and expansion of the business and, in more recent years, to repurchase its shares.

Dividends paid and similar cash or in-kind distributions made by Logitech to a holder of Logitech shares (including dividends or liquidation proceeds and stock dividends) are subject to a Swiss federal anticipatory tax at a rate of 35%. The anticipatory tax must be withheld by Logitech from the gross distribution, and paid to the Swiss Federal Tax Administration.

A Swiss resident holder and beneficial owner of Logitech shares may qualify for a full refund of the Swiss anticipatory tax withheld from such dividends. A holder and beneficial owner of Logitech shares who is a non-resident of Switzerland, but a resident of a country that maintains a double tax treaty with Switzerland, may qualify for a full or partial refund of the Swiss anticipatory tax withheld from such dividends by virtue of the provisions of the applicable treaty between Switzerland and the country of residence of the holder and beneficial owner of the Logitech shares.

In accordance with the tax convention between the United States and the Swiss Confederation (“Treaty”), a mechanism is provided whereby a United States resident (as determined under the Treaty), and United States corporations, other than U.S. corporations having a “permanent establishment” or a fixed base, as defined in the Treaty, in Switzerland, generally can obtain a refund of the Swiss anticipatory tax withheld from dividends in respect of Logitech shares, to the extent that 15% of the gross dividend is withheld as final withholding tax (i.e. 20% of the gross dividend may generally be refunded). In specific cases, U.S. companies not having a “permanent establishment” or a fixed base in Switzerland owning at least 10% of Logitech registered shares may receive a refund of the Swiss anticipatory tax withheld from dividends to the extent it exceeds 5% of the gross dividend (i.e. 30% of the gross dividend may be refunded). To get the benefit of a refund, holders must beneficially own Logitech shares at the time such dividend becomes due.

### Share Repurchases

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

Period	Total Number of Shares Purchased as Part of Publicly Announced Program	Average Price Paid Per Share		Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program
		in USD	in CHF	
April 2011	—	—	—	\$250,000
May 2011	—	—	—	250,000
June 2011	—	—	—	250,000
July 2011	—	—	—	250,000
August 2011	7,329	9.54	7.62	180,061
September 2011	280	10.83	8.61	177,030
October 2011	—	—	—	177,030
November 2011	—	—	—	177,030
December 2011	—	—	—	177,030
January 2012	1,780	7.51	6.90	163,662
February 2012	7,195	8.55	7.79	102,145
March 2012	925	8.53	7.66	94,255
Total	<u>17,509</u>			



In fiscal year 2012, the following approved share buyback programs were in place (in thousands):

<u>Date of Announcement</u>	<u>Approved Share Amount</u>	<u>Approved Buyback Amount</u>	<u>Expiration Date</u>	<u>Completion Date</u>	<u>Number of Shares Remaining<sup>(1)</sup></u>	<u>Amount Remaining</u>
September 2008—amended . . . . .	28,465	\$ 177,030	August 2013	—	12,075	\$ 94,255
September 2008 . . . . .	8,344	250,000	August 2013	—	—	—

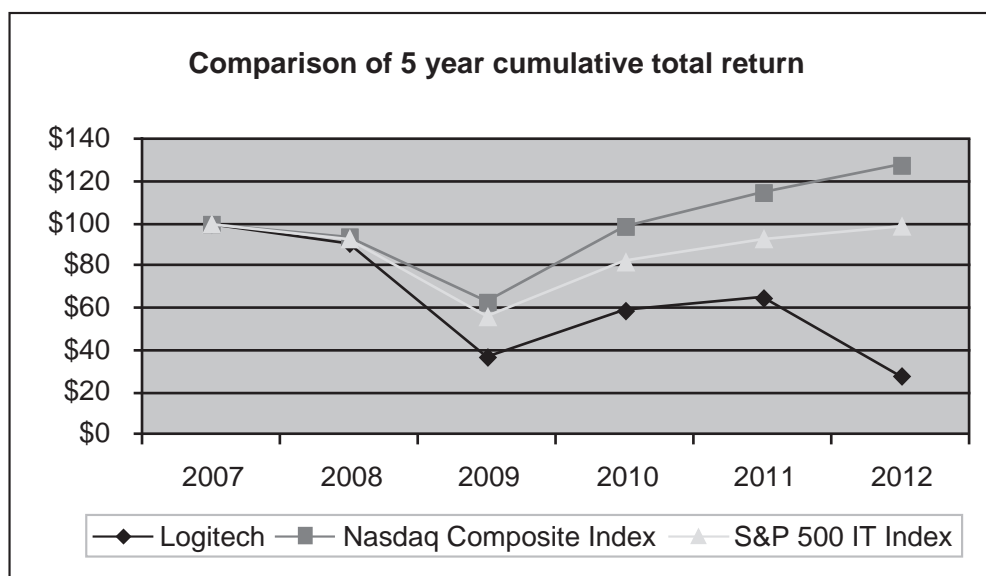
(1) Represents an estimate of the shares remaining to be repurchased calculated based on the amount remaining to repurchase as of March 31, 2012, \$94.3 million, divided by the adjusted close price of the Company’s shares traded on the SIX Swiss Exchange as of the same date, \$7.81 per share.

The Company intends to request shareholder approval at the Company’s next Annual General Meeting of Shareholders to cancel the 9.9 million shares repurchased under the September 2008 amended share buyback program.

### Performance Graph

*The information contained in the Performance Graph shall not be deemed to be “soliciting material” or “filed” with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act.*

The following graph compares the cumulative total stockholder return on our shares, the Nasdaq Composite Index, and the S&P 500 Information Technology Index. The graph assumes that \$100 was invested in our shares, the Nasdaq Composite Index and the S&P 500 Information Technology Index on March 31, 2007, and calculates the annual return through March 31, 2012. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



	March 31,					
	2007	2008	2009	2010	2011	2012
Logitech . . . . .	\$100	\$91	\$37	\$59	\$ 65	\$ 28
Nasdaq Composite Index . . . . .	\$100	\$94	\$63	\$99	\$115	\$128
S&P 500 IT Index . . . . .	\$100	\$93	\$56	\$82	\$ 93	\$ 99

## SELECTED FINANCIAL DATA

The selected financial data set forth below as of March 31, 2012 and 2011, and for the fiscal years ended March 31, 2012, 2011 and 2010, are derived from our consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The selected financial data as of March 31, 2010, 2009 and 2008, and for the fiscal years ended March 31, 2009 and 2008 are derived from audited financial statements not included in this Annual Report on Form 10-K. This financial data should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These historical results are not necessarily indicative of the results to be expected in the future.

	Year ended March 31,				
	2012	2011	2010	2009	2008
	(In thousands, except per share amounts)				
<b>Consolidated statements of operations and cash flow data:</b>					
Net sales . . . . .	\$2,316,203	\$2,362,886	\$1,966,748	\$2,208,832	\$2,370,496
Gross profit . . . . .	776,589	836,506	626,896	691,226	849,118
Operating expenses:					
Marketing and selling . . . . .	423,854	420,580	304,788	319,167	324,451
Research and development . . . . .	162,331	156,390	135,813	128,755	124,544
General and administrative . . . . .	118,423	116,880	106,147	113,103	113,443
Restructuring charges . . . . .	—	—	1,784	20,547	—
Total operating expenses . . . . .	704,608	693,850	548,532	581,572	562,438
Operating income . . . . .	71,981	142,656	78,364	109,654	286,680
Net income . . . . .	\$ 71,458	\$ 128,460	\$ 64,957	\$ 107,032	\$ 231,026
Net income per share:					
Basic . . . . .	\$ 0.41	\$ 0.73	\$ 0.37	\$ 0.60	\$ 1.27
Diluted . . . . .	\$ 0.41	\$ 0.72	\$ 0.36	\$ 0.59	\$ 1.23
Shares used to compute net income per share:					
Basic . . . . .	174,648	176,928	177,279	178,811	181,362
Diluted . . . . .	175,591	178,790	179,340	182,911	187,942
Net cash provided by operating activities . . .	\$ 196,142	\$ 156,742	\$ 365,259	\$ 200,587	\$ 393,079
	March 31,				
	2012	2011	2010	2009	2008
	(In thousands)				
<b>Consolidated balance sheet data:</b>					
Cash and cash equivalents . . . . .	\$ 478,370	\$ 477,931	\$ 319,944	\$ 492,759	\$ 482,352
Short-term investments . . . . .	\$ —	\$ —	\$ —	\$ 1,637	\$ 3,940
Total assets . . . . .	\$1,856,494	\$1,861,556	\$1,599,678	\$1,421,530	\$1,526,932
Shareholders’ equity . . . . .	\$1,150,241	\$1,205,001	\$ 999,715	\$ 997,708	\$ 960,044

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### Market Risk

Market risk represents the potential for loss due to adverse changes in the fair value of financial instruments. As a global concern, the Company faces exposure to adverse movements in foreign currency exchange rates and interest rates. These exposures may change over time as business practices evolve and could have a material adverse impact on the Company's financial results.

### Foreign Currency Exchange Rates

The Company is exposed to foreign currency exchange rate risk as it transacts business in multiple foreign currencies, including exposure related to anticipated sales, anticipated purchases and assets and liabilities denominated in currencies other than the U.S. dollar. Logitech transacts business in over 30 currencies worldwide, of which the most significant to operations are the CNY (Chinese renminbi), Taiwanese dollar, Australian dollar, Japanese yen, Mexican peso, euro and Canadian dollar. The functional currency of the Company's operations is primarily the U.S. dollar. To a lesser extent, certain operations use the euro, CNY, Swiss franc, or the local currency of the country as their functional currencies. Accordingly, unrealized foreign currency gains or losses resulting from the translation of net assets or liabilities denominated in foreign currencies to the U.S. dollar are accumulated in the cumulative translation adjustment component of other comprehensive income in shareholders' equity.

The table below provides information about the Company's underlying transactions that are sensitive to foreign exchange rate changes, primarily assets and liabilities denominated in currencies other than the functional currency, where the net exposure is greater than \$0.5 million at March 31, 2012. The table also presents the U.S. dollar impact on earnings of a 10% appreciation and a 10% depreciation of the functional currency as compared with the transaction currency (in thousands):

<u>Functional Currency</u>	<u>Transaction Currency</u>	<u>Net Exposed Long (Short) Currency Position</u>	<u>FX Gain (Loss) From 10% Appreciation of Functional Currency</u>	<u>FX Gain (Loss) From 10% Depreciation of Functional Currency</u>
U.S. dollar . . . . .	Chinese renminbi	\$85,773	\$(7,798)	\$ 9,530
Taiwanese dollar . . . . .	U.S. dollar	17,380	(1,580)	1,931
U.S. dollar . . . . .	Australian dollar	11,343	(1,031)	1,260
Japanese yen . . . . .	U.S. dollar	(7,929)	721	(881)
Mexican peso . . . . .	U.S. dollar	(7,902)	718	(878)
Euro . . . . .	British pound	7,500	(682)	833
U.S. dollar . . . . .	Canadian dollar	(3,937)	358	(437)
Euro . . . . .	Swiss franc	(1,654)	150	(184)
Singapore dollar . . . . .	U.S. dollar	1,521	(138)	169
Euro . . . . .	Swedish krona	(957)	87	(106)
U.S. dollar . . . . .	Swiss franc	(935)	85	(104)
Euro . . . . .	Norwegian krone	(885)	80	(98)
Euro . . . . .	Romanian leu	610	(55)	68
Euro . . . . .	Russian ruble	602	(55)	67
Euro . . . . .	Polish zloty	(565)	51	(63)
		<u>\$99,965</u>	<u>\$(9,089)</u>	<u>\$ 11,107</u>

Long currency positions represent net assets being held in the transaction currency while short currency positions represent net liabilities being held in the transaction currency.

The Company's principal manufacturing operations are located in China, with much of its component and raw material costs transacted in CNY. However, the functional currency of its Chinese operating subsidiary is the U.S. dollar as its sales and trade receivables are transacted in U.S. dollars. To hedge against any potential significant appreciation of the CNY, the Company maintains a portion of its cash investments in CNY-denominated accounts. At March 31, 2012, net assets held in CNY totaled \$85.8 million. The Company continues to evaluate the level of net assets held in CNY relative to component and raw material purchases and interest rates on cash equivalents.

The Company enters into foreign exchange forward contracts to hedge against exposure to changes in foreign currency exchange rates related to its subsidiaries' forecasted inventory purchases. The primary risk managed by using derivative instruments is the foreign currency exchange rate risk. The Company has designated these derivatives as cash flow hedges. Logitech does not use derivative financial instruments for trading or speculative purposes. These hedging contracts generally mature within 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 foreign currency exposure of forecasted inventory purchases, the Company immediately recognizes the gain or loss on the associated financial instrument in other income (expense). As of March 31, 2012, the notional amounts of foreign exchange forward contracts outstanding related to forecasted inventory purchases were \$58.1 million (A43.5 million). Deferred realized losses of \$0.3 million are recorded in accumulated other comprehensive loss at March 31, 2012, and are expected to be reclassified to cost of goods sold when the related inventory is sold. Deferred unrealized gains of \$0.2 million related to open cash flow hedges are also recorded in accumulated other comprehensive loss as of March 31, 2012 and these forward contracts will be revalued in future periods until the related inventory is sold, at which time the resulting gains or losses will be reclassified to cost of goods sold.

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

The notional amounts of foreign exchange forward contracts outstanding at March 31, 2012 relating to foreign currency receivables or payables were \$18.7 million. Open forward contracts as of March 31, 2012 consisted of contracts in British pounds to sell euros and contracts in Australian dollars to purchase U.S. dollars at future dates at a predetermined exchange rate. The notional amounts of foreign exchange swap contracts outstanding at March 31, 2012 were \$22.4 million. Swap contracts outstanding at March 31, 2012 consisted of contracts in Taiwanese dollars, Mexican pesos and Japanese Yen. Unrealized net gains on the contracts outstanding at March 31, 2012 were \$0.2 million.

If the U.S. dollar had appreciated by 10% at March 31, 2012 compared with the foreign currencies in which we have forward or swap contracts, an unrealized gain of \$7.3 million in our forward foreign exchange contract portfolio would have occurred. If the U.S. dollar had depreciated by 10% compared with the foreign currencies in which we have forward or swap contracts, a \$6.4 million unrealized loss in our forward foreign exchange contract portfolio would have occurred.

### *Interest Rates*

Changes in interest rates could impact the Company's anticipated interest income on its cash equivalents and investment securities. The Company prepared sensitivity analyses of its interest rate exposures to assess the impact of hypothetical changes in interest rates. Based on the results of these analyses, a 100 basis point decrease or increase in interest rates from the March 31, 2012 and March 31, 2011 period end rates would not have a material effect on the Company's results of operations or cash flows.

### **CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**LOGITECH INTERNATIONAL S.A.**

**QUARTERLY FINANCIAL DATA  
(Unaudited)**

The following table contains selected unaudited quarterly financial data for fiscal years 2012 and 2011 (in thousands except per share amounts):

	Year ended March 31, 2012				Year ended March 31, 2011			
	First	Second	Third	Fourth	First	Second	Third	Fourth*
Net sales . . . . .	\$ 480,441	\$ 589,204	\$ 714,596	\$ 531,962	\$ 479,330	\$ 581,884	\$ 754,054	\$ 547,618
Gross profit . . . . .	125,607	198,421	258,674	193,887	169,029	216,934	271,173	179,370
Operating expenses:								
Marketing and selling . . . . .	99,793	107,446	116,313	100,302	91,477	97,412	124,914	106,777
Research and development . . . . .	39,981	39,491	41,911	40,948	38,389	40,927	38,955	38,119
General and administrative . . . . .	30,865	27,989	30,673	28,896	27,360	27,420	31,264	30,836
Restructuring charges . . . . .	—	—	—	—	—	—	—	—
Total operating expense . . . . .	170,639	174,926	188,897	170,146	157,226	165,759	195,133	175,732
Operating income (loss) . . . . .	(45,032)	23,495	69,777	23,741	11,803	51,175	76,040	3,638
Net income (loss) . . . . .	\$ (29,606)	\$ 17,445	\$ 55,333	\$ 28,286	\$ 19,522	\$ 41,160	\$ 65,002	\$ 2,776
Net income (loss) per share**:								
Basic . . . . .	\$ (0.17)	\$ 0.10	\$ 0.32	\$ 0.17	\$ 0.11	\$ 0.23	\$ 0.37	\$ 0.02
Diluted . . . . .	\$ (0.17)	\$ 0.10	\$ 0.32	\$ 0.17	\$ 0.11	\$ 0.23	\$ 0.36	\$ 0.02
Shares used to compute net income (loss) per share:								
Basic . . . . .	179,331	176,878	173,003	169,387	175,492	176,359	177,233	178,562
Diluted . . . . .	179,331	177,277	173,656	170,401	177,358	177,958	179,703	180,423

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

\*\* Basic and diluted earnings per share are computed independently for each of the quarters presented. Therefore, the sum of quarterly basic and diluted per share information may not equal annual basic and diluted earnings per share.

The following table sets forth certain quarterly financial information as a percentage of net sales:

	Year ended March 31, 2012				Year ended March 31, 2011			
	First	Second	Third	Fourth	First	Second	Third	Fourth
Net sales . . . . .	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Gross profit . . . . .	26.1	33.7	36.2	36.4	35.3	37.3	36.0	32.8
Operating expenses:								
Marketing and selling . . . . .	20.8	18.2	16.3	18.9	19.1	16.7	16.6	19.5
Research and development . . . . .	8.3	6.7	5.9	7.7	8.0	7.0	5.2	7.0
General and administrative . . . . .	6.4	4.8	4.3	5.4	5.7	4.7	4.1	5.6
Restructuring charges . . . . .	—	—	—	—	—	—	—	—
Total operating expense . . . . .	35.5	29.7	26.4	32.0	32.8	28.5	25.9	32.1
Operating income (loss) . . . . .	(9.4)	4.0	9.8	4.4	2.5	8.8	10.1	0.7
Net income (loss) . . . . .	(6.2)%	3.0%	7.7%	5.3%	4.1%	7.1%	8.6%	0.5%

# **REPORT ON CORPORATE GOVERNANCE 2012**

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## REPORT ON CORPORATE GOVERNANCE

Logitech believes that sound corporate governance practices are essential to an open and responsible corporation. Our corporate governance practices reflect a continuing commitment to corporate accountability, sound judgment, and transparency to shareholders.

As a company whose securities are listed on both the SIX Swiss Exchange and the Nasdaq Global Select Market, our commitment to sound corporate governance principles is guided by the legal and regulatory requirements of both Switzerland and the United States. In addition, Logitech's internal guidelines regarding corporate governance are provided in our Articles of Incorporation, Organizational Regulations (Bylaws), and Board Committee Charters.

This Report has been designed to comply with the Corporate Governance Directive of the SIX Swiss Exchange. Portions of the Report are also incorporated by reference from elsewhere in our Annual Report, Invitation and Proxy Statement for our 2012 Annual General Meeting, of which this Report is a part.

### 1. Group Structure and Shareholders

#### 1.1 Operational Group Structure

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

Logitech was founded in Switzerland in 1981, and Logitech International S.A. has been the parent holding company of Logitech since 1988. Logitech International S.A. is a Swiss holding company with its registered office in Apples, Switzerland, which conducts its business through subsidiaries in the Americas (including North and South America), EMEA (Europe, Middle East, Africa) and Asia Pacific (including, among other countries, China, Taiwan, Japan, India and Australia). Shares of Logitech International S.A. are listed on both the Nasdaq Global Select Market (Ticker: LOGI, CUSIP H50430232), and the SIX Swiss Exchange (Ticker: LOGN; security number: 257513), and Logitech has a "second trading line" with the SIX Swiss Exchange (Ticker: LOGNE; security number 14070037) as a component of its stock repurchase program. The International Securities Identification Number (ISIN) of our shares is CH0025751329. As of March 31, 2012, our market capitalization, based on outstanding shares of 164,433,281, net of treasury shares, amounted to approximately \$1.2 billion (CHF 1.0 billion). Refer to section 1.2 below for information on Logitech International S.A.'s holdings in its shares as of March 31, 2012.

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

Logitech International S.A. directly or indirectly owns 100% of all the companies in the Logitech group, through which it carries on its business and operations. Principal operating subsidiaries include: Logitech Inc., Logitech Europe S.A., Logitech (Intrigue) Inc. and Logitech Technology (Suzhou) Co., Ltd. For a list of Logitech subsidiaries, refer to the table on pages 211 and 212. None of Logitech International S.A.'s subsidiaries have securities listed on a stock exchange as of March 31, 2012.

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

## 1.2 Significant Shareholders

### Greater than 3% Shareholders as of March 31, 2012

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, 2012. The number of voting rights of the Company as of March 31, 2012 is equal to the number of shares issued, 191,606,620 shares.

Information on the share ownership of the Company by directors, executive officers and greater than 5% shareholders as of June 30, 2012, 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 Annual Report, Invitation and Proxy Statement for the 2012 Annual General Meeting, available at <http://ir.logitech.com>, under the heading "Security Ownership of Certain Beneficial Owners and Management as of June 30, 2012".

<u>Name</u>	<u>Number of Shares<sup>(1)</sup></u>	<u>% of Voting Rights<sup>(2)</sup></u>	<u>Relevant Date</u>
Capital Research Global Investors <sup>(3)</sup> . . . . .	16,410,000	8.6%	December 31, 2011
Morgan Stanley, The Corporation Trust Company <sup>(4)</sup> . . . . .	12,654,812	6.6%	August 2010
FMR LLC <sup>(5)</sup> . . . . .	11,532,789	6.0%	December 31, 2011
Daniel Borel <sup>(6)</sup> . . . . .	11,368,313	5.9%	December 31, 2011

- (1) Financial instruments other than shares are not taken into consideration for the calculation of the relevant shareholdings.
- (2) Shareholdings are calculated based on the aggregate number of voting rights entered into the Swiss commercial register. This aggregate number was 191,606,620 voting rights as of March 31, 2012.
- (3) Number of shares held by Capital Research Global Investors, a division of CRMC (Capital Research and Management Company), is based on a notification filed by Capital Research Global Investors with the U.S. Securities and Exchange Commission on February 14, 2012 indicating beneficial ownership by Capital Research Global Investors as a result of CRMC acting as investment advisor to various investment companies.
- (4) On April 5, 2012, Morgan Stanley, The Corporation Trust Company notified us that as of August 2010 Morgan Stanley, The Corporation Trust Company and its subsidiaries held 12,654,812 shares.
- (5) Number of shares held by FMR LLC is based on a Schedule 13G filed by FMR LLC with the U.S. Securities and Exchange Commission on February 14, 2012, on behalf of funds managed by and clients of direct and indirect subsidiaries of FMR LLC as of December 31, 2011. FMR LLC is the parent holding company of Fidelity Management & Research Company, investment manager for U.S. mutual funds, and Fidelity Management & Trust Company, a U.S. state chartered bank which acts as a trustee or investment manager of various pension and trust accounts.
- (6) 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.

In addition, as of March 31, 2012, a total of 17,158,655 shares were subject to potential issuance under employee equity incentives outstanding as of such date.

