LOGITECH INTERNATIONAL SA
Form 10-K
May 30, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2013

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from   to
Commission File Number: 0-29174

LOGITECH INTERNATIONAL S.A.

(Exact name of registrant as specified in its charter)

Canton of Vaud, Switzerland	**None**
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification No.)

Logitech International S.A.
Apples, Switzerland
c/o Logitech Inc.
7600 Gateway Boulevard
Newark, California 94560
(Address of principal executive offices and zip code)

(510) 795-8500
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Registered Shares par value CHF 0.25 per share	The NASDAQ Global Select Market SIX Swiss Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý   No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý   No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o
		(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o   No ý

The aggregate market value of the voting shares held by non-affiliates of the registrant, based upon the closing sale price of the shares on September 30, 2012, the last business day of the registrant's second fiscal quarter on the NASDAQ Global Select Market, was approximately $819,557,681. For purposes of this disclosure, voting shares held by persons known to the Registrant to beneficially own more than 5% of the Registrant's shares and shares held by officers and directors of the Registrant have been excluded because such persons may be deemed to be affiliates. This determination is not necessarily a conclusive determination for other purposes.

As of May 16, 2013, there were 159,304,255 shares of the Registrant's share capital outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2013 Annual Meeting of Shareholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended March 31, 2013.

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In this document, unless otherwise indicated, references to the "Company" or "Logitech" are to Logitech International S.A., its consolidated subsidiaries and predecessor entities. Unless otherwise specified, all references to U.S. dollar, dollar or $ are to the United States dollar, the legal currency of the United States of America. All references to CHF are to the Swiss franc, the legal currency of Switzerland.

Logitech, the Logitech logo, and the Logitech products referred to herein are either the trademarks or the registered trademarks of Logitech. All other trademarks are the property of their respective owners.

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FORWARD-LOOKING INFORMATION

This Annual Report on Form 10-K contains forward-looking statements based on beliefs of our management as of the filing date of this Form 10-K. These forward-looking statements include statements related to:

our business strategy and investment priorities for fiscal year 2014 and beyond, considering evolving consumer demand trends affecting our products and markets, fluctuations in currency exchange rates, and current and future general regional economic conditions;

our business and product plans for fiscal year 2014, including the impact of reducing complexity in our product portfolio, new product introductions, and product innovation on future operating results and anticipated operating costs;

our belief that market opportunities for Logitech products are growing in emerging markets such as China, Eastern Europe and Latin America;

our belief that Logitech is well positioned to compete in providing products and services to enterprise markets, and video and audio solutions that support unified communication platforms;

our belief there will be additional demand for complementary peripherals to enhance consumers' experiences with tablets and other mobile platforms;

our belief that the restructuring plans implemented in fiscal year 2013 will reduce costs and expenses and improve future performance; and

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.

Factors that might affect these forward-looking statements include, among other things:

general market trends and consumer demand for personal computer peripherals in mature and emerging markets, and for peripherals to use with tablets and other mobile devices with touch interfaces;

market acceptance of our products, our ability to accurately forecast market trends and consumer demands, the sales mix between our lower- and higher-margin products, and our geographic sales mix;

our decisions to prioritize investments in peripherals for tablets and digital music consumption, in growing our sales in China and other high-potential emerging markets, in reducing complexity in our product portfolio, in growing our sales to enterprise customers, in expanding sales of our LifeSize division, and in our other investment priorities, and the impact of those decisions on our current operations and future performance;

the effect of pricing, product, marketing and other initiatives by our competitors and our reaction to them on our sales, gross margins, and profitability;

competition in the video conferencing and communications industry, and the rate of adoption of video communications in enterprises;

the impact of a failure to successfully innovate in our current and new product categories across all digital platforms and identify new features or product opportunities and the impact of competition in the new categories of products and the new markets in which we are beginning to, and plan to, enter;

the impact on our sales, operating expenses and profitability of worldwide economic and business conditions, including fluctuations in currency exchange rates;

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the influence of our product introductions and marketing activities, and the impact of reducing complexity in our product portfolio and on our sales and profitability growth;

our ability to implement workforce reductions, planned product initiatives, improvements in operating efficiencies and financial performance, and reductions in operating costs, associated with the restructuring;

the adverse conclusion of one or more ongoing tax audits in various jurisdictions or a material assessment by a governing tax authority that would adversely affect our profitability.

