

Global Plan Outsourcing: The Keys to a Successful Implementation

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About Logitech



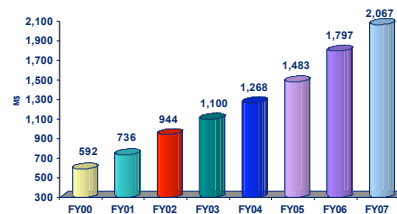
About Logitech

- Logitech provides innovative personal peripherals that enhance your experience with the digital world
- Founded: 1981 — Apples, Switzerland
- FY07 Revenues: \$2.1BN, Profit: \$231MM
- The best known mouse maker in the world, but all our products win awards for innovation and design



About Logitech

- Truly global company:
- Three strong identities (Swiss/U.S./Chinese)
- 7400 employees in 30 countries, large presence in China
- Sold more than 150 million products last year into 100 countries
- 34 quarters of continuous growth
- Listed on 2 exchanges:
 - SWX: **LOGN**
 - NASDAQ 100: **LOGI**



About Logitech



Equity Compensation at Logitech

- Company Omnibus Plan (Logitech 2006 Stock Incentive Plan)
 - Stock Options since 1994
- “Vanilla” design: Options on Logitech Shares, 10 Year Term, 4 Year Vesting (25% each year), grants at FMV
- No dividends
- Exercise on either NASDAQ or SWX depending on location of employee
- Most full time professional employees are eligible
- Global distribution of grant recipients

Equity Compensation at Logitech

- Major review of equity compensation in 2005:
 - FAS123R Expensing
 - Managed compensation expense aggressively
 - Modeling and alternative designs to CEO and Board of Directors
 - Considered Capped Stock Settled SARs, RSUs, decided to stick with options
 - Conducted survey with all optionees to determine perceived value of options and alternative LTIs or cash
 - Worked backwards from expense goal (\$16-\$19MM) to determine total yearly pool for focal, new hire and promo options
 - Increased size of awards to high performers and senior employees
 - Reduced number of employees actually receiving grants: 19% from 25%; introduced minimum grant levels

Equity Compensation at Logitech

- Need to prepare for FAS123R expense tracking, accounting and reporting
 - Internal IT and Finance systems needed to be ready for FY07 reporting requirement
 - Needed to find outside vendors for aggregating option expense and performing option valuation
 - Under SOX requirements, needed to prepare for FAS123R expense
 - Completed global introduction of Peoplesoft system in 2004-05
- Need to GO LIVE with new system by April 1, 2006
 - Logitech fiscal year: April-March

Equity Compensation at Logitech

- In 2005, SOP administered through Equity Edge and Citigroup
- In the new context, needed to find a truly global provider that could respond to:
 - FAS123R expensing
 - Dual listed shares
 - Able to reduce admin burden and communicate with Logitech systems
 - Clear and control focused process for SOX
 - High quality of employee experience, especially support, regardless of country
 - Ready to implement alternative equity programs in the future: PRSUs, Tradable Options, LTI Cash
 - Potentially able to unify all equity administration under one vendor (ESPP, SOP)

Provider Selection and Implementation

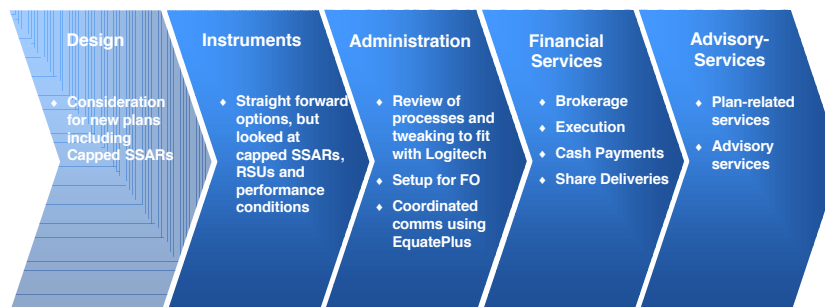
- Created an internal taskforce:
 - HR (Comp and Ben, HRIS), Accounting, Treasury/Stock Plan Administration, Tax, Legal
 - Executive sponsor: VP HR
- RFP phase: two companies that could operate dual listed share plans, selected UBS in November 2005
- Had to GO LIVE on April
- Decided to manage the implementation in house, not to hire an outside consultant
 - Pros: inside knowledge of the company, better leverage and influence, knowledge of internal team
 - Cons: Re-directed resource from other projects, no global network, very steep learning curve for the organization, small project management resources

About UBS

- UBS – A Global Firm:
 - EUR 1.8 trillion invested assets
 - EUR 102 billion market capitalization
 - Over 78'000 employees
- UBS – A Global Issuer:
 - Over 30'000 participants in more than 30 Equity based incentive plans
 - Multiple Listings (Zurich, New York and Tokyo)
- UBS – A Global Service Provider:
 - Serving more than 160 global corporations
 - With over 1'300'000 plan participants across 100 countries
 - SOX compliant and certified. We provide SAS 70, Typ II reporting