Under Swiss law shareholders who own voting rights exceeding certain percentage thresholds of a company incorporated in Switzerland whose shares are listed on a stock exchange in Switzerland are required to notify the company and the relevant Swiss exchange of such holdings. Following receipt of this notification, the company is required to inform the public in Switzerland. The notifications are published on the website of the SIX Swiss Exchange at [http://www.six-swiss-exchange.com/shares/companies/major\\_shareholders\\_en.html?fromDate=19980101&issuer=2769](http://www.six-swiss-exchange.com/shares/companies/major_shareholders_en.html?fromDate=19980101&issuer=2769)

Logitech has not been notified of any ownership of options or other derivative securities of the Company, whether privately or publicly traded, by any significant shareholder of the Company that is not a member of the Board of Directors or an executive officer.

### **1.3 Cross-shareholdings**

Logitech has no shareholdings in companies that to its knowledge have shareholdings in Logitech.

## **2. Capital Structure**

### **2.1 Share Capital**

As of March 31, 2012, Logitech International S.A.'s nominal share capital was CHF 47,901,655, consisting of 191,606,620 shares with a par value of CHF 0.25 each.

Nominal conditional share capital designated to cover the potential issuance of shares under employee equity incentive plans amounts to CHF 6,250,000, consisting of 25,000,000 shares. In addition, nominal conditional share capital designated to cover conversion rights that may be granted in connection with a future issuance of debt obligations convertible into Logitech shares amounts to CHF 6,250,000, consisting of 25,000,000 shares. Refer to section 2.2 for more information on the Company's authorized and conditional capital.

### **2.2 Details on the Company's Authorized and Conditional Share Capital**

**Authorized share capital.** Under Swiss corporate law the total nominal par value of the shares authorized by shareholders for future issuance, other than to cover derivative securities, is referred to as authorized share capital. As of March 31, 2012, Logitech has no authorized share capital.

**Conditional share capital.** Under Swiss corporate law the total nominal par value of the shares authorized by shareholders for future issuance on the conversion or exercise of derivative securities issued by a company is referred to as conditional share capital. Under Swiss law a company must have sufficient conditional capital or available treasury shares to cover any conversion rights under derivative securities at the time the derivative securities are issued.

Pursuant to Article 25 of the Company's Articles of Incorporation, the share capital of the Company may be increased by CHF 6,250,000 through the issuance of up to 25,000,000 shares with a par value of CHF 0.25 each. The purpose of this conditional share capital is to cover option or other equity rights granted or that may be granted to employees, officers and directors of Logitech under its employee equity incentive plans. The conditional share capital increase does not have an expiration date. The shareholders do not have pre-emptive rights to subscribe to the newly issued shares issued out of conditional share capital. For more information on Logitech's employee equity incentive plans please refer to Note 4 – Employee Benefit Plans - to our Consolidated Financial Statements included in our Annual Report.

Although the Company has been authorized by its shareholders to use conditional capital to meet its obligations to deliver shares as a result of employee purchases or exercises under its employee equity incentive plans, the Company has for some years used shares held in treasury to fulfill its obligations under the plans.

In addition, pursuant to Article 26 of the Company's Articles of Incorporation, the share capital of the Company may also be increased by CHF 6,250,000 through the issuance of up to 25,000,000 shares with a par value of CHF 0.25 each. The purpose of this conditional share capital is to cover conversion rights that may be granted in connection with a future issuance of bonds convertible into Logitech shares. The conditional share capital increase does not have an expiration date. The shareholders do not have pre-emptive rights to subscribe to the newly issued shares issuable on conversion of the bonds.

The Board of Directors may limit or withdraw the shareholders' right to subscribe for the bonds by preference for valid reasons, in particular (a) if the bonds are issued in connection with the financing or refinancing of the acquisition of one or more companies, businesses or parts of businesses, or (b) to facilitate the placement of the bonds on the international markets or to increase the security holder base of the Company. If the shareholders' right to subscribe for the bonds by preference is limited or withdrawn, the bonds must be issued at market conditions, the exercise period of the conversion rights must not exceed 7 years from the date of issuance of the bonds, and the conversion price must be set at a level that is not lower than the market price of the shares preceding the determination of the final conditions for the bonds.

### 2.3 Changes in Shareholders' Equity

As of March 31, 2012, 2011 and 2010, 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,		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Share capital. . . . .	CHF 47,902	CHF 47,902	CHF 47,902
Legal reserves:			
General reserve			
- Reserve for capital contributions. . . . .	9,580	9,580	9,580
Reserve for treasury shares			
- Reserve for treasury shares from capital contributions . . .	116,070	116,070	116,070
- Other general reserves for treasury shares . . . . .	217,375	165,495	303,700
Total legal reserves . . . . .	<u>343,025</u>	<u>291,145</u>	<u>429,350</u>
Unappropriated retained earnings. . . . .	460,919	507,730	349,312
Total shareholders' equity . . . . .	<u>CHF 851,846</u>	<u>CHF 846,777</u>	<u>CHF 826,564</u>

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

	As of March 31,		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
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, 2012 and 2011, refer to the Swiss Statutory Balance Sheets on page 269 of our Annual Report, Invitation and Proxy Statement.

During fiscal years 2012, 2011 and 2010, the Company had the following approved share buyback programs in place (in thousands):

<u>Date of Announcement</u>	<u>Approved Buyback Amount</u>	<u>Expiration Date</u>	<u>Completion Date</u>	<u>Number of Shares Remaining<sup>(1)</sup></u>	<u>Amount Remaining</u>
September 2008 - amended . . . . .	\$ 177,030	August 2013	—	12,075	\$94,255
September 2008 . . . . .	250,000	August 2013	—	—	—
June 2007 . . . . .	250,000	September 2010	March 2010	—	—

(1) Represents an estimate of the shares remaining to be repurchased calculated based on the amount remaining to repurchase as of March 31, 2012, \$94.3 million, divided by the adjusted closing price of the Company's shares traded on the SIX Swiss Exchange as of the same date, \$7.81 per share.

In November 2011, the Company received approval from the Swiss regulatory authorities for an amendment to the September 2008 share buyback program to enable future repurchases of shares for cancellation, up to a total of 28.5 million shares. The Company repurchased shares under these buyback programs as follows (in thousands):

<u>Date of Announcement</u>	<u>Amounts Repurchased During Year ended March 31,<sup>(1)</sup></u>							
	<u>Program to date</u>		<u>2012</u>		<u>2011</u>		<u>2010</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
September 2008 - amended . . . .	9,900	82,902	9,900	82,902	—	—	—	—
September 2008 . . . . .	7,609	73,134	7,609	73,134	—	—	—	—
June 2007 . . . . .	11,978	250,555	—	—	—	—	7,425	126,301
	<u>29,487</u>	<u>\$406,591</u>	<u>17,509</u>	<u>\$156,036</u>	<u>—</u>	<u>\$—</u>	<u>7,425</u>	<u>\$126,301</u>

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

For further information on Logitech’s share repurchases please refer to “Additional Financial Disclosures – Market for 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 191,606,620 issued shares carries the same rights. There are no preferential rights. However, a shareholder must be entered in the share register of the Company to exercise voting rights and the rights deriving therefrom (such as the right to convene a general meeting of shareholders or the right to put an item on the meeting’s agenda). Refer to section 6 for an outline of participation rights of the Company’s shareholders.

Each share entitles its owner to dividends declared, even if the owner is not registered in the share register of the Company. Under Swiss law, a company pays dividends upon approval by its shareholders. This request for shareholder approval typically follows the recommendation of the Board. Logitech has not paid dividends since 1996, using retained earnings to invest in the growth of the Company and, in more recent years, to repurchase the Company’s shares. The Board is proposing that, for fiscal year 2012, Logitech make a one-time distribution to shareholders of additional paid-in capital out of its capital contribution reserves.

Unless this right is restricted in compliance with Swiss law and the Company’s Articles of Incorporation, shareholders have the pre-emptive right to subscribe for newly issued shares. Refer to section 2.2 for a description of the provisions of the Company’s Articles of Incorporation relating to the restriction of the shareholders’ pre-emptive subscription rights.

#### **2.5 Non-Voting Shares and Bonus Certificates**

The Company has not issued non-voting shares (“bons de participation,” “Partizipationsscheine”). The Company has not issued certificates or equity securities that provide financial rights in consideration for services rendered or claims waived (referred to as “bonus certificates,” “bons de jouissance,” or “Genussscheine”).

#### **2.6 Limitations on Transferability and Nominee Registration**

The Company and its agent, The Bank of New York Mellon, as 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 and restricted stock units, including performance-based restricted stock units, to its employees and directors. Please refer to Logitech's Compensation Report included with this Annual Report, Invitation and Proxy Statement, under the heading "Equity Compensation Plan Information" at pages 113 to 153, 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 Annual Report, Invitation and Proxy Statement for the 2012 Annual General Meeting, under the heading "Corporate Governance and Board of Directors Matters" at pages 91 to 112.

## **4. Senior Management**

### **4.1 Members of Senior Management**

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

<b>Guerrino De Luca</b> . . . . .	<i>Guerrino De Luca</i> has served as Chairman of the Logitech Board of Directors since January 2008 and as Chief Executive Officer since April 2012. Mr. De Luca served as Logitech's 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, 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.
59 Years Old	
Director since 1998	
Chairman of the Board of Directors and Chief Executive Officer	
Italian and U.S. national	

**Bracken P. Darrell** ..... *Bracken P. Darrell* joined Logitech as President in April 2012. 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 currently serves on the Board of Trustees of Hendrix College. Mr. Darrell holds a BA degree from Hendrix College and an MBA degree from Harvard University.

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

**Werner Heid** ..... *Werner Heid* joined Logitech as Senior Vice President, Worldwide Sales & Marketing, in February 2009. Prior to joining Logitech, Mr. Heid was a consultative CEO to private equity firms from 2006 to 2009. Previously, he served as the president and chief executive officer of Iomega Corporation, the provider of consumer and small-business data-storage solutions, from 2001 to 2006. Before joining Iomega, Mr. Heid was the executive vice president of global sales, marketing and service for InFocus Corporation, a leading supplier of multimedia projection systems for consumers and business, from 2000 to 2001. He joined InFocus when it acquired Proxima Corporation, where Mr. Heid served as president from 1998 to 2000. Prior to taking on his leadership role at Proxima, Mr. Heid was with Hewlett-Packard Corporation for 14 years, in both Europe and the United States. At Hewlett-Packard, he led the business definition and the successful global market launch of the company's All-In-One and color copier product businesses. Mr. Heid holds a masters degree in electrical engineering from University Karlsruhe in Germany.

Mr. Heid resigned from Logitech, effective as of May 2012 (after the end of fiscal year 2012).

**Junien Labrousse** . . . . .  
54 Years Old  
Executive Vice President, Products  
and President, Logitech Europe  
French national

*Junien Labrousse* joined Logitech as Vice President of the Video Division in 1997. He was named Senior Vice President, Video Business Unit in April 2001, Senior Vice President, Entertainment and Communications in July 2005, Executive Vice President, Products in March 2007 and President, Logitech Europe, in September 2010. Prior to joining Logitech, he was Vice President of Engineering from 1995 to 1997 at Winnov LP, a U.S. company engaged in the development and marketing of multimedia products. For more than 10 years he held several engineering and management positions at Royal Philips Electronics NV, a global electronics company, in research and in the semiconductor business division. Mr. Labrousse holds an MS degree in Electrical Engineering from the Ecole Supérieure d'Ingenieurs de Marseille, France and an MBA degree from Santa Clara University in California.

Mr. Labrousse ceased to be an executive officer in April 2012 (after the end of the fiscal year). He assumed the role of Senior Vice President, Consumer Computing Platform group at that time.

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

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

#### **4.2 Involvements outside Logitech of the Executive Officers**

No Logitech executive officer currently has supervisory, management, or material advisory functions outside Logitech. None of the Company's executive officers hold any official functions or political posts.

#### **4.3 Management Contracts**

Logitech has not entered into any contractual relationships regarding the management of the Company or its subsidiaries.

### **5. Compensation, Shareholdings and Loans**

Please refer to Logitech's Compensation Report on pages 113 to 153 of our Annual Report, Invitation and Proxy Statement for our 2012 Annual General Meeting, of which this Report is a part, for information on Logitech's compensation of its Board members and executive officers, and regarding how and why we make compensation decisions.

In addition, for information required to be disclosed under Swiss law regarding compensation during fiscal year 2012 of the individual members of the Board and of the executive officers, in aggregate, and regarding the security ownership of members of the Board of Directors and of Logitech executive officers as of March 31, 2012, among other disclosures, please refer to Note 16 – Other Disclosures Required by Swiss Law – in the Consolidated Financial Statements included in the 2012 Annual Report.



## **6. Shareholders' Participation Rights**

### ***6.1 Exercise and Limitations to Shareholders' Voting Rights***

Each registered share confers the right to one vote at a general meeting of shareholders. There are no limitations to the number of voting rights that a shareholder or group of shareholders is entitled to exercise, and there are no preferential voting rights. To exercise voting rights at a general meeting of shareholders, a shareholder must have registered their shares by the date set by the Board of Directors for the closing of the share register before each general meeting of shareholders. Refer to section 2.6 for more information on the registration process.

Any shareholder may be represented at a meeting by a person of its choice who need not be a shareholder of the Company. The power of attorney must be made in writing. The use of a form prepared by the Company may be required.

There are currently no limitations under Swiss law or in the Company's Articles of Incorporation restricting the rights of shareholders outside Switzerland to hold or vote Logitech shares.

### ***6.2 Shareholders' Resolutions for which a Particular Majority is Required***

In general, the resolutions of the general meeting of shareholders are passed with a simple majority of the votes cast. However, a number of resolutions may only be passed with a majority of two-thirds of the votes represented, including the following.

- change in the Company's corporate purpose;
- creation of shares with privileged voting rights;
- restriction of the transferability of the shares;
- creation of authorized or conditional capital;
- capital increases to be paid-in by means of existing reserves, against contributions in kind, or conducted with a view to the acquisition of specific assets;
- grant of special benefits;
- suppression or limitation of the shareholders' preferential subscription right;
- change of the registered office of the Company; and
- liquidation of the Company.

### ***6.3 Convocation of the General Meeting of Shareholders***

The Board of Directors generally convenes a general meeting of shareholders. The convocation notice is made in writing and under Swiss law must be sent to each registered shareholder at the address recorded in the share register at least 20 days prior to the meeting.

Under our Articles of Incorporation one or more shareholders who represent together at least 10% of the share capital of the Company may demand that the Board of Directors convene a meeting. Such demands must be made in writing and received by the Board of Directors at least 60 days before the date of the proposed meeting.

The Company has received an exemption from compliance with a Nasdaq listing standard that requires that the quorum for shareholder meetings be at least 33<sup>1</sup>/<sub>3</sub>% 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 2012 Annual General Meeting, and combined it with its Annual Report required under Swiss law and U.S. law to create one convenient document for shareholders. Also, to encourage attendance, Logitech holds its Annual General Meeting close to its operations in Switzerland.

#### ***6.4 Shareholders' Right to Place Items on the Agenda of a Meeting***

Under the Company's Articles of Incorporation, one or more registered shareholders who together represent shares representing at least the lesser of (i) one percent of the Company's issued share capital or (ii) an aggregate par value of one million Swiss francs, may demand that an item be placed on the agenda of a meeting of shareholders.

A request to place an item on the meeting agenda must be in writing, describe the proposal and be received by our Board of Directors at least 60 days prior to the date of the meeting. Demands by registered shareholders to place an item on the agenda of a meeting of shareholders should be sent to: Secretary to the Board of Directors, Logitech International S.A., Rue du Sablon 2-4, CH-1110 Morges, or c/o Logitech Inc., 7600 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, The Bank of New York Mellon, occurs upon request and is not subject to any condition. The Company's share register closes before a general meeting of shareholders on a date designated by the Board of Directors. Only those shareholders who are registered in the share register on the day the share register is closed have the right to vote at the meeting.

### **7. Mandatory Offer and Change of Control Provisions**

#### ***7.1 Mandatory Offer***

Under Swiss law any shareholder who acquires more than 33 $\frac{1}{3}$ % of the voting rights of a Swiss company whose shares are listed in whole or in part in Switzerland is required to make an offer to acquire all listed equity securities of the company at a minimum price. Logitech International S.A.'s Articles of Incorporation do not remove this requirement. The Articles do not increase the participation threshold above which an offer must be made. Consequently, any person having acquired more than a third of the Company's voting rights will be required to make an offer for all outstanding shares of the Company.

#### ***7.2 Change of Control Provisions***

Please refer to our Compensation Report at pages 113 to 153 of our Annual Report, Invitation and Proxy Statement for the 2012 Annual General Meeting, of which this Report is a part, for information on the severance and change of control agreements in place with Logitech's executive officers, and regarding the potential payments in the event of termination of service of an executive officer or a change-in-control of Logitech.

### **8. Auditors**

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

The Company's auditors are currently PricewaterhouseCoopers SA, Lausanne branch, 45, Avenue C.F. Ramuz, P.O. Box 1172, CH-1001, Lausanne, Switzerland. PwC assumed its first audit mandate for Logitech in 1988. They were re-elected as the Company's auditors in September 2011. The responsible principal audit partner

as of March 31, 2012 is, and since fiscal year 2011 has been, Michael Foley. For purposes of U.S. securities law reporting, PricewaterhouseCoopers LLP, San Jose, California, serves as the Company’s independent registered public accounting firm.

Please refer to the Corporate Governance and Board of Directors Matters section of Logitech’s Annual Report, Invitation and Proxy Statement for the 2012 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 PricewaterhouseCoopers during fiscal year 2012, pre-approval policies for non-audit work by PricewaterhouseCoopers, and the supervisory and control instruments of the Board of Directors, including the Audit Committee of the Board, over the work and activities of PricewaterhouseCoopers.

## 9. Information Policy

The Company reports its financial results quarterly with an earnings press release. Quarterly financial results are scheduled to be released as follows:

Q2 FY13 Earnings Release and Conference Call . . . . .	October 25, 2012
Q3 FY13 Earnings Release and Conference Call . . . . .	January 24, 2013
Q4 FY13 Earnings Release and Conference Call . . . . .	April 25, 2013

The Company’s 2012 Annual General Meeting is to be held September 5, 2012 at the Palais de Beaulieu in Lausanne, Switzerland.

All registered shareholders and all shareholders in the United States that hold their shares through a U.S. bank or brokerage or other nominee receive a copy of the Logitech Annual Report, Invitation and Proxy Statement, or a notice that such documents are available. The Annual Report section of the document contains an overview of Logitech’s business in the fiscal year, audited financial statements for the group and the Company, the Report on Corporate Governance and other key financial and business information. The Invitation and Proxy Statement section of the document includes a description of the matters to be acted upon at the Annual General Meeting of shareholders, a Compensation Report on executive officer and Board member compensation, and other disclosures required under applicable Swiss and U.S. laws.

Logitech holds public conference calls after our quarterly earnings releases to discuss the results and present an opportunity for institutional analysts to ask questions of the Chief Executive Officer and Chief Financial Officer. Logitech also holds periodic analyst days where senior management present reviews of Logitech’s business. These events are webcast and remain available on Logitech’s Investor Relations website for a period of time after the events. Logitech senior management also regularly participates in institutional investor seminars and roadshows, many of which are also webcast.

Our Investor Relations Web site is located at <http://ir.logitech.com>. We post and maintain an archive of our earnings and other press releases, current reports, annual and quarterly reports, earnings release schedule, information regarding annual general meetings, further information on corporate governance, and other information regarding the Company on the Investor Relations Web site. The information we post includes, and in the future will include, filings we make with the U.S. Securities and Exchange Commission, or SEC, including reports on Forms 10-K, 10-Q, 8-K, our proxy statement related to our annual shareholders’ meeting, including our Compensation Report on executive officer and Board member compensation, and any amendments to those reports or statements filed or furnished pursuant to U.S. securities laws or Swiss laws. All such filings and information are available free of charge on the web site, and we make them available on the web site as soon as reasonably possible after we file or furnish them with the SEC. The contents of these web sites are not intended to be incorporated by reference into this report or in any other report or document we file and our references to these Web sites are intended to be inactive textual references only.

In addition, Logitech publishes press releases upon occurrence of significant events within Logitech. Shareholders and members of the public may elect to receive e-mails when Logitech issues press releases upon occurrence of significant events within Logitech or other press releases by subscribing through <http://ir.logitech.com/alerts.cfm>.

As a Swiss company traded on the SIX Swiss Exchange, and as a company subject to the provisions of Section 16 of the Securities Exchange Act of 1934, as amended, we file reports on transactions in Logitech securities by members of Logitech's Board of Directors and executive officers. The reports that we file with the SEC on Forms 3, 4 and 5 may be accessed on our website or on the SEC's website at <http://www.sec.gov>, and the reports that we file that are published by the SIX Swiss Exchange may be accessed at [http://www.six-exchange-regulation.com/obligations/management\\_transactions\\_en.html](http://www.six-exchange-regulation.com/obligations/management_transactions_en.html).

For no charge, a copy of our annual reports and filings made with the SEC can be requested by contacting our Investor Relations department: Logitech Investor Relations, 7600 Gateway Boulevard, Newark, CA 94560 USA, Main 510-795-8500, e-mail: [LogitechIR@logitech.com](mailto:LogitechIR@logitech.com).

