STATUTORY FINANCIAL STATEMENTS

Garmin Ltd (Switzerland)
Year Ended December 31, 2011 and Period Ended December 25, 2010

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To the General Meeting of

Garmin Ltd, Schaffhausen

Zurich, February 29, 2012

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Garmin Ltd, which comprise the balance sheet, statement of income and notes, for the period from December 26, 2010 to December 31, 2011.

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 of 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 about whether the financial statements are free of 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 period from December 26, 2010 to December 31, 2011 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

Ernst & Young Ltd

/s/ Robin Errico	/s/ Siro Bonetti
Robin Errico Licensed audit expert (Auditor in charge)	Siro Bonetti Licensed audit expert

Garmin Ltd

Balance Sheet

(CHF in thousands)

	December 31, 2011	December 25, 2010
Cash and cash equivalents	26,029	193
Accounts receivable - affiliates	730	4,280
Other receivables - third party	34,576	-
Prepaid expenses	304	19
Total current assets	61,639	4,492
Investment in affiliated companies	9,120,355	9,515,332
Loans receivable - affiliates	52,666	-
Total non-current assets	9,173,021	9,515,332
Total assets	9,234,660	9,519,824
Accounts payable	-	1
Accounts payable - affiliates	6,786	14,109
Accrued expenses	427	93
Provision for unrealized translation gains	33,448	-
Dividend payable from capital contribution reserve	78,229	-
Total liabilities	118,890	14,203
Share capital	2,080,774	2,080,774
General legal reserve		
- General reserve from capital contribution	6,503,121	6,969,131
- Reserve for treasury stock from capital contribution	452,091	465,491
Free reserves		
- Dividend reserve from capital contribution	109,382	-
- Balance brought forward	(9,775)	-
- Net income for the year	(19,823)	(9,775)
Total stockholders' equity	9,115,770	9,505,621
Total liabilities and stockholders' equity	9,234,660	9,519,824

Garmin Ltd

Statement of Income

(CHF in thousands)

	Fiscal Year Ended December 31, 2011	**Period Ended December 25, 2010**
License expense - affiliates	4,861	6,487
General and administrative expenses	7,053	4,105
General and administrative expenses - affiliates	3,536	-
Advertising expense	166	76
Operating expenses	15,616	10,668
Other income (expense):		
Impairment on investment in affiliated companies	(395,000)	-
Interest income	1	-
Interest income - affiliates	574	-
Dividend income - affiliates	395,000	-
Interest expense - affiliates	(348)	-
Foreign currency gains/(losses)	(4,434)	893
	(4,207)	893
Net income (loss)	(19,823)	(9,775)

Garmin Ltd

Notes to Statutory Financial Statements

December 31, 2011 and December 25, 2010

(CHF in thousands, except share and per share information and where otherwise indicated)

1. General

The unconsolidated statutory financial statements of Garmin Ltd (the "Company") are prepared in accordance with Swiss law. Garmin Ltd is the parent company of the Garmin Group whose consolidated financial statements include 100 percent of the assets, liabilities, revenues, expenses, income and cash flows of Garmin Ltd and subsidiaries in which the Company has a controlling interest, as if the Company and its subsidiaries were a single company. The consolidated financial statements are of overriding importance for the purpose of the economic and financial assessment of the Company.

The Company was incorporated on February 9, 2010 and therefore these financial statements cover the full year ended December 31, 2011 and the period from February 9, 2010 through December 25, 2010. The Company has adopted a 52-53-week period ending on the last Saturday of the calendar year. Due to the fact that there are not exactly 52 weeks in a calendar year and there is slightly more than one additional day per year (not including the effects of a leap year) in each calendar year as compared to a 52-week fiscal year, the Company will have a fiscal year comprising 53 weeks in certain fiscal years, as determined by when the last Saturday of the calendar year occurs.

Summary of significant accounting policies

Exchange rate differences — The Company keeps its accounting records in U.S. Dollars (USD) and translates them into Swiss Francs (CHF) for statutory reporting purposes. Assets and liabilities denominated in foreign currencies are translated into CHF using the year-end rates of exchange, except investments in affiliates and the Company's equity (other than current-year transactions), which are translated at historical rates. Income statement transactions are translated into Swiss francs at the average rate of the year, except for individually significant transactions during the year in which case the applicable daily exchange rate is used. Exchange differences arising from business transactions are recorded in the income statement, except for net unrealized gains, which are deferred and recorded in other current liabilities. Losses arising from the translation of the financial statements in USD to CHF are recorded in the statement of income, and gains are deferred and recorded in other current liabilities.

Investments in affiliates — Investments in affiliates are recorded at historical cost less adjustment for impairment of value.

Personnel expense – Personnel expense for the year ended December 31, 2011 amounted to CHF 603.

2. Investment in Directly Held Affiliates

Company Name	Purpose	Domicile	Share Capital		Ownership Interest
Garmin Luxembourg Holdings S.à r.l.	Holding	Luxembourg	USD	349,287,900 [1]	100%
Garmin Switzerland GmbH	Operating	Switzerland	CHF	1,249,200,000	100%

1 The Company incorporated Garmin Luxembourg Holdings S.à r.l. in 2011 and subsequently contributed its membership interests in Garmin Coöperatief U.A to Garmin Luxembourg Holdings S.à.r.l.

3. Stockholders' Equity

		General legal reserves		Free reserves			
CHF in thousands	Share capital	General reserve from capital contribution	Reserve for treasury stock from capital contribution	Dividend reserve from capital contribution	Balance brought forward	Net loss for the year	Total
Initial capital contribution	100						100
Capital increase (re-domestication)[1]	2,080,674	7,081,762	352,860				9,515,296
Net movement in reserve for treasury stock		(112,631)	112,631				-
Net loss for the year						(9,775)	(9,775)
Balance as of December 25, 2010	2,080,774	6,969,131	465,491	-	-	(9,775)	9,505,621
Balance brought forward					(9,775)	9,775	-
Net movement in reserve for treasury stock		13,400	(13,400)				-
Release to free reserves for dividend		(479,410)		479,410			-
Dividend payments				(291,799)			(291,799)
Dividend payable at year-end				(78,229)			(78,229)
Net loss for the year						(19,823)	(19,823)
Balance as of December 31, 2011	2,080,774	6,503,121	452,091	109,382	(9,775)	(19,823)	9,115,770

1 Refer to note 4 for details

The summary of the components of authorized shares at December 31, 2011 and December 25, 2010, and changes during those years are as follows:

	Outstanding Shares	Treasury Stock	Issued Shares[1]	Conditional Capital	Authorized Capital
Changes in components of authorized shares					
December 25, 2010	194,358,038	13,719,380 [2]	208,077,418	104,038,709 [3]	104,038,709 [3]
Treasury stock purchased	(1,149,645)	1,149,645			
Treasury stock issued for stock based compensation	1,454,224	(1,454,224)			
December 31, 2011	194,662,617	13,414,801 [2]	208,077,418	104,038,709	104,038,709

1 Shares at CHF 10 par value

2 Includes 10,000,000 formation shares, refer to note 4 for details

3 Up to 104,038,709 conditional shares may be issued through the exercise of option rights which are granted to Garmin employees and/or members of its Board of Directors. In addition, the Board of Directors is authorized to issue up to 104,038,709 additional shares no later than June 27, 2012.

4. Treasury Stock

At December 31, 2011 and December 25, 2010, the Company's affiliates held 13,414,801 and 13,719,380 treasury shares, respectively, including

- 10,000,000 shares of Garmin Ltd. (Switzerland) issued to Garmin Ltd. (Cayman) in connection with the formation of Garmin Ltd. (Switzerland) (the "formation shares") which were transferred to an affiliate at the fair market value following the re-domestication.
- 3,414,801 shares as of December 31, 2011 and 3,719,380 shares as of December 25, 2010 being the net movement in treasury shares resulting from stock purchases on the market and the utilization of treasury shares for stock based compensation.

The average cost of all treasury stock held amounts to CHF 34.

	Carrying value (CHF in thousands)	Number of shares	Average cost (CHF)
Re-domestication - formation shares (revaluation to the fair market value)	352,860	10,000,000	35
Acquired	130,862	4,281,539	31
Treasury stock used for stock based compensation	(18,231)	(562,159)	32
Balance as of December 25, 2010	465,491	13,719,380	34
Acquired	36,817	1,149,645	32
Treasury stock used for stock based compensation	(50,217)	(1,454,224)	35
Balance as of December 31, 2011	452,091	13,414,801	34

5. Contingent Liabilities

The Company has a tax sharing agreement with its subsidiaries for certain tax reserves. In addition, the Company through certain of its direct and indirect subsidiaries is involved in various regulatory and legal matters. The Company's direct and indirect subsidiaries have made certain related accruals. There could be material adverse outcomes beyond the accrued liabilities.

6. Significant Shareholders

As of December 31, 2011 and December 25, 2010, the following shareholders held 5 percent or more of Garmin Ltd's total outstanding shares:

Shareholder	Percentage at Dec. 31, 2011	Percentage at Dec. 25, 2010
Gary L. Burrell	15.16%	15.25%
Ruey-Jeng Kao	5.93%	6.18%
Min H. Kao, Ph.D.	22.55%	22.65%
AllianceBernstein LP	0.06%	8.07%
BlackRock, Inc.	3.69%	5.02%
Capital Research Global Investors	8.29%	1.57%

To the best of the Company's knowledge, no other shareholder held 5 percent or more of Garmin Ltd's total shares and voting rights as registered in accordance with Swiss law on December 31, 2011 or December 25, 2010.

7. Board of Directors Compensation

Due to the weakening of the USD against the CHF in 2011, most of the compensation disclosures in notes 7 through 9 reflect year over year declines in CHF even though 2011 payments in USD remained constant or increased over 2010. Amounts in this note are presented in CHF.

The base compensation levels of members of the board of directors were as follows:

	Board Term 2011	Board Term 2010
Chairman of the Board	0	0
Member of the Board and Committee Chairman	48,848	57,456
Member of the Board	44,408	52,233

The Chairman of the Board does not receive incremental remuneration for his services in this role. Garmin's director compensation packages for 2011 and 2010 were comprised of cash (annual board and committee chair retainers) and stock option grants.