Forward-looking statements also include, among others, those statements including the words "anticipate," "believe," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "project," "predict," "should," "will" and similar language. These statements reflect our views and assumptions as of the date of this Annual Report on Form 10-K. All forward-looking statements involve risks and uncertainties that could cause our actual performance to differ materially from those anticipated in the forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed under Item 1A, Risk Factors, as well as elsewhere in this Annual Report on Form 10-K and in our other filings with the U.S. Securities and Exchange Commission. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. We undertake no obligation to publicly release any revisions to the forward-looking statements or reflect events or circumstances after the date of this document.

PART I

ITEM 1.   BUSINESS

Company Overview

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

Logitech was founded in Switzerland in 1981, and Logitech International S.A. has been the parent holding company of Logitech since 1988. Logitech International S.A. is a Swiss holding company with its registered office in Apples, Switzerland, which conducts its business through subsidiaries in Americas (including North and South America), EMEA (Europe, Middle East, Africa) and Asia Pacific (including, among other countries, China, Taiwan, Japan and Australia). Shares of Logitech International S.A. are listed on both the Nasdaq Global Select Market, under the trading symbol LOGI, and the SIX Swiss Exchange, under the trading symbol LOGN. References in this Form 10-K to the "Company," "Logitech," "we," "our," and "us" refer to Logitech International S.A. and its consolidated subsidiaries.

Logitech has two operating segments, peripherals and video conferencing.

Our peripherals segment, which includes retail and OEM channels, encompasses the design, manufacturing and marketing of peripherals for PCs (personal computers), tablets and other digital platforms. In the third quarter of fiscal year 2013, we changed the product category classification for a number of our peripheral retail products in an effort to help investors more clearly track the progress of our various product initiatives. Products within the retail product categories as presented in fiscal years ended 2012 and 2011 have been reclassified to conform to the fiscal year 2013 presentation, with no impact on previously reported total net retail sales. Our new peripheral retail product categories are defined as follows:

Retail   Pointing Devices: Our pointing devices include PC-related mice, trackpads, touchpads and presenters.

Retail   PC Keyboards & Desktops: Our PC keyboards & desktops include PC keyboards and keyboard/mice combo products. This category was formerly Retail   Keyboards & Desktops, except for tablet accessory products which are now separately reported in the newly formed Retail   Tablet Accessories category.

Retail   Tablet Accessories: Our tablet accessories include keyboards and other accessories for tablets and other mobile devices. This is a new category, formerly a part of Retail   Keyboards & Desktops.

Retail   Audio PC: Our audio-PC products include PC speakers and PC headsets. This newly formed category was formerly a part of Retail   Audio.

Retail   Audio   Wearables & Wireless: Our Audio   wearables & wireless products include non-PC audio products, including ear and headphones, and wireless speakers. This newly formed category was formerly a part of Retail   Audio.

Retail   Video: Our video products include webcam, digital video securities systems and TV cams. This category now includes TV cams, which were formerly a part of Retail   Digital Home.

Retail   PC Gaming: Our PC Gaming products include PC gaming mice, keyboards, headsets and steering wheels.

Retail   Remotes: Our remotes include Harmony remotes. This newly formed category was formerly a part of Retail Digital Home.

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Retail Other: This new category is comprised of a variety of products that we currently intend to transition out of, or have already transitioned out of, as they are no longer strategic to our business. Products currently included in this category include speaker docks, streaming media systems, console gaming peripherals and Logitech Revue for Google TV products.

Our brand, portfolio management, product definition and engineering teams in our peripherals segment are responsible for product strategy, technological innovation, product design and development, and bringing our products to market. Our business groups are organized by product categories. Our global marketing organization is responsible for developing and building the Logitech brand, consumer insight, public relations and social media, customer care and digital marketing. 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, Japan, Australia, Taiwan and India).

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 87%, 86% and 85% of our net sales for the fiscal years ended March 31, 2013, 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. For the fiscal years ended March 31, 2013, 2012 and 2011, sales to OEM customers were 7%, 8% and 9% of our net sales.