**LOGITECH INTERNATIONAL S.A.**  
**Consolidated Subsidiaries**

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Group Holding %</u>	<u>Share Capital</u>	
<b>EUROPE</b>				
Labtec Europe S.A. . . . . .	Switzerland	100	CHF	150,000
Logi Trading and Services Limited Liability Company . . . . .	Hungary	100	HUF	3,000,000
Logitech U.K. Limited . . . . .	United Kingdom	100	EUR	20,000
Logitech (Jersey) Limited. . . . .	Jersey, Channel Islands	100	USD	188
Logitech Czech Republic, s.r.o. . . . .	Czech Republic	100	CZK	200,000
Logitech Espana BCN SL. . . . .	Spain	100	EUR	50,000
Logitech Europe S.A. . . . . .	Switzerland	100	CHF	100,000
SAS Logitech France . . . . .	Republic of France	100	EUR	182,939
Logitech GmbH . . . . .	Federal Republic of Germany	100	EUR	25,565
Logitech 3D Holding GmbH . . . . .	Federal Republic of Germany	100	EUR	25,565
Logitech Ireland Services Limited. . . . .	Ireland	100	EUR	3
Logitech Ireland Limited . . . . .	Ireland	100	EUR	4,618,358
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 Austria GmbH . . . . .	Austria	100	EUR	35,000
Logitech Middle East FZ-LLC. . . . .	United Arab Emirates	100	AED	100,000
Logitech (Streaming Media) SA. . . . .	Switzerland	100	CHF	100,000
Logitech Hellas MEPE . . . . .	Greece	100	EUR	18,000
Logitech Schweiz AG . . . . .	Switzerland	100	CHF	100,000
3Dconnexion SA. . . . .	Switzerland	100	CHF	100,000
Logi Trading and Services Limited Liability Company . . . . .	Hungary	100	HUF	3,000,000
Limited Liability Company “Logitech” . . . . .	Russia	100	RUB	20,000
Logi Peripherals Technologies (South Africa) (Proprietary) Limited . . . . .	South Africa	100	ZAR	1,000
Logitech Norway AS . . . . .	Norway	100	NOK	100,000

**LOGITECH INTERNATIONAL S.A.**  
**Consolidated Subsidiaries—(Continued)**

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Group Holding %</u>	<u>Share Capital</u>	
<b>AMERICAS</b>				
Logitech Argentina S.R.L. . . . . .	Argentina	100	ARS	10,000
Dexxa Accesorios De Informatica Do Brasil Ltda. . . . .	Brazil	100	BRL	10,000
Logitech Chile Limitada. . . . .	Chile	100	CLP	1,000,000
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	10
WiLife, Inc. . . . .	United States of America	100	USD	10
Logitech Servicios Latinoamérica, S.A. de C.V. . . . .	Mexico	100	MXN	50,000
Ultimate Ears LLC . . . . .	United States of America	100	USD	—
Ultimate Ears Incorporated . . . . .	United States of America	100	USD	10
UE Consumer, LLC . . . . .	United States of America	100	USD	—
SightSpeed, Inc. . . . .	United States of America	100	USD	1
LifeSize Communications, Inc. . . . .	United States of America	100	USD	1
UE Acquisition Inc. . . . .	United States of America	100	USD	10
Logitech Latin America, Inc. . . . .	United States of America	100	USD	1
Labtech Inc. . . . .	United States of America	100	USD	1
<b>ASIA PACIFIC</b>				
LogiCool Co., Ltd. . . . .	Japan	100	JPY	155,000,000
Logitech Electronic (India) Private Limited. . .	India	100	INR	107,760
Logitech Far East, Ltd. . . . .	Taiwan, Republic of China	100	TWD	480,000,000
Logitech Hong Kong Limited. . . . .	Hong Kong	100	USD	1,282
Logitech Korea Ltd. . . . .	Korea	100	KRW	150,144,225
Logitech New Zealand Co., Ltd. . . . .	New Zealand	100	NZD	10,000
Logitech Service Asia Pacific Pte. Ltd. . . . .	Republic of Singapore	100	USD	1
Logitech Singapore Pte. Ltd. . . . .	Republic of Singapore	100	SGD	500
Logitech Technology (Suzhou) Co., Ltd. . . . .	People's Republic of China	100	USD	22,000,000
Suzhou Logitech Computing Equipment Co., Ltd. . . . .	People's Republic of China	100	USD	7,500,000
Suzhou Logitech Electronic Co. Ltd. . . . .	People's Republic of China	100	USD	5,000,000
Logitech (China) Technology Company, 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

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

# CONSOLIDATED FINANCIAL STATEMENTS

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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**Report of the statutory auditor  
to the general meeting of  
Logitech International SA  
Apples**

**Report of the statutory auditor on the consolidated financial statements**

As statutory auditor, we have audited the accompanying consolidated financial statements of Logitech International SA, which comprise the balance sheet, income statement, statement of cash flows, statement of changes in shareholders' equity and notes for the year ended March 31, 2012.

*Board of Directors' Responsibility*

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements for the year ended March 31, 2012 present fairly, in all material respects, the financial position, the results of operations and the cash flows in accordance with accounting principles generally accepted in the United States of America (US GAAP) and comply with Swiss law.

*PricewaterhouseCoopers SA, avenue C.-F. Ramuz 45, Case postale, CH-1001 Lausanne, Switzerland  
Telephone: +41 58 792 81 00, Facsimile: +41 58 792 81 10, www.pwc.ch*

PricewaterhouseCoopers SA est membre d'un réseau mondial de sociétés juridiquement autonomes et indépendantes les unes des autres.



### 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 that there are no circumstances incompatible with our independence.

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

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA



Michael Foley  
Audit expert  
Auditor in charge



Alexandre Dübi  
Audit expert

Lausanne, May 31, 2012

Enclosure:

Consolidated financial statements (balance sheet, income statement, statement of cash flows, statement of changes in shareholders' equity and notes) for the year ended March 31, 2012.

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

	Year ended March 31,		
	2012	2011	2010
Net sales . . . . .	\$2,316,203	\$2,362,886	\$1,966,748
Cost of goods sold . . . . .	1,539,614	1,526,380	1,339,852
Gross profit . . . . .	<u>776,589</u>	<u>836,506</u>	<u>626,896</u>
Operating expenses:			
Marketing and selling . . . . .	423,854	420,580	304,788
Research and development . . . . .	162,331	156,390	135,813
General and administrative . . . . .	118,423	116,880	106,147
Restructuring charges . . . . .	—	—	1,784
Total operating expenses . . . . .	<u>704,608</u>	<u>693,850</u>	<u>548,532</u>
Operating income . . . . .	71,981	142,656	78,364
Interest income, net . . . . .	2,674	2,316	2,120
Other income, net . . . . .	16,622	3,476	3,139
Income before income taxes . . . . .	91,277	148,448	83,623
Provision for income taxes . . . . .	19,819	19,988	18,666
Net income . . . . .	<u>\$ 71,458</u>	<u>\$ 128,460</u>	<u>\$ 64,957</u>
Net income per share:			
Basic . . . . .	\$ 0.41	\$ 0.73	\$ 0.37
Diluted . . . . .	\$ 0.41	\$ 0.72	\$ 0.36
Shares used to compute net income per share:			
Basic . . . . .	174,648	176,928	177,279
Diluted . . . . .	175,591	178,790	179,340

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

**LOGITECH INTERNATIONAL S.A.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In thousands)

	Year ended March 31,		
	2012	2011	2010
Net income . . . . .	\$ 71,458	\$128,460	\$64,957
Other comprehensive income:			
Foreign currency translation . . . . .	(8,213)	5,005	2,753
Defined benefit pension plan adjustments during the period:			
Net gain (loss) . . . . .	(11,808)	(5,609)	4,143
Deferred tax benefit (expense) . . . . .	170	(241)	(122)
Foreign currency exchange rate changes . . . . .	89	(1,980)	(1,112)
Less amortization included in net income:			
Transition obligation for the period . . . . .	—	5	4
Prior service cost for the period . . . . .	(15)	146	120
Net loss for the period . . . . .	275	396	1,276
Settlement loss for the period . . . . .	—	23	—
Pension liability adjustments, net of tax . . . . .	(11,289)	(7,260)	4,309
Deferred hedging gain (loss) . . . . .	3,337	(10,444)	6,793
Less reclassification adjustment for gain (loss) included in net income . . .	(421)	6,078	(5,615)
Net deferred hedging gain (loss) . . . . .	2,916	(4,366)	1,178
Unrealized gain (loss) for the period . . . . .	(342)	744	—
Less reclassification adjustment for gain included in net income . . . . .	(483)	—	—
Unrealized gain (loss) on investments . . . . .	(825)	744	—
Net change in accumulated other comprehensive gain (loss) . . . . .	(17,411)	(5,877)	8,240
Total comprehensive income . . . . .	<u>\$ 54,047</u>	<u>\$122,583</u>	<u>\$73,197</u>

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,	
	2012	2011
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents .....	\$ 478,370	\$ 477,931
Accounts receivable .....	223,104	258,294
Inventories .....	297,072	280,814
Other current assets .....	65,990	59,347
Total current assets .....	1,064,536	1,076,386
Property, plant and equipment .....	94,884	84,160
Goodwill .....	560,523	547,184
Other intangible assets .....	53,518	74,616
Other assets .....	83,033	79,210
Total assets .....	\$1,856,494	\$1,861,556
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable .....	\$ 301,111	\$ 298,160
Accrued liabilities .....	186,680	172,560
Total current liabilities .....	487,791	470,720
Other liabilities .....	218,462	185,835
Total liabilities .....	706,253	656,555
Commitments and contingencies		
Shareholders' equity:		
Shares, par value CHF 0.25—191,606 issued and authorized and 50,000 conditionally authorized at March 31, 2012 and 2011 .....	33,370	33,370
Additional paid-in capital .....	—	—
Shares in treasury, at cost, 27,173 at March 31, 2012 and 12,433 at March 31, 2011 .....	(343,829)	(264,019)
Retained earnings .....	1,556,629	1,514,168
Accumulated other comprehensive loss .....	(95,929)	(78,518)
Total shareholders' equity .....	1,150,241	1,205,001
Total liabilities and shareholders' equity .....	\$1,856,494	\$1,861,556

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

**LOGITECH INTERNATIONAL S.A.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

	Year ended March 31,		
	2012	2011	2010
Cash flows from operating activities:			
Net income . . . . .	\$ 71,458	\$ 128,460	\$ 64,957
Non-cash items included in net income:			
Depreciation . . . . .	45,968	48,191	56,380
Amortization of other intangible assets . . . . .	26,534	27,800	14,515
Inventory valuation adjustment . . . . .	34,074	—	—
Share-based compensation expense . . . . .	31,529	34,846	25,807
Write-down of investments . . . . .	—	43	643
Gain on disposal of property and plant . . . . .	(8,967)	(838)	—
Gain on sale of available-for-sale securities . . . . .	(6,109)	—	—
Excess tax benefits from share-based compensation . . . . .	(37)	(3,455)	(2,814)
Gain on cash surrender value of life insurance policies . . . . .	—	(901)	(1,223)
Deferred income taxes and other . . . . .	137	(8,492)	(17,895)
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable . . . . .	29,279	(54,684)	28,489
Inventories . . . . .	(36,621)	(60,482)	30,942
Other assets . . . . .	(4,621)	5,825	15,038
Accounts payable . . . . .	3,622	37,714	94,155
Accrued liabilities . . . . .	9,896	2,715	56,265
Net cash provided by operating activities . . . . .	<u>196,142</u>	<u>156,742</u>	<u>365,259</u>
Cash flows from investing activities:			
Purchases of property, plant and equipment . . . . .	(47,807)	(43,039)	(39,834)
Acquisitions, net of cash acquired . . . . .	(18,814)	(7,300)	(388,809)
Proceeds from sale of available-for-sale securities . . . . .	6,550	—	—
Proceeds from sale of property and plant . . . . .	8,967	2,688	—
Purchases of trading investments . . . . .	(7,505)	(19,075)	—
Proceeds from sales of trading investments . . . . .	7,399	6,470	—
Proceeds from cash surrender of life insurance policies . . . . .	—	11,313	813
Proceeds from sale of business . . . . .	—	9,087	—
Premiums paid on cash surrender value life insurance policies . . . . .	—	(5)	—
Net cash used in investing activities . . . . .	<u>(51,210)</u>	<u>(39,861)</u>	<u>(427,830)</u>
Cash flows from financing activities:			
Purchases of treasury shares . . . . .	(156,036)	—	(126,301)
Proceeds from sale of shares upon exercise of options and purchase rights . . . . .	17,591	43,001	28,917
Tax withholdings related to net share settlements of restricted stock units . . . . .	(966)	(223)	—
Excess tax benefits from share-based compensation . . . . .	37	3,455	2,814
Repayments of debt . . . . .	—	—	(13,630)
Net cash provided by (used in) financing activities . . . . .	<u>(139,374)</u>	<u>46,233</u>	<u>(108,200)</u>
Effect of exchange rate changes on cash and cash equivalents . . . . .	<u>(5,119)</u>	<u>(5,127)</u>	<u>(2,044)</u>
Net increase (decrease) in cash and cash equivalents . . . . .	439	157,987	(172,815)
Cash and cash equivalents at beginning of period . . . . .	477,931	319,944	492,759
Cash and cash equivalents at end of period . . . . .	<u>\$ 478,370</u>	<u>\$ 477,931</u>	<u>\$ 319,944</u>
Supplemental cash flow information:			
Interest paid . . . . .	\$ 110	\$ 25	\$ 66
Income taxes paid . . . . .	\$ 14,422	\$ 16,619	\$ 9,436
Non-cash investing activities:			
Net increase (decrease) in accrued purchases of property and equipment . . . . .	\$ 11,216	\$ (522)	\$ 1,312

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)

	<u>Registered shares</u>		<u>Additional paid-in capital</u>	<u>Treasury shares</u>		<u>Retained earnings</u>	<u>Accumulated other comprehensive loss</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>		<u>Shares</u>	<u>Amount</u>			
March 31, 2009 . . . . .	191,606	\$33,370	\$ 45,012	12,124	\$(341,454)	\$1,341,661	\$(80,881)	\$ 997,708
Total comprehensive income . . . . .	—	—	—	—	—	64,957	8,240	73,197
Purchase of treasury shares . . . . .	—	—	—	7,425	(126,301)	—	—	(126,301)
Tax benefit from exercise of stock options . . . . .	—	—	266	—	—	—	—	266
Sale of shares upon exercise of options and purchase rights . . . . .	—	—	(56,326)	(3,114)	85,243	—	—	28,917
Share-based compensation expense . . . . .	—	—	25,928	—	—	—	—	25,928
March 31, 2010 . . . . .	<u>191,606</u>	<u>\$33,370</u>	<u>\$ 14,880</u>	<u>16,435</u>	<u>\$(382,512)</u>	<u>\$1,406,618</u>	<u>\$(72,641)</u>	<u>\$ 999,715</u>
Total comprehensive income . . . . .	—	—	—	—	—	128,460	(5,877)	122,583
Tax benefit from exercise of stock options . . . . .	—	—	4,783	—	—	—	—	4,783
Shares issued for director services . . . . .	—	—	(116)	(12)	307	—	—	191
Sale of shares upon exercise of options and purchase rights . . . . .	—	—	(52,738)	(3,934)	116,649	(20,910)	—	43,001
Issuance of shares upon vesting of restricted stock units . . . . .	—	—	(1,760)	(56)	1,537	—	—	(223)
Share-based compensation expense . . . . .	—	—	34,951	—	—	—	—	34,951
March 31, 2011 . . . . .	<u>191,606</u>	<u>\$33,370</u>	<u>\$ —</u>	<u>12,433</u>	<u>\$(264,019)</u>	<u>\$1,514,168</u>	<u>\$(78,518)</u>	<u>\$1,205,001</u>
Total comprehensive income . . . . .	—	—	—	—	—	71,458	(17,411)	54,047
Purchase of treasury shares . . . . .	—	—	—	17,509	(156,036)	—	—	(156,036)
Tax benefit from exercise of stock options . . . . .	—	—	(908)	—	—	—	—	(908)
Shares issued for director services . . . . .	—	—	(643)	(33)	844	—	—	201
Sale of shares upon exercise of options and purchase rights . . . . .	—	—	(21,138)	(2,442)	67,754	(28,997)	—	17,619
Issuance of shares upon vesting of restricted stock units . . . . .	—	—	(8,594)	(294)	7,628	—	—	(966)
Share-based compensation expense . . . . .	—	—	31,283	—	—	—	—	31,283
March 31, 2012 . . . . .	<u>191,606</u>	<u>\$33,370</u>	<u>\$ —</u>	<u>27,173</u>	<u>\$(343,829)</u>	<u>\$1,556,629</u>	<u>\$(95,929)</u>	<u>\$1,150,241</u>

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

**LOGITECH INTERNATIONAL S.A.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 — The Company**

Logitech is a world leader in products that connect people to the digital experiences they care about. Spanning multiple computing, communications and entertainment platforms, we develop and market innovative hardware and software products that enable or enhance digital navigation, music and video entertainment, gaming, social networking, audio and video communication over the Internet, video security and home-entertainment control. Our products for home and business PCs (personal computers) include mice, trackballs, keyboards, interactive gaming controllers, multimedia speakers, headsets, webcams, and lapdesks. Our tablet accessories include keyboards, keyboard cases and covers, headsets, wireless speakers, and stands. Our Internet communications products include webcams, headsets, video communication services, and digital video security systems. Our digital music products include speakers, earphones, custom in-ear monitors, and Squeezebox Wi-Fi music players. For home entertainment systems, we offer the Harmony line of advanced remote controls. For gaming consoles, we offer a range of gaming controllers and microphones, as well as other accessories. Our video conferencing segment offers scalable HD (high-definition) video communications endpoints, HD video conferencing systems with integrated monitors, video bridges and other infrastructure software and hardware to support large-scale video deployments, and services to support these products.

We sell our peripheral products to a network of distributors, retailers and OEMs (original equipment manufacturers). We sell our video conferencing products and services to distributors, value-added resellers, OEMs, and, occasionally, direct enterprise customers. The large majority of our revenues have historically been derived from sales of our peripheral products for use by consumers.

Logitech was founded in Switzerland in 1981, and Logitech International S.A. has been the parent holding company of Logitech since 1988. Logitech International S.A. is a Swiss holding company with its registered office in Apples, Switzerland, which conducts its business through subsidiaries in the Americas, EMEA (Europe, Middle East, Africa) and Asia Pacific. Shares of Logitech International S.A. are listed on both the Nasdaq Global Select Market, under the trading symbol LOGI, and the SIX Swiss Exchange, under the trading symbol LOGN.

**Note 2 — Summary of Significant Accounting Policies**

***Basis of Presentation***

The consolidated financial statements include the accounts of Logitech and its subsidiaries. All intercompany balances and transactions have been eliminated. The consolidated financial statements are presented in accordance with U.S. GAAP (accounting principles generally accepted in the United States of America).

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

***Fiscal Year***

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

***Use of Estimates***

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

## LOGITECH INTERNATIONAL S.A.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 2 — Summary of Significant Accounting Policies (Continued)

##### *Foreign Currencies*

The functional currency of the Company's operations is primarily the U.S. dollar. To a lesser extent, certain operations use the euro, Chinese renminbi, Swiss franc, or the local currency of the country as their functional currencies. The financial statements of the Company's subsidiaries whose functional currency is other than the U.S. dollar are translated to U.S. dollars using period-end rates of exchange for assets and liabilities and monthly average rates for revenues and expenses. Cumulative translation gains and losses are included as a component of shareholders' equity in accumulated other comprehensive loss. Gains and losses arising from transactions denominated in currencies other than a subsidiary's functional currency are reported in other income (expense), net in the consolidated statements of operations.

##### *Revenue Recognition*

Revenues are recognized when all of the following criteria are met:

- evidence of an arrangement exists between the Company and the customer;
- delivery has occurred and title and risk of loss transfer to the customer;
- the price of the product is fixed or determinable; and
- collectibility of the receivable is reasonably assured.

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

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

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



**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 2 — Summary of Significant Accounting Policies (Continued)**

LifeSize products include the following deliverables:

- Non-software deliverables
  - Hardware with software essential to the functionality of the hardware device delivered at time of sale
  - Maintenance for hardware with essential software, including future, when-and-if-available unspecified upgrades
  - Other services including training and installation
- Software deliverables
  - Non-essential software
  - Maintenance for non-essential software, including future, when-and-if available unspecified upgrades

The relative selling price for LifeSize hardware with essential software and non-essential software is based on ESP, as VSOE and TPE cannot be established due to variable price discounting. Key factors considered in developing ESP are historical selling prices of the product, pricing of substantially similar products, and other market conditions. LifeSize sells maintenance for non-essential software, maintenance for hardware with essential software, and other services on a standalone basis, and therefore has established VSOE for those deliverables.

The consideration received for multiple element arrangements consisting of both non-software and software deliverables is allocated based on relative selling prices to the non-software deliverables and the software deliverables as a group. Amounts allocated to non-software-related elements, such as delivered hardware with essential software, are recognized at the time of sale provided that the other conditions for revenue recognition have been met. Amounts allocated to maintenance services for hardware and essential software are deferred and recognized ratably over the maintenance period. Amounts allocated to other services are deferred and recognized upon completion of services. Amounts allocated to software deliverables such as non-essential software and related services are further allocated to the individual deliverables within the software group. The VSOE of non-essential software-related services are deferred and recognized ratably over the maintenance period. The residual value of the amounts allocated to software-related elements is recognized at the time of sale.

Revenues from sales to distributors and authorized resellers are recognized net of estimated product returns and expected payments for cooperative marketing arrangements, customer incentive programs and pricing programs. The estimated cost of these programs is recorded as a reduction of revenue or as an operating expense, if we receive a separately identifiable benefit from the customer and can reasonably estimate the fair value of that benefit. Significant management judgment and estimates must be used to determine the cost of these programs in any accounting period.

The Company grants limited rights to return product. Return rights vary by customer, and range from just the right to return defective product to stock rotation rights limited to a percentage approved by management. Estimates of expected future product returns are recognized at the time of sale based on analyses of historical return trends by customer and by product, inventories owned by and located at distributors and retailers, current customer demand, current operating conditions, and other relevant customer and product information. Upon recognition the Company reduces revenue 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.

## LOGITECH INTERNATIONAL S.A.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 2 — Summary of Significant Accounting Policies (Continued)

The Company enters into cooperative marketing arrangements with many of our distribution and retail customers, and with certain indirect partners, allowing customers to receive a credit equal to a set percentage of their purchases of the Company's products, or a fixed dollar credit for various marketing programs. The objective of these 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 include performance-based incentives and consumer rebates. The Company offers performance-based incentives to its distribution customers, retail customers and indirect partners based on pre-determined performance criteria. Accruals for performance-based incentives are recognized as a reduction of the sale price at the time of sale. Estimates of required accruals are determined based on negotiated terms, consideration of historical experience, anticipated volume of future purchases, and inventory levels in the channel. Consumer rebates are offered from time to time at the Company's discretion for the primary benefit of end-users. Accruals for the estimated costs of consumer rebates and similar incentives are recorded at the later of time of sale or when the incentive is offered, based on the specific terms and conditions. Certain incentive programs, including consumer rebates, require management to estimate the number of customers who will actually redeem the incentive based on historical experience and the specific terms and conditions of particular programs.

The Company has agreements with certain of its customers that contain terms allowing price protection credits to be issued in the event of a subsequent price reduction. At management's discretion, the Company also offers special pricing discounts to certain customers. Special pricing discounts are usually offered only for limited time periods or for sales of selected products to specific indirect partners. Management's decision to make price reductions is influenced by product life cycle stage, market acceptance of products, the competitive environment, new product introductions and other factors. Accruals for estimated expected future pricing actions are recognized at the time of sale based on analyses of historical pricing actions by customer and by products, inventories owned by and located at distributors and retailers, current customer demand, current operating conditions, and other relevant customer and product information, such as stage of product life-cycle.

The Company regularly evaluates the adequacy of the accruals for product returns, cooperative marketing arrangements, customer incentive programs and pricing programs. Future market conditions and product transitions may require the Company to take action to 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 revenue, cost of goods sold or increase operating expenses. If, at any future time, the Company becomes unable to reasonably estimate these costs, recognition of revenue might be deferred until products are sold to end-users, which would adversely impact revenue in the period of transition.

The Company's shipping and handling costs are included in cost of sales in the accompanying Consolidated Statements of Income for all periods presented.

#### ***Research and Development Costs***

Costs related to research, design and development of products, which consist primarily of personnel, product design and infrastructure expenses, are charged to research and development expense as they are incurred.