Each director, who is not an officer or employee of Garmin Ltd or its subsidiaries (a "Non-Management Director"), was paid an annual retainer of CHF 44,408 and CHF 52,233 in 2011 and 2010, respectively. Each Non-Management Director, who chairs a standing committee of the Board (other than the Audit Committee), also received an annual retainer of CHF 4,441 and CHF 5,223 in 2011 and 2010, respectively. The Non-Management Director who chairs the Audit Committee received an annual retainer of CHF 8,882 and CHF 10,447 in 2011 and 2010, respectively. In addition, each Non-Management Director was paid CHF 1,332 and CHF 1,567 for each Board meeting convened in person and CHF 444 and CHF 522 for attending each Board meeting convened by teleconference in 2011 and 2010, respectively. For each Audit committee meeting convened in person or by teleconference, each Non-Management Director was paid CHF 888 and CHF 1,045 in 2011 and 2010, respectively. For each Compensation Committee or Nominating Committee meeting, convened on a separate day from a Board meeting, each Non-Management Director was paid CHF 1,332 and CHF 1,567 for each committee meeting convened in person and CHF 444 and CHF 522 for attending each meeting convened by teleconference in 2011 and 2010, respectively. Directors are also reimbursed for reasonable travel expenses for attending Board and Committee meetings.

The Non-Management Directors may also be granted awards pursuant to the 2011 Non-Employee Directors' Equity Incentive Plan (2011 Directors Plan), as determined by the Compensation Committee (as defined in the 2011 Directors Plan). The 2011 Directors Plan, an equity incentive plan providing for grants of stock options, stock appreciation rights, restricted stock units and/or performance shares, pursuant to which up to 122,592 shares were available for issuance, was adopted in June 2011. The term of each award cannot exceed ten years. Awards may vest over a minimum two-year period. During 2011, 11,996 restricted stock units were granted under this plan.

The 2011 Directors Plan replaced the 2000 Non-Employee Directors' Option Plan (the 2000 Directors Plan). The 2000 Directors Plan provided for grants of options over up to 250,000 shares. The term of each award was ten years, with each award vesting evenly over a three-year period. During 2010, options to purchase 23,924 shares were granted.

Garmin does not have formal stock ownership guidelines for its directors.

Under Taiwan banking practice, the chairman of a company is generally required to personally guarantee the company's loans and mortgages. During 2011 and 2010, Dr. Kao, as chairman of Garmin Corporation, a Taiwan subsidiary of the Company, received compensation from Garmin Corporation in the amount of CHF 50,803 and CHF 56,530, respectively, for his personal guarantee of Garmin Corporation's obligations.

The 2011 compensation amounts per individual board member are listed in the table below:

Name	**Function**	**Settled in Cash (CHF)[1]**	**Settled in shares (CHF)[2]**	**Total (CHF)**
Min H. Kao	Chairman & Chief Executive Officer, Member of the Board	-	-	-
Clifton A. Pemble	President & Chief Operating Officer, Member of the Board	-	-	-
Gene Betts	Member of the Board, Audit and Nominating Committee, Chairman of Compensation Committee	61,100	88,830	149,930
Donald Eller	Member of the Board and Compensation Committee, Chairman of Nominating Committee	64,923	88,830	153,753
Charles Peffer	Member of the Board and Compensation Committee, Chairman of Audit Committee	65,787	88,830	154,617
Thomas Poberezny	Member of the Board, Audit, Compensation, and Nominating Committees	58,885	88,830	147,715

1) Represents gross amounts paid, prior to deductions for social security, withholding tax, etc.

2) Represents value of stock-based compensation received by Board members

The 2010 compensation amounts per individual board member are listed in the table below:

Name	Function	Settled in Cash (CHF) (1)	Settled in shares (CHF) (2)	Total (CHF)
Min H. Kao	Chairman & Chief Executive Officer, Member of the Board	-	-	-
Clifton A. Pemble	President & Chief Operating Officer, Member of the Board	-	-	-
Gene Betts	Member of the Board, Audit and Nominating Committee, Chairman of Compensation Committee	71,650	56,197	127,847
Donald Eller	Member of the Board and Compensation Committee, Chairman of Nominating Committee	74,728	56,197	130,925
Thomas McDonnell	Former Member of the Board, Audit, Compensation and Nominating Committees	6,790	-	6,790
Charles Peffer	Member of the Board and Compensation Committee, Chairman of Audit Committee	75,738	56,197	131,935
Thomas Poberezny	Member of the Board, Audit, Compensation, and Nominating Committees	59,308	56,197	115,505

1) Represents gross amounts paid, prior to deductions for social security, withholding tax, etc.

2) Represents value of stock-based compensation received by Board members

Board members do not receive pension benefits and are not eligible to participate in any of Garmin Ltd's employee incentive programs. No loans or guarantees were granted to board members in 2011 or 2010. No payments were made to former board members in 2011 or 2010.

Other than as disclosed herein, no members of the board, or parties related to any of them, received any additional fees and remunerations for services rendered to the subsidiaries. A related party includes a spouse, children below the age of eighteen, legal or natural person acting as a fiduciary and legal entities controlled by a member of the board.

8. Executive Committee Compensation

The total compensation of members of the executive committee is summarized in the table below. Amounts in this note are presented in CHF.

Executive Compensation Tables

Name & Principal Position	Year	Salary (CHF)	Bonus (CHF) [1]	Stock Awards (CHF) [2]	SARs/Option Awards (CHF) [3]	Non-Equity Incentive Plan Compensation (CHF)	All Other Compensation (CHF) [4]	Total (CHF)
Min H. Kao Chairman & Chief Executive Officer	**2010**	522,341	212	-	-	-	87,316	609,869
	2011	444,085	180	-	-	-	76,977	521,242
Clifton A. Pemble President & Chief Operation Officer	**2010**	574,563	212	315,801	-	-	26,477	917,053
	2011	488,483	180	268,062	-	-	22,510	779,235
Kevin S. Rauckman Chief Financial Officer & Treasurer	**2010**	454,427	212	210,481	-	-	26,381	691,501
	2011	386,345	180	178,708	-	-	22,510	587,743
Andrew R. Etkind Vice President, General Counsel & Secretary	**2010**	454,427	212	210,481	-	-	30,690	695,810
	2011	386,345	189	178,708	-	-	200,590	765,832
Danny J. Bartel Vice President, Worldwide Sales	**2010**	396,971	212	147,321	-	-	30,607	575,111
	2011	337,497	180	125,129	-	-	26,111	488,917

[1] Annual discretionary cash incentive awards based on financial and non-financial factors considered by the Compensation Committee, as discussed in the Compensation Discussion and Analysis section of the Proxy Statement

[2] This column shows the grant date fair value with respect to the RSUs and performance shares granted in 2011 and 2010. See the Grants of Plan-Based Awards table for information on awards made in 2011 and 2010.

[3] This column shows the grant date fair value with respect to the SARs and stock options granted in 2011 and 2010. See the Grants of Plan-Based Awards table for information on awards made in 2011 and 2010.

[4] All Other Compensation for each of the Named Executives for 2011 and 2010 includes amounts contributed by the Company (in the form of profit sharing and matching contributions) to the trust and in the Named Executive Officers' benefit under the qualified 401(k) plan of the Company's US subsidiary, Garmin International, Inc. With regard to 2011 and 2010, for each Named Executive Officer except Mr. Etkind CHF 10,880 and CHF 12,797, respectively, was contributed as a profit sharing contribution under the qualified 401(k) plan; Dr. Kao and Mr. Bartel received CHF 14,654 and CHF 17,237, respectively, in company matching contributions related to the qualified 401(k) plan; Mr. Pemble and Mr. Rauckman received CHF 10,991 and CHF 12,928, respectively, in company matching contributions related to the qualified 401 (k) plan. Dr. Kao's All Other Compensation includes payments of CHF 50,803 and CHF 56,530 in 2011 and 2010, respectively, for personal guarantees of Garmin Corporation, in accordance with Taiwan banking practice. Mr. Etkind's All Other Compensation includes respective payments in 2011 and 2010 of CHF 10,808 and CHF 12,797 for profit sharing contributions under the qualified 401(k) plan and CHF 12,969 and CHF 17,237 for company matching contributions related to the qualified 401(k) plan. Mr Etkind's All Other Compensation in 2011 also includes: CHF 146,689 for a cost of living adjustment; CHF 25,551 for Swiss pension plan contributions; and CHF 4,296 for a relocation adjustment. All Other Compensation for 2011 and 2010 also includes premiums on life insurance for all Named Executives.

No parties related to any member of the executive committee received any fees or remunerations for services rendered to Garmin Ltd or its subsidiaries. A related party includes a spouse, children below the age of eighteen, legal or natural persons acting as fiduciary and legal entities controlled by a member of the executive committee.

No loans or guarantees were granted to members of the executive committee in 2011 or 2010.

Grants of Plan-Based Awards

The following table provides information for each of the Named Executive Officers regarding 2011 grants of Restricted Stock Units (RSUs) and options:

Grants of Plan-Based Awards

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards [1]			Estimated Future Payouts Under Equity Incentive Plan Awards						
Name	Grant Date	*Threshold (CHF)*	*Target (CHF)*	*Maximum (CHF)*	*Threshold (#)*	*Target (#)*	*Maximum (#)*	All Other Stock Awards: Number of Shares of Stock or Units (#) [2]	All Other Option Awards: Number of Securities Underlying Options (#)[3]	Exercise or Base Price of Option Awards (CHF/Sh)[3]	Grant Date Fair Value of Stock and Option Awards [4]
Min H. Kao											
Clifton A. Pemble	12/14/2011							8,055			280,693
	12/28/2011								28,220	37.14	277,931
Kevin S. Rauckman	12/14/2011							5,370			187,129
	12/28/2011								14,110	37.14	138,965
Andrew R. Etkind	12/14/2011							5,370			187,129
Danny J. Bartel	12/14/2011							3,760			131,025

[1] Represents the threshold, target, and maximum estimated potential payouts under our Garmin Ltd. 2011 Cash Incentive Bonus Plan. Each performance objective under the plan has a threshold achievement level, below which there would be no payout, a target achievement level, at which the target opportunity would be paid, and a maximum achievement level, at which 100% of the target would be paid.

[2] Awards made in the form of Restricted Stock Units on December 14, 2011.

[3] Awards made in the form of options on December 28, 2011. The option price is determined based on the average of the high and low price of Garmin stock on the date of grant.

[4] This column represents the grant date fair value of RSUs and options. For RSUs, that amount is calculated by multiplying the closing price of Garmin shares on the NASDAQ stock market on the date of grant by the number of shares awarded. For options, that amount is calculated using a Black-Scholes option pricing model with weighted average assumptions. For additional information on the valuation assumptions with respect to the 2011 grants, refer to Note 9 of Garmin's financial statements in the Form 10-K for the fiscal year ended December 31, 2011, as filed with the SEC.