Our video conferencing segment encompasses the design, manufacturing and marketing of video conferencing products, infrastructure and services for the enterprise, public sector, and other business markets. Video conferencing 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 video conferencing segment maintains a separate marketing and sales organization, which sells LifeSize products and services worldwide. Video conferencing product development and product management organizations are separate, but coordinated with our peripherals business, particularly our Consumer Computing Platforms group. We sell our video conferencing products and services to distributors, value-added resellers, OEMs, and direct enterprise customers. Sales of video conferencing products were 6% of our net sales in the fiscal years ended March 31, 2013, 2012 and 2011.

Since 1994, we have had our own manufacturing operations in Suzhou, China, which currently handles approximately half of our total production of peripheral products. We outsource the remaining production to contract manufacturers and original design manufacturers located in Asia. Our LifeSize video communications products are manufactured in Malaysia under contract with a third-party manufacturer. Both our in-house and outsourced manufacturing operations are managed by our worldwide operations group. The worldwide operations group also supports the business units and marketing and sales organizations through management of distribution centers and of the product supply chain, and the provision of technical support, customer relations and other services.

For the fiscal year ended March 31, 2013, we generated net sales of $2.1 billion, an operating loss of $252.4 million and a net loss of $228.1 million. The operating loss and net loss primarily resulted from a $214.5 million goodwill impairment charge related to our video conferencing reporting unit and from $43.7 million in costs related to restructuring plans implemented in fiscal year 2013. We employed approximately 7,700 employees as of March 31, 2013 and conducted business in approximately 100 countries.

A summary of our net sales and long-lived assets by geographic region can be found in Note 13, *Segment Information*, to the Consolidated Financial Statements in Item 15, incorporated herein by

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reference. A discussion of factors potentially affecting our operations is set forth in Item 1A, Risk Factors, incorporated herein by reference.

Industry Overview

Historically, Logitech's business has been driven by the same trends that drove the adoption of desktop and laptop PCs for consumer, business and institutional applications, including the growth in affordable processing power, communications bandwidth, the increased accessibility of digital content, and the growing and pervasive use of the Internet for productivity, communication and entertainment. These trends have created opportunities for new applications, new users and dramatically richer interaction between people and digital content. Logitech has enhanced these applications and interactions with supporting peripherals as well as the development of its own innovative applications.

In the last two years, the PC market has changed dramatically and there continues to be significant weakness in the global market for new PCs. This weakness has had a negative impact on our net sales in all of our PC-related categories. 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 models for PC peripherals. Although the installed base of PC users is large, in our traditional, mature markets, such as the United States, Canada, Western and Nordic Europe, Japan and Australia, consumer demand for PCs has declined in recent years and we believe it will continue to decline in future years. While we continue to pursue growth opportunities in select PC peripheral product lines in mature markets, we believe there are growth opportunities for our PC peripherals outside the mature markets. In emerging markets, such as China, Eastern Europe and Latin America, the installed base of PC users is continuing to grow, which we believe presents new opportunities for us to broaden our PC peripherals customer base. These large populations present a significantly different demographic and trend line compared with our mature markets.

In both mature and emerging markets, a strong installed base of business and enterprise customers purchase peripherals for their PCs. There are growth opportunities for our PC peripherals in the enterprise market because the preferences of employees increasingly drive companies' choices in the information technologies they deploy to their employee base.

Both mature and emerging markets are experiencing strong growth in the popularity of smaller, mobile computing devices, such as tablets and smartphones with touch interfaces, which have created new markets and usage models for mobile peripherals and accessories. Logitech has begun to offer peripherals and accessories to enhance the use of such digital platforms. 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. Consumers are also enhancing their tablet experience with a range of accessories and peripherals such as the Logitech Ultrathin Keyboard Cover for iPad and the Ultrathin Keyboard Cover for iPad mini that enable them to create, consume and share digital content more conveniently and comfortably.

The use of video across all these platforms mobile devices such as laptops, tablets and smartphones, and the TV is a continuing trend among consumers. The video communication industry continues to make progress toward a vision in which people can conduct a video call from any of these platforms to any other platform. LifeSize has showcased such video collaboration by enabling video calling among PCs, Macs, tablets, smartphones and video conference equipment.