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 2 — Summary of Significant Accounting Policies (Continued)**

***Advertising Costs***

Advertising costs are expensed as incurred. Amounts charged to marketing and selling expenses were \$158.1 million, \$184.8 million and \$118.1 million in fiscal years 2012, 2011 and 2010. Advertising costs reimbursed by the Company to a customer must have an identifiable benefit and an estimable fair value in order to be classified as an operating expense. If these criteria are not met, the cost is classified as a reduction of revenue.

***Cash Equivalents***

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

***Concentration of Credit Risk***

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company maintains cash and cash equivalents with various financial institutions to limit exposure with any one financial institution, but is exposed to credit risk in the event of default by financial institutions to the extent that cash balances with individual financial institutions are in excess of amounts that are insured.

The Company sells to large OEMs, distributors and key retailers and, as a result, maintains individually significant receivable balances with such customers. As of March 31, 2012 and 2011, one customer group represented 14% and 13% of total accounts receivable. Typical payment terms require customers to pay for product sales generally within 30 to 60 days; however terms may vary by customer type, by country and by selling season. Extended payment terms are sometimes offered to a limited number of customers during the second and third fiscal quarters. The Company does not modify payment terms on existing receivables.

The Company's OEM customers tend to be well-capitalized, multi-national companies, while distributors and key retailers may be less well-capitalized. The Company manages its accounts receivable credit risk through ongoing credit evaluation of its customers' financial condition. The Company generally does not require collateral from its customers.

***Allowances for Doubtful Accounts***

Allowances for doubtful accounts are maintained for estimated losses resulting from the inability of the Company's customers to make required payments. The allowances are based on the Company's regular assessment of the credit worthiness and financial condition of specific customers, as well as its historical experience with bad debts and customer deductions, receivables aging, current economic trends, geographic or country-specific risks and the financial condition of its distribution channels.

***Inventories***

Inventories are stated at the lower of cost or market. Cost is computed on a first-in, first-out basis. The Company records write-downs of inventories which are obsolete or in excess of anticipated demand or market value based on a consideration of marketability and product life cycle stage, product development plans, component cost trends, demand forecasts, historical sales, and assumptions about future demand and market conditions.

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 2 — Summary of Significant Accounting Policies (Continued)**

***Investments***

The Company's investment securities portfolio consists of bank time deposits, marketable securities related to a deferred compensation plan, and auction rate securities collateralized by residential and commercial mortgages.

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

The marketable securities 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. Trading activity is directed by plan participants and is not intended to create short-term gains for the benefit of the Company. 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 auction rate securities are classified as non-current available-for-sale assets, and are recorded at estimated fair value. Declines in fair value of the auction rate securities are deemed other-than-temporary and are included in other income (expense), net. Increases in fair value are deemed temporary and are included in accumulated other comprehensive income (loss).

***Property, Plant and Equipment***

Property, plant and equipment are stated at cost. Additions and improvements are capitalized, and maintenance and repairs are expensed as incurred. The Company capitalizes the cost of software developed for internal use in connection with major projects. Costs incurred during the feasibility stage are expensed, whereas costs incurred during the application development stage are capitalized.

Depreciation is provided using the straight-line method. Plant and buildings are depreciated over estimated useful lives from ten to twenty-five years, equipment over useful lives from three to five years, internal-use software development over useful lives of three to five years and leasehold improvements over the lesser of the useful life of the improvement or the term of the lease. Beginning in fiscal year 2011, tooling is depreciated using the straight-line method over the forecasted life of the tool, not to exceed one year from the time it is placed into production. Prior to fiscal year 2011, depreciation for tooling was calculated based on the forecasted production volume and adjusted quarterly based on actual production.

When property and equipment is retired or otherwise disposed of, the cost and accumulated depreciation are relieved from the accounts and the net gain or loss is included in the determination of net income.

***Goodwill and Other Intangible Assets***

The Company's intangible assets principally include goodwill, acquired technology, trademarks, customer contracts and customer relationships. Other intangible assets with finite lives, which include acquired technology, trademarks, customer contracts and customer relationships, and other, are recorded at cost and amortized using the straight-line method over their useful lives ranging from one year to ten years. Intangible assets with indefinite lives, which include goodwill, are recorded at cost and evaluated at least annually for impairment.

## LOGITECH INTERNATIONAL S.A.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 2 — Summary of Significant Accounting Policies (Continued)

##### *Impairment of Long-Lived Assets*

The Company reviews long-lived assets, such as property and equipment, and 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 assets is measured by comparing the projected undiscounted net cash flows associated with those assets to their carrying values. If an asset is considered impaired, it is written down to fair value, which is determined based on the asset's projected discounted cash flows or appraised value, depending on the nature of the asset.

Goodwill of each reporting unit is evaluated for impairment at least annually as of December 31, or more frequently if events or circumstances warrant. The Company's reporting units consist of peripherals and video conferencing. The recoverability of goodwill is measured at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the estimated fair value of the reporting unit. The fair value is estimated using a discounted cash flow model, which considers estimates of projected future operating results and cash flows, discounted at an estimated after-tax weighted average cost of capital. In addition, market-based valuation techniques are used to test the reasonableness of the value indicated by the discounted cash flow model. In the market-based valuation technique, the implied premium of the aggregate fair value over the market capitalization is considered attributable to an acquisition control premium, which is the price in excess of a stock's market price that investors would typically pay to gain control of an entity. The discounted cash flow model and the market-based valuation techniques require the exercise of significant judgment, including assumptions about appropriate discount rates, long-term growth rates for purposes of determining a terminal value at the end of the discrete forecast period, economic expectations, timing of expected future cash flows, and expectations of returns on equity that will be achieved. Such assumptions are subject to change as a result of changing economic and competitive conditions. If the carrying amount of the reporting unit exceeds its fair value, goodwill is considered impaired, and a second test is performed to measure the amount of the impairment loss by allocating the reporting unit's fair value to its assets and liabilities other than goodwill, comparing the resulting implied fair value of goodwill with its carrying amount, and recording an impairment charge for the difference.

##### *Income Taxes*

The Company provides for income taxes using the asset and liability method, which requires that deferred tax assets and liabilities be recognized for the expected future tax consequences of temporary differences resulting from differing treatment of items for tax and accounting purposes. In estimating future tax consequences, expected future events are taken into consideration, with the exception of potential tax law or tax rate changes.

The Company's assessment of uncertain tax positions requires that management make estimates and judgments about the application of tax law, the expected resolution of uncertain tax positions and other matters. In the event that uncertain tax positions are resolved for amounts different than the Company's estimates, or the related statutes of limitations expire without the assessment of additional income taxes, the Company will be required to adjust the amounts of the related assets and liabilities in the period in which such events occur. Such adjustments may have a material impact on the Company's income tax provision and its results of operations.

##### *Fair Value of Financial Instruments*

The carrying value of certain of the Company's financial instruments, including cash equivalents, accounts receivable, accounts payable and accrued liabilities approximates fair value due to their short maturities. The Company's trading investments related to the deferred compensation plan are reported at fair value based on quoted market prices. Available-for-sale securities are reported at estimated fair value.

## LOGITECH INTERNATIONAL S.A.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 2 — Summary of Significant Accounting Policies (Continued)

##### *Net Income per Share*

Basic net income per share is computed by dividing net income by the weighted average outstanding shares. Diluted net income per share is computed using the weighted average outstanding shares and dilutive share equivalents. Dilutive share equivalents consist of share-based compensation awards, including stock options and restricted stock.

The dilutive effect of in-the-money share-based compensation awards is calculated based on the average share price for each fiscal period using the treasury stock method, which assumes that the amount used to repurchase shares includes the amount the employee must pay for exercising share-based awards, the amount of compensation cost not yet recognized for future service, and the amount of tax impact that would be recorded in additional paid-in capital when the award becomes deductible.

##### *Share-Based Compensation Expense*

Share-based compensation expense includes compensation expense, reduced for estimated forfeitures, for share-based compensation awards granted after April 1, 2006 based on the grant-date fair value. The grant date fair value for stock options and stock purchase rights is estimated using the Black-Scholes-Merton option-pricing valuation model. The grant date fair value of RSUs (restricted stock units) which vest upon meeting certain market conditions is estimated using the Monte-Carlo simulation method. The grant date fair value of time-based RSUs is calculated based on the share market price on the date of grant. For stock options and restricted stock assumed by Logitech when LifeSize was acquired, the grant date used to estimate fair value is deemed to be December 11, 2009, the date of acquisition. Compensation expense for awards granted or assumed after April 1, 2006 is recognized on a straight-line basis over the service period of the award, which is generally the vesting term of four years (single-option approach) for stock options and one to four years for RSUs.

For share-based compensation awards granted prior to but not yet vested as of April 1, 2006, share-based compensation expense is based on the grant-date fair value estimated using the Black-Scholes-Merton option-pricing valuation model reduced for estimated forfeitures. Compensation expense for these awards is recognized on a straight-line basis over the service period for each separately vesting portion of the award (multiple-option approach).

Tax benefits resulting from the exercise of stock options are classified as cash flows from financing activities in the consolidated statement of cash flows. Excess tax benefits are realized tax benefits from tax deductions for exercised options in excess of the deferred tax asset attributable to share-based compensation costs for such options.

The Company will recognize a benefit from share-based compensation in paid-in capital only if an incremental tax benefit is realized after all other available tax attributes have been utilized. For income tax footnote disclosure, the Company has elected to offset deferred tax assets from share-based compensation against the valuation allowance related to the net operating loss and tax credit carryforwards from accumulated tax benefits. The Company will recognize these tax benefits in paid-in capital when the deduction reduces cash taxes payable. In addition, the Company has elected to account for the indirect benefits of share-based compensation on the research tax credit through continuing operations.

##### *Comprehensive Income*

Comprehensive income is defined as the total change in shareholders' equity during the period other than from transactions with shareholders. Comprehensive income consists of net income and other comprehensive income. Other comprehensive income is comprised of foreign currency translation adjustments from those entities

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 2 — Summary of Significant Accounting Policies (Continued)**

not using the U.S. dollar as their functional currency, unrealized gains and losses on marketable equity securities, net deferred gains and losses and prior service costs for defined benefit pension plans, and net deferred gains and losses on hedging activity.

***Treasury Shares***

The Company periodically repurchases shares in the market at fair value. Treasury shares repurchased are recorded at cost, as a reduction of total shareholders' equity. Treasury shares held 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.

***Derivative Financial Instruments***

The Company enters into foreign exchange forward contracts to reduce the short-term effects of foreign currency fluctuations on certain foreign currency receivables or payables and to hedge against exposure to changes in foreign currency exchange rates related to its subsidiaries' forecasted inventory purchases. These forward contracts generally mature within one to three months. The Company may also enter into foreign exchange swap contracts to extend the terms of its foreign exchange forward contracts.

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

***Recent Accounting Pronouncements***

In September 2011, the FASB issued ASU 2011-08, *Intangibles—Goodwill and Other (Topic 350)*. ASU 2011-08 provides entities the option to first assess qualitatively whether it is necessary to perform the two-step goodwill impairment test. If an entity concludes, as a result of its qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the quantitative two-step goodwill impairment test is required. An entity may elect to bypass the qualitative assessment and proceed to perform the first step of the two-step goodwill impairment test. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The Company will adopt ASU 2011-08 in the first quarter of fiscal year 2013. The adoption of ASU 2011-08 is not expected to have a material impact on the consolidated financial statements and footnote disclosures.

**Note 3 — Net Income per Share**

The computations of basic and diluted net income per share for the Company were as follows (in thousands except per share amounts):

	Year ended March 31,		
	2012	2011	2010
Net income—basic and diluted . . . . .	\$ 71,458	\$ 128,460	\$ 64,957
Weighted average shares—basic . . . . .	174,648	176,928	177,279
Effect of dilutive stock options . . . . .	943	1,862	2,061
Weighted average shares—diluted . . . . .	175,591	178,790	179,340
Net income per share—basic . . . . .	\$ 0.41	\$ 0.73	\$ 0.37
Net income per share—diluted . . . . .	\$ 0.41	\$ 0.72	\$ 0.36

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 3 — Net Income per Share (Continued)**

Employee stock options, restricted stock units and similar share-based compensation awards granted by the Company are treated as potential shares in computing diluted net income per share. Diluted shares outstanding include the dilutive effect of in-the-money share-based awards which is calculated based on the average share price for each fiscal period using the treasury stock method. Under the treasury stock method, the amount that the employee must pay for exercising share-based awards, the amount of compensation cost for future service that the Company has not yet recognized, and the amount of tax impact that would be recorded in additional paid-in capital when the award becomes deductible are assumed to be used to repurchase shares.

During fiscal years 2012, 2011 and 2010, 18,431,855, 13,705,406 and 15,186,997 share equivalents attributable to outstanding stock options and RSUs were excluded from the calculation of diluted net income per share because the combined exercise price, average unamortized fair value and assumed tax benefits upon exercise of these options and RSUs were greater than the average market price of the Company's shares, and therefore their inclusion would have been anti-dilutive.

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

	<b>Year ended March 31</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Basic weighted average shares outstanding as of March 31 . . . . .	174,648	176,928	177,279
Stock options and RSUs granted . . . . .	3,012	2,431	3,902
Stock options and restricted stock assumed in LifeSize acquisition . . . . .	—	—	1,078
Stock options and RSUs canceled, forfeited, or expired . . . . .	<u>(3,820)</u>	<u>(1,411)</u>	<u>(1,440)</u>
Net awards granted and assumed . . . . .	(808)	1,020	3,540
Grant dilution <sup>(1)</sup> . . . . .	-0.5%	0.6%	2.0%
Stock options exercised and RSUs vested . . . . .	715	2,889	1,980
Exercise dilution <sup>(2)</sup> . . . . .	0.4%	1.6%	1.1%

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

**Note 4 — Employee Benefit Plans**

***Employee Share Purchase Plans and Stock Incentive Plans***

As of March 31, 2012, the Company offers the 2006 ESPP (2006 Employee Share Purchase Plan (Non-U.S.)), the 1996 ESPP (1996 Employee Share Purchase Plan (U.S.)) and the 2006 Plan (2006 Stock Incentive Plan). On April 13, 2012, the Company filed Registration Statements to register 5.0 million additional shares to be issued pursuant to the 2006 Employee Share Purchase Plan (Non-U.S.), and 1.8 million shares under the 2012 Stock Inducement Equity Plan approved by the Board of Directors in April 2012. Shares issued to employees as a result of purchases or exercises under these plans are generally issued from shares held in treasury.



**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 4 — Employee Benefit Plans (Continued)**

The following table summarizes the share-based compensation expense and related tax benefit recognized for fiscal years 2012, 2011 and 2010 (in thousands):

	<b>Year Ended March 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Cost of goods sold. . . . .	\$ 3,620	\$ 4,223	\$ 3,073
Share-based compensation expense included in gross profit . . . . .	<u>3,620</u>	<u>4,223</u>	<u>3,073</u>
Operating expenses:			
Marketing and selling. . . . .	12,716	12,030	9,201
Research and development . . . . .	7,187	7,829	4,902
General and administrative. . . . .	<u>8,006</u>	<u>10,764</u>	<u>8,631</u>
Share-based compensation expense included in operating expenses . . . . .	<u>27,909</u>	<u>30,623</u>	<u>22,734</u>
Total share-based compensation expense. . . . .	31,529	34,846	25,807
Tax benefit . . . . .	<u>6,294</u>	<u>8,279</u>	<u>5,768</u>
Share-based compensation expense, net of income tax. . . . .	<u>\$25,235</u>	<u>\$26,567</u>	<u>\$20,039</u>

As of March 31, 2012, 2011 and 2010, \$0.7 million, \$1.0 million and \$0.9 million of share-based compensation cost was capitalized to inventory. The following table summarizes total share-based compensation cost not yet recognized and the number of months over which such cost is expected to be recognized, on a weighted-average basis by type of grant (in thousands, except number of months):

	<b>March 31, 2012</b>	
	<b>Compensation Cost Not Yet Recognized</b>	<b>Months of Future Recognition</b>
Non-vested stock options . . . . .	\$ 8,504	14
Time-based RSUs. . . . .	33,496	23
Performance-based RSUs. . . . .	<u>8,418</u>	<u>22</u>
Total compensation cost not yet recognized . . . . .	<u>\$50,418</u>	

Under the 1996 ESPP and 2006 ESPP plans, eligible employees may purchase shares at the lower of 85% of the fair market value at the beginning or the end of each six-month offering period. Subject to continued participation in these plans, purchase agreements are automatically executed at the end of each offering period. An aggregate of 21,000,000 shares was reserved for issuance under the 1996 and 2006 ESPP plans. As of March 31, 2012, a total of 4,526,282 shares were available for issuance under these plans.

The 2006 Plan provides for the grant to eligible employees and non-employee directors of stock options, stock appreciation rights, restricted stock and RSUs (restricted stock units). Awards under the 2006 Plan may be conditioned on continued employment, the passage of time or the satisfaction of performance vesting criteria. The 2006 Stock Plan has an expiration date of June 16, 2016. Stock options granted under the 2006 Plan generally vest over three years for non-executive Directors and over four years for employees. All stock options under this plan have terms not exceeding ten years and are issued at exercise prices not less than the fair market value on the date of grant. Time-based RSUs granted to employees under the 2006 Plan 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 at the end of the performance period upon meeting certain share price performance criteria measured against market conditions. The performance period is three years for performance-based RSU grants made in fiscal

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 4 — Employee Benefit Plans (Continued)**

years 2012 and 2011 and two years for performance-based RSU grants made in fiscal year 2010. An aggregate of 17,500,000 shares was reserved for issuance under the 2006 Plan. As of March 31, 2012, a total of 4,331,255 shares were available for issuance under this plan.

A summary of the Company's stock option activity for fiscal years 2012, 2011 and 2010 is as follows (in thousands, except per share data; exercise prices are weighted averages):

	Year ended March 31,					
	2012		2011		2010	
	Number	Exercise Price	Number	Exercise Price	Number	Exercise Price
Outstanding, beginning of year . . . . .	16,312	\$19	20,037	\$18	18,897	\$18
Granted . . . . .	—	\$—	294	\$16	3,520	\$14
Assumed in LifeSize acquisition . . . . .	—	\$—	—	\$—	1,024	\$ 5
Exercised . . . . .	(316)	\$ 8	(2,747)	\$10	(1,980)	\$ 8
Cancelled or expired . . . . .	(2,962)	\$22	(1,272)	\$21	(1,424)	\$17
Outstanding, end of year . . . . .	<u>13,034</u>	\$19	<u>16,312</u>	\$19	<u>20,037</u>	\$18
Exercisable, end of year . . . . .	<u>10,867</u>	\$20	<u>11,205</u>	\$20	<u>11,287</u>	\$17

The total pretax intrinsic value of stock options exercised during the fiscal years ended March 31, 2012, 2011 and 2010 was \$0.8 million, \$23.9 million and \$15.0 million and the tax benefit realized for the tax deduction from options exercised during those periods was \$0.2 million, \$7.4 million and \$3.9 million. The total fair value of options vested as of March 31, 2012, 2011 and 2010 was \$76.0 million, \$74.3 million and \$66.4 million.

The fair value of employee stock options granted and shares purchased under the Company's employee purchase plans was estimated using the Black-Scholes-Merton option-pricing valuation model applying the following assumptions and values. There were no stock options granted during the fiscal year ended March 31, 2012.

	Year ended March 31,					
	2012	2011	2010	2012	2011	2010
	Purchase Plans			Stock Option Plans		
Dividend yield . . . . .	0%	0%	0%	n/a	0%	0%
Expected life . . . . .	6 months	6 months	6 months	n/a	4 years	3.3 years
Expected volatility . . . . .	52%	35%	59%	n/a	48%	47%
Risk-free interest rate . . . . .	0.13%	0.16%	0.19%	n/a	1.57%	1.64%

The dividend yield assumption is based on the Company's history and future expectations of dividend payouts. The Company has not paid dividends since 1996. The expected option life represents the weighted-average period the stock options or purchase offerings are expected to remain outstanding. The expected life is based on historical settlement rates, which the Company believes are most representative of future exercise and post-vesting termination behaviors. Expected share price volatility is based on historical volatility using the Company's daily closing prices over the term of past options or purchase offerings. 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 term of the Company's stock options or purchase offerings.

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 4 — Employee Benefit Plans (Continued)**

The Company estimates option forfeitures at the time of grant and revises those estimates in subsequent periods if actual forfeitures differ from those estimates. The Company uses historical data to estimate pre-vesting option forfeitures and records share-based compensation expense only for those awards that are expected to vest.

The following table presents the weighted average grant-date fair values of options granted and the expected forfeiture rates:

	Year ended March 31,					
	2012	2011	2010	2012	2011	2010
	Purchase Plans			Stock Option Plans		
Weighted average grant-date fair value of options granted . . . . .	\$2.96	\$4.26	\$4.23	n/a	\$6.11	\$6.66
Expected forfeitures . . . . .	0%	0%	0%	n/a	9%	9%

As of March 31, 2012, the exercise price of outstanding options ranged from \$1 to \$45 per option, and the weighted average contractual life was 4.9 years. The weighted average contractual life of exercisable options was 4.4 years.

The total number of fully vested in-the-money options exercisable as of March 31, 2012 was 803,456. As of March 31, 2012, 2,165,820 options were unvested, of which 1,970,896 are expected to vest, based on an estimated forfeiture rate of 9%.

A summary of the Company's time- and performance-based RSU activity for fiscal years 2012, 2011 and 2010 is as follows (in thousands, except per share values; grant-date fair values are weighted averages):

	Year ended March 31,					
	2012		2011		2010	
	Number	Grant Date Fair Value	Number	Grant Date Fair Value	Number	Grant Date Fair Value
Outstanding, beginning of year . . . . .	2,370	\$ 21	514	\$ 18	94	\$ 28
Time-based RSUs granted . . . . .	2,496	\$ 9	1,599	\$ 20	267	\$ 15
Performance-based RSUs granted . . . . .	516	\$ 11	538	\$ 28	115	\$ 18
Assumed in LifeSize acquisition . . . . .	—	\$ —	—	\$ —	54	\$ 5
Vested . . . . .	(399)	\$ 19	(142)	\$ 15	—	\$ —
Cancelled or expired . . . . .	(858)	\$ 19	(139)	\$ 24	(16)	\$ 23
Outstanding, end of year . . . . .	<u>4,125</u>	\$ 13	<u>2,370</u>	\$ 21	<u>514</u>	\$ 18

The total pretax intrinsic value (fair value) of RSUs vested during the fiscal years ended March 31, 2012 and 2011 was \$3.8 million and \$1.7 million. The tax benefit realized for the tax deduction from RSUs vested during fiscal years ended March 31, 2012 and 2011 was \$0.9 million and \$0.2 million. There were no RSUs vested during the fiscal year ended March 31, 2010.