The following table provides information for each of the Named Executive Officers regarding 2010 grants of RSUs:

Grants of Plan-Based Awards

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards [1]			Estimated Future Payouts Under Equity Incentive Plan Awards						
Name	**Grant Date**	*Threshold (CHF)*	*Target (CHF)*	*Maximum (CHF)*	*Threshold (#)*	*Target (#)*	*Maximum (#)*	**All Other Stock Awards: Number of Shares of Stock or Units (#) [2]**	**All Other Option Awards: Number of Securities Underlying Options (#)**	**Exercise or Base Price of Option Awards (CHF/Sh)**	**Grant Date Fair Value of Stock and Option Awards [3]**
Min H. Kao											
Clifton A. Pemble	12/10/2010							10,000			297,796
	12/10/2010				-	-	-				
	12/10/2010	-	-	-							
Kevin S. Rauckman	12/10/2010							6,665			198,481
	12/10/2010				-	-	-				
	12/10/2010	-	-	-							
Andrew R. Etkind	12/10/2010							6,665			198,481
	12/10/2010				-	-	-				
	12/10/2010	-	-	-							
Danny J. Bartel	12/10/2010							4,665			138,922
	12/10/2010				-	-	-				
	12/10/2010	-	-	-							

[1] Represents the threshhold, target, and maximum estimated potential payouts under our Garmin Ltd. 2010 Cash Incentive Bonus Plan. Each performance objective under the plan has a threshold achievement level, below which there would be no payout, a target achievement level, at which the target opportunity would be paid, and a maximum achievement level, at which 100% of the target would be paid.

[2] Awards made in the form of Restricted Stock Units on December 10, 2010.

[3] This column represents the grant date fair value of RSUs. The amount is calculated by multiplying the closing price of Garmin shares on the NASDAQ stock market on the date of grant by the number of shares awarded. For additional information on the valuation assumptions with respect to the 2010 grants, refer to Note 9 of Garmin's financial statements in the Form 10-K for the fiscal year ended December 25, 2010, as filed with the SEC.

9. Share Ownership of Garmin Ltd by Board Members and Members of the Executive Committee

As of December 31, 2011 and December 25, 2010, the members of the board of directors held the following numbers of shares:

Name	Total number of shares held at Dec. 31, 2011	Total number of shares held at Dec. 25, 2010
Danny J. Bartel	54,786	51,587
Gene M. Betts	2,000	3,000
Donald H. Eller, Ph.D.	687,998	887,998
Andrew R. Etkind	20,467	16,410
Min H. Kao, Ph.D.	43,987,580 [1]	44,017,580 [1]
Charles W. Peffer	3,600	3,600
Clifton A. Pemble	26,651	17,477
Thomas Poberezny	-	-
Kevin Rauckman	17,970	12,793
Total	44,801,052	45,010,445

[1] The number of shares for Dr. Kao as of December 31, 2011 and December 25, 2010 includes 28,443,568 shares held by revocable trusts established by his children over which he has shared voting and dispositive power and 5,207,824 shares which are held by a revocable trust established by Dr. Kao's wife, over which he does not have any voting or dispositive power.

The following tables provide information for each member of the Executive Committee regarding outstanding equity awards held by them as of December 31, 2011 and December 25, 2010, respectively. Amounts in these tables are presented in CHF.

Outstanding Equity Awards at December 31, 2011

	Option Awards					Stock Awards			
Name	*Number of Securities Underlying Unexercised Options (#) Exercisable*	*Number of Securities Underlying Unexercised Options (#) Unexercisable*	*Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)*	*Option / SAR Exercise Price (CHF)*	*Option / SAR Expiration Date*	*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 (CHF)* [5]
Min H. Kao	-	-	-	-	-	-	-	-	-
Clifton A. Pemble	20,000 (1)	-	-	13.23	12/26/12	-	-	8,000 (3)	282,858
	20,000 (1)	-	-	24.22	12/23/13	-	-	6,000 (3)	212,144
	24,000 (1)	-	-	17.71	09/23/14	-	-	8,000 (3)	282,858
	- (1)	28,220	-	35.27	12/28/21	-	-	8,055 (3)	284,803
	12,000 (2)	-	-	19.18	06/23/15	-	-	10,000 (4)	353,573
	15,000 (2)	-	-	27.23	12/26/15	-	-	6,667 (4)	235,727
	20,000 (2)	-	-	40.99	06/09/16	-	-	-	-
	20,000 (2)	-	-	45.36	12/05/16	-	-	-	-
	16,000 (2)	4,000	-	56.23	06/08/17	-	-	-	-
	20,000 (2)	5,000	-	93.55	12/04/17	-	-	-	-
	15,000 (2)	10,000	-	45.27	06/06/18	-	-	-	-
Kevin S. Rauckman	15,000 (1)	-	-	24.22	12/23/13	-	-	6,000 (3)	212,144
	20,000 (1)	-	-	17.71	09/23/14	-	-	4,002 (3)	141,500
	- (1)	14,110		35.27	12/28/21	-	-	5,332 (3)	188,525
	10,000 (2)	-	-	19.18	06/23/15	-	-	5,370 (3)	189,868
	12,000 (2)	-	-	27.23	12/16/15	-	-	6,000 (4)	212,144
	15,000 (2)	-	-	40.99	06/09/16	-	-	4,000 (4)	141,429
	15,000 (2)	-	-	45.36	12/05/16	-	-	-	-
	12,000 (2)	3,000	-	56.23	06/08/17	-	-	-	-
	16,000 (2)	4,000	-	93.55	12/04/17	-	-	-	-
	12,000 (2)	8,000	-	45.27	06/06/18	-	-	-	-
Andrew R. Etkind	17,000 (1)	-	-	24.22	12/23/13	-	-	6,000 (3)	212,144
	10,000 (1)	-	-	17.71	09/23/14	-	-	4,002 (3)	141,500
	10,000 (2)	-	-	19.18	06/23/15	-	-	5,332 (3)	188,525
	12,000 (2)	-	-	27.23	12/16/15	-	-	5,370 (3)	189,868
	15,000 (2)	-	-	40.99	06/09/16	-	-	6,000 (4)	212,144
	15,000 (2)	-	-	45.36	12/05/16	-	-	4,000 (4)	141,429
	12,000 (2)	3,000	-	56.23	06/08/17	-	-	-	-
	16,000 (2)	4,000	-	93.55	12/04/17	-	-	-	-
	12,000 (2)	8,000	-	45.27	06/06/18	-	-	-	-
						-	-	-	-
						-	-		
Danny J. Bartel	10,000 (1)	-	-	13.23	12/26/12	-	-	4,800 (3)	169,715
	10,000 (1)	-	-	24.22	12/23/13	-	-	2,802 (3)	99,071
	10,000 (1)	-	-	17.71	09/23/14	-	-	3,732 (3)	131,953
	5,000 (1)	-	-	19.18	06/23/15	-	-	3,760 (3)	132,943
	6,000 (2)	-	-	27.23	12/16/15	-	-	5,000 (4)	176,786
	10,000 (2)	-	-	40.99	06/09/16	-	-	3,333 (4)	117,846
	12,500 (2)	-	-	45.36	12/05/16	-	-	-	-
	12,000 (2)	3,000	-	56.23	06/18/17	-	-	-	-
	12,000 (2)	3,000	-	93.55	12/04/17	-	-	-	-
	9,000 (2)	6,000	-	45.27	06/06/18	-	-	-	-
								-	-

1 Represents non-qualified stock options

2 Represents stock appreciation rights

3 Represents restricted stock units

4 Represents performance shares

5 Determined by multiplying the number of unearned shares by CHF 35.36, which was the closing price of Garmin shares on the NASDAQ stock market on December 31, 2011. Subject to the award, the amounts included in this column with respect to performance shares assume that the performance goals will be achieved and that all of the performance shares will be paid. The actual determination as to whether the performance goals were achieved will not be made until after the end of the applicable performance periods on December 31, 2012 and December 31, 2013.

Outstanding Equity Awards at December 25, 2010

Name	Option Awards: Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option / SAR Exercise Price (CHF)	Option / SAR Expiration Date	Stock Awards: Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (CHF)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (CHF) [5]
Min H. Kao	-	-	-	-	-	-	-	-	-
Clifton A. Pemble	24,000 (1)	-	-	20.83	09/23/14	-	-	12,000 (3)	380,640
	20,000 (1)	-	-	28.49	12/23/13	-	-	8,000 (3)	253,760
	6,000 (1)	-	-	10.84	12/21/11	-	-	10,000 (3)	317,200
	20,000 (1)	-	-	15.57	12/26/12	-	-	10,000 (4)	317,200
	10,000 (2)	15,000	-	53.25	06/06/18	-	-	6,667 (4)	211,477
	15,000 (2)	10,000	-	110.03	12/04/17	-	-	-	-
	12,000 (2)	8,000	-	66.14	06/08/17	-	-	-	-
	16,000 (2)	4,000	-	53.35	12/05/16	-	-	-	-
	16,000 (2)	4,000	-	48.21	06/09/16	-	-	-	-
	15,000 (2)	-	-	32.03	12/16/15	-	-	-	-
	12,000 (2)	-	-	22.55	06/23/15	-	-	-	-
Kevin S. Rauckman	20,000 (1)	-	-	10.84	09/23/14	-	-	9,000 (3)	285,480
	15,000 (1)	-	-	15.57	12/23/13	-	-	5,336 (3)	169,258
	10,000 (1)	-		20.83	12/21/11	-	-	6,665 (3)	211,414
	10,000 (2)	-	-	22.55	06/23/15	-	-	6,000 (4)	190,320
	8,000 (2)	12,000	-	32.03	06/06/18	-	-	4,000 (4)	126,880
	12,000 (2)	3,000	-	48.21	06/09/16	-	-	-	-
	12,000 (2)	3,000	-	53.35	12/05/16	-	-	-	-
	9,000 (2)	6,000	-	66.14	06/08/17	-	-	-	-
	12,000 (2)	8,000	-	110.03	12/04/17	-	-	-	-
	12,000 (2)	-	-	53.25	12/16/15	-	-	-	-
Andrew R. Etkind	7,000 (1)	-	-	15.57	12/26/2012	-	-	9,000 (3)	285,480
	17,000 (1)	-	-	28.49	12/23/2013	-	-	5,336 (3)	169,258
	10,000 (1)	-	-	20.83	9/23/2014	-	-	6,665 (3)	211,414
	10,000 (2)	-	-	22.55	6/23/2015	-	-	6,000 (4)	190,320
	8,000 (2)	12,000	-	53.25	06/06/18	-	-	4,000 (4)	126,880
	12,000 (2)	-	-	32.03	12/16/15	-	-	-	-
	12,000 (2)	3,000	-	48.21	06/09/16	-	-	-	-
	12,000 (2)	3,000	-	53.35	12/05/16	-	-	-	-
	12,000 (2)	8,000	-	110.03	12/04/17	-	-	-	-
	9,000 (2)	6,000	-	66.14	06/08/17	-	-	-	-
						-	-		
Danny J. Bartel	10,000 (1)	-	-	28.49	12/23/13	-	-	7,200 (3)	228,384
	10,000 (1)	-	-	15.57	12/26/12	-	-	3,736 (3)	118,506
	7,000 (1)	-	-	10.84	12/21/11	-	-	4,465 (3)	141,630
	10,000 (1)	-	-	20.83	09/23/14	-	-	3,333 (4)	105,723
	5,000 (2)	-	-	22.55	06/23/15	-	-	5,000 (4)	158,600
	6,000 (2)	9,000	-	53.25	06/06/18	-	-	-	-
	8,000 (2)	2,000	-	48.21	06/09/16	-	-	-	-
	10,000 (2)	2,500	-	53.35	12/05/16	-	-	-	-
	9,000 (2)	6,000	-	66.14	06/08/17	-	-	-	-
	9,000 (2)	6,000	-	110.03	12/04/17	-	-	-	-
	6,000 (2)	-	-	32.03	12/16/15	-	-	-	-

[1] Represents non-qualified stock options

[2] Represents stock appreciation rights

[3] Represents restricted stock units

[4] Represents performance shares

[5] Determined by multiplying the number of unearned shares by CHF 31.72, which was the closing price of Garmin shares on the NASDAQ stock market on December 23, 2010. Subject to the award, the amounts included in this column with respect to performance shares assume that the performance goals will be achieved and that all of the performance shares will be paid. The actual determination as to whether the performance goals were achieved will not be made until after the end of the applicable performance periods on December 31, 2011 and December 28, 2012.

