

# LOGITECH INTERNATIONAL S.A.

(In thousands, except per share amounts) - Unaudited

<b>CONSOLIDATED STATEMENTS OF OPERATIONS</b>	<b>Quarter Ended June 30,</b>	
	<b>2009</b>	<b>2008</b>
<b>Net sales</b>	\$ 327,929	\$ 508,711
<b>Cost of goods sold</b>	247,889	335,139
<b>Gross profit</b>	<b>80,040</b>	<b>173,572</b>
<i>% of net sales</i>	<i>24.4%</i>	<i>34.1%</i>
<b>Operating expenses:</b>		
Marketing and selling	58,938	77,280
Research and development	31,360	33,259
General and administrative	21,181	33,309
Restructuring charges	1,449	-
<b>Total operating expenses</b>	<b>112,928</b>	<b>143,848</b>
<b>Operating income (loss)</b>	<b>(32,888)</b>	<b>29,724</b>
Interest income, net	592	2,552
Other income (expense), net	(38)	561
<b>Income (loss) before income taxes</b>	<b>(32,334)</b>	<b>32,837</b>
Provision (benefit) for income taxes	3,653	3,531
<b>Net income (loss)</b>	<b>\$ (35,987)</b>	<b>\$ 29,306</b>
Shares used to compute net income (loss) per share:		
Basic	179,751	179,046
Diluted	179,751	184,692
Net income (loss) per share:		
Basic	(\$0.20)	\$0.16
Diluted	(\$0.20)	\$0.16

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<b>CONSOLIDATED BALANCE SHEETS</b>	<b>June 30, 2009</b>	<b>March 31, 2009</b>	<b>June 30, 2008</b>
<b>Current assets</b>			
Cash and cash equivalents	\$ 567,417	\$ 492,759	\$ 481,020
Short term investments	-	1,637	3,364
Accounts receivable	169,747	213,929	338,493
Inventories	235,509	233,467	274,460
Other current assets	54,054	56,884	62,572
<b>Total current assets</b>	<b>1,026,727</b>	<b>998,676</b>	<b>1,159,909</b>
<b>Property, plant and equipment</b>	<b>101,203</b>	<b>104,132</b>	<b>103,964</b>
<b>Intangible assets</b>			
Goodwill	242,874	242,909	194,383
Other intangible assets	29,776	32,109	20,125
<b>Other assets</b>	<b>47,280</b>	<b>43,704</b>	<b>42,760</b>
<b>Total assets</b>	<b>\$ 1,447,860</b>	<b>\$ 1,421,530</b>	<b>\$ 1,521,141</b>
<b>Current liabilities</b>			
Accounts payable	\$ 204,497	\$ 157,798	\$ 299,701
Accrued liabilities	132,989	131,496	137,907
<b>Total current liabilities</b>	<b>337,486</b>	<b>289,294</b>	<b>437,608</b>
<b>Other liabilities</b>	<b>137,773</b>	<b>134,528</b>	<b>125,421</b>
<b>Total liabilities</b>	<b>475,259</b>	<b>423,822</b>	<b>563,029</b>
<b>Shareholders' equity</b>	<b>972,601</b>	<b>997,708</b>	<b>958,112</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,447,860</b>	<b>\$ 1,421,530</b>	<b>\$ 1,521,141</b>

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<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>	<b>Quarter Ended June 30,</b>	
	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ (35,987)	\$ 29,306
Non-cash items included in net income:		
Depreciation	11,477	10,595
Amortization of other intangible assets	2,333	1,605
Share-based compensation expense related to options, restricted stock units and purchase rights	5,409	5,888
Write-down of investments	-	575
Excess tax benefits from share-based compensation	(288)	(4,085)
Loss (gain) on cash surrender value of life insurance policies	384	313
Deferred income taxes and other	(568)	(174)
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	45,454	34,068
Inventories	317	(28,971)
Other assets	1,142	(4,488)
Accounts payable	45,066	12,820
Accrued liabilities	796	(13,845)
<b>Net cash provided by operating activities</b>	<b>75,535</b>	<b>43,607</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(7,702)	(10,628)
Premiums paid on cash surrender value life insurance policies	-	(55)
<b>Net cash used in investing activities</b>	<b>(7,702)</b>	<b>(10,683)</b>
<b>Cash flows from financing activities:</b>		
Purchases of treasury shares	-	(49,017)
Proceeds from sale of shares upon exercise of options and purchase rights	4,399	10,900
Excess tax benefits from share-based compensation	288	4,085
<b>Net cash provided by (used in) financing activities</b>	<b>4,687</b>	<b>(34,032)</b>
Effect of exchange rate changes on cash and cash equivalents	2,138	(224)
Net increase (decrease) in cash and cash equivalents	74,658	(1,332)
Cash and cash equivalents at beginning of period	492,759	482,352
<b>Cash and cash equivalents at end of period</b>	<b>\$ 567,417</b>	<b>\$ 481,020</b>