The trend among businesses and institutions to use video conferencing is even more prevalent than consumer use of video calling, and offers a long-term growth opportunity for Logitech. For businesses and institutions, video conferencing is increasingly substituted for travel, because of high travel costs as well as the productivity gain that can be achieved by a high-quality face-to-face meeting that does not require travel away from the office. Further, with the increased availability of higher Internet bandwidth, video conferencing is becoming a key component of UC (unified communications), which is the integration of

enterprise-class collaboration and communications solutions such as voice mail, e-mail, chat, presentation sharing and live video meetings. With large, well-financed competitors such as Cisco Systems, Inc., Microsoft Corporation and Polycom, Inc. participating in this market, the competition is intense. However, we believe that Logitech is well positioned to compete with differentiated video and audio solutions that support the emerging UC platforms.

Finally, we believe that trends established in the consumer technology market, such as brand identity, affordability, ease of installation and use, customer support, and visual appeal, have become important aspects of the purchase decision when buying a consumer electronics product. These are strengths that we believe Logitech offers in both consumer and enterprise markets.

Consumer Behavior and Customer Experience Strategy

Our strategy is to further our understanding of consumers in each market and integrate the voice of our consumers throughout our product development and marketing efforts. The mission of our consumer insights organization is to strive to understand our consumers so that we can create products and provide services that accurately anticipate their needs and reach them through marketing and communication programs that are relevant to them.

We are also focused on understanding and improving the consumer's overall experience with Logitech products. The design and customer experience group's goal is to use research, insights, technology and innovation to deliver great experiences to our users at each consumer touch point and in all Logitech products. We define customer experience as the focal point of our research and development, and use a process of prototyping, learning and iteration to maximize customer satisfaction. We use metrics and consumer feedback mechanisms to drive meaningful and measurable improvements in our products. We believe that by creating products that people desire and love, we maximize the number of consumers who actively recommend Logitech products, fueling brand preference within and across our many product categories. This is especially important because we believe today's consumer exhibits increasing skepticism toward manufacturers, yet is more trusting of personal recommendations.

Business Strategy

Logitech's current strategic objectives are to: (1) maximize profitability in our core product categories, (2) invest in growth opportunities, and (3) divest or discontinue non-strategic product categories.

Our core product categories focuses on the substantial worldwide installed base of PC and Mac computers by offering innovative peripherals to address needs for comfort, productivity and easy connectivity, as well as entertainment and communication. We believe that the market for PC peripherals will continue to present opportunities for profitability and growth. In developed markets, the installed base of users is large and the market dynamics provide an opportunity to drive profitability. In emerging markets, such as China, Eastern Europe and Latin America, the installed base of users is still growing, which we believe continues to present opportunities for us to broaden our PC peripherals customer base. In the enterprise market, we believe the preferences of employees increasingly drive companies' choices in the information technology they deploy to their employee base.

The increasing popularity of smaller, mobile computing devices such as tablets and smartphones with touch interfaces is rapidly changing the peripherals market. We believe there are significant opportunities for Logitech peripherals and accessories to improve the productivity, navigation and control abilities of tablets, smartphones and other mobile devices, enabling consumers to create, consume and share digital content more conveniently and comfortably. To seize the growth opportunities in the peripherals market for mobile devices, we are focusing on innovating new features and products to provide excellent consumer experience, and on reducing production cycle time to meet the evolving market demand and frequent introductions of new devices. Digital music, the seamless consumption of audio content on home and

mobile devices, also presents a growth opportunity, because Logitech has a solid foundation of audio solutions to satisfy consumers' needs for music consumption.

Our video conferencing segment focuses on high-definition universal video collaboration for businesses and institutions. We believe that our strategy of high quality experience combined with a compelling price/performance advantage will allow us to return to profitability our video conferencing, infrastructure and services business in mature markets, as well as expand into emerging markets.

During the third quarter of fiscal year 2013, we identified a number of product categories that no longer fit with our current strategic direction. As a result, we made a strategic decision to divest our remotes and digital video security product categories, and plan to discontinue other non-strategic products, such as speaker docks and most console gaming peripherals, by the end of fiscal year 2014. This decision primarily resulted from our belief that these categories of products would not make a meaningful contribution to improving our growth or profitability.

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.

Product Strategy

To take advantage of the opportunities we anticipate in the growing digital marketplace, Logitech's product strategy focuses on enabling and enhancing the multiple interfaces for input, navigation, audio and video across the many digital devices used by today's consumers and enterprises.