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 4 — Employee Benefit Plans (Continued)**

The Company determines the fair value of the time-based RSUs based on the share market price on the date of grant. The fair value of the performance-based RSUs is estimated using the Monte-Carlo simulation model applying the following assumptions:

	<u>FY 2012</u> <u>Grants</u>	<u>FY 2011</u> <u>Grants</u>	<u>FY 2010</u> <u>Grants</u>
Dividend yield . . . . .	0%	0%	0%
Expected life . . . . .	3 years	3 years	2 years
Expected volatility . . . . .	49%	51%	58%
Risk-free interest rate . . . . .	0.99%	0.81%	1.11%

The dividend yield assumption is based on the Company’s history and future expectations of dividend payouts. The expected life of the performance-based RSUs is the service period at the end of which the RSUs will vest if the performance conditions are satisfied. The volatility assumption is based on the actual volatility of Logitech’s daily closing share price over a look-back period equal to the years of expected life. The risk free interest rate is derived from the yield on US Treasury Bonds for a term of the same number of years as the expected life.

As of March 31, 2012, the grant date fair values of outstanding RSUs ranged from \$6 to \$28 per RSU, and the weighted average contractual life was 9.2 years.

In April 2012, Logitech’s Board of Directors approved the 2012 Stock Inducement Equity Plan. Under this plan, Logitech’s newly-hired President, Bracken P. Darrell, was granted the following equity incentive awards (in thousands, except per share exercise price, vesting period and term):

<u>Type of Grant</u>	<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Grant Date Fair Value</u>	<u>Vesting Period<sup>(1)</sup></u>	<u>Term</u>
Stock Options . . . . .	500	\$ 8	\$1,820	4.0	10.0
Time-based RSUs . . . . .	100	\$—	803	4.0	10.0
Premium-priced stock options: <sup>(2)</sup>					
First Tranche . . . . .	400	\$ 14	1,100	2.5	10.0
Second Tranche . . . . .	400	\$ 16	1,024	3.0	10.0
Third Tranche . . . . .	400	\$ 20	896	3.9	10.0

- (1) Vesting period for premium-priced stock options represents estimated requisite service period.
- (2) Each grant of premium-priced stock options will 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 the grant.

***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 2012, 2011 and 2010, were \$11.6 million, \$8.9 million and \$8.2 million.

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 4 — 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 underfunded or overfunded status of defined benefit pension plans and non-retirement post-employment benefit obligations as an asset or liability in its statement of financial position, and recognizes changes in the funded status of defined benefit pension plans in the year in which the changes occur through accumulated other comprehensive loss, which is a component of shareholders' equity. Each plan's assets and benefit obligations are measured approximately as of March 31.

The net periodic benefit cost of the defined benefit pension plans and the non-retirement post-employment benefit obligations for fiscal years 2012, 2011 and 2010 was as follows (in thousands):

	<u>Year ended March 31,</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Service cost . . . . .	\$ 6,295	\$ 4,396	\$ 3,983
Interest cost . . . . .	2,205	1,745	1,430
Expected return on plan assets . . . . .	(1,968)	(1,818)	(1,200)
Amortization of net transition obligation . . . . .	5	4	4
Amortization of net prior service cost . . . . .	156	161	138
Settlement . . . . .	—	2	—
Recognized net actuarial loss . . . . .	<u>205</u>	<u>482</u>	<u>1,239</u>
Net periodic benefit cost . . . . .	<u>\$ 6,898</u>	<u>\$ 4,972</u>	<u>\$ 5,594</u>

The changes in projected benefit obligations for fiscal years 2012 and 2011 were as follows (in thousands):

	<u>March 31,</u>	
	<u>2012</u>	<u>2011</u>
Projected benefit obligation, beginning of year . . . . .	\$76,145	\$57,531
Service cost . . . . .	6,295	4,396
Interest cost . . . . .	2,205	1,745
Plan participant contributions . . . . .	2,878	2,321
Actuarial loss . . . . .	9,989	3,911
Benefits paid . . . . .	(3,812)	(2,220)
Plan amendments . . . . .	—	19
Settlement . . . . .	—	(218)
Initial adoption of Japanese plan . . . . .	86	—
Administrative expense paid . . . . .	(197)	(131)
Foreign currency exchange rate changes . . . . .	<u>546</u>	<u>8,791</u>
Projected benefit obligation, end of year . . . . .	<u>\$94,135</u>	<u>\$76,145</u>

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 4 — Employee Benefit Plans (Continued)**

The accumulated benefit obligation for all defined benefit pension plans as of March 31, 2012 and 2011 was \$72.8 million and \$60.2 million.

The following table presents the changes in the fair value of defined benefit pension plan assets for fiscal years 2012 and 2011 (in thousands):

	March 31,	
	2012	2011
Fair value of plan assets, beginning of year . . . . .	\$45,937	\$35,427
Actual return on plan assets . . . . .	219	34
Employer contributions . . . . .	5,071	4,612
Plan participant contributions . . . . .	2,878	2,321
Benefits paid . . . . .	(3,812)	(2,220)
Settlement . . . . .	—	(85)
Administrative expenses paid . . . . .	(197)	(131)
Foreign currency exchange rate changes . . . . .	573	5,979
Fair value of plan assets, end of year . . . . .	<u>\$50,669</u>	<u>\$45,937</u>

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: 28 - 43% for equities, 33-63% for Swiss bonds, 5-15% for foreign bonds, 5-15% for hedge and investment funds, and 0-20% for cash and cash equivalents. The Company's other defined benefit plans, which comprise approximately 2% of total defined benefit plan assets as of March 31, 2012, have similar investment and allocation strategies. The following tables present the fair value of the defined benefit pension plan assets by major categories and by levels within the fair value hierarchy as of March 31, 2012 and 2011 (in thousands):

	March 31, 2012			
	Level 1	Level 2	Level 3	Total
Cash . . . . .	\$ 2,675	\$ —	\$—	\$ 2,675
Equity securities . . . . .	17,513	—	—	17,513
Debt securities . . . . .	22,892	—	—	22,892
Swiss real estate fund . . . . .	3,561	—	—	3,561
Hedge fund . . . . .	—	3,167	—	3,167
Commodity fund . . . . .	590	—	—	590
Other . . . . .	—	271	—	271
Total plan assets at fair value . . . . .	<u>\$47,231</u>	<u>\$ 3,438</u>	<u>\$—</u>	<u>\$50,669</u>

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 4 — Employee Benefit Plans (Continued)**

	March 31, 2011			Total
	Level 1	Level 2	Level 3	
Cash . . . . .	\$ 3,859	\$ —	\$ —	\$ 3,859
Equity securities . . . . .	15,546	—	—	15,546
Debt securities . . . . .	20,142	—	—	20,142
Swiss real estate fund . . . . .	3,026	—	—	3,026
Hedge fund . . . . .	—	1,942	—	1,942
Commodity fund . . . . .	622	275	—	897
Other . . . . .	204	321	—	525
Total plan assets at fair value . . . . .	<u>\$43,399</u>	<u>\$2,538</u>	<u>\$ —</u>	<u>\$45,937</u>

Refer to Note 8 for a discussion of how the defined benefit pension plan assets are classified into each of the fair value hierarchy levels.

The funded status of the defined benefit pension plans is the fair value of plan assets as determined by the governmental regulatory agency less benefit obligations. The funded status of the non-retirement post-employment benefits is the fair value of the benefit obligations. Projected benefit obligations exceeded plan assets for all plans by \$43.5 million and \$30.2 million as of March 31, 2012 and 2011. Amounts recognized on the balance sheet for the plans were as follows (in thousands):

	March 31,	
	2012	2011
Current assets . . . . .	\$ 752	\$ 759
Current liabilities . . . . .	(4,129)	(3,563)
Non-current liabilities . . . . .	(39,337)	(26,645)
Net liability . . . . .	<u>\$(42,714)</u>	<u>\$(29,449)</u>

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

	March 31,	
	2012	2011
Net prior service cost . . . . .	\$ (1,918)	\$ (2,084)
Net actuarial loss . . . . .	(28,172)	(16,714)
Amortization of net transition obligation . . . . .	(24)	(34)
Accumulated other comprehensive loss . . . . .	(30,114)	(18,832)
Deferred tax benefit . . . . .	752	759
Accumulated other comprehensive loss, net of tax . . . . .	<u>\$(29,362)</u>	<u>\$(18,073)</u>

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 4 — Employee Benefit Plans (Continued)**

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

	<u>March 31,</u>	
	<u>2012</u>	<u>2011</u>
Accumulated other comprehensive loss, beginning of year . . . . .	\$(18,073)	\$(10,813)
Transition obligation recognized . . . . .	—	5
Prior service cost recognized . . . . .	(15)	146
Loss recognized . . . . .	275	396
Settlement loss recognized . . . . .	—	23
Loss occurred . . . . .	(11,808)	(5,609)
Deferred tax benefit (expense) . . . . .	170	(241)
Foreign currency exchange rate changes . . . . .	89	(1,980)
Accumulated other comprehensive loss, end of year . . . . .	<u>\$(29,362)</u>	<u>\$(18,073)</u>

The following table presents the amounts included in accumulated other comprehensive loss as of March 31, 2012, which are expected to be recognized as a component of net periodic benefit cost in fiscal year 2013 (in thousands):

	<u>March 31, 2012</u>
Amortization of net transition obligation . . . . .	\$ 5
Amortization of net prior service costs . . . . .	152
Amortization of net actuarial loss . . . . .	1,719
	<u>\$1,876</u>

The Company reassesses its benefit plan assumptions on a regular basis. The actuarial assumptions for the pension plans for fiscal years 2012 and 2011 were as follows:

	<u>2012</u>		<u>2011</u>	
	<u>Benefit Obligation</u>	<u>Periodic Cost</u>	<u>Benefit Obligation</u>	<u>Periodic Cost</u>
Discount rate . . . . .	1.75% to 3.25%	2.00% to 3.75%	2.00% to 3.75%	2.00% to 3.75%
Estimated rate of compensation increase . . . . .	3.00% to 8.00%	2.50% to 5.00%	3.00% to 5.00%	2.50% to 5.00%
Expected average rate of return on plan assets . . . . .	1.00% to 3.75%	1.00% to 4.75%	1.00% to 4.00%	1.00% to 4.75%

The discount rate is estimated based on corporate bond yields or securities of similar quality in the respective country, with a duration approximating the period over which the benefit obligations are expected to be paid. The Company bases the compensation increase assumptions on historical experience and future expectations. The expected average rate of return for the Company's defined benefit pension plans represents the average rate of return expected to be earned on plan assets over the period that the benefit obligations are expected to be paid, based on government bond notes in the respective country, adjusted for corporate risk premiums as appropriate.



**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 4 — Employee Benefit Plans (Continued)**

The following table reflects the benefit payments that the Company expects the plans to pay in the periods noted (in thousands):

Year ending March 31,	
2013 .....	\$ 4,026
2014 .....	4,145
2015 .....	4,166
2016 .....	4,420
2017 .....	4,176
Thereafter .....	<u>20,714</u>
	<u>\$41,647</u>

The Company expects to contribute approximately \$4.5 million to its defined benefit pension plans during fiscal year 2013.

***Deferred Compensation Plan***

One of the Company's subsidiaries offers a deferred compensation plan which permits eligible employees to make 100%-vested salary and incentive compensation deferrals within established limits. The Company does not make contributions to the plan. Prior to December 2010, the participants' deferrals were invested in Company-owned life insurance contracts held in a Rabbi Trust. In December 2010, the Company surrendered the life insurance contracts for cash, and invested the proceeds of \$11.3 million, in addition to \$0.8 million in cash held by the Rabbi Trust, investment earnings and employee contributions, in a Company-selected portfolio of marketable securities, which are also held by the Rabbi Trust.

The fair value of the deferred compensation plan's assets is included in other assets in the statements of financial position. The marketable securities are classified as trading investments and are recorded at a fair value of \$14.3 million and \$13.1 million as of March 31, 2012 and 2011, based on quoted market prices. Earnings, gains and losses on trading investments are included in other income (expense), net.

The unsecured obligation to pay the compensation deferred was approximately \$14.4 million and \$13.1 million at March 31, 2012 and 2011, and was included in other liabilities.

**Note 5 — Interest and Other Income**

Interest and other income (expense), net was comprised of the following (in thousands):

	<u>Year ended March 31,</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Interest income .....	\$ 3,121	\$2,343	\$2,406
Interest expense .....	(447)	(27)	(286)
Interest income, net .....	<u>\$ 2,674</u>	<u>\$2,316</u>	<u>\$2,120</u>
Gain on sale of buildings .....	\$ 8,967	\$ 838	\$ —
Gain on sale of available-for-sale securities .....	6,109	—	—
Foreign currency exchange gains, net .....	1,575	480	1,720
Investment income related to deferred compensation plan .....	227	1,409	1,221
Write-down of investments .....	—	(43)	(643)
Other, net .....	(256)	792	841
Other income, net .....	<u>\$16,622</u>	<u>\$3,476</u>	<u>\$3,139</u>

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 6 — Income Taxes**

The Company is incorporated in Switzerland but operates in various countries with differing tax laws and rates. Further, a portion of the Company's income before taxes and the provision for income taxes are generated outside of Switzerland.

Income before income taxes for the fiscal years ended March 31, 2012, 2011 and 2010 is summarized as follows (in thousands):

	Year ended March 31,		
	2012	2011	2010
Income before income taxes:			
Swiss .....	\$ (66,512)	\$ 50,219	\$ 13,352
Non-Swiss .....	157,789	98,229	70,271
Total .....	<u>\$ 91,277</u>	<u>\$ 148,448</u>	<u>\$ 83,623</u>

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

	Year ended March 31,		
	2012	2011	2010
Current:			
Swiss .....	\$ 258	\$ (1,073)	\$ 1,463
Non-Swiss .....	25,187	26,218	22,279
Deferred:			
Swiss .....	(254)	—	—
Non-Swiss .....	(5,372)	(5,157)	(5,076)
Total .....	<u>\$ 19,819</u>	<u>\$ 19,988</u>	<u>\$ 18,666</u>

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

	Year ended March 31,		
	2012	2011	2010
Expected tax provision at statutory income tax rates .....	\$ 7,759	\$ 12,618	\$ 7,108
Income taxes at different rates .....	11,968	5,062	8,997
Research and development tax credits .....	(1,666)	(2,315)	(1,628)
Unrealized investment income .....	—	(315)	(428)
Stock compensation .....	2,696	1,965	2,189
Transaction costs .....	—	—	1,257
Valuation allowance .....	(104)	2,309	—
Other .....	(834)	664	1,171
Total provision for income taxes .....	<u>\$ 19,819</u>	<u>\$ 19,988</u>	<u>\$ 18,666</u>

The Company negotiated a tax holiday on certain earnings in China which was effective from January 2006 through December 2010. The tax holiday was a tax exemption aimed to attract foreign technological investment in China. The tax holiday decreased income tax expense by approximately \$3.6 million, and \$2.4 million for fiscal years 2011 and 2010.

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 6 — Income Taxes (Continued)**

On December 17, 2010, the enactment in the U.S. of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 extended retroactively through the end of calendar year 2011 the U.S. federal research and development tax credit which had expired on December 31, 2009. As of December 31, 2011, such U.S. federal research tax credit expired. The income tax expense for the fiscal year ended March 31, 2012 reflected a \$1.4 million tax benefit for U.S. federal research tax credit.

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

	March 31,	
	2012	2011
Deferred tax assets:		
Net operating loss carryforwards . . . . .	\$ 24,332	\$ 33,029
Tax credit carryforwards . . . . .	8,418	5,645
Accruals . . . . .	38,954	35,172
Depreciation and amortization . . . . .	6,871	12,310
Share-based compensation . . . . .	25,516	21,997
Valuation allowance . . . . .	(2,205)	(2,309)
Gross deferred tax assets . . . . .	101,886	105,844
Deferred tax liabilities:		
Acquired intangible assets . . . . .	(17,454)	(24,013)
Gross deferred tax liabilities . . . . .	(17,454)	(24,013)
Net deferred tax assets . . . . .	\$ 84,432	\$ 81,831

The current and deferred tax provision is calculated based on estimates and assumptions that could differ from the actual results reflected in income tax returns filed. Adjustments for differences between the tax provisions and tax returns are recorded when identified, which is generally in the third or fourth quarter of the subsequent year.

Management regularly assesses the ability to realize deferred tax assets recorded in the Company's entities based upon the weight of available evidence, including such factors as recent earnings history and expected future taxable income. In the event that future taxable income is below management's estimates or is generated in tax jurisdictions different than projected, the Company could be required to establish a valuation allowance for deferred tax assets. This would result in an increase in the Company's effective tax rate.

The Company had \$2.2 million of valuation allowance as of March 31, 2012, decreased slightly from \$2.3 million established in fiscal year 2011. In fiscal year 2011, the Company sold its equity interest in certain 3Dconnexion subsidiaries, and its intellectual property rights related to the manufacture and sale of certain 3Dconnexion products, to a group of third party individuals and certain 3Dconnexion employees. A full valuation allowance of \$2.2 million was provided for \$5.7 million of capital loss carryforward from the sale of 3Dconnexion Inc. in the U.S. as the Company determined that it is more likely than not that the Company would not generate adequate capital gains in the next five years before the capital loss expires under the U.S. tax law. The remaining valuation allowance of \$0.1 million represents a full valuation allowance for certain foreign tax credit carryforwards in the U.S. In fiscal year 2012, a nominal amount of capital gain generated from investment securities and adjustments in foreign tax credits in the U.S. resulted in a release of the valuation allowance.

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 6 — Income Taxes (Continued)**

Deferred tax assets relating to tax benefits of employee stock option grants and RSUs have been reduced to reflect exercises in fiscal years 2012 and 2011. Exercises in fiscal year 2011 resulted in tax deductions in excess of previously recorded share-based compensation expense (“windfalls”). The additional tax benefit associated with the windfall is not recorded until the deduction reduces cash taxes payable. On the contrary, exercises in fiscal year 2012 resulted in a “shortfall” in which tax deductions were less than previously recorded share-based compensation expense. During fiscal years 2012 and 2011, the Company recorded a shortfall to equity of \$0.9 million and a credit to equity of \$4.8 million, respectively.

As of March 31, 2012, the Company had foreign net operating loss and tax credit carryforwards for income tax purposes of \$253.5 million and \$26.8 million. Approximately \$93.6 million of the net operating loss carryforwards and \$19.1 million of the tax credit carryforwards, if realized, will be credited to equity since they have not met the applicable realization criteria. A full valuation allowance has been provided for foreign tax credits of \$0.1 million. Unused net operating loss carryforwards will expire at various dates in fiscal years 2015 to 2032, and the tax credit carryforwards will begin to expire in fiscal year 2013.

As of March 31, 2012, the Company had capital loss carryforwards of approximately \$5.5 million for which a full valuation allowance has been provided. The loss will begin to expire in fiscal year 2016.

Swiss income taxes and non-Swiss withholding taxes associated with the repatriation of earnings or for other temporary differences related to investments in non-Swiss subsidiaries have not been provided for, as the Company intends to reinvest the earnings of such subsidiaries indefinitely or the Company has concluded that no additional tax liability would arise on the distribution of such earnings. If these earnings were distributed to Switzerland in the form of dividends or otherwise, or if the shares of the relevant non-Swiss subsidiaries were sold or otherwise transferred, the Company may be subject to additional Swiss income taxes and non-Swiss withholding taxes. As of March 31, 2012, the cumulative amount of unremitted earnings of non-Swiss subsidiaries was approximately \$156.3 million.

The Company follows a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement.

As of March 31, 2012 and 2011, the total amount of unrecognized tax benefits and related accrued interest and penalties due to uncertain tax positions was \$143.3 million and \$138.1 million, of which \$125.4 million and \$118.2 million would affect the effective income tax rate if realized. The Company classified the unrecognized tax benefits as non-current income taxes payable.

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 6 — Income Taxes (Continued)**

The aggregate changes in gross unrecognized tax benefits in fiscal years 2012, 2011 and 2010 were as follow (in thousands):

Balance as of March 31, 2009 . . . . .	\$ 97,627
Lapse of statute of limitations . . . . .	(3,667)
Decreases in balances related to tax positions taken during prior periods . . . . .	(229)
Increases in balances related to tax positions taken during prior periods . . . . .	2,690
Increases in balances related to tax positions taken during the current period . . . . .	<u>17,207</u>
Balance as of March 31, 2010 . . . . .	\$113,628
Lapse of statute of limitations . . . . .	(4,760)
Settlements with tax authorities. . . . .	(6,290)
Increases in balances related to tax positions taken during the current period . . . . .	<u>27,550</u>
Balance as of March 31, 2011 . . . . .	\$130,128
Lapse of statute of limitations . . . . .	(6,760)
Increases in balances related to tax positions taken during the current period . . . . .	<u>12,810</u>
Balance as of March 31, 2012 . . . . .	<u>\$136,178</u>

The Company recognizes interest and penalties related to unrecognized tax positions in income tax expense. The Company recognized \$1.2 million, \$1.3 million and \$1.9 million in interest and penalties in income tax expense during fiscal years 2012, 2011 and 2010. As of March 31, 2012, 2011 and 2010, the Company had approximately \$7.5 million, \$8.0 million and \$12.5 million of accrued interest and penalties related to uncertain tax positions.

The Company files Swiss and foreign tax returns. For all these tax returns, the Company is generally not subject to tax examinations for years prior to 1999. The U.S. Internal Revenue Service has completed its field examinations of tax returns for the Company’s U.S. subsidiary for fiscal years 2006 and 2007, and has issued NOPAs (notices of proposed adjustment) related to international tax issues for those years. The Company disagrees with the NOPAs and is contesting through the administrative process for the U.S. Internal Revenue Service claims regarding 2006 and 2007. The Company believes the outcome of this examination will not have a material adverse effect on our consolidated operating results.

In addition, the U.S. Internal Revenue Service is in the process of examining the Company’s U.S. subsidiary for fiscal years 2008 and 2009. The Company is also under examination and has received assessment notices in other tax jurisdictions. At this time, the Company is not able to estimate the potential impact that these examinations may have on income tax expense. If the examinations are resolved unfavorably, there is a possibility they may have a material negative impact on our results of operations.

Although the Company believes it has adequately provided for uncertain tax positions, the provisions on these positions may change as revised estimates are made or the underlying matters are settled or otherwise resolved. Although the timing of the resolution or closure on audits is highly uncertain, the Company does not believe it is reasonably possible that the unrecognized tax benefits would materially change in the next twelve months.