The members of our board of directors and executive committee owned 23.01 and 23.12 percent of the Company's total shares outstanding as of December 31, 2011 and December 25, 2010, respectively.

Other than as disclosed, no party related to any member of the board of directors or executive committee held any shares of Garmin Ltd or options in Garmin Ltd shares as of December 31, 2011 or December 25, 2010.

10. Risk Assessment

The Company's Board of Directors, which is ultimately responsible for the risk management of the Company, has delegated its execution to Group Management. The Company's risk management process covers the significant risks for the Company including financial, operational and strategic risks.

The Company's internal audit function oversees financial risks/internal controls, and the Director of Global Compliance reports regularly to the Board of Directors' Audit Committee. Garmin's Chief Executive Officer and President and Chief Operating Officer are members of the Board of Directors, and Garmin's Chief Financial Officer and its General Counsel regularly attend Board meetings, which helps facilitate discussions regarding risk between the Board of Directors and the Company's senior management, as well as the exchange of risk-related information or concerns between the Board of Directors and the senior management. In addition, senior management formally presents a summary of operational and strategic risks to the Board on an annual basis that identifies the likelihood, timeframe, and consequence of the risks occurring and offers mitigations/plans for each risk. The General Counsel reports periodically to the Board on regulatory risks and the Company's policies and procedures for regulatory compliance. Further, the independent directors meet in executive session at the majority of the regularly scheduled Board meetings to voice their observations or concerns and to shape the agendas for future Board meetings.

11. Impairment loss on investment in affiliates

During 2011, Garmin Ltd received a dividend of CHF 395,000 from one of its affiliates resulting in a reduction in the value of the investment in this affiliate by the same amount. Consequently, the Company has recognized an impairment of CHF 395,000 in the value of its investment in affiliates.

12. Subsequent events

No significant events occurred subsequent to the balance sheet date but prior to February 29, 2012 that would have a material impact on the financial statements.

Proposed Appropriation of Available Earnings

Balance brought forward	(9,775)
Net loss for the period	(19,823)
Total available to the general meeting	(29,598)
Proposal of the Board of Directors for the appropriation of retained earnings to the general meeting:	(29,598)
Balance to be carried forward	(29,598)

	General legal reserve from capital contribution	Reserve for treasury stock from capital contribution[1]	Dividend reserve from capital contribution
Balance as of December 31, 2011	6,503,121	452,091	109,382
Proposed release of general legal reserve from capital contribution to dividend reserve from capital contribution	(422,435)		422,435
Balance to be carried forward	6,080,686	452,091	531,818

[1] The reserve for treasury stock is blocked from distribution.

The Board of Directors proposes a cash dividend in the amount of USD 1.80 per share out of Garmin Ltd's capital contribution reserve payable in four installments as follows: USD 0.45 on June 29, 2012 to shareholders of record on June 15, 2012, USD 0.45 on September 28, 2012 to shareholders of record on September 14, 2012, USD 0.45 on December 31, 2012 to shareholders of record on December 14, 2012 and USD 0.45 on March 29, 2013 to shareholders of record on March 15, 2013.

The proposed reduction to Garmin Ltd's capital contribution reserve will be allocated to dividend reserve from capital contributions. This allocation, which is required to be in Swiss Francs, shall be determined based on the aggregate amount of the dividend plus a 20% margin for currency fluctuation and is calculated based on the CHF/USD exchange rate in effect as of December 31, 2011.

The USD amount of the dividend shall be capped such that the aggregate dividend shall not exceed the reduction of Garmin Ltd's capital contribution reserve as so calculated. To the extent that a dividend payment would exceed the cap either as a result of changes in the CHF/USD exchange rate at the time of payment of the dividend installments or as a result of an increase in the issued shares of Garmin Ltd, the USD per share amount of the current or future dividends shall be reduced on a pro rata basis so that the aggregate amount of all dividends paid does not exceed the cap. In any event the dividend payment will not exceed a total of USD 1.80 per share. If the aggregate dividend payment is lower than the allocation to dividend reserve from capital contributions, the relevant difference will be allocated back to capital contribution reserves.

STATUTORY CONSOLIDATED FINANCIAL STATEMENTS

Garmin Ltd (Switzerland)
Years Ended December 31, 2011 and December 25, 2010

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To the General Meeting of

Garmin Ltd, Schaffhausen

Zurich, February 29, 2012

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Garmin Ltd and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2011 and December 25, 2010 and the related consolidated statements of income, stockholders' equity and cash flows, and notes thereto for the periods then ended.

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 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 of 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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 years ended December 31, 2011 and December 25, 2010 present fairly, in all material respects, the consolidated financial position of Garmin Ltd and subsidiaries at December 31, 2011 and December 25, 2010, and the consolidated results of operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States and comply with Swiss law.

Report on other legal requirements

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

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

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

/s/ Robin Errico	/s/ Siro Bonetti
Robin Errico Licensed audit expert (Auditor in charge)	Siro Bonetti Licensed audit expert

Garmin Ltd. And Subsidiaries
Consolidated Balance Sheets
(In thousands, except share information)

	December 31, 2011	December 25, 2010
Assets		
Current assets:		
Cash and cash equivalents	$1,287,160	$1,260,936
Marketable securities *(Note 3)*	111,153	24,418
Accounts receivable, less allowance for doubtful accounts of $30,224 in 2011 and $31,822 in 2010	607,450	747,249
Inventories, net	397,741	387,577
Deferred income taxes *(Note 6)*	42,957	33,628
Deferred costs	40,033	20,053
Prepaid expenses and other current assets	69,790	24,894
Total current assets	2,556,284	2,498,755
Property and equipment, net		
Land and improvements	95,570	94,792
Building and improvements	277,624	274,163
Office furniture and equipment	112,345	98,779
Manufacturing equipment	125,820	119,829
Engineering equipment	81,008	71,709
Vehicles	19,001	18,437
	711,368	677,709
Accumulated depreciation	(294,263)	(249,904)
	417,105	427,805
Restricted cash *(Note 4)*	771	1,277
Marketable securities *(Note 3)*	1,097,002	777,401
License agreements, net	5,517	1,800
Noncurrent deferred income tax *(Note 6)*	107,190	73,613
Noncurrent deferred costs	40,823	24,685
Other intangible assets	246,646	183,352
Total assets	$4,471,338	$3,988,688
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$164,010	$132,348
Salaries and benefits payable	45,964	49,288
Accrued warranty costs	46,773	49,885
Accrued sales program costs	52,262	107,261
Deferred revenue	188,987	89,711
Accrued royalty costs	99,025	95,086
Accrued advertising expense	31,915	21,587
Other accrued expenses	67,912	63,043
Deferred income taxes *(Note 6)*	5,782	4,800
Income taxes payable	77,784	56,028
Dividend payable	77,865	-
Total current liabilities	858,279	669,037
Deferred income taxes *(Note 6)*	4,951	6,986
Non-current income taxes	161,904	153,621
Non-current deferred revenue	188,132	108,076
Other liabilities	1,491	1,406
Stockholders' equity:		
Shares, CHF 10 par value, 208,077,418 shares authorized and issued; 194,662,617 shares outstanding at December 31, 2011; and 194,358,038 shares outstanding at December 25, 2010; *(Notes 9, 10, 11, and 12):*	1,797,435	1,797,435
Additional paid-in capital	61,869	38,268
Treasury stock	(103,498)	(106,758)
Retained earnings	1,413,582	1,264,613
Accumulated other comprehensive gain/(loss)	87,193	56,004
Total stockholders' equity	3,256,581	3,049,562
Total liabilities and stockholders' equity	$4,471,338	$3,988,688

See accompanying notes.

Garmin Ltd. And Subsidiaries
Consolidated Statements of Income
(In Thousands, Except Per Share Information)

	Fiscal Year Ended		
	December 31, 2011	**December 25, 2010**	**December 26, 2009**
Net sales	$2,758,569	$2,689,911	$ 2,946,440
Cost of goods sold	1,419,977	1,343,537	1,502,329
Gross profit	1,338,592	1,346,374	1,444,111
Advertising expense	145,024	144,613	155,521
Selling, general and administrative expenses	341,217	287,824	264,202
Research and development expense	298,584	277,261	238,378
	784,825	709,698	658,101
Operating income	553,767	636,676	786,010
Other income (expense):			
Interest income	32,812	24,979	23,519
Interest expense	-	(1,246)	-
Foreign currency	(12,100)	(88,377)	(6,040)
Other	9,682	5,240	5,162
	30,394	(59,404)	22,641
Income before income taxes	584,161	577,272	808,651
Income tax provision (benefit): *(Note 6)*			
Current	110,755	(11,636)	128,036
Deferred	(47,490)	4,305	(23,335)
	63,265	(7,331)	104,701
Net income	$520,896	$584,603	$703,950
Basic net income per share *(Note 10)*	$2.68	$2.97	$3.51
Diluted net income per share *(Note 10)*	$2.67	$2.95	$3.50

See accompanying notes.