About UBS

UBS provided end-to-end solution for equity linked compensation plans:

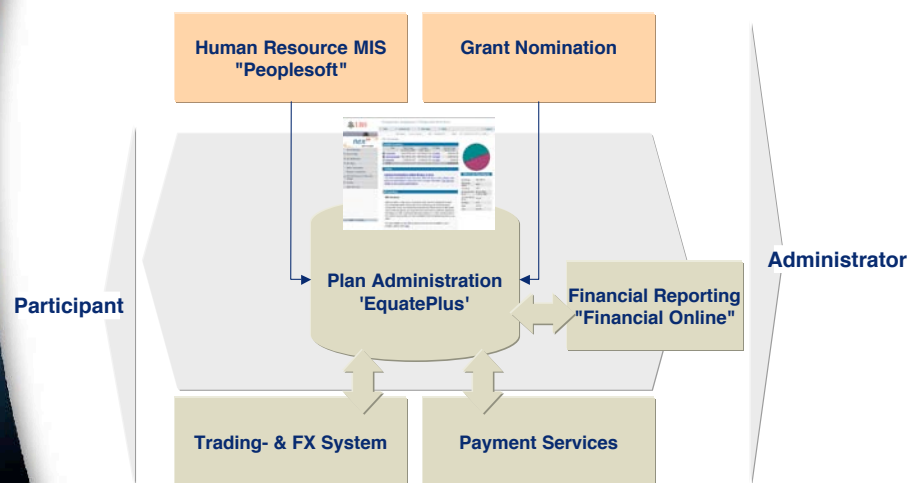


Customer Priorities

- Integrated administration tool
- Straight-through execution services
- Multi-plan, multi-ticker, multi-currency
- Support of financial reporting
- Data integrity between systems
- Maximum automation of business processes
- One overall solution



Integrated Solution, One real-time source



Highly Automated Solution

- Consistent data across systems
 - Daily electronic interfaces between customer and UBS
- Completely automated Employee Life Cycle
 - Online Grant Acceptance
 - Forfeitures
 - Termination Letters
- Monitoring Cockpit for Administrators
- Straight-Through Execution
- Monitoring of Directors Dealing

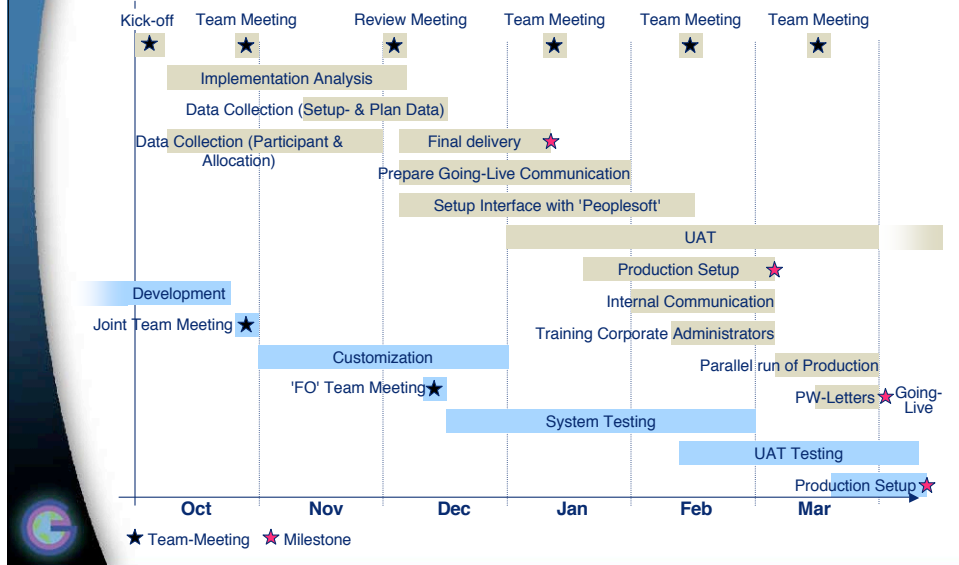


Challenges

- High complexity due to dual implementation and parallel built process
- Complex project management across 3 delivery streams and different time Zones
- Reconciliation on two levels
 - plan data
 - financial reporting
- Process review to enable maximum automation
- Legal and Regulatory Issues
- Corporate Actions



Implementation (Oct 05 to Apr 06)



Main Lessons Learned

- Get buy-in early and prepare internal stakeholders for a long-term, complex and sometimes frustrating process
- Know the business model of your vendor and how you can align their interests with yours
 - There is no perfect solution that already exists, especially for global companies working with global providers
- Make friends with HRIS
- Communicate, communicate, communicate
- Be creative and persistent

Prerequisites for Success

- Joint Vision Customer/Provider
- Clear data format definition and dedicated resources for data sourcing and migration
- Sound communication strategy: targeted information for different stakeholders, using multiple channels
- Effective switch; no trading day missed; clear process
- Overall stringent Project Management



Questions?

Thank you for your participation