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 7 — Balance Sheet Components**

The following provides the components of certain balance sheet asset amounts as of March 31, 2012 and 2011 (in thousands):

	March 31,	
	2012	2011
Accounts receivable:		
Accounts receivable . . . . .	\$ 376,917	\$ 435,331
Allowance for doubtful accounts . . . . .	(2,472)	(4,086)
Allowance for returns . . . . .	(24,599)	(29,666)
Allowances for cooperative marketing arrangements . . . . .	(24,109)	(28,669)
Allowances for customer incentive programs . . . . .	(42,262)	(52,358)
Allowances for pricing programs . . . . .	(60,371)	(62,258)
	<u>\$ 223,104</u>	<u>\$ 258,294</u>
Inventories:		
Raw materials . . . . .	\$ 38,613	\$ 37,126
Work-in-process . . . . .	73	3
Finished goods . . . . .	258,386	243,685
	<u>\$ 297,072</u>	<u>\$ 280,814</u>
Other current assets:		
Tax and VAT refund receivables . . . . .	\$ 19,360	\$ 17,810
Deferred taxes . . . . .	25,587	27,018
Prepaid expenses and other . . . . .	21,043	14,519
	<u>\$ 65,990</u>	<u>\$ 59,347</u>
Property, plant and equipment:		
Plant, buildings and improvements . . . . .	\$ 48,555	\$ 52,681
Equipment . . . . .	148,059	137,248
Computer equipment . . . . .	40,353	60,344
Computer software . . . . .	75,758	85,338
	312,725	335,611
Less: accumulated depreciation . . . . .	(249,657)	(260,283)
	63,068	75,328
Construction-in-progress . . . . .	28,968	5,974
Land . . . . .	2,848	2,858
	<u>\$ 94,884</u>	<u>\$ 84,160</u>
Other assets:		
Deferred taxes . . . . .	\$ 61,358	\$ 55,897
Trading investments . . . . .	14,301	13,113
Deposits and other . . . . .	7,374	10,200
	<u>\$ 83,033</u>	<u>\$ 79,210</u>

Inventories are stated at the lower of cost or market. Inventory as of March 31, 2012 includes an adjustment of \$8.5 million to reflect the lower of cost or market on the Company's inventory of Logitech Revue and related peripherals on hand. In the three months ended June 30, 2011, a valuation adjustment of \$34.1 million was charged to cost of goods sold, as the result of management's decision in early July 2011 to reduce the retail price of Logitech Revue from \$249 to \$99.

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 7 — Balance Sheet Components (Continued)**

The increase in construction-in-progress primarily relates to new facilities for the Company's Americas operations in Northern California.

The following provides the components of certain balance sheet liability amounts as of March 31, 2012 and 2011 (in thousands):

	<u>March 31,</u>	
	<u>2012</u>	<u>2011</u>
Accrued liabilities:		
Accrued personnel expenses . . . . .	\$ 42,809	\$ 50,552
Accrued marketing expenses . . . . .	33,209	32,599
Deferred revenue . . . . .	19,358	15,859
Accrued freight and duty . . . . .	11,376	12,497
VAT payable . . . . .	7,140	5,614
Accrued royalties . . . . .	6,243	5,144
Warranty accrual . . . . .	5,184	4,970
Non-retirement post-employment benefit obligations . . . . .	4,129	3,563
Income taxes payable—current . . . . .	6,047	2,569
Other accrued liabilities . . . . .	<u>51,185</u>	<u>39,193</u>
	<u>\$186,680</u>	<u>\$172,560</u>
Other liabilities:		
Income taxes payable—non-current . . . . .	\$137,319	\$131,968
Obligation for deferred compensation . . . . .	14,393	13,076
Defined benefit pension plan liability . . . . .	39,337	26,645
Deferred rent . . . . .	16,042	1,181
Other long-term liabilities . . . . .	<u>11,371</u>	<u>12,965</u>
	<u>\$218,462</u>	<u>\$185,835</u>

The increase in deferred rent primarily relates to new facilities for the Company's Americas operations in Northern California.

**Note 8 — Financial Instruments**

***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.

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 8 — Financial Instruments (Continued)**

The following table presents the Company's financial assets and liabilities, except for assets related to the Company's defined benefit pension plan assets which are described and disclosed in Note 4, that were accounted for at fair value, classified by the level within the fair value hierarchy (in thousands):

	March 31, 2012			March 31, 2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash and cash equivalents . . . . .	\$ 478,370	\$ —	\$ —	\$ 477,931	\$ —	\$ —
Trading investments . . . . .	14,301	—	—	13,113	—	—
Available-for-sale securities . . . . .	—	—	429	—	—	1,695
Foreign exchange derivative assets . . . . .	—	658	—	—	566	—
Total assets at fair value . . . . .	<u>\$ 492,671</u>	<u>\$ 658</u>	<u>\$ 429</u>	<u>\$ 491,044</u>	<u>\$ 566</u>	<u>\$ 1,695</u>
Foreign exchange derivative liabilities . . . . .	\$ —	\$ 245	\$ —	\$ —	\$ 1,881	\$ —
Total liabilities at fair value . . . . .	<u>\$ —</u>	<u>\$ 245</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,881</u>	<u>\$ —</u>

The Company reclassified its foreign exchange derivative assets and liabilities from Level 1 of the fair value hierarchy to Level 2 beginning the quarter ended December 31, 2011, to reflect the inputs used to measure fair value as observable inputs other than quoted market prices.

The following table presents the changes in the Company's Level 3 financial assets during the fiscal years ended March 31, 2012, 2011 and 2010 (in thousands):

	March 31,		
	2012	2011	2010
Available-for-sale securities, beginning balance . . . . .	\$ 1,695	\$ 994	\$ 1,637
Proceeds from sales of securities . . . . .	(6,550)	—	—
Realized gain on sales of securities . . . . .	6,050	—	—
Realized loss on sales of securities . . . . .	(9)	—	—
Unrealized gain . . . . .	—	744	—
Unrealized loss . . . . .	(757)	(43)	(643)
Available-for-sale securities, ending balance . . . . .	<u>\$ 429</u>	<u>\$ 1,695</u>	<u>\$ 994</u>

***Cash and Cash Equivalents***

Cash and cash equivalents consist of bank demand deposits and time deposits. The time deposits have original terms of less than 62 days. Cash and cash equivalents are carried at cost, which approximates fair value.

***Investment Securities***

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

The marketable securities related to the deferred compensation plan are classified as non-current trading investments and do not have maturity dates. Since participants in the deferred compensation plan may select the mutual funds in which their compensation deferrals are invested, and may actively trade funds within the confines of the Rabbi Trust which holds the marketable securities, the Company has designated these marketable securities as trading investments. Management has classified the investments as non-current assets because final sale of the investments or realization of proceeds by plan participants is not expected within the Company's normal operating



**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 8 — Financial Instruments (Continued)**

cycle of one year. The marketable securities are recorded at a fair value of \$14.3 million and \$13.1 million as of March 31, 2012 and 2011, based on quoted market prices. Quoted market prices are observable inputs that are classified as Level 1 within the fair value hierarchy. Earnings, gains and losses on trading investments are included in other income (expense), net. Unrealized trading gains of \$0.1 million are included in other income (expense), net for the fiscal year ended March 31, 2012 and relate to trading securities held at March 31, 2012.

The auction rate securities are classified as non-current available-for-sale securities. These securities are collateralized by residential and commercial mortgages, and are second-priority senior secured floating rate notes with maturity dates in excess of 10 years. Interest rates on these notes were intended to reset through an auction every 28 days, however auctions for these securities have failed since August 2007. During the fiscal year ended March 31, 2012, the Company sold two of the auction rate securities with a total carrying value of \$0.5 million and a total par value of \$10.0 million for \$6.6 million. The gain of \$6.1 million was recognized in other income (expense), net. During the three months ended March 31, 2012, two securities with a total carrying value of \$0.4 million and a total par value of \$22.2 million were liquidated. The Company did not receive any proceeds from the liquidation. The loss of \$0.4 million was recorded in accumulated other comprehensive loss, offsetting a previously recorded temporary increase in fair value. The par value and original cost of the auction rate securities held as of March 31, 2012 and 2011 were \$15.2 million and \$47.5 million. These securities are recorded at an estimated fair value of \$0.4 million and \$1.7 million at March 31, 2012 and 2011. The estimated fair value was determined by estimating future cash flows through time according to each security's terms, including periodic consideration of overcollateralization and interest coverage tests, and incorporating estimates of default rate, loss severity, prepayment, and delinquency assumptions when available, for the underlying assets in the securities based on representative indices and various research reports. The estimated coupon and principal payments were discounted at the rate of return required by investors, based on the characteristics of each security as calculated from the indices. Such valuation methods fall within Level 3 of the fair value hierarchy.

***Derivative Financial Instruments***

The following table presents the fair values of the Company's derivative instruments and their locations on the Balance Sheet as of March 31, 2012 and 2011 (in thousands):

	Asset Derivatives			Liability Derivatives		
	Location	Fair Value		Location	Fair Value	
		March 31,			March 31,	
	2012	2011	2012	2011		
Derivatives designated as hedging instruments:						
Cash Flow Hedges . . . . .	Other assets	\$250	\$ —	Other liabilities	\$ —	\$1,763
		250	—		—	1,763
Derivatives not designated as hedging instruments:						
Foreign Exchange Forward Contracts . . .	Other assets	341	486	Other liabilities	148	—
Foreign Exchange Swap Contracts . . . . .	Other assets	67	80	Other liabilities	97	118
		408	566		245	118
		\$658	\$566		\$245	\$1,881

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 8 — Financial Instruments (Continued)**

The following table presents the amounts of gains and losses on the Company's derivative instruments for the fiscal years ended March 31, 2012 and 2011 and their locations on its Consolidated Financial Statements (in thousands):

	Net amount of gain/(loss) deferred as a component of accumulated other comprehensive loss		Location of gain/(Loss) reclassified from accumulated other comprehensive loss into income	Amount of gain/(loss) reclassified from accumulated other comprehensive loss into income		Location of gain/(loss) recognized in income immediately	Amount of gain/(loss) recognized in income immediately	
	2012	2011		2012	2011		2012	2011
Derivatives designated as hedging instruments:								
			Cost of goods sold			Other income/expense		
Cash Flow Hedges . . . . .	\$2,916	\$(4,366)		\$(421)	\$6,078		\$ (198)	\$ (5)
	<u>2,916</u>	<u>(4,366)</u>		<u>(421)</u>	<u>6,078</u>		<u>(198)</u>	<u>(5)</u>
Derivatives not designated as hedging instruments:								
Foreign Exchange						Other income/expense		
Forward Contracts . . .	—	—		—	—		(350)	855
Foreign Exchange Swap						Other income/expense		
Contracts. . . . .	—	—		—	—		(1,884)	(2,865)
	<u>—</u>	<u>—</u>		<u>—</u>	<u>—</u>		<u>(2,234)</u>	<u>(2,010)</u>
	<u>\$2,916</u>	<u>\$(4,366)</u>		<u>\$(421)</u>	<u>\$6,078</u>		<u>\$(2,432)</u>	<u>\$(2,015)</u>

**Cash Flow Hedges**

The Company enters into foreign exchange forward contracts to hedge against exposure to changes in foreign currency exchange rates related to its subsidiaries' forecasted inventory purchases. The primary risk managed by using derivative instruments is the foreign currency exchange rate risk. The Company has designated these derivatives as cash flow hedges. Logitech does not use derivative financial instruments for trading or speculative purposes. These hedging contracts mature within 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 foreign currency exposure of forecasted inventory purchases, the Company immediately recognizes the gain or loss on the associated financial instrument in other income (expense). Such gains and losses were immaterial during the fiscal years ended March 31, 2012, 2011 and 2010. Cash flows from such hedges are classified as operating activities in the consolidated statements of cash flows. The notional amounts of foreign exchange forward contracts outstanding related to forecasted inventory purchases were \$58.1 million (A43.5 million) and \$54.9 million (A38.7 million) at March 31, 2012 and 2011. The notional amount represents the future cash flows under contracts to purchase foreign currencies.

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 8 — Financial Instruments (Continued)**

***Other Derivatives***

The Company also enters into foreign exchange forward contracts to reduce the short-term effects of foreign currency fluctuations on certain foreign currency receivables or payables. These forward contracts generally mature within three months. The Company may also enter into foreign exchange swap contracts to economically extend the terms of its foreign exchange forward contracts. The primary risk managed by using forward and swap contracts is the foreign currency exchange rate risk. The gains or losses on foreign exchange forward contracts are recognized in earnings based on the changes in fair value.

The notional amounts of foreign exchange forward contracts outstanding at March 31, 2012 and 2011 relating to foreign currency receivables or payables were \$18.7 million and \$12.9 million. Open forward contracts as of March 31, 2012 consisted of contracts in euros to sell British pounds and contracts in Australian dollars to purchase U.S. dollars at future dates at pre-determined exchange rates. Open forward contracts as of March 31, 2011 consisted of contracts in British pounds to purchase euros at a future date at a predetermined exchange rate. The notional amounts of foreign exchange swap contracts outstanding at March 31, 2012 and 2011 were \$22.4 million and \$17.1 million. Swap contracts outstanding at March 31, 2012 consisted of contracts in Taiwanese dollars, Mexican pesos and Japanese Yen. Swap contracts outstanding at March 31, 2011 consisted of contracts in Canadian dollars, Japanese yen, and Mexican pesos.

The fair value of all our foreign exchange forward contracts and foreign exchange 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. Beginning the quarter ended December 31, 2011, the Company reclassified its foreign exchange derivative assets and liabilities from Level 1 of the fair value hierarchy to Level 2, to reflect the inputs used to measure fair value as observable inputs other than quoted market prices.

**Note 9 — Goodwill and Other Intangible Assets**

The following table summarizes the activity in the Company's goodwill account during fiscal years ended March 31, 2012 and 2011 (in thousands):

	<u>March 31,</u>	
	<u>2012</u>	<u>2011</u>
Goodwill, beginning balance . . . . .	\$547,184	\$553,462
Additions . . . . .	14,415	332
Sale of business . . . . .	—	(6,610)
Fluctuation in foreign currency rates . . . . .	(1,076)	—
Goodwill, ending balance . . . . .	<u>\$560,523</u>	<u>\$547,184</u>

Our acquisition of Mirial S.r.l. on July 18, 2011 added \$14.4 million to goodwill. Mirial's business has been fully integrated into the Company's video conferencing reporting unit, and discrete financial information for Mirial is not maintained. Accordingly, the acquired goodwill related to Mirial is evaluated for impairment at the video conferencing reporting unit level. Additions to goodwill during fiscal year 2011 related to our acquisition of Paradial. The sale of business relates to goodwill associated with the 3Dconnexion entities which were sold on March 31, 2011.

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 9 — Goodwill and Other Intangible Assets (Continued)**

Management performed a goodwill impairment analysis of each of its reporting units as of December 31, 2011. The carrying value of goodwill attributable to the peripherals and video conferencing reporting units was \$220.9 million and \$339.7 million as of March 31, 2012. As of December 31, 2011, management determined the fair value of our peripherals reporting unit exceeded the carrying value of the reporting unit by more than 30% of the carrying value, and the fair value of our video conferencing reporting unit exceeded the carrying value of the reporting unit by more than 80% of the carrying value. Management continues to evaluate and monitor all key factors impacting the carrying value of the Company's recorded goodwill, as well as other long-lived assets. Further adverse changes in the Company's expected operating results, market capitalization, business climate, or other negative events could result in a material non-cash impairment charge in the future.

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

	March 31, 2012			March 31, 2011		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademark/trade name . . . . .	\$ 32,104	\$ (26,095)	\$ 6,009	\$ 31,907	\$(23,290)	\$ 8,617
Technology . . . . .	91,954	(62,548)	29,406	88,068	(45,686)	42,382
Customer contracts . . . . .	39,926	(21,823)	18,103	38,537	(14,920)	23,617
	<u>\$ 163,984</u>	<u>\$(110,466)</u>	<u>\$53,518</u>	<u>\$158,512</u>	<u>\$(83,896)</u>	<u>\$74,616</u>

During fiscal year 2012, changes in the gross carrying value of other intangible assets related primarily to our acquisition of Mirial. During fiscal year 2011, changes in the gross carrying value of other intangible assets related primarily to our acquisition of Paradial.

For fiscal years 2012, 2011 and 2010, amortization expense for other intangible assets was \$26.5 million, \$27.8 million and \$14.5 million. The Company expects that annual amortization expense for the fiscal years ending 2013, 2014, 2015 and 2016 will be \$24.4 million, \$18.2 million, and \$9.1 million, and \$1.8 million thereafter.

**Note 10 — Financing Arrangements**

In December 2011, the Company entered into a Senior Revolving Credit Facility Agreement with a group of primarily Swiss banks that provides for a revolving multicurrency unsecured credit facility in an amount of up to \$250.0 million. The Company may, upon notice to the lenders and subject to certain requirements, arrange with existing or new lenders to provide up to an aggregate of \$150.0 million in additional commitments, for a total of \$400.0 million of unsecured revolving credit. The credit facility may be used for working capital, general corporate purposes, and acquisitions. There were no outstanding borrowings under the credit facility at March 31, 2012.

The credit facility matures on October 31, 2016. The Company may prepay the loans under the credit facility in whole or in part at any time without premium or penalty. Borrowings under the credit facility will accrue interest at a per annum rate based on LIBOR (London Interbank Offered Rate), or EURIBOR (Euro Interbank Offered Rate) in the case of loans denominated in euros, plus a variable margin determined quarterly based on the ratio of senior debt to earnings before interest, taxes, depreciation and amortization for the preceding four-quarter period, plus, if applicable, an additional rate per annum intended to compensate the lenders for the cost of compliance with regulatory reserve requirements and other banking regulations. The Company also pays a quarterly commitment

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 10 — Financing Arrangements (Continued)**

fee of 40% of the applicable margin on the available commitment. In connection with entering into the credit facility, the Company incurred non-recurring fees totaling \$1.5 million, which are amortized on a straight-line basis over the term of the credit facility.

The facility agreement contains representations, covenants and events of default customary in Swiss credit markets. Affirmative covenants include covenants regarding reporting requirements, maintenance of insurance, maintenance of properties and compliance with applicable laws and regulations, and financial covenants that require the maintenance of net senior debt, interest cover and adjusted equity ratios determined in accordance with the terms of the facility. Negative covenants limit the ability of the Company and its subsidiaries, among other things, to grant liens, make investments, incur debt, make restricted payments, enter into a merger or acquisition, or sell, transfer or dispose of assets, in each case subject to certain exceptions. As of March 31, 2012, the Company was in compliance with all covenants and conditions.

Upon an uncured event of default under the facility, the lenders may declare all or a portion of the outstanding obligations payable by the Company to be immediately due and payable, terminate their commitments and exercise other rights and remedies provided for under the facility. The events of default under the facility include, among other things, payment defaults, covenant defaults, inaccuracy of representations and warranties, cross defaults with certain other indebtedness, bankruptcy and insolvency events and events that have a material adverse effect (as defined in the facility). Upon a change of control of the Company, lenders whose commitments aggregate more than two-thirds of the total commitments under the facility may terminate the commitments and declare all outstanding obligations to be due and payable.

The Company had several uncommitted, unsecured bank lines of credit aggregating \$77.3 million at March 31, 2012. There are no financial covenants under these lines of credit with which the Company must comply. At March 31, 2012, the Company had no outstanding borrowings under these lines of credit. The Company also had credit lines related to corporate credit cards totaling \$30.8 million as of March 31, 2012. The outstanding borrowings under these credit lines are recorded in other current liabilities. There are no financial covenants under these credit lines.

**Note 11 — Commitments and Contingencies**

***Operating Leases***

The Company leases facilities under operating leases, certain of which require it to pay property taxes, insurance and maintenance costs. Operating leases for facilities are generally renewable at the Company's option and usually include escalation clauses linked to inflation. Future minimum annual rentals under non-cancelable operating leases at March 31, 2012 are as follows (in thousands):

Year ending March 31,	
2013 .....	\$ 20,834
2014 .....	15,707
2015 .....	13,978
2016 .....	12,465
2017 .....	10,874
Thereafter .....	<u>37,141</u>
	<u>\$110,999</u>

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 11 — Commitments and Contingencies (Continued)**

Rent expense was \$23.5 million, \$19.8 million and \$16.3 million for the years ended March 31, 2012, 2011 and 2010. The increase in future minimum annual rentals as of March 31, 2012 compared with \$72.6 million as of March 31, 2011 was due to approximately \$35 million related to new facilities for our Americas operations in Northern California, and approximately \$13 million for an expansion of our LifeSize headquarters in Austin, Texas.

In connection with its leased facilities, the Company has recognized a liability for asset retirement obligations representing the present value of estimated remediation costs to be incurred at lease expiration. The following table describes changes to the Company's asset retirement obligation liability for the years ended March 31, 2012 and 2011 (in thousands):

	<b>March 31,</b>	
	<b>2012</b>	<b>2011</b>
Asset retirement obligation, beginning of year . . . . .	\$1,636	\$1,374
Liabilities incurred . . . . .	66	275
Liabilities settled . . . . .	(85)	(120)
Accretion expense . . . . .	92	71
Revisions . . . . .	218	—
Foreign currency translation . . . . .	(9)	36
Asset retirement obligation, end of year . . . . .	<u>\$1,918</u>	<u>\$1,636</u>

***Product Warranties***

Certain of the Company's products are covered by warranty to be free from defects in material and workmanship for periods ranging from one year to five years. At the time of sale, the Company accrues a warranty liability for estimated costs to provide products, parts or services to repair or replace products in satisfaction of the warranty obligation. The Company's estimate of costs to fulfill its warranty obligations is based on historical experience and expectations of future conditions. When the Company experiences changes in warranty claim activity or costs associated with fulfilling those claims, the warranty liability is adjusted accordingly. Changes in the Company's warranty liability for the years ended March 31, 2012 and 2011 were as follows (in thousands):

	<b>March 31,</b>	
	<b>2012</b>	<b>2011</b>
Warranty liability, beginning of year . . . . .	\$ 4,970	\$ 3,002
Provision for warranties issued during the year . . . . .	19,280	18,666
Settlements made during the year, net of adjustments . . . . .	(19,066)	(16,698)
Warranty liability, end of year . . . . .	<u>\$ 5,184</u>	<u>\$ 4,970</u>

***Purchase Commitments***

At March 31, 2012, the Company had the following outstanding purchase commitments:

	<b>March 31, 2012</b>
Inventory purchases . . . . .	\$ 140,549
Operating expenses . . . . .	48,886
Capital expenditures . . . . .	19,554
Total purchase commitments . . . . .	<u>\$ 208,989</u>

## LOGITECH INTERNATIONAL S.A.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 11 — Commitments and Contingencies (Continued)

Commitments for inventory purchases are made in the normal course of business to original design manufacturers, contract manufacturers and other suppliers and are expected to be fulfilled by March 31, 2012. Operating expense commitments are for consulting services, marketing arrangements, advertising, outsourced customer services, information technology maintenance and support services, and other services. Fixed purchase commitments for capital expenditures primarily related to commitments for tooling, computer hardware and leasehold improvements. Although open purchase orders are considered enforceable and legally binding, the terms generally allow the Company the option to reschedule and adjust its requirements based on the business needs prior to delivery of goods or performance of services.

#### *Guarantees*

Logitech International S.A., the parent holding company, has guaranteed payment of the purchase obligations of various subsidiaries from certain component suppliers. These guarantees generally have an unlimited term. The maximum potential future payment under the guarantee arrangements is limited to \$36.0 million. At March 31, 2012, there were no purchase obligations outstanding for which the parent holding company was required to guarantee payment.