Garmin Ltd. And Subsidiaries

Consolidated Statements of Stockholders' Equity

(In Thousands, Except Share and Per Share Information)

	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Gain/(Loss)	Total
Balance at December 27, 2008	$1,002	$0	$0	$2,262,503	($37,651)	$2,225,854
Net income	–	–	–	703,950	–	703,950
Translation adjustment	–	–	–	–	24,537	24,537
Adjustment related to unrealized gains (losses) on available-for-sale securities, net of income tax effects of $676	–	–	–	–	(268)	(268)
Comprehensive income						728,219
Dividends paid	–	–	–	(149,846)	–	(149,846)
Tax benefit from exercise of employee stock options	–	1,366	–	–	–	1,366
Issuance of common stock from exercise of stock options	3	3,781	–	–	–	3,784
Stock compensation	–	43,616	–	–	–	43,616
Purchase and retirement of common stock	(4)	(20,254)	–	–	–	(20,258)
Issuance of common stock through stock purchase plan	–	3,712	–	–	–	3,712
Balance at December 26, 2009	$1,001	$32,221	$0	$2,816,607	($13,382)	$2,836,447
Net income	–	–	–	584,603	–	584,603
Translation adjustment	–	–	–	–	52,509	52,509
Adjustment related to unrealized gains (losses) on available-for-sale securities net of income tax effects of $348	–	–	–	–	16,877	16,877
Comprehensive income						653,989
Dividends paid	–	–	–	(298,853)	–	(298,853)
Tax benefit from exercise of employee stock options	–	4,495	–	–	–	4,495
Issuance of common/treasury stock from exercise of stock options	2	(867)	10,330	–	–	9,465
Stock compensation	–	40,332	–	–	–	40,332
Purchase and retirement of common stock (prior to June 27, 2010)	(16)	(67,528)	–	(41,296)	–	(108,840)
Purchase and retirement of treasury stock	–	–	(117,088)	–	–	(117,088)
Impact of redomestication on par value of common shares	1,796,448	–	–	(1,796,448)	–	–
Deferred tax impact of redomestication	–	29,615	–	–	–	29,615
Balance at December 25, 2010	$1,797,435	$38,268	($106,758)	$1,264,613	$56,004	$3,049,562
Net income	–	–	–	520,896	–	520,896
Translation adjustment	–	–	–	–	14,716	14,716
Adjustment related to unrealized gains (losses) on available-for-sale securities net of income tax effects of ($369)	–	–	–	–	16,473	16,473
Comprehensive income						552,085
Dividends declared	–	–	–	(388,628)	–	(388,628)
Tax benefit from issuance of equity awards	–	3,313	–	–	–	3,313
Issuance of treasury stock related to equity awards	–	(19,924)	42,261	–	–	22,337
Stock compensation	–	40,212	–	–	–	40,212
Purchase of treasury stock	–	–	(22,300)	–	–	(22,300)
Reclassification of retired shares to treasury shares	–	–	(16,701)	16,701	–	–
Balance at December 31, 2011	$1,797,435	$61,869	($103,498)	$1,413,582	$87,193	$3,256,581

See accompanying notes.

Garmin Ltd. And Subsidiaries
Consolidated Statements of Cash Flows
(In Thousands)

	Fiscal Year Ended		
	December 31, 2011	**December 25, 2010**	**December 26, 2009**
Operating Activities:			
Net income	$520,896	$584,603	$703,950
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	54,610	53,487	56,695
Amortization	39,925	41,164	39,791
Gain on sale of property and equipment	(2,192)	(306)	(14)
Provision for doubtful accounts	2,317	(4,476)	(1,332)
Provision for obsolete and slow-moving inventories	16,047	5,753	61,323
Unrealized foreign currency losses	18,583	62,770	7,480
Deferred income taxes	(42,475)	(471)	(25,096)
Stock compensation	40,212	40,332	43,616
Realized loss/(gains) on marketable securities	(4,322)	2,382	(2,741)
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	169,543	129,698	(131,978)
Inventories	(6,385)	(77,122)	61,189
Prepaid expenses and other current assets	(51,423)	9,886	8,054
License fees	(9,573)	(3,329)	(13,735)
Accounts payable	(26,329)	(81,354)	38,875
Other current and non-current liabilities	(61,103)	(144,476)	172,215
Deferred revenue	179,439	131,303	65,706
Deferred costs	(36,120)	(31,445)	(5,314)
Income taxes payable	20,684	52,238	15,772
Net cash provided by operating activities	822,334	770,637	1,094,456
Investing activities:			
Purchases of property and equipment	(38,366)	(32,232)	(49,199)
Proceeds from sale of property and equipment	4,127	139	5
Purchase of intangible assets	(6,933)	(3,883)	(7,573)
Purchase of marketable securities	(1,172,555)	(694,038)	(776,966)
Redemption of marketable securities	779,213	668,495	285,970
Acquisitions, net of cash acquired	(54,190)	(12,120)	-
Change in restricted cash	506	770	(106)
Net cash used in investing activities	(488,198)	(72,869)	(547,869)
Financing activities:			
Dividends	(310,763)	(298,853)	(149,846)
Proceeds from issuance of common stock through stock purchase plan	-	-	3,712
Issuance of treasury/common stock related to equity awards	22,337	9,465	3,783
Tax benefit from issuance of equity awards	3,313	4,495	1,366
Purchase of treasury/common stock	(22,300)	(225,928)	(20,258)
Net cash used in financing activities	(307,413)	(510,821)	(161,243)
Effect of exchange rate changes on cash and cash equivalents	(499)	(17,592)	9,902
Net increase in cash and cash equivalents	26,224	169,355	395,246
Cash and cash equivalents at beginning of year	1,260,936	1,091,581	696,335
Cash and cash equivalents at end of year	$1,287,160	$1,260,936	$1,091,581

See accompanying notes.

Garmin Ltd. And Subsidiaries
Consolidated Statements of Cash Flows (continued)
(In Thousands)

	Fiscal Year Ended		
	December 31, 2011	December 25, 2010	December 26, 2009
Supplemental disclosures of cash flow information			
Cash paid during the year for income taxes	$85,231	$43,940	$69,186
Cash received during the year from income tax refunds	$350	$4,526	$2,934
Cash paid during the year for interest	-	$1,246	-
Supplemental disclosure of non-cash investing and financing activities			
Change in marketable securities related to unrealized appreciation (depreciation)	$16,104	$17,225	$408
Fair value of assets acquired	$162,572	$21,918	-
Liabilities assumed	(93,014)	(5,547)	-
Less: cash acquired	(15,368)	(4,251)	-
Net cash paid	$54,190	$12,120	-

See accompanying notes.

GARMIN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, Except Share and Per Share Information)
December 31, 2011 and December 25, 2010

1. Description of the Business

Garmin Ltd. and subsidiaries (together, the "Company") manufacture, market, and distribute Global Positioning System-enabled products and other related products. Garmin Corporation (GC), wholly-owned by Garmin Ltd., is primarily responsible for the manufacturing and distribution of the Company's products to Garmin International, Inc. (GII), a wholly-owned subsidiary of GC, and Garmin (Europe) Limited (GEL), a wholly-owned subsidiary of Garmin Ltd., and, to a lesser extent, new product development and sales and marketing of the Company's products in Asia and the Far East. GII is primarily responsible for sales and marketing of the Company's products in many international markets and in the United States as well as research and new product development. GII also manufactures certain products for the Company's aviation segment. GEL is responsible for sales and marketing of the Company's products, principally within the European market.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The accompanying consolidated financial statements reflect the accounts of Garmin Ltd. and its wholly-owned subsidiaries. All significant inter-company balances and transactions have been eliminated.

Fiscal Year

The Company has adopted a 52–53-week period ending on the last Saturday of the calendar year. Due to the fact that there are not exactly 52 weeks in a calendar year and there is slightly more than one additional day per year (not including the effects of leap year) in each calendar year as compared to a 52-week fiscal year, the Company will have a fiscal year comprising 53 weeks in certain fiscal years, as determined by when the last Saturday of the calendar year occurs.

In those resulting fiscal years that have 53 weeks, the Company will record an extra week of sales, costs, and related financial activity. Therefore, the financial results of those fiscal years, and the associated 14-week fourth quarter, will not be entirely comparable to the prior and subsequent 52-week fiscal years and the associated quarters having only 13 weeks. Fiscal 2010 and 2009 included 52 weeks while fiscal 2011 included 53 weeks.

Foreign Currency

Many Garmin Ltd. subsidiaries utilize currencies other than the United States Dollar (USD) as their functional currency. As required by the *Foreign Currency Matters* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), the financial statements of these subsidiaries for all periods presented have been translated into USD, the functional currency of Garmin Ltd., and the reporting currency herein, for purposes of consolidation at rates prevailing during the year for sales, costs, and expenses and at end-of-year rates for all assets and liabilities. The effect of this translation is recorded in a separate component of stockholders' equity. Cumulative translation adjustments of $76,456 and $61,740 as of December 31, 2011 and December 25, 2010, respectively, have been included in accumulated other comprehensive gain/(loss) in the accompanying consolidated balance sheets.

Transactions in foreign currencies are recorded at the approximate rate of exchange at the transaction date. Assets and liabilities resulting from these transactions are translated at the rate of exchange in effect at the balance sheet date. All differences are recorded in results of operations and amounted to exchange losses of $12,100, $88,377, and $6,040 for the years ended December 31, 2011, December 25, 2010, and December 26, 2009, respectively. The loss in fiscal 2011 was primarily the result of the slight strengthening of the USD against the Euro and the slight weakening of the USD against the Taiwan Dollar. The loss in fiscal 2010 was primarily the result of the strengthening of the USD against the Euro and the British Pound Sterling and the weakening of the USD against the Taiwan Dollar. The loss in fiscal 2009 was primarily the result of the weakening of the USD against the Taiwan Dollar offset by the weakening of the USD against the Euro and the British Pound Sterling.

Earnings Per Share

Basic earnings per share amounts are computed based on the weighted-average number of common shares outstanding. For purposes of diluted earnings per share, the number of shares that would be issued from the exercise of dilutive stock options has been reduced by the number of shares which could have been purchased from the proceeds of the exercise at the average market price of the Company's stock during the period the options were outstanding. See Note 10.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, operating accounts, money market funds, and securities with maturities of three months or less when purchased. The carrying amount of cash and cash equivalents approximates fair value, given the short maturity of those instruments.