PC/Mac/Mobile Devices

Logitech continues to provide new, innovative, high-performance PC and Mac computer navigation devices and audio and video products for the large existing installed base of PC and Mac computers in developed markets, for customers of PC and Mac computers in the fast-growing emerging markets, and for the enterprise market, where we believe the opportunities for Logitech peripherals are significant. In addition, we have developed a range of products for the tablet market, as usage models continue to evolve. Our current tablet product portfolio includes the Logitech Ultrathin Keyboard Cover for iPad and the Ultrathin Keyboard Cover for iPad mini along with a new range of tablet folio covers and tablet folio covers with integrated keyboards. We believe there will be additional demand for complementary peripherals to enhance consumers' experiences with tablets and other mobile devices.

Digital Music

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. Our music solutions include speakers for PCs and mobile devices, and the Logitech Ultimate Ears brand of earphones and wireless speakers.

Video Conferencing

Our LifeSize division represents our focused investment in the growth of video communications in enterprises and business organizations. LifeSize is a leader in HD communication innovation at multiple price points, offering complete and scalable solutions including hardware, software, endpoints, services and infrastructure to small and medium enterprises. LifeSize is addressing the video conferencing market with affordable, simplified systems that align video with the way people work.

Geographic Expansion

We believe the market opportunities for Logitech products are growing in emerging markets such as China, Eastern Europe and Latin America. In China, we have invested significantly in expanding our sales force and local product and marketing initiatives designed specifically for the Chinese market, as well as securing new channel partners and strengthening relationships with existing partners. As part of our business strategy, we are leveraging the knowledge gained in China to address the additional growth opportunities available in other key emerging geographic areas.

Manufacturing

To effectively respond to rapidly changing demand and to leverage economies of scale, we intend to continue our hybrid model of in-house manufacturing and third-party contract manufacturers to supply our products. Through our high-volume manufacturing operations for peripherals located in Suzhou, China, we believe we have been able to maintain strong quality process controls and have realized significant cost efficiencies. Our Suzhou operation provides for increased production capacity and greater flexibility in responding to product demand. Further, by outsourcing the manufacturing of certain products, we seek to reduce volatility in production volumes as well as improve time to market.

Technological Innovation

Logitech seeks 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, and the meeting room, in addition to the PC, as access points to the Internet and the digital world. All of these platforms require interfaces that are customized according to how the devices are used. We believe this expansion of access points provides additional attractive and opportunities for Logitech because the relevance and importance of navigation, interaction, video and audio interfaces and applications remains substantially the same across platforms.

We recognize that continued investment in product research and development is critical to facilitating innovation of new and improved products and technologies. Nine of Logitech's products were selected as 2013 CES (Computer Electronics Show) Innovation Award honorees, including the Logitech Wireless Solar Keyboard K760, a solar powered keyboard that allows you to simultaneously pair with multiple devices and quickly switch among them with a push of a button; the Logitech Solar Keyboard Folio, a solar powered keyboard offering stylish design and protection for the iPad; the Logitech Wireless Rechargeable Touchpad T650 and the Logitech Zone Touch Mouse T400, designed for easy and intuitive navigation of Windows 8; the Logitech Ultrathin Keyboard Cover, an all-in-one solution that provides an ultrathin screen protector and built-in keyboard to enhance the iPad experience; the Logitech Washable Keyboard K310, a keyboard that can be submerged in up to 11 inches of water; the Logitech Bluetooth Illuminated Keyboard K810, a keyboard with Bluetooth connectivity to pair with up to three devices simultaneously; the Logitech UE 9000 Wireless Headphone, a headphone combining laser-tuned drivers and a quality Bluetooth connection for a remarkable audio experience; and the Logitech Harmony Touch, an advanced universal remote that enables customization through an intuitive color touch-screen for unprecedented control of your home-entertainment system.

Logitech is committed to meeting consumers' needs for peripheral devices and believes that innovation, value and product quality are important elements to gaining market acceptance and strengthening our market position.

Products

Our peripherals segment encompasses the design, manufacturing and marketing of peripherals for PCs, tablets and other digital platforms. We sell our peripheral products to a network of distributors and

retailers and to OEMs. The large majority of our revenues have historically been derived from sales of our peripheral products for use by consumers. 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. We sell our LifeSize products and services to distributors, value-added resellers, OEMs and, occasionally, direct enterprise customers.