Logitech Europe S.A., a subsidiary of the parent holding company, has guaranteed the purchase obligations of another Logitech subsidiary and third-party contract manufacturers under six guarantee agreements. Two of these guarantees do not specify a maximum amount. The remaining guarantee has a total limit of \$7.0 million. As of March 31, 2012, \$3.9 million of guaranteed purchase obligations were outstanding under these guarantees. Logitech Europe S.A. has also guaranteed payment of the purchase obligations of a third-party contract manufacturer under three guarantee agreements. The maximum amount of these guarantees was \$3.7 million as of March 31, 2012. As of March 31, 2012, \$0.7 million of guaranteed purchase obligations were outstanding under these agreements.

Logitech International S.A. and Logitech Europe S.A. have guaranteed certain contingent liabilities of various subsidiaries related to transactions occurring in the normal course of business. The maximum amount of the guarantees was \$69.1 million as of March 31, 2012. As of March 31, 2012, \$16.0 million of guaranteed liabilities were subject to these guarantees.

#### *Indemnifications*

Logitech indemnifies some 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. No amounts have been accrued for indemnification provisions at March 31, 2012. 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.

Logitech 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. Logitech is 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.

## LOGITECH INTERNATIONAL S.A.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 11 — Commitments and Contingencies (Continued)

##### *Legal Proceedings*

On May 23, 2011, a class action complaint was filed against Logitech International S.A. and certain of its officers in the United States District Court for the Southern District of New York on behalf of individuals who purchased Logitech shares between October 28, 2010 and April 1, 2011. The complaint relates to Logitech's disclosure on March 31, 2011 that its results for fiscal year 2011 would fall below expectations and seeks unspecified monetary damages and other relief against the defendants. The action was transferred to the United States District Court for the Northern District of California on July 28, 2011. The California Court appointed a lead plaintiff on October 27, 2011. The plaintiff filed an amended complaint on January 9, 2012 which expanded the alleged class period to between October 28, 2010 and September 22, 2011.

On July 15, 2011, a complaint was filed against Logitech International S.A. and two of its subsidiaries in the United States District Court for the Central District of California by Universal Electronics, Inc. (UEI). The complaint alleges that Logitech's Harmony remotes, Logitech Revue for Google TV and other products for the digital home infringe one or more of the seventeen UEI patents asserted in the action, and seeks unspecified monetary damages and other relief against the defendants. On November 3, 2011, the Company filed a counter suit against UEI for infringement of five patents by various UEI products, for UEI's abuse of the legal process in suing the Company on three expired patents, and for unfair competition. On April 17, 2012, UEI filed a related suit against Logitech Europe S.A. seeking a declaratory judgment that one of the patents in the counter suit is unenforceable.

In addition, 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 these lawsuits and claims lack merit and intends to vigorously defend against them. However, there can be no assurances that its defenses will be successful, or that any judgment or settlement in any of these lawsuits would not have a material adverse impact on the Company's business, financial condition, cash flows and results of operations. The Company is presently unable to estimate the effects of these claims and legal proceedings on its results of operations, cash flows or financial position.

#### Note 12 — Shareholders' Equity

##### *Share Capital*

The Company's nominal share capital is CHF 47,901,655, consisting of 191,606,620 shares with a par value of CHF 0.25 each, all of which were issued and 27,173,339 of which were held in treasury as of March 31, 2012.

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 460.9 million or \$511.1 million based on exchange rates at March 31, 2012) and is subject to shareholder approval.



**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 12 — Shareholders' Equity (Continued)**

***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 \$10.6 million at March 31, 2012 (based on exchange rates at March 31, 2012).

Additionally, under Swiss corporate law, the Company is required to establish a reserve equal to the cost of repurchased treasury shares owned as of year-end. The reserve for treasury shares, which is not available for distribution, totaled \$369.7 million at March 31, 2012 (based on exchange rates at March 31, 2012).

***Share Repurchases***

During the years ended March 31, 2012 and 2011, the Company had in place the approved share buyback programs shown in the following table (in thousands, excluding transaction costs). In November 2011, the Company received approval from the Swiss regulatory authorities for an amendment to the September 2008 share buyback program to enable future repurchases of shares for cancellation.

<u>Date of Announcement</u>	<u>Approved Share Buyback Number</u>	<u>Approved Buyback Amount</u>	<u>Expiration Date</u>	<u>Completion Date</u>	<u>Number of Shares Remaining<sup>(1)</sup></u>	<u>Amount Remaining</u>
September 2008—amended . . . . .	28,465	\$177,030	August 2013	—	12,075	\$94,255
September 2008 . . . . .	8,344	250,000	August 2013	—	—	—

(1) Represents an estimate of the shares remaining to be repurchased calculated based on the amount remaining to repurchase as of March 31, 2012, \$94.3 million, divided by the adjusted closing price of the Company's shares traded on the SIX Swiss Exchange as of the same date, \$7.81 per share.

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

<u>Date of Announcement</u>	<u>Amounts Repurchased During Year ended March 31,<sup>(1)</sup></u>					
	<u>Program to date</u>		<u>2012</u>		<u>2011</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
September 2008—amended . . . . .	9,900	82,902	9,900	82,902	—	—
September 2008 . . . . .	7,609	73,134	7,609	73,134	—	—
	<u>17,509</u>	<u>\$156,036</u>	<u>17,509</u>	<u>\$156,036</u>	<u>—</u>	<u>\$—</u>

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

The Company intends to request shareholder approval at the Company's next Annual General Meeting of Shareholders to cancel the 9.9 million shares repurchased under the September 2008 amended share buyback program.

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 12 — Shareholders' Equity (Continued)**

***Accumulated Other Comprehensive Loss***

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

	<b>March 31,</b>	
	<b>2012</b>	<b>2011</b>
Cumulative translation adjustment . . . . .	\$(66,854)	\$(58,641)
Pension liability adjustments, net of tax of \$752 and \$759 . . . . .	(29,362)	(18,073)
Unrealized gain on investments . . . . .	343	1,168
Net deferred hedging gains (losses) . . . . .	(56)	(2,972)
	<u>\$(95,929)</u>	<u>\$(78,518)</u>

**Note 13 — Segment Information**

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

	<b>Year ended March 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Retail—Pointing Devices . . . . .	\$ 619,505	\$ 618,404	\$ 528,236
Retail—Keyboards & Desktops . . . . .	447,991	386,968	329,038
Retail—Audio . . . . .	483,485	466,927	454,957
Retail—Video . . . . .	215,657	255,015	228,344
Retail—Gaming . . . . .	111,480	104,545	107,595
Retail—Digital Home . . . . .	104,665	173,351	96,982
OEM . . . . .	185,959	223,775	198,364
Peripherals . . . . .	<u>2,168,742</u>	<u>2,228,985</u>	<u>1,943,516</u>
Video Conferencing . . . . .	147,461	133,901	23,232
Total net sales . . . . .	<u>\$2,316,203</u>	<u>\$2,362,886</u>	<u>\$ 1,966,748</u>

The Company has two operating segments, peripherals and video conferencing, based on product markets and internal organizational structure. The peripherals segment encompasses the design, manufacturing and marketing of peripherals for PCs (personal computers), tablets and other digital platforms. The video conferencing segment consists of the LifeSize division, and encompasses the design, manufacturing and marketing of LifeSize video conferencing products, infrastructure and services for the enterprise, public sector and other business markets. The Company's operating segments do not record revenue on sales between segments, as such sales are not material.

Operating performance measures for the peripherals segment and the video conferencing segment are reported separately to Logitech's Chief Executive Officer, who is considered to be the Company's chief operating decision maker. These operating performance measures do not include share-based compensation expense, amortization of intangible assets, and assets by operating segment. Share-based compensation expense and amortization of

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 13 — Segment Information (Continued)**

intangible assets are presented in the following financial information by operating segment as “all other.” Long-lived assets are presented by geographic region. Net sales, operating income and depreciation and amortization for the Company’s operating segments were as follows (in thousands):

	Year ended March 31		
	2012	2011	2010
Net sales by operating segment			
Peripherals . . . . .	\$ 2,168,742	\$ 2,228,985	\$ 1,943,516
Video Conferencing . . . . .	147,461	133,901	23,232
Total net sales . . . . .	<u>\$ 2,316,203</u>	<u>\$ 2,362,886</u>	<u>\$ 1,966,748</u>
Operating income by segment			
Peripherals . . . . .	\$ 137,430	\$ 204,202	\$ 127,530
Video Conferencing . . . . .	(7,386)	1,100	(8,844)
All other . . . . .	(58,063)	(62,646)	(40,322)
Total operating income . . . . .	<u>\$ 71,981</u>	<u>\$ 142,656</u>	<u>\$ 78,364</u>
Depreciation and amortization by segment			
Peripherals . . . . .	\$ 52,578	\$ 55,816	\$ 65,130
Video Conferencing . . . . .	19,924	20,175	5,765
Total depreciation and amortization . . . . .	<u>\$ 72,502</u>	<u>\$ 75,991</u>	<u>\$ 70,895</u>

Geographic net sales information in the table below is based on the location of the selling entity. Long-lived assets, primarily fixed assets, are reported below based on the location of the asset.

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

	Year ended March 31,		
	2012	2011	2010
Americas . . . . .	\$ 953,867	\$ 1,032,988	\$ 729,473
EMEA . . . . .	846,464	872,774	882,635
Asia Pacific . . . . .	515,872	457,124	354,640
Total net sales . . . . .	<u>\$ 2,316,203</u>	<u>\$ 2,362,886</u>	<u>\$ 1,966,748</u>

Sales are attributed to countries on the basis of the customers’ locations. The United States represented 34% and 36% of the Company’s total consolidated net sales for the fiscal years 2012 and 2011. In fiscal year 2010, the United States represented 32% and Germany represented 11% of our total consolidated net sales. No other single country represented more than 10% of the Company’s total consolidated net sales during those periods. Revenues from sales to customers in Switzerland, the Company’s home domicile, represented a small portion of the Company’s total consolidated net sales in all periods presented. In fiscal years 2012, 2011 and 2010, one customer group represented 14%, 12% and 13% of net sales. As of March 31, 2012 and 2011, one customer group represented 14% and 13% of total accounts receivable.

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 13 — Segment Information (Continued)**

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

	March 31,	
	2012	2011
Americas . . . . .	\$41,254	\$34,587
EMEA . . . . .	9,304	9,774
Asia Pacific . . . . .	41,576	45,272
Total long-lived assets . . . . .	<u>\$92,134</u>	<u>\$89,633</u>

Long-lived assets in China and the United States each represented more than 10% of the Company's total consolidated long-lived assets at March 31, 2012 and 2011.

**Note 14 — Acquisitions and Divestitures**

***Mirial***

On July 18, 2011, the Company acquired all of the outstanding shares of Mirial S.r.l., a Milan-based privately-held provider of personal and mobile video conferencing solutions, for a total consideration of \$18.8 million (A13.0 million), net of cash acquired of \$1.4 million (A1.0 million). In addition, Logitech incurred \$0.4 million in transaction costs, which are included in operating expenses in fiscal year 2012. Mirial has been integrated into the video conferencing reporting unit, and we expect that its technology will be used to enhance video connection capabilities on a variety of mobile devices and networks.

The acquisition has been accounted for using the purchase method of accounting. Accordingly, the total consideration was allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. Fair values were determined by Company management based on information available at the date of acquisition. The results of operations of Mirial were included in Logitech's consolidated financial statements from the date of acquisition, and were not material to the Company's reported results.

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

	July 18, 2011	Estimated Life
Tangible assets acquired . . . . .	\$ 3,332	
Intangible assets acquired		
Existing technology . . . . .	4,200	5 years
Customer relationships and other . . . . .	1,500	3 years
Trademark/trade name . . . . .	200	4 years
Goodwill . . . . .	14,415	—
	<u>23,647</u>	
Liabilities assumed . . . . .	(1,358)	
Deferred tax liability, net . . . . .	(2,068)	
Total consideration . . . . .	<u>\$20,221</u>	

## LOGITECH INTERNATIONAL S.A.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 14 — Acquisitions and Divestitures (Continued)

The existing technology of Mirial relates to the software and architecture which provides the ability to engage in high quality video conferencing on mobile phones, tablets and personal computers. The value of the technology was determined based on the present value of estimated expected future cash flows attributable to the technology. Customer relationships and other relates to the ability to sell existing, in-process, and future versions of the technology to Mirial's existing customer base, valued based on projected discounted cash flows generated from customers in place. The intangible assets acquired are amortized on a straight-line basis over their estimated useful lives. The goodwill associated with the acquisition is not subject to amortization and is not expected to be deductible for income tax purposes.

#### *Paradial*

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

#### *LifeSize*

On December 11, 2009, pursuant to a merger agreement signed November 10, 2009, Logitech acquired LifeSize Communications, Inc., an Austin, Texas-based privately-held company specializing in high definition video communication products and services. Logitech expects the acquisition to drive growth in video communication for the enterprise and small-to-medium business markets by leveraging the two companies' technology expertise, including camera design, firewall traversal, video compression and bandwidth management.

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

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 14 — Acquisitions and Divestitures (Continued)**

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

In connection with the merger, Logitech also agreed to establish a cash and stock option retention and incentive plan for certain LifeSize employees, linked to the achievement of LifeSize performance targets. The duration of the plan's performance period was two years, from January 1, 2010 to December 31, 2011. The total available cash incentive was \$9.0 million over the two year performance period. The Company paid the entire \$9.0 million in available cash incentive during fiscal year 2012. In December 2009, options to purchase 850,000 Logitech shares were issued in connection with the retention and incentive plan.

The acquisition has been accounted for using the purchase method of accounting. Accordingly, the total consideration was allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. Fair values were determined by Logitech management based on information available at the date of acquisition.

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

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

The deferred tax asset primarily relates to the tax benefit of a net operating loss carryforward, net of the deferred tax liability related to intangible assets. The existing technology of LifeSize relates to the platform technology used in LifeSize's high-definition video conferencing systems. The value of the technology was determined based on the present value of estimated expected cash flows attributable to the technology, assuming the highest and best use by a market participant. The patents and core technology represent awarded patents, filed patent applications and core architectures, trade secrets or processes used in LifeSize's current and planned future products. Trademark/trade name relates to the LifeSize brand names. The value of the patents, core technology and trademark/trade name was estimated by capitalizing the estimated profits saved as a result of acquiring or licensing the asset. Customer relationships and other relates to the ability to sell existing, in-process, and future versions of the technology and services to LifeSize's existing customer base, valued based on projected discounted cash flows generated from customers in place. The intangible assets acquired are amortized on a straight-line basis over their estimated useful

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 14 — Acquisitions and Divestitures (Continued)**

lives. The goodwill associated with the acquisition is primarily attributable to the opportunities and economies of scale from combining the operations and technologies of Logitech and LifeSize. This goodwill is not subject to amortization and is not expected to be deductible for income tax purposes. The debt that Logitech assumed as part of the acquisition was repaid in full on December 18, 2009.

*Unaudited pro forma financial information*

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

	<b>2010</b>
	<b>(Unaudited)</b>
Net sales . . . . .	\$2,023
Net income . . . . .	\$ 44
Net income per share—basic . . . . .	\$ 0.25
Net income per share—diluted. . . . .	\$ 0.25

***TV Compass***

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

***3Dconnexion***

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

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 15 — Subsequent Events**

On April 9, 2012, Bracken P. Darrell joined Logitech as President. On January 1, 2013, Mr. Darrell will succeed Guerrino De Luca, Chairman and Chief Executive Officer, as Chief Executive Officer of Logitech. In connection with the commencement of his employment, Mr. Darrell was granted equity inducement awards which are described in Note 4, *Employee Benefit Plans*.

Fair value of future rent obligations of approximately \$4 million related to the Company's former Americas headquarters will be charged to expense during the first quarter of fiscal year 2013 when the Company ceases use of the facility.

On April 25, 2012, Logitech announced a restructuring plan to reduce operating costs and improve financial results. In connection with this plan, the position of Senior Vice President, Worldwide Sales and Marketing and the position of Executive Vice President, Products and President, Logitech Europe were eliminated. The Company estimates pre-tax restructuring charges related to employee termination costs, contract termination costs, and other associated costs of approximately \$25 million to \$40 million will be incurred in connection with the restructuring plan, which is expected to be completed within fiscal year 2013.

**Note 16 — Other Disclosures Required by Swiss Law**

***Balance Sheet Items***

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

	March 31,	
	2012	2011
Prepayments and accrued income . . . . .	\$ 12,215	\$ 10,953
Non-current assets . . . . .	\$783,847	\$785,170
Pension liabilities, current . . . . .	\$ 4,129	\$ 3,563
Fire insurance value of property, plant and equipment . . . .	\$165,114	\$197,155

***Statement of Income Items***

Total personnel expenses amounted to \$388.7 million, \$364.2 million, and \$292.3 million in fiscal years 2012, 2011, and 2010.

***Compensation and Security Ownership of Board Members and Executive Officers***

In accordance with the Swiss Code of Obligations, the compensation and security ownership of members of the Board of Directors of Logitech International S.A. and of Logitech executive officers is presented below.



**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 16 — Other Disclosures Required by Swiss Law (Continued)**

The following table sets forth compensation Logitech paid or accrued for payment to the individual members of the Board of Directors, the highest compensation paid to an executive officer, and the total amount of compensation paid or accrued for payment to executive officers for services performed in the fiscal years ended March 31, 2012, 2011 and 2010:

	Fiscal Year	Base Salary <sup>(1)</sup>	Bonus	Non-equity Incentive Plan Compensation <sup>(2)</sup>	Stock Awards <sup>(3)</sup>	Option Awards <sup>(3)</sup>	Other Compensation <sup>(4)</sup>	Total
Daniel Borel . . . . .	2012	\$ 79,616	\$ —	\$ —	\$ 139,466	\$ —	\$ —	\$ 219,082
	2011	63,499	—	—	118,770	—	—	182,269
	2010	72,974	—	—	110,580	—	—	183,554
Matthew Bousquette . . . . .	2012	142,171	—	—	137,685	—	—	279,856
	2011	110,918	—	—	116,994	—	—	227,912
	2010	124,762	—	—	109,680	—	—	234,442
Erh-Hsun Chang . . . . .	2012	108,050	—	—	137,685	—	—	245,735
	2011	87,002	—	—	116,994	—	—	203,996
	2010	87,098	—	—	127,960	—	—	215,058
Kee-Lock Chua . . . . .	2012	128,522	—	—	137,685	—	—	266,207
	2011	101,104	—	—	116,994	—	—	218,098
	2010	108,284	—	—	127,960	—	—	236,244
Sally Davis . . . . .	2012	111,462	—	—	139,466	—	—	250,928
	2011	91,208	—	—	118,770	—	—	209,978
	2010	101,222	—	—	110,580	—	—	211,802
Neil Hunt . . . . .	2012	92,885	—	—	137,685	—	—	230,570
	2011	44,532	—	—	235,569	—	—	280,101
Richard Laube . . . . .	2012	90,989	—	—	139,466	—	—	230,455
	2011	71,746	—	—	118,770	—	—	190,516
	2010	87,098	—	—	110,580	—	—	197,678
Robert Malcolm . . . . .	2012	—	—	—	—	—	—	—
	2011	28,863	—	—	—	—	—	28,863
	2010	87,098	—	—	109,680	—	—	196,778
Monika Ribar . . . . .	2012	125,110	—	—	139,466	—	—	264,576
	2011	102,671	—	—	118,770	—	—	221,441
	2010	110,638	—	—	110,580	—	—	221,218
Total Non-Executive Board Members	2012	<u>\$ 878,805</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,108,604</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,987,409</u>
	2011	<u>\$ 701,543</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,061,631</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,763,174</u>
	2010	<u>\$ 779,174</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 917,600</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,696,774</u>
Highest Paid Executive Officer								
Gerald Quindlen . . . . .	2012	\$ 264,000	\$ —	\$ —	\$ 2,817,120	\$ —	\$ 1,770,033	\$ 4,851,153
Gerald Quindlen . . . . .	2011	\$ 825,000	\$ —	\$ 1,083,000	\$ 5,835,050	\$ —	\$ 62,365	\$ 7,805,415
Gerald Quindlen . . . . .	2010	\$ 787,500	\$ —	\$ 1,299,000	\$ 1,007,600	\$ 394,000	\$ 50,370	\$ 3,538,470
Total Executive Officers <sup>(5)</sup> . . . . .	2012	\$ 2,980,135	\$ 25,000	\$ —	\$ 6,135,300	\$ —	\$ 2,010,446	\$ 11,150,881
	2011	\$ 3,836,280	\$ 133,547	\$ 3,250,276	\$ 12,257,300	\$ —	\$ 1,400,897	\$ 20,878,300
	2010	\$ 3,634,808	\$ 40,467	\$ 4,557,000	\$ 2,641,020	\$ 2,783,850	\$ 107,745	\$ 13,764,890

- (1) Base salary for non-executive members of the Board of Directors includes fees to attend meetings, annual retainers and travel fees.
- (2) Non-equity incentive plan compensation reflects amounts earned under the Logitech Management Performance Bonus Plan and predecessor plans. No non-executive members of the Board of Directors participated in any non-equity incentive compensation plans in any of fiscal years 2012, 2011 or 2010.
- (3) Amounts shown reflect the grant date fair value, by fiscal year, of stock awards and option awards granted in such fiscal year. The key assumptions and methodology for valuation of stock awards and option awards are presented in Note 4. Mr. Gerald Quindlen, former President and Chief Executive Officer, forfeited his fiscal year 2012 grants of \$2,817,120 upon his departure.

**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 16 — Other Disclosures Required by Swiss Law (Continued)**

- (4) Other compensation includes term life insurance premiums, car allowance, tax preparation services (and associated tax gross-up), relocation expenses, travel costs in lieu of relocation, severance, and matching contributions made by the Company to the Logitech Inc. 401(k) plan or the Logitech Employee Pension Fund.
- (5) Fiscal years 2012, 2011 and 2010 includes compensation paid to Mr. Gerald Quindlen, a former President and Chief Executive Officer who resigned from the Company in July 2011. Fiscal years 2011 and 2010 includes compensation paid to Mr. David Henry, a former Sr. Vice President, Customer Experience and Chief Marketing Officer who resigned from the Company in December 2010. Fiscal year 2010 includes compensation paid to Mr. Mark J. Hawkins, former Sr. Vice President, Finance and Information Technology, and Chief Financial Officer who resigned from the Company in April 2009.

No additional fees or compensation have been paid during fiscal years 2012, 2011, and 2010 to any current or former members of the Board of Directors or executive officers other than as noted above.

There were no loans made or outstanding at any time during fiscal years 2012, 2011 and 2010 to any current or former members of the Board of Directors or executive officers. In addition, no compensation was paid or loans made during fiscal years 2012, 2011 and 2010 to parties closely related to members of the Board of Directors or executive officers.