Trade Accounts Receivable

The Company sells its products to retailers, wholesalers, and other customers and extends credit based on its evaluation of the customer's financial condition. Potential losses on receivables are dependent on each individual customer's financial condition. The Company carries its trade accounts receivable at net realizable value. Typically, its accounts receivable are collected within 80 days and do not bear interest. The Company monitors its exposure to losses on receivables and maintains allowances for potential losses or adjustments. The Company determines these allowances by (1) evaluating the aging of its receivables and (2) reviewing its high-risk customers. Past due receivable balances are written off when its internal collection efforts have been unsuccessful in collecting the amount due. In 2011, Garmin purchased credit insurance to provide security against large losses.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the weighted-average method (which approximates the first-in, first-out (FIFO) method) by GC and the FIFO method by GII and GEL. Inventories consisted of the following:

	December 31, 2011	December 25, 2010
Raw Materials	$ 129,211	$ 103,277
Work-in-process	52,176	43,507
Finished goods	245,724	278,513
Inventory Reserves	(29,370)	(37,720)
Inventory, net of reserves	$ 397,741	$ 387,577

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	39
Office furniture and equipment	3-5
Manufacturing and engineering equipment	5
Vehicles	5

Long-Lived Assets

As required by the *Property, Plant and Equipment* topic of the FASB ASC, the Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be fully recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. That assessment is based on the carrying amount of the asset at the date it is tested for recoverability. An impairment loss is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

The *Intangibles – Goodwill and Other* topic of the FASB ASC requires that goodwill and intangible assets with indefinite useful lives should not be amortized but rather be tested for impairment at least annually or sooner whenever events or changes in circumstances indicate that they may be impaired. The Company did not recognize any goodwill or intangible asset impairment charges in 2011, 2010, or 2009. The Company established reporting units based on its current reporting structure. For purposes of testing goodwill for impairment, goodwill has been allocated to these reporting units to the extent it relates to each reporting unit. The accounting guidance also requires that intangible assets with finite lives be amortized over their estimated useful lives and reviewed for impairment. The Company is currently amortizing its acquired intangible assets with finite lives over periods ranging from 3 to 10 years.

Dividends

On June 27, 2010, the Company completed the redomestication of the place of our incorporation from the Cayman Islands to Switzerland. Under Swiss corporate law, dividends must be approved by shareholders at the general meeting of our shareholders.

On June 3, 2011, the shareholders approved a dividend of $2.00 per share (of which, $1.60 was paid in the Company's 2011 fiscal year) payable in four installments as follows: $0.80 on June 30, 2011 to shareholders of record on June 15, 2011, $0.40 on September 30, 2011 to shareholders of record on September 15, 2011, $0.40 on December 30, 2011 to shareholders of record on December 15, 2011 and $0.40 on March 30, 2012 to shareholders of record on March 15, 2012. The Company paid dividends in 2011 in the amount of $310,763. Both the dividend paid and the remaining dividend payable have been reported as a reduction of retained earnings.

On March 16, 2010 the Board of Directors declared a dividend of $1.50 per share to be paid on April 30, 2010 to shareholders of record on April 15, 2010. The Company paid out a dividend in the amount of $298,853. The dividend was reported as a reduction of retained earnings.

On July 30, 2009 the Board of Directors declared a dividend of $0.75 per share to be paid on December 15, 2009 to shareholders of record on December 1, 2009. The Company paid out a dividend in the amount of $149,846. The dividend was reported as a reduction of retained earnings.

Approximately $239,470 and $213,486 of retained earnings are indefinitely restricted from distribution to stockholders pursuant to the laws of Taiwan at December 31, 2011 and December 25, 2010, respectively.

Intangible Assets

At December 31, 2011 and December 25, 2010, the Company had patents, license agreements, customer related intangibles and other identifiable finite-lived intangible assets recorded at a cost of $206,872 and $152,138, respectively. The Company's excess purchase cost over fair value of net assets acquired (goodwill) was

$179,475 at December 31, 2011 and $136,548 at December 25, 2010. The increase in identifiable intangible assets and goodwill in 2011 is principally related to the acquisitions completed by the Company, as further described in Note 15.

	December 31, 2011	December 25, 2010
Goodwill balance at beginning of year	$ 136,548	$ 129,066
Acquisitions	46,481	11,649
Finalization of purchase price allocations and effect of foreign currency translation	(3,554)	(4,167)
Goodwill balance at end of year	$ 179,475	$ 136,548

Identifiable, finite-lived intangible assets are amortized over their estimated useful lives on a straight-line basis over three to ten years. Accumulated amortization was $134,184 and $103,534 at December 31, 2011 and December 25, 2010 respectively. Amortization expense was $33,225, $36,675, and $37,444 for the years ended December 31, 2011, December 25, 2010, and December 26, 2009, respectively. In the next five years, the amortization expense is estimated to be $28,464, $14,413, $9,518, $6,978, and $5,301, respectively.

Marketable Securities

Management determines the appropriate classification of marketable securities at the time of purchase and reevaluates such designation as of each balance sheet date.

All of the Company's marketable securities were considered available-for-sale at December 31, 2011. See Note 3. Available-for-sale securities are stated at fair value, with the unrealized gains and losses, net of tax, reported in other comprehensive gain/(loss). At December 31, 2011 and December 25, 2010, cumulative unrealized gains/(losses) of $10,737 and ($5,736), respectively, were reported in accumulated other comprehensive gain/(loss), net of related taxes.

The amortized cost of debt securities classified as available-for-sale is adjusted for amortization of premiums and accretion of discounts to maturity, or in the case of mortgage-backed securities, over the estimated life of the security. Such amortization is included in interest income from investments. Realized gains and losses, and declines in value judged to be other-than-temporary are included in other income. The cost of securities sold is based on the specific identification method.

Income Taxes

The Company accounts for income taxes using the liability method in accordance with the FASB ASC topic *Income Taxes*. The liability method provides that deferred tax assets and liabilities are recorded based on the difference between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes as measured based on the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Income taxes of $252,793, $233,028, and $171,097 at December 31, 2011, December 25, 2010, and December 26, 2009, respectively, have not been accrued by the Company for the unremitted earnings of several of its foreign subsidiaries because such earnings are intended to be reinvested in the subsidiaries indefinitely.

The Company adopted the applicable guidance included in the FASB ASC topic *Income Taxes* related to accounting for uncertainty in income taxes on December 31, 2006, the beginning of fiscal year 2007. The total amount of unrecognized tax benefits as of December 31, 2011 was $161,904 including interest of $10,850. A reconciliation of the beginning and ending amount of unrecognized tax benefits for years ending December 31, 2011, December 25, 2010, and December 26, 2009 is as follows:

	December 31, 2011	December 25, 2010	December 26, 2009
Balance at beginning of year	$153,621	$255,748	$214,366
Additions based on tax positions related to prior years	5,568	11,443	14,241
Reductions based on tax positions related to prior years	(6,885)	(10,392)	(16,141)
Additions based on tax positions related to current period	29,210	43,202	63,053
Reductions based on tax positions related to current period	-	-	-
Reductions related to settlements with tax authorities	-	(122,314)	-
Expiration of statute of limitations	(19,610)	(24,066)	(19,771)
Balance at end of year	**$161,904**	**$153,621**	**$255,748**

The December 31, 2011 balance of $161,904 of unrecognized tax benefits, if recognized, would reduce the effective tax rate. None of the unrecognized tax benefits are due to uncertainty in the timing of deductibility.

Accounting guidance requires unrecognized tax benefits to be classified as non-current liabilities, except for the portion that is expected to be paid within one year of the balance sheet date. The entire $161,904, $153,621, and $255,748 are required to be classified as non-current at December 31, 2011, December 25, 2010, and December 26, 2009, respectively.

Interest expense and penalties, if any, accrued on the unrecognized tax benefits are reflected in income tax expense. At December 31, 2011, December 25, 2010, and December 26, 2009, the Company had accrued approximately $10,850, $9,580, and $20,160, respectively, for interest. Interest expense (income) included in income tax expense for the years ending December 31, 2011, December 25, 2010, and December 26, 2009 is $5,568, ($10,580), and $9,000, respectively. The Company had no amounts accrued for penalties as the nature of the unrecognized tax benefits, if recognized, would not warrant the imposition of penalties.

The Company files income tax returns in Switzerland and U.S. federal jurisdictions, as well as various state, local and foreign jurisdictions. The Company is no longer subject to U.S. federal, state, or local tax examinations by tax authorities for years prior to 2008. The Company is no longer subject to Taiwan income tax examinations by tax authorities for years prior to 2006. The Company is no longer subject to United Kingdom tax examinations by tax authorities for years prior to 2009.

The Company also considers 2008 U.S. federal returns to have been effectively settled due to completion of an audit examination by the Internal Revenue Service. A reduction of income tax expense was recognized to reflect this settlement. In addition, the Company recognized a reduction of income tax expense of $19,610, $24,066, and $19,771 in fiscal years ended December 31, 2011, December 25, 2010, and December 26, 2009, respectively, to reflect the expiration of statutes of limitations in various jurisdictions.

The Company believes that it is reasonably possible that approximately $20,482 of its reserves for certain unrecognized tax benefits will decrease within the next 12 months as the result of the expiration of statutes of limitations. This potential decrease in unrecognized tax benefits would impact the Company's effective tax rate within the next 12 months.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Concentration of Credit Risk

The Company grants credit to certain customers who meet the Company's pre-established credit requirements. Generally, the Company does not require security when trade credit is granted to customers. Credit losses are provided for in the Company's consolidated financial statements and typically have been within management's expectations. Certain customers are allowed extended terms consistent with normal industry practice. Most of these extended terms can be classified as either relating to seasonal sales variations or to the timing of new product releases by the Company.

The Company's top ten customers have contributed between 29% and 36% of net sales since 2009. In 2011, the Company purchased trade credit insurance to provide security against large losses. Best Buy, a customer in the outdoor, fitness, marine and auto/mobile segments accounted for less than 10% of the Company's consolidated net sales in the years ended December 31, 2011, and December 25, 2010, respectively, while accounting for 13.4% of the Company's consolidated net sales in the year ended December 26, 2009.

Revenue Recognition

Garmin recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collection is probable. For the large majority of Garmin's sales, these criteria are met once product has shipped and title and risk of loss have transferred to the customer. The Company recognizes revenue from the sale of hardware products and software bundled with hardware that is essential to the functionality of the hardware in accordance with general revenue recognition accounting guidance. The Company recognizes revenue in accordance with industry specific software accounting guidance for standalone sales of software products and sales of software bundled with hardware not essential to the functionality of the hardware. The Company generally does not offer specified or unspecified upgrade rights to its customers in connection with software sales.

Garmin introduced nüMaps Lifetime™ in January 2009, which is a single fee program that, subject to the program's terms and conditions, enables customers to download the latest map and point of interest information every quarter for the useful life of their PND. The revenue and associated cost of royalties for sales of nüMaps Lifetime™ products are deferred at the time of sale and recognized ratably on a straight-line basis over the estimated 36-month life of the products. With the acquisition of Navigon AG in 2011, products marketed under the Navigon brand have a FreshMaps program that enables customers to download the latest map and point of interest information for two years. The revenue and associated cost of royalties for sales of FreshMaps products are deferred at the time of sale and recognized ratably on a straight-line basis over the two year period.