Peripherals

Pointing Devices

Logitech offers many varieties of pointing devices, sold through retail and OEM channels. Our top revenue generating pointing devices during fiscal year 2013 included the Logitech Wireless Mini Mouse M185, the Logitech Wireless Mouse M325, the Logitech Wireless Mouse M510, the Logitech Performance Mouse MX and the Logitech Marathon Mouse M705 for Business. We continue to develop and introduce new and innovative pointing device products, including:

> Logitech Rechargeable Trackpad T651 for Mac, which gives the full set of multi-touch gestures on a smooth glass surface.

> Logitech Wireless Rechargeable Touchpad T650, which is designed for easy and intuitive navigation of Windows 8.

We also sell both corded and cordless mice designed specifically for OEM customers.

PC Keyboards & Desktops

Logitech offers a variety of corded and cordless keyboards and desktops (keyboard-and-mouse combinations). Our top revenue generating PC keyboard and desktop devices during fiscal year 2013 included the Logitech Wireless Combo MK520, the Logitech Wireless Combo MK260, the Logitech Wireless Touch K400, the Logitech Wireless Desktop MK710 and the Logitech Wireless Combo MK330. Some of our recently introduced products in this category include:

> Logitech Bluetooth Easy-Switch Keyboard and Illuminated Keyboard K810, both featuring Logitech Easy-Switch which allows you to quickly change between typing on your PC to typing on your tablet or smartphone with the touch of a button.

> Logitech Keyboard K310, a keyboard that can be hand washed and submerged in up to 11 inches of water.

> Logitech Wireless Solar Keyboard 760, a solar-powered keyboard with Bluetooth connectivity for the Mac, iPad or iPhone.

Tablet Accessories

Tablet Accessories represents our fastest growing category driven by continued strong demand for the Logitech Ultrathin Keyboard Cover for the iPad. We have leveraged on this success by continuing to further enhance this category through introduction of additional innovative and complementary products, including:

> Logitech Ultrathin Keyboard Cover for iPad mini, an all-in-one solution which provides an ultrathin screen protector and built-in keyboard to enhance the iPad mini experience.

> Logitech Keyboard Folio and Folio mini, designed to both safeguard your tablet and touch-screen while complementing it with refined fabrics and colors to match your personal style.

> Logitech Solar Keyboard Folio, a slim, solar powered keyboard offering stylish design and protection for the iPad.

Audio PC

This category comprises speakers and headsets designed to enhance the PC experience. Our top revenue generating Audio PC products during fiscal year 2013 included the Logitech Speaker System Z623, the Logitech Surround Sound Speakers Z506, the Logitech Speaker System Z323, the Logitech Speaker System Z313, the Logitech USB Headset H390 and the Logitech Wireless Headset H600. Some of our more recent products in this category include:

Logitech Speaker System Z553, a THX-Certified speaker system that enables simultaneous connection of up to 3 devices PC, DVD player, game console and smartphone.

Logitech USB Headset H340 and H540.

Audio Wearables and Wireless

This category comprises of Logitech's UE (Ultimate Ears) product line representing our latest audio technology.

Audio Wearables

During fiscal year 2013, our top revenue generating Audio Wearable products, comprising earphones and headphones, included the Logitech UE 900, the Logitech UE 6000vi, the Logitech UE 350VM and the Logitech UE 9000. Some of our recently introduced products in this category include:

Logitech UE 900, a noise-isolating earphone featuring four-armature speakers and a three-way crossover in a universal fit.

Logitech UE 4000, Logitech UE 6000 and Logitech UE 9000 headphones.

Wireless Speakers

Our top revenue generating Wireless Speaker products during fiscal year 2013 included the Logitech UE Mobile Boombox, the Logitech UE Mini Boombox, the Logitech UE Wireless Boombox Z715 and the Logitech UE Boombox.

Some of our recently introduced products in this category include:

Logitech UE Boombox and UE Mobile Boombox, portable speakers with Bluetooth® technology, which enable you to use your phone or tablet to stream your music wirelessly.

Video

This category comprises webcams, TV cams and digital video security systems.