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## SUPPLEMENTAL FINANCIAL INFORMATION

Reconciliation of GAAP to non-GAAP Financial Measures	Quarter Ended	
	June 30,	
	2009	2008
<b>GAAP measures:</b>		
GAAP operating income (loss)	\$ (32,888)	\$ 29,724
GAAP income (loss) before income taxes	\$ (32,334)	\$ 32,837
GAAP net income (loss)	\$ (35,987)	\$ 29,306
<b>Adjustments to GAAP measures:</b>		
<b>Restructuring:</b>		
Restructuring charges	\$ 1,449	\$ -
Income tax benefit related to restructuring	(310)	-
Restructuring charges, net of tax	\$ 1,139	\$ -
<b>Short-term investments:</b>		
Impairment loss on short-term investments	\$ -	\$ 576
Net loss (gain) related to short-term investments	\$ -	\$ 576
<b>Non-GAAP measures:</b>		
Non-GAAP operating income (loss)	\$ (31,439)	\$ 29,724
Non-GAAP income (loss) before income taxes	\$ (30,885)	\$ 33,413
Non-GAAP net income (loss)	\$ (34,848)	\$ 29,882
<b>Per Share Data:</b>		
GAAP net income (loss):		
Basic	\$ (0.20)	\$ 0.16
Diluted	\$ (0.20)	\$ 0.16
Adjustments to GAAP net income (loss):		
Basic	\$ 0.01	\$ 0.01
Diluted	\$ 0.01	\$ -
Non-GAAP net income (loss):		
Basic	\$ (0.19)	\$ 0.17
Diluted	\$ (0.19)	\$ 0.16

We sometimes use information derived from consolidated financial information but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered "non-GAAP financial measures" under the U.S. Securities and Exchange Commission rules. The adjustments between the GAAP and non-GAAP financial measures presented above consist of (a) the impact on operating income (loss), income (loss) before income taxes, net income (loss) and net income (loss) per share of the restructuring charges recorded by the Company during the fiscal quarter ended June 30, 2009 and (b) the impact on Other Income of the impairment loss related to other-than-temporary declines in fair value of short-term investments during the quarter ended June 30, 2008. Our management uses these non-GAAP measures in its financial and operational decision-making. Our management believes these non-GAAP measures, when considered in conjunction with the corresponding GAAP measures, facilitate better comparison by our investors of our current period results with corresponding prior periods.

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<b>SUPPLEMENTAL FINANCIAL INFORMATION</b>	<b>Quarter Ended</b>	
	<b>June 30,</b>	
	<b>2009</b>	<b>2008</b>
Depreciation	\$ 11,477	\$ 10,595
Amortization of other acquisition-related intangibles	2,333	1,605
Operating income (loss)	(32,888)	29,724
Operating income (loss) before depreciation and amortization	(19,078)	41,924
Capital expenditures	7,702	10,628
 Net sales by channel:		
Retail	\$ 285,585	\$ 439,168
OEM	42,344	69,543
Total net sales	<u>\$ 327,929</u>	<u>\$ 508,711</u>
 Net sales by product family:		
Retail - Pointing Devices	\$ 92,055	\$ 146,358
Retail - Keyboards & Desktops	58,009	94,955
Retail - Audio	72,120	83,218
Retail - Video	42,814	57,188
Retail - Gaming	17,149	30,510
Retail - Remotes	3,438	26,939
OEM	42,344	69,543
Total net sales	<u>\$ 327,929</u>	<u>\$ 508,711</u>

Stock-based Compensation Expense for Employee Stock Options, Restricted Stock Units and Employee Stock Purchases	<b>Quarter Ended</b>	
	<b>June 30,</b>	
	<b>2009</b>	<b>2008</b>
Cost of goods sold	798	731
Marketing and selling	1,759	1,849
Research and development	842	962
General and administration	2,010	2,346
Income tax expense (benefit)	(384)	(957)
<b>Total stock-based compensation expense after income tax:</b>	<u><b>\$ 5,025</b></u>	<u><b>\$ 4,931</b></u>
Stock-based compensation expense for employee stock options, restricted stock units and employee stock purchases, net of tax, per share (diluted)	\$ 0.03	\$ 0.03