For multiple element arrangements that include tangible products that contain software that is essential to the tangible product's functionality and undelivered software elements that relate to the tangible product's essential software, the Company allocates revenue to all deliverables based on their relative selling prices. In such circumstances, the accounting principles establish a hierarchy to determine the selling price to be used for allocating revenue to deliverables as follows: (i) vendor-specific objective evidence of fair value ("VSOE"), (ii) third-party evidence of selling price ("TPE"), and (iii) best estimate of the selling price ("ESP"). VSOE generally exists only when the Company sells the deliverable separately, on more than a limited basis, at prices within a relatively narrow range. In addition to the products listed below, the Company has offered certain other products that involve multiple-element arrangements that are immaterial.

In 2010, Garmin began offering PNDs with lifetime map updates (LMUs) bundled in the original purchase price. Similar to nüMaps Lifetime™, LMUs enable customers to download the latest map and point of interest information every quarter for the useful life of their PND. In addition, Garmin offers PNDs with premium traffic service bundled in the original purchase price in the European market. The Company has identified two deliverables contained in arrangements involving the sale of PNDs which include either the LMU or premium traffic service. The first deliverable is the hardware along with the software essential to the functionality of the hardware device delivered at the time of sale. The second deliverable is either the LMU or premium traffic service. The Company has allocated revenue between these two deliverables using the relative selling price method. Amounts allocated to the delivered hardware and the related essential software are recognized at the time of sale provided the other conditions for revenue recognition have been met. The revenue and associated cost of royalties allocated to the LMU or the subscription for premium traffic service are deferred and recognized on a straight-line basis over the estimated 36-month life of the products.

Prior to the third quarter of fiscal 2011, the Company determined its estimate of selling price using the dealer/distributor price for nüMaps Lifetime or premium traffic subscriptions sold separately, and the prices for products bundled with and without the LMU and premium traffic service when comparable models were available, as inputs to the relative selling price method in a manner similar to VSOE. The estimated selling price determined in this manner was used to defer revenues for all products bundled with the LMU and premium traffic service, as the number of bundled units sold as a percentage of total units sold was less significant and other indicators of selling price were not readily available.

During 2011, sales of products bundled with LMUs and premium traffic service increased significantly as a percentage of total product sales. Concurrently, market conditions have caused decreases in the ASP and margins of comparable models year over year, new bundled products were introduced at lower ASPs, and the difference in pricing of bundled units and comparable unbundled models has decreased considerably. Due to these changes, the Company determined it was appropriate to change its estimate of the per unit revenue and cost deferrals during the third quarter of 2011.

As the sales of nüMaps Lifetime and premium traffic subscriptions as a percentage of total unit sales or in the aggregate decreased significantly in mid-2011, the Company determined that the previous estimate of selling price based on more limited stand-alone sales of nüMaps Lifetime or premium traffic was no longer a sole determinant of its value as determined under VSOE, and that third party evidence of selling price was not available. Management determined that the price differential between bundled and unbundled products and the royalty cost of the LMU or premium traffic subscription plus an approximate margin were both additional indicators of estimated selling price. These estimates are also reflective of how the Company establishes product pricing based in part on customer perception of value of the added LMU or premium traffic service capability. As such, beginning in the third quarter of 2011, the Company changed its estimate of selling price of the undelivered element to be based on the relative selling price method using a weighted average of the stand-alone sales price, the price differential between bundled and unbundled units, and the royalty or subscription cost plus a normal margin.

The impact of the 2011 change in estimate for lifetime map updates and premium traffic service, as described above, was an increase in revenue, gross profit, net income, basic net income per share, and diluted net income per share of $77.8 million, $66.5 million, $59.3 million, $0.31, and $0.30, respectively.

In 2009 and 2010 respectively, Garmin introduced the nüvi 1690 and 1695, premium PNDs with a built-in wireless module that lets customers access Garmin's nüLink!™ service, which provides direct links to certain online information. Additional models were introduced in 2011. The Company has identified two deliverables contained in arrangements involving the sale of the nüvi products with the nüLink feature. The first deliverable is the hardware and software essential to the functionality of the hardware device delivered at the time of sale, and the second deliverable is the nüLink service. The Company has allocated revenue between these two deliverables using the relative selling price method determined using VSOE. Amounts allocated to the delivered hardware and the related essential software are recognized at the time of sale provided the other conditions for revenue recognition have been met. The revenue and associated cost allocated to the nüLink services are deferred and recognized on a straight-line basis over the life of the service, which is either 12 or 24 months.

Garmin records estimated reductions to revenue for customer sales programs, returns and incentive offerings including rebates, price protection (product discounts offered to retailers to assist in clearing older products from their inventories in advance of new product releases), promotions and other volume-based incentives. The reductions to revenue are based on estimates and judgments using historical experience and expectation of future conditions. Changes in these estimates could negatively affect Garmin's operating results. These incentives are reviewed periodically and, with the exceptions of price protection and certain other promotions, are accrued for on a percentage of sales basis. If market conditions were to decline, Garmin may take actions to increase customer incentive offerings possibly resulting in an incremental reduction of revenue at the time the incentive is offered.

The Company records revenue net of sales tax, trade discounts and customer returns. The reductions to revenue for expected future product returns are based on the Company's historical experience.

Deferred Revenues and Costs

At December 31, 2011 and December 25, 2010, the Company had deferred revenues totaling $377,119 and $197,787, respectively, and related deferred costs totaling $80,856 and $44,738, respectively.

The deferred revenues and costs are recognized over their estimated economic lives of two to three years on a straight-line basis. In the next three years, the gross margin recognition of deferred revenue and cost for the currently deferred amounts is estimated to be $148,954, $108,156, and $39,153, respectively.

Shipping and Handling Costs

Shipping and handling costs are included in cost of goods sold in the accompanying consolidated financial statements.

Product Warranty

The Company provides for estimated warranty costs at the time of sale. The warranty period for most products is one year to two years from date of shipment while certain aviation products have a warranty period of two years from the date of installation and certain marine products have a warranty period of three years from the date of shipment**.**

Sales Programs

The Company provides certain monthly and quarterly incentives for its dealers and distributors based on various factors including dealer purchasing volume and growth. Additionally, from time to time, the Company provides rebates to end users on certain products. Estimated rebates and incentives payable to dealers and distributors are regularly reviewed and recorded as accrued expenses on a monthly basis. In addition, the Company provides dealers and distributors with product discounts to assist these customers in clearing older products from their inventories in advance of new product releases. Each discount is tied to a specific product and can be applied to all customers who have purchased the product or a special discount may be agreed to on an individual customer basis. These rebates, incentives, and discounts are recorded as reductions to net sales in the accompanying consolidated statements of income in the period the Company has sold the product.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense amounted to approximately $145,024, $144,613, and $155,521 for the years ended December 31, 2011, December 25, 2010, and December 26, 2009, respectively.

Research and Development

A majority of the Company's research and development is performed in the United States. Research and development costs, which are expensed as incurred, amounted to approximately $298,584, $277,261, and $238,378 for the years ended December 31, 2011, December 25, 2010, and December 26, 2009, respectively.

Customer Service and Technical Support

Customer service and technical support costs are included as selling, general and administrative expenses in the accompanying consolidated statements of income. Customer service and technical support costs include costs associated with performing order processing, answering customer inquiries by telephone and through Web sites, e-mail and other electronic means, and providing free technical support assistance to customers. The technical support is provided within one year after the associated revenue is recognized. The related cost of providing this free support is not material.

Software Development Costs

The FASB ASC topic entitled *Software* requires companies to expense software development costs as they incur them until technological feasibility has been established, at which time those costs are capitalized until the product is available for general release to customers. Capitalized software development costs are not significant as the time elapsed from working model to release is typically short. As required by the *Research and Development* topic of the FASB ASC, costs incurred to enhance our existing products or after the general release of the service using the product are expensed in the period they are incurred and included in research and development costs in the accompanying consolidated statements of income.

Accounting for Stock-Based Compensation

The Company currently sponsors four stock based employee compensation plans. The FASB ASC topic entitled *Compensation – Stock Compensation* requires the measurement and recognition of compensation expenses for all share-based payment awards made to employees and directors including employee stock options and restricted stock based on estimated fair values. See Note 9.

Accounting guidance requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as stock-based compensation expense on a straight-line basis over the requisite service period in the Company's consolidated financial statements.

As stock-based compensation expenses recognized in the accompanying consolidated statements of income are based on awards ultimately expected to vest, they have been reduced for estimated forfeitures. Accounting guidance requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience and management's estimates.

Recently Issued Accounting Pronouncements

In May 2011, the FASB issued an amendment to the accounting standards related to fair value measurements and disclosure requirements that result in a consistent definition of fair value and common requirements for the measurement and disclosure of fair value between U.S. GAAP and International Financial Reporting Standards. This standard provides certain amendments to the existing guidance on the use and application of fair value measurements and maintains a definition of fair value that is based on the notion of exit price. This guidance is effective as of the beginning of a fiscal year that begins after December 15, 2011. The Company is currently evaluating the impact of adopting this amendment, but it is not expected to have a material impact on the financial statements.

In June 2011, the FASB issued guidance on the presentation of comprehensive income. This guidance eliminates the current option to report other comprehensive income and its components in the statement of stockholders' equity. The guidance allows two presentation alternatives; present items in net income and other comprehensive income in one continuous statement, referred to as the statement of comprehensive income, or in two separate, but consecutive, statements of net income and other comprehensive income. This guidance is effective as of the beginning of a fiscal year that begins after December 15, 2011. Early adoption is permitted, but full retrospective application is required under both sets of accounting standards. The Company is currently evaluating which presentation alternative it will utilize.

In September 2011, the FASB issued an amendment to ASC 350, Intangibles—Goodwill and Other, which simplifies how entities test goodwill for impairment. Under the amendment, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads the entity to determine that it is more likely than not that its fair value is less than its carrying amount. If after assessing the totality of events or circumstances, an entity determines that it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, then the two-step impairment test for goodwill is unnecessary. If the entity concludes otherwise, then it is required to test goodwill for impairment under the two-step process as described under paragraphs 350-20-35-4 of the ASC. If the carrying amount of a reporting unit exceeds its fair value, then the entity is required to perform the second step of the goodwill impairment test to measure the amount of the impairment loss, if any, as described in paragraph 350-20-35-9 of the ASC. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011 and early adoption is permitted. The Company is currently evaluating the impact of adopting this amendment, but it is not expected to have a material impact on the financial statements.

3. Marketable Securities

The FASB ASC topic entitled *Fair Value Measurements and Disclosures* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The accounting guidance classifies the inputs used to measure fair value into the following hierarchy:

Level 1	Unadjusted quoted prices in active markets for identical assets or liability
Level 2	Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets
Level 3	Unobservable inputs for the asset or liability

The Company endeavors to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

For fair value measurements using significant unobservable inputs, an independent third party provided the valuation. The inputs used in the valuations were completed using the following methodology. The collateral composition was used to estimate Weighted Average Life based on historical and projected payment information. Cash flows were projected for the issuing trusts, taking into account underlying loan principal, bonds outstanding, and payout formulas. Taking this information into account, assumptions were made as to the yields likely to be required, based upon then current market conditions for comparable or similar term Asset Based Securities as well as other fixed income securities.