Webcams

Our top revenue generating webcams during fiscal year 2013 included the Logitech HD Pro Webcam 920, the Logitech HD Webcam C615 and the Logitech BCC 950 Conference Cam. Some of our recently introduced products in this category include:

Logitech Broadcaster Wi-Fi Webcam, a webcam designed for video professionals, bloggers and hobbyists, that provides greater flexibility than other webcams, including live streaming, shooting videos from two different angles or video chatting on a Mac computer.

Logitech Webcam C930e, a webcam that includes an extra-wide 90-degree field of view, support for the H.264 SVC and UVC 1.5 video encoding standards and high-definition digital pan-tilt-zoom.

Logitech BCC 950 Conference Cam, a webcam that combines a full HD webcam with a high-quality, omni-directional full-duplex speakerphone in one USB device, enabling small groups to collaborate in conference rooms, closed offices or shared work spaces. Optimized for Microsoft Lync and Skype Certified, the BCC950 Conference Cam works with most UC and video platforms.

TV Cams

Logitech's TV cam offerings include TV Cam HD, a high-definition TV camera with built-in Skype capability that operates on any HDTV with HDMI input.

Video Security Systems

The Logitech Alert digital video security system is a complete home or small business video security system for self-installation, with software that provides motion alerts and a live view from an Internet-connected computer or your smartphone or tablet. In the third quarter of fiscal year 2013, we made a strategic decision to divest this category by the end of fiscal year 2014.

PC Gaming

Logitech offers a full range of dedicated game controllers for PC gamers including mice and keyboards, headsets and steering wheels. During fiscal year 2013, our top revenue generating PC Gaming products included the Logitech G27 Racing Wheel, the Logitech Optical Gaming Mouse G400, the Logitech G930 Wireless Gaming Headset, the Logitech Gaming Mouse G500, the Logitech Wireless Gaming Mouse G700 and the Logitech G600 MMO Gaming Mouse. In late March 2013, we significantly enhanced this category through the launch of eight new gaming products including the:

Logitech G700s Rechargeable Gaming Mouse, a wireless gaming mouse with the report rate of a wired gaming mouse.

Logitech G19s Gaming Keyboard, a gaming keyboard that provides game stats, gaming specific apps and customizable information panels, all in full color on an integrated, adjustable GamePanel LCD.

Logitech G430 Surround Sound Gaming Headset, a gaming headset with Dolby Headphone 7.1 surround sound technology, which enables users to hear up to seven discrete channels of audio plus a Low Frequency Effects channel.

Remotes

Our line of Harmony advanced remote controls for home entertainment systems includes:

Logitech Harmony Ultimate and the Logitech Harmony Smart Control. Both products feature Logitech's Harmony Hub and Harmony Smartphone App to enable closed-cabinet control and one-touch entertainment access to game consoles from a universal remote or smartphone. The Harmony Hub takes personalizing your activities a step farther into home control with the ability to program your Philips Hue lights to the desired brightness and color with a tap of the Logitech Harmony Ultimate.

Logitech Harmony Touch remote, a premium advanced universal remote that enables customization with an intuitive color touch-screen for control of the home-entertainment system.

Logitech Harmony 650 remote, a universal remote featuring a color screen and one click activity buttons.

In the third quarter of fiscal year 2013, we made a strategic decision to divest our remote category by the end of fiscal year 2014.

Video Conferencing

Our LifeSize division offers HD video communication solutions including HD video conferencing products, audio conference telephones, hardware and software infrastructure solutions, video management software, and services to support reliable video and audio communications and help users connect to any network securely and with ease. The LifeSize product line includes:

Icon Series, which introduces a new, simplified user experience designed to make video communication simple and intuitive so that anyone can use it without training. It is tightly integrated with the LifeSize UVC Platform and its applications to make it easier for users to experience the full power of their platform.

Unity Series, all-in-one HD video conferencing solutions that are designed specifically for simple setup and ease of use, enabling companies of all sizes to reap the benefits of HD telepresence without the normal high price or the need for a room makeover.

Passport, an HD video system that delivers telepresence quality at a price point that enables broad deployment across an organization.

Express Series, which provides full HD video quality at the lowest possible bandwidth, allowing data-sharing and supporting dual HD display, full HD camera, and phone or microphone options.

Team Series, providing full HD video quality for natural, realistic interactions, along with ease of use and flexibility for workgroups, including four-way multipoint conferencing.