The following table sets forth the shares and options held by each of the individual members of the Board of Directors and executive officers as of March 31, 2012:

	<u>Shares Held</u>	<u>Options, PRSUs and RSUs Held<sup>(1)</sup></u>	<u>Exercise Price</u>	<u>Fiscal Years of Expiration</u>
Non-Executive Members				
of the Board of Directors:				
Daniel Borel <sup>(2)</sup> . . . . .	11,368,313	13,700	n/a	n/a
Matthew Bousquette . . . . .	19,459	88,700	\$15.41-\$23.29	2016-2019
Erh-Hsun Chang . . . . .	166,985	332,700	\$7.76-\$20.25	2015-2017
Kee-Lock Chua . . . . .	28,716	68,700	\$9.73-\$19.43 <sup>(3)</sup>	2014-2017
Sally Davis . . . . .	29,258	43,700	\$27.78 <sup>(4)</sup>	2018
Neil Hunt . . . . .	3,467	23,683	n/a	n/a
Richard Laube . . . . .	83,869	43,700	\$23.24 <sup>(5)</sup>	2019
Monika Ribar . . . . .	<u>17,620</u>	<u>108,700</u>	\$11.79-\$27.78 <sup>(6)</sup>	2015-2018
Total Non-Executive Members of the Board of Directors: . . . . .	<u>11,717,687</u>	<u>723,583</u>		
Executive Officers:				
Guerrino De Luca . . . . .	164,018	1,010,538	\$6.84-\$27.95	2014-2020
Gerald Quindlen . . . . .	25,606	—	n/a	n/a
Erik Bardman . . . . .	5,508	212,000	\$18.76	2020
Werner Heid . . . . .	20,750	349,000	\$8.01-\$17.44	2020
Junien Labrousse . . . . .	39,739	646,000	\$13.48-\$30.09	2016-2020
L. Joseph Sullivan . . . . .	<u>7,796</u>	<u>332,250</u>	\$13.48-\$30.09	2016-2020
Total Executive Officers . . . . .	<u>263,417</u>	<u>2,549,788</u>		

## LOGITECH INTERNATIONAL S.A.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 16 — Other Disclosures Required by Swiss Law (Continued)

- (1) Each option provides the right to purchase one share at the exercise price. For executive officers, the options become exercisable over four years in equal annual installments from the date of grant. For non-executive Directors, the options become exercisable over three years in equal annual installments from the date of grant. PRSUs granted to executive officers are performance-based restricted stock units that may vest at the end of two or three years from the grant date upon meeting certain minimum share price performance criteria measured against market conditions. RSUs granted to executive officers are time-based restricted stock units that vest in four equal annual installments from the date of grant. RSUs granted to non-executive Directors vest in one installment on the grant date anniversary.
- (2) The number of shares held includes (a) 53,000 shares held by a charitable foundation, of which Mr. Borel and other members of his family are board members and (b) 6,500 shares held by Mr. Borel's spouse. Mr. Borel has not entered into any written shareholders' agreements.
- (3) One of the option grants to Mr. Chua has an exercise price of CHF 13.00, and the other has a U.S. dollar exercise price of \$19.43. For the grant denominated in Swiss francs, the U.S. dollar exercise price is based on the Swiss franc to U.S. dollar conversion rate on the trading day immediately preceding the grant date. The U.S. dollar exercise price as of March 31, 2012 was \$14.44.
- (4) The exercise price of the option as granted to Ms. Davis is CHF 34.45. The U.S. dollar exercise price shown is based on the Swiss franc to U.S. dollar conversion rate on the trading day immediately preceding the grant date. The U.S. dollar exercise price as of March 31, 2012 was \$38.26.
- (5) The exercise price of the option as granted to Mr. Laube is CHF 26.18. The U.S. dollar exercise price shown is based on the Swiss franc to U.S. dollar conversion rate on the trading day immediately preceding the grant date. The U.S. dollar exercise price as of March 31, 2012 was \$29.08.
- (6) The two option grants to Ms. Ribar have exercise prices of CHF 14.68 and CHF 34.45. The U.S. dollar exercise prices are based on the Swiss franc to U.S. dollar conversion rate on the trading day immediately preceding the grant dates. The U.S. dollar exercise prices as of March 31, 2012 was \$16.30 and \$38.26.

#### *Risk Assessment*

At a company-wide level, Logitech's internal audit function coordinates management's risk assessment process, which encompasses financial and operational risks, and reports to senior management and to the Audit Committee of the Board of Directors. Material risks are assessed and discussed by the Board of Directors. Financial risk assessment and management is integrated into the functions of the Company's Treasury, Finance and Business divisions operations, with oversight from the executive and treasury committees. Financial reporting risk is addressed through the Company's Corporate Accounting, Financial Reporting and SOX Compliance operations and processes. Operational risk assessment and management is integrated into the functions of the Company's Business divisions, with support from specialized departments such as Quality, Supply Chain, Legal and Finance. Material financial and financial reporting risks are reported to and reviewed with the Audit Committee and the Board of Directors as appropriate, and material operational risks are reported to and reviewed with the Board of Directors.

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# LOGITECH INTERNATIONAL S.A., APPLES

## SWISS STATUTORY FINANCIAL STATEMENTS

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**LOGITECH INTERNATIONAL S.A., APPLES**  
**SWISS STATUTORY BALANCE SHEETS (unconsolidated)**  
**(In thousands of Swiss francs)**

	March 31,	
	2012	2011
<b>ASSETS</b>		
Current assets:		
Cash . . . . .	CHF 71,672	CHF 89,936
Short-term bank deposits . . . . .	56,816	39,272
Accrued interest and other receivables . . . . .	904	280
Advances to and amounts receivable from group companies . . . . .	—	32,901
Total current assets . . . . .	129,392	162,389
Long-term assets:		
Other long-term assets . . . . .	387	1,552
Investments in subsidiaries . . . . .	515,630	513,720
Loans to subsidiaries . . . . .	252,428	268,578
Provisions on investments in and loans to subsidiaries . . . . .	—	(2,507)
Treasury shares . . . . .	333,445	281,565
Provision on treasury shares . . . . .	(142,145)	(87,743)
Total long-term assets . . . . .	959,745	975,165
Total assets . . . . .	CHF 1,089,137	CHF 1,137,554
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Payables to group companies . . . . .	CHF 28,695	CHF 12,524
Accruals and other liabilities . . . . .	3,657	1,198
Total current liabilities . . . . .	32,352	13,722
Long-term liabilities:		
Other long-term liabilities . . . . .	10	38
Payables to group companies . . . . .	204,929	277,017
Total liabilities . . . . .	237,291	290,777
Shareholders' equity:		
Share capital . . . . .	47,902	47,902
Legal reserves:		
General reserve		
- Reserve from capital contribution . . . . .	9,580	9,580
Reserve for treasury shares		
- Reserve for treasury shares from capital contribution . . . . .	116,070	116,070
- Other general reserves for treasury shares . . . . .	217,375	165,495
Total legal reserves . . . . .	343,025	291,145
Unappropriated retained earnings . . . . .	460,919	507,730
Total shareholders' equity . . . . .	851,846	846,777
Total liabilities and shareholders' equity . . . . .	CHF 1,089,137	CHF 1,137,554

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

**LOGITECH INTERNATIONAL S.A., APPLES**  
**SWISS STATUTORY STATEMENTS OF INCOME (unconsolidated)**  
(In thousands of Swiss francs)

	<u>Year ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Dividend income . . . . .	CHF 135,182	CHF 35,332
Royalty fees . . . . .	21,743	25,562
Interest income from third parties . . . . .	662	614
Interest income from subsidiaries . . . . .	10,398	12,598
	<u>167,985</u>	<u>74,106</u>
Administrative expenses . . . . .	4,523	4,390
Brand development expenses . . . . .	12,787	12,754
Interest paid to subsidiaries . . . . .	11,882	20,513
Income, capital and non-recoverable withholding taxes . . . . .	1,759	438
Loss on treasury shares . . . . .	122,731	5,334
Gain on long-term investments . . . . .	(827)	(1,026)
Realized exchange losses, net of exchange gains. . . . .	9,625	11,461
Other expenses . . . . .	436	29
	<u>162,916</u>	<u>53,893</u>
Net income . . . . .	<u>CHF 5,069</u>	<u>CHF 20,213</u>

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



**LOGITECH INTERNATIONAL S.A., APPLES**  
**NOTES TO SWISS STATUTORY FINANCIAL STATEMENTS**

**Note 1 — Basis of Presentation:**

The Swiss statutory financial statements of Logitech International S.A. (“the Holding Company”) are prepared in accordance with Swiss Law. The financial statements present the financial position and results of operations of the Holding Company on a standalone basis and do not represent the consolidated financial position of the Holding Company and its subsidiaries.

**Note 2 — Contingent Liabilities:**

The Holding Company issued guarantees to various banks for CHF 29,878,000 and CHF 91,205,000 at March 31, 2012 and March 31, 2011 for lines of credit available to its subsidiaries. At March 31, 2012 the credit line facilities were not drawn down.

The Holding Company has guaranteed payment of the purchase obligations of various subsidiaries from certain component suppliers. These guarantees generally have an unlimited term. The maximum potential future payment under the guarantee arrangements is limited to CHF 32,456,277. At March 31, 2012, there were no purchase obligations outstanding for which the Holding Company was required to guarantee payment.

**Note 3 — Financing Arrangements:**

In December 2011, the Holding Company entered into a Senior Revolving Credit Facility Agreement with a group of primarily Swiss banks that provides for a revolving multicurrency unsecured credit facility in an amount of up to \$250 million. The Holding Company may, upon notice to the lenders and subject to certain requirements, arrange with existing or new lenders to provide up to an aggregate of \$150 million in additional commitments, for a total of \$400 million of unsecured revolving credit. The credit facility may be used for working capital, general corporate purposes, and acquisitions. There were no outstanding borrowings under the credit facility at March 31, 2012.

The credit facility matures on October 31, 2016. The Holding Company may prepay the loans under the credit facility in whole or in part at any time without premium or penalty. Borrowings under the credit facility will accrue interest at a per annum rate based on LIBOR (London Interbank Offered Rate), or EURIBOR (Euro Interbank Offered Rate) in the case of loans denominated in euros, plus a variable margin determined quarterly based on the ratio of senior debt to earnings before interest, taxes, depreciation and amortization for the preceding four-quarter period, plus, if applicable, an additional rate per annum intended to compensate the lenders for the cost of compliance with regulatory reserve requirements and other banking regulations. The Holding Company also pays a quarterly commitment fee of 40% of the applicable margin on the available commitment. In connection with entering into the credit facility, the Holding Company incurred non-recurring fees totaling \$1.5 million, which are amortized on a straight-line basis over the term of the credit facility.

The facility agreement contains representations, covenants and events of default customary in Swiss credit markets. Affirmative covenants include covenants regarding reporting requirements, maintenance of insurance, maintenance of properties and compliance with applicable laws and regulations, and financial covenants that require the maintenance of net senior debt, interest cover and adjusted equity ratios determined in accordance with the terms of the facility. Negative covenants limit the ability of the Holding Company and its subsidiaries, among other things, to grant liens, make investments, incur debt, make restricted payments, enter into a merger or acquisition, or sell, transfer or dispose of assets, in each case subject to certain exceptions. As of March 31, 2012, the Holding Company was in compliance with all covenants and conditions.

**LOGITECH INTERNATIONAL S.A., APPLES**

**NOTES TO SWISS STATUTORY FINANCIAL STATEMENTS (continued)**

Upon an uncured event of default under the facility, the lenders may declare all or a portion of the outstanding obligations payable by the Holding Company to be immediately due and payable, terminate their commitments and exercise other rights and remedies provided for under the facility. The events of default under the facility include, among other things, payment defaults, covenant defaults, inaccuracy of representations and warranties, cross defaults with certain other indebtedness, bankruptcy and insolvency events and events that have a material adverse effect (as defined in the facility). Upon a change of control of the Holding Company, lenders whose commitments aggregate more than two-thirds of the total commitments under the facility may terminate the commitments and declare all outstanding obligations to be due and payable.

**Note 4 — Investments:**

Principal operating subsidiaries include the following:

<u>Company</u>	<u>Country</u>	<u>% of possession</u>	<u>Currency</u>	<u>Share capital</u>	<u>Purpose</u>
Logitech Europe S.A. . . . .	Switzerland	100	CHF	100,000	Administration, research, development, sales and distribution
Logitech Inc . . . . .	U.S.A	100	USD	11,522,396	Administration, research, development, sales and distribution
Logitech (Intrigue) Inc. . .	Canada	100	CAD	1,661,340	Research and development
Logitech Technology (Suzhou) Co., Ltd . . . .	People's Republic of China	100	USD	22,000,000	Manufacturing
Logitech Mirial Italy Srl. .	Italy	100	EUR	14,009,834	Research and development

All subsidiaries are directly or indirectly 100% owned by the Holding Company.

**Note 5 — Treasury Shares:**

During fiscal years 2011 and 2012, repurchases of and issuances from the Holding Company's treasury shares were as follows (total cost in thousands):

	<u>Number of shares</u>	<u>Total cost (in thousands)</u>
Held by the Holding Company at March 31, 2010 . . . . .	16,435,528	CHF 419,770
Additions . . . . .	—	—
Disposals . . . . .	(4,001,914)	(138,205)
Held by the Holding Company at March 31, 2011 . . . . .	12,433,614	281,565
Additions . . . . .	17,509,412	133,955
Disposals . . . . .	(2,769,687)	(82,075)
Held by the Holding Company at March 31, 2012 . . . . .	<u>27,173,339</u>	<u>CHF 333,445</u>

In September 2008, the Board of Directors approved a share buyback program which authorizes the Holding Company to invest up to USD 250,000,000 to purchase its own shares. In November 2011, the Company received approval from the Swiss regulatory authorities for an amendment to the September 2008 share buyback program to enable future repurchases of shares for cancellation, up to a total of 28.5 million shares. As of March 31, 2012, the Holding Company had repurchased 7,609,412 registered shares for approximately USD 73,134,017, including transaction costs, under the September 2008 program and 9,900,000 registered shares for approximately CHF 75,537,980, including transaction costs, under the amended September 2008 program.

**LOGITECH INTERNATIONAL S.A., APPLES**

**NOTES TO SWISS STATUTORY FINANCIAL STATEMENTS (continued)**

Treasury shares are recorded as a long-term asset at the lower of cost or market value, however in accordance with article 669 of the Swiss Code of Obligations, management has opted to record the treasury shares at a value below the lower of cost or market value. The disposal of treasury shares during the period was to the Holding Company's directors and employees under the Holding Company's share option and share purchase plans. The gain or loss on the disposal of repurchased treasury shares is recorded in the statement of income.

**Note 6 — Authorized and Conditional Share Capital Increases:**

***Conditional capital***

In September 2008, the Company's shareholders approved an amendment to the Company's Articles of Incorporation to reserve conditional capital of 25,000,000 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.

As of March 31, 2012, none of the aforementioned conditional registered shares had been issued. During fiscal years 2012 and 2011, all employee equity incentive commitments were satisfied from treasury shares held by the Holding Company. A description of the employee equity incentive commitments still outstanding is presented in the consolidated financial statements of Logitech International S.A.

**Note 7 — Significant Shareholders:**

The Holding Company's share capital consists of registered shares. To the knowledge of the Company, the beneficial owners holding more than 3% of the voting rights of the Company as of March 31, 2012 were as follows:

<u>Name</u>	<u>Number of Shares<sup>(1)</sup></u>	<u>% of Voting Rights<sup>(2)</sup></u>	<u>Relevant Date</u>
Daniel Borel <sup>(3)</sup> . . . . .	11,368,313	5.9%	December 31, 2011
FMR LLC <sup>(4)</sup> . . . . .	11,532,789	6.0%	December 31, 2011
Capital Research Global Investors <sup>(5)</sup> . . . . .	16,410,000	8.6%	December 31, 2011
Morgan Stanley, The Corporation Trust Company <sup>(6)</sup> . . . . .	12,654,812	6.6%	August 2010

- (1) Financial instruments other than shares are not taken into consideration for the calculation of the relevant shareholdings.
- (2) Shareholdings are calculated based on the aggregate number of voting rights entered into the Swiss commercial register. This aggregate number was 191,606,620 voting rights as of March 31, 2012.
- (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) Number of shares held by FMR LLC is based on a notification filed by FMR LLC with the U.S. Securities and Exchange Commission on February 14, 2012 indicating the ownership of FMR LLC, on behalf of funds managed by and clients of FMR LLC and its direct and indirect subsidiaries as of December 31, 2011.
- (5) Number of shares held by Capital Research Global Investors, a division of CRMC (Capital Research and Management Company), is based on a notification filed by Capital Research Global Investors with the U.S. Securities and Exchange Commission on February 14, 2012 indicating beneficial ownership of Capital Research Global Investors as a result of CRMC acting as investment advisor to various investment companies.
- (6) On April 5, 2012, Morgan Stanley, The Corporation Trust Company notified us that as of August 2010 Morgan Stanley, The Corporation Trust Company and its subsidiaries held 12,654,812 shares.

**LOGITECH INTERNATIONAL S.A., APPLES**

**NOTES TO SWISS STATUTORY FINANCIAL STATEMENTS (continued)**

The Swiss Federal Act on Stock Exchanges and Securities Trading of March 24, 1995 (“SESTA”) requires shareholders who own voting rights exceeding certain percentage thresholds of a company incorporated in Switzerland whose shares are listed on a stock exchange in Switzerland to notify the company and the relevant Swiss exchange of such holdings. Following receipt of this notification, the company is required to inform the public in Switzerland.

**Note 8 — Movements on Retained Earnings:**

During fiscal years 2012 and 2011, movements on retained earnings were as follows (in thousands):

	<b>Year ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
Retained earnings at the beginning of the year . . . . .	CHF 507,730	CHF 349,312
Release from (attribution to) reserve for treasury shares. . . . .	(51,880)	138,205
Net income for the year . . . . .	5,069	20,213
Retained earnings at the disposal of the Annual General Assembly. . . . .	CHF 460,919	CHF 507,730

**Note 9 — Compensation and Security Ownership of Board Members and Executive Officers:**

In accordance with the Swiss Code of Obligations, the compensation and security ownership of members of the Board of Directors of Logitech International S.A. and of Logitech executive officers is presented in the consolidated financial statements of Logitech International S.A.

**Note 10 — Risk Assessment:**

A discussion of the Holding Company’s risk assessment is included in Note 16-Other Disclosures Required by Swiss Law in the consolidated financial statements of Logitech International S.A.

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## PROPOSAL OF THE BOARD OF DIRECTORS FOR APPROPRIATION OF RETAINED EARNINGS

Proposals of the Board of Directors for appropriation of retained earnings were as follows during fiscal years 2012 and 2011 (in thousands):

	Year ended March 31,	
	2012	2011
	Proposal of the Board of Directors	Resolution of the General Assembly
Unappropriated retained earnings before allocations . . . . .	CHF 460,919	CHF 507,730
Proposed allocation to other general reserves for treasury shares . . .	(116,070)	—
Proposed allocation to general reserve . . . . .	(9,580)	—
Unappropriated retained earnings to be carried forward . . . . .	<u>CHF 335,269</u>	<u>CHF 507,730</u>
Other general reserves for treasury shares before allocation . . . . .	CHF 217,375	CHF 165,495
Proposed allocation from unappropriated retained earnings . . . . .	116,070	—
Other general reserves for treasury shares to be carried forward . . . .	<u>CHF 333,445</u>	<u>CHF 165,495</u>
General reserve before allocations . . . . .	CHF —	CHF —
Proposed allocation from unappropriated retained earnings . . . . .	9,580	—
General reserve to be carried forward. . . . .	<u>CHF 9,580</u>	<u>CHF —</u>
Reserve for treasury shares from capital contributions before allocation. . . . .	CHF 116,070	CHF 116,070
Proposed allocation to free reserves from capital contributions. . .	(116,070)	—
Reserve for treasury shares from capital contributions to be carried forward. . . . .	<u>CHF —</u>	<u>CHF 116,070</u>
General reserve from capital contributions before allocations . . . . .	CHF 9,580	CHF 9,580
Proposed allocation to free reserves from capital contributions. . .	(9,580)	—
General reserve from capital contributions to be carried forward . . . .	<u>CHF —</u>	<u>CHF 9,580</u>

## PROPOSAL OF THE BOARD OF DIRECTORS FOR DISTRIBUTION OF CAPITAL CONTRIBUTIONS RESERVES TO SHAREHOLDERS

The Board of Directors proposes the release of reserves from capital contributions and the distribution of such capital contribution reserves to shareholders (in thousands):

	Year ended March 31, 2012
	Proposal of the Board of Directors
Free reserve from capital contributions before allocations . . . . .	CHF —
Proposed allocation from reserve for treasury shares from capital contributions . . . . .	116,070
Proposed allocation from general reserve from capital contributions . . . . .	9,580
Proposed distribution from capital contributions . . . . .	(125,650)
Free reserve from capital contributions to be carried forward . . . . .	<u>CHF —</u>



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

**Report of the statutory auditor on the financial statements**

As statutory auditor, we have audited the accompanying financial statements of Logitech International S.A., which comprise the balance sheet, income statement and notes, for the year ended March 31, 2012.

*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, 2012 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 that there are no circumstances incompatible with our independence.

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

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

PricewaterhouseCoopers SA



Michael Foley  
Audit expert  
Auditor in charge



Alexandre Dübi  
Audit expert

Lausanne, June 27, 2012

Enclosures:

Financial statements (balance sheet, income statement and notes) for the year ended March 31, 2012 and the proposed appropriation of the available earnings, listed in the index appearing on page 267.

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## Executive Team

### **Guerrino De Luca**

Chairman of the Board and Chief Executive Officer

### **Bracken P. Darrell**

President

### **Erik K. Bardman**

Chief Financial Officer and  
Senior Vice President, Finance

### **M. Ehtisham Rabbani**

Senior Vice President, Customer Experience and  
Chief Marketing Officer

### **L. Joseph Sullivan**

Senior Vice President,  
Worldwide Operations

### **Martha Tuma**

Vice President,  
Human Resources

### **Catherine Valentine**

Vice President, Legal, General Counsel and  
Secretary of the Board

## Board of Directors

### **Guerrino De Luca**

Chairman of the Board  
Logitech

### **Daniel Borel**

Co-Founder and Former Chairman of the Board  
Logitech

### **Matthew Bousquette**

Chairman  
EGI Holdings LLC

### **Erh-Hsun Chang**

Former Senior Vice President, Worldwide Operations  
and General Manager, Far East  
Logitech

### **Kee-Lock Chua**

President and Chief Executive Officer  
Vertex Group

### **Sally Davis**

Former Chief Executive Officer  
BT Wholesale

### **Neil Hunt**

Chief Product Officer  
Netflix, Inc.

### **Richard Laube**

Chief Executive Officer  
Nobel Biocare Holding A.G

### **Monika Ribar**

President and Chief Executive Officer  
Panalpina Group

### **Investor Relations**

Investor inquiries may be directed to:  
[LogitechIR@logitech.com](mailto:LogitechIR@logitech.com)

### **Annual Meeting**

Logitech's annual meeting of shareholders will be held at 14:30 Central European Summer Time, September 5, 2012, at the Palais de Beaulieu in Lausanne, Switzerland.

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SIX: LOGN-VX  
NASDAQ: LOGI

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