Room Series, a full HD standards-based system that provides high resolution and strong motion handling with lower latency. The LifeSize Room 220i comes standard with an embedded 8-way continuous presence multipoint bridge showing four visible sites at one time.

The LifeSize UVC Platform is an integrated, virtualized software platform for video infrastructure. It consolidates the capabilities of multiple video conferencing infrastructure applications and makes them instantly available from one common interface. This integrated platform adds efficiency in operation for IT organizations, easy trial and flexible configuration in a common platform that is scalable to meet future growth needs.

LifeSize ClearSea is an enterprise-class client and server solution for desktop and mobile video collaboration. LifeSize ClearSea provides a flexible, interoperable solution for instantly connecting any desktop or mobile device to a standards-based video conferencing meeting room system or infrastructure. LifeSize ClearSea Server includes a state-of-the-art HD desktop client for PCs and Mac, and Android and iOS smartphones and tablets.

LifeSize Connections is a cloud-based infrastructure service that enables secure, immersive communication between meeting room-based video conferencing systems and mobile clients on PCs and Mac computers. It offers an intuitive, cost-effective solution for small and medium businesses looking to deploy business class video conferencing.

Competitive Strengths

We believe the key competitive strengths that allow Logitech to be successful in the markets in which we compete include:

Our innovative capability, including understanding of product definition, technology and industrial design excellence, as demonstrated by a list of over 100 industry "firsts" to our name and a patent portfolio of approximately 600 patents.

Our expertise in key engineering disciplines that underlie our products, and our continued enhancement of our products through the use of advanced technologies.

The Logitech and LifeSize brand names and industrial designs, which are recognized worldwide as symbols of product quality, innovation, ease of use and price-performance value.

Our volume manufacturing and distribution capabilities, which allow us to maintain strong quality process controls and realize significant cost efficiencies.

Our global presence, capable of drawing on the strengths of our global resources, global distribution system and geographical revenue mix.

Our expertise in a broad array of PC, Mac and mobile device peripherals.

We believe that we have competed successfully based on these factors. We believe that Logitech's future lies with our ability to continue to capitalize on these strengths.

Research and Development

We believe that continued investment in product research and development is critical to Logitech's success. Our international structure provides advantages and synergies to our overall product development efforts. We have development centers in the United States, Switzerland, Ireland, India and Taiwan.

Our research and development expenses for fiscal years 2013, 2012, and 2011 were $153.9 million, $162.3 million, and $156.4 million. We expect to continue to devote significant resources to research and development, including devices for digital platforms, video communications, wireless technologies, power management, user interfaces and device database management to sustain our competitive position.

Marketing, Sales and Distribution

Principal Markets

During fiscal year 2013, we determined that the net sales to unaffiliated customers by geographic region amounts previously reported for fiscal years 2012 and 2011 were not properly stated. The table below presents revised amounts along with amounts previously reported in our Form 10-K for fiscal year 2012. These revisions have no impact on the previously reported consolidated statements of operations, consolidated balance sheets or other consolidated financial statements.

			Year ended March 31,					
	2013	**2012**			**2011**			
		As Reported	Adjustment	As Revised	As Reported	Adjustment	As Revised	
Americas	$ 809,224	$ 953,867	$ (74,791)	$ 879,076	$ 1,032,988	$ (78,299)	$ 954,689	
EMEA	799,075	846,464	51,093	897,557	872,774	55,647	928,421	
Asia Pacific	491,584	515,872	23,698	539,570	457,124	22,652	479,776	
Total net sales	$ 2,099,883	$ 2,316,203	$	$ 2,316,203	$ 2,362,886	$	$ 2,362,886	

Sales are attributed to countries on the basis of the customers' locations. Revenues from sales to customers in Switzerland, our home domicile, represented 2% of our total consolidated net sales in fiscal years 2013, 2012 and 2011. In fiscal years 2013, 2012 and 2011, the United States represented 33%, 34% and 36% of our total consolidated net sales. No other single country represented more than 10% of our total consolidated net sales for fiscal years 2013, 2012 and 2011.

In fiscal years 2013, 2012 and 2011, Ingram Micro Inc. and its affiliated entities together accounted for 11%, 14% and 12% of our sales. No other customer individually accounted for more than 10% of our net

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sales during fiscal years 2013, 2012 and 2011. 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.

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