Assets and liabilities measured at estimated fair value on a recurring basis are summarized below:

Description	Fair Value Measurements as of December 31, 2011			
	Total	**Level 1**	**Level 2**	**Level 3**
Available for-sale securities	$ 1,208,155	$ 1,208,155	$ -	$ -
Total	$ 1,208,155	$ 1,208,155	$ -	$ -

Description	Fair Value Measurements as of December 25, 2010			
	Total	**Level 1**	**Level 2**	**Level 3**
Available for-sale securities	$ 781,257	$ 781,257	$ -	$ -
Failed auction rate securities	20,562	-	-	20,562
Total	$ 801,819	$ 781,257	$ -	$ 20,562

All Level 3 investments at December 25, 2010 had been in a continuous unrealized loss position for 12 months or longer. However, it was the Company's intent to hold these securities until they recovered their value. The Company sold these securities during 2011 and realized an immaterial loss. For assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period, the accounting guidance requires a reconciliation of the beginning and ending balances, separately for each major category of assets. The reconciliation is as follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	Year Ended December 31, 2011	**Year Ended December 25, 2010**
Beginning balance of auction rate securities	$ 20,562	$ 70,252
Total unrealized gains included in other comprehensive income	5,038	16,410
Sales out of Level 3	(25,600)	(66,100)
Transfers in and/or out of Level 3	-	-
Ending balance of auction rate securities	$ -	$ 20,562

The following is a summary of the company's marketable securities classified as available-for-sale securities at December 31, 2011:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Other Than Temporary Impairment	Estimated Fair Value (Net Carrying Amount)
Mortgage-backed securities	$ 626,776	$ 12,936	$ (1,086)	$ -	$ 638,626
Obligations of states and political subdivisions	358,314	2,339	(1,090)	-	359,563
U.S. corporate bonds	134,763	815	(2,260)	(1,274)	132,044
Other	78,031	113	(222)	-	77,922
Total	$ 1,197,884	$ 16,203	$ (4,658)	$ (1,274)	$ 1,208,155

The following is a summary of the company's marketable securities classified as available-for-sale securities at December 25, 2010:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Other Than Temporary Impairment	Estimated Fair Value (Net Carrying Amount)
Mortgage-backed securities	$ 527,249	$ 1,913	$ (1,519)	$ -	$ 527,643
Auction Rate Securities	25,599	-	(5,037)	-	20,562
Obligations of states and political subdivisions	160,618	347	(3,341)	-	157,624
U.S. corporate bonds	54,348	637	(185)	(1,274)	53,526
Other	39,838	2,626	-	-	42,464
Total	$ 807,652	$ 5,523	$ (10,082)	$ (1,274)	$ 801,819

The cost of securities sold is based on the specific identification method.

The unrealized losses and unrealized gains on the Company's investments in 2010 and 2011, respectively, were caused primarily by changes in interest rates and credit spreads. The Company's investment policy requires investments to be rated A or better with the objective of minimizing the potential risk of principal loss. The Company does not intend to sell the securities that have an unrealized loss shown in the table above and it is not more likely than not that the Company will be required to sell the investment before recovery of their amortized costs bases, which may be maturity. Therefore, the Company considers the declines to be temporary in nature. Fair values were determined for each individual security in the investment portfolio. When evaluating the investments for other-than-temporary impairment, the Company reviews factors such as the length of time and extent to which fair value has been below cost basis, the financial condition of the issuer, and the Company's ability and intent to hold the investment for a period of time, which may be sufficient for anticipated recovery in market value. During 2010 and 2011, the Company did not record any material impairment charges on its outstanding securities.

The amortized cost and estimated fair value of marketable securities at December 31, 2011, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties. Included in the $55,694 amount below is $34,590 that has been classified as current because the underlying securities were sold subsequent to year-end. The remaining amount of $21,104 has been classified as noncurrent.

	Cost	Estimated Fair Value
Due in one year or less (2012)	$ 76,427	$ 76,563
Due after one year through five years (2013-2017)	370,827	370,551
Due after five years through ten years (2018-2022)	311,251	313,073
Due after ten years (2023 and thereafter)	385,017	392,274
Other (No contractual maturity dates)	54,362	55,694
	$ 1,197,884	$ 1,208,155

4. Commitments and Contingencies

Rental expense related to office, equipment, warehouse space and real estate amounted to $14,277, $11,768, and $10,293 for the years ended December 31, 2011, December 25, 2010, and December 26, 2009, respectively. The Company recognizes rental expense on a straight-line basis over the lease term.

Future minimum lease payments are as follows:

Year	Amount
2012	$ 13,549
2013	12,251
2014	10,902
2015	8,211
2016	5,833
Thereafter	6,423
Total	$ 57,169

Certain cash balances of GEL are held as collateral by a bank, securing payment of the United Kingdom value-added tax requirements. The total amount of restricted cash balances were $771 and $1,277 at December 31, 2011 and December 25, 2010, respectively.

In the normal course of business, the Company and its subsidiaries are parties to various legal claims, actions, and complaints, including matters involving patent infringement and other intellectual property claims and various other risks. It is not possible to predict with certainty whether or not the Company and its subsidiaries will ultimately be successful in any of these legal matters, or if not, what the impact might be. However, the Company's management does not expect that the results in any of these legal proceedings will have a material adverse effect on the Company's results of operations, financial position or cash flows.

5. Employee Benefit Plans

GII sponsors a defined contribution employee retirement plan under which its employees may contribute up to 50% of their annual compensation subject to Internal Revenue Code maximum limitations and to which GII contributes a specified percentage of each participant's annual compensation up to certain limits as defined in the Plan. Additionally, GEL has a defined contribution plan under which its employees may contribute up to 7.5% of their annual compensation. Both GII and GEL contribute an amount determined annually at the discretion of the Board of Directors. During the years ended December 31, 2011, December 25, 2010, and December 26, 2009, expense related to these plans of $20,647, $17,952, and $16,399 was charged to operations.

Certain of the Company's foreign subsidiaries participate in local defined benefit pension plans. Contributions are calculated by formulas that consider final pensionable salaries. Neither obligations nor contributions for the years ended December 31, 2011, December 25, 2010, and December 26, 2009, were significant.

6. Income Taxes

The Company's income tax provision (benefit) consists of the following:

	Fiscal Year Ended		
	December 31, 2011	December 25, 2010	December 26, 2009
Federal:			
Current	$79,305	($46,674)	$104,186
Deferred	(25,763)	284	(12,021)
	53,542	(46,390)	92,165
State:			
Current	9,087	3,929	5,381
Deferred	(4,490)	(257)	(947)
	4,597	3,672	4,434
Foreign:			
Current	22,363	31,109	18,469
Deferred	(17,237)	4,278	(10,367)
	5,126	35,387	8,102
Total	$63,265	($7,331)	$104,701

The income tax provision differs from the amount computed by applying the U.S. statutory federal income tax rate to income before taxes. The sources and tax effects of the differences, including the impact of establishing tax contingency accruals, are as follows:

	December 31, 2011	December 25, 2010	December 26, 2009
Federal income tax expense at U.S. statutory rate	$204,456	$202,045	$287,228
State income tax expense, net of federal tax effect	2,988	2,482	2,604
Foreign tax rate differential	(148,058)	(115,633)	(219,482)
Taiwan tax holiday benefit	(13,127)	(13,536)	(18,556)
Net change in uncertain tax postions	8,283	(102,100)	41,400
Other foreign taxes less incentives and credits	9,658	26,707	10,379
Other, net	(935)	(7,296)	1,128
Income tax expense	$63,265	($7,331)	$104,701

The holding company statutory federal income tax rate in Switzerland, the Company's place of incorporation since the redomestication effective June 27, 2010 (see Note 12), is 7.83%. If the Company reconciled taxes at the Swiss holding company federal statutory tax rate to the reported income tax for 2011, as presented above, the amounts related to tax at the statutory rate would be approximately $158,716 lower, or $45,740, and the foreign tax rate differential would be adjusted by a similar amount to $10,658. For 2010, the amounts related to tax at the U.S. statutory rate of 35% prior to the redomestication and the Swiss statutory rate of 7.83%, subsequent to the redomestication, would be approximately $95,985 lower, or $106,060, and the foreign tax differential would be reduced by the same amount to ($19,648). All other amounts would remain substantially unchanged.

The Company's income before income taxes attributable to non-U.S. operations was $473,994, $413,550, and $678,868, for the years ended December 31, 2011, December 25, 2010, and December 26, 2009, respectively. The Taiwan tax holiday benefits included in the table above reflect $0.07, $0.07, and $0.09 per weighted-average common share outstanding for the years ended December 31, 2011, December 25, 2010, and December 26, 2009, respectively. The Company currently expects to benefit from these Taiwan tax holidays through 2016, at which time these tax benefits might expire.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2011	December 25, 2010
Deferred tax assets:		
Product warranty accruals	$2,196	$1,646
Allowance for doubtful accounts	12,282	11,572
Inventory reserves	5,114	5,749
Sales program allowances	5,591	9,080
Reserve for sales returns	2,240	2,715
Other accruals	5,359	5,684
Unrealized intercompany profit in inventory	15,165	2,792
Unrealized foreign currency loss	-	266
Stock option compensation	47,998	40,785
Tax credit carryforwards, net	33,379	48,784
Amortization	26,913	28,431
Deferred revenue	28,905	10,671
Net operating losses of subsidiaries	17,780	11,583
Other	4,163	3,750
Valuation allowance related to loss carryforward and tax credits	(37,173)	(51,352)
	169,912	132,156
Deferred tax liabilities:		
Depreciation	17,600	16,030
Prepaid expenses	3,328	4,145
Book basis in excess of tax basis for acquired entities	8,191	6,604
Unrealized investment gain	910	5,951
Marketable securities	-	3,038
Other	469	933
	30,498	36,701
Net deferred tax assets	$139,414	$95,455

The Company recognized a $29,615 deferred tax asset during 2010 for the future tax benefit of the fair market value step-up in basis of intangible assets related to the redomestication to Switzerland and local statutory tax reporting requirements. The deferred tax asset was recognized as an increase to Additional Paid-In Capital in 2010 and will reverse as the intangible assets are amortized for Swiss statutory and tax reporting purposes.

At December 31, 2011, the Company had $33,379 of tax credit carryover which includes $31,240 of Taiwan surtax credit with no expiration. There is a full valuation allowance for the Taiwan surtax credits. The valuation allowance decreased by $14,179 during 2011 including $14,994 related to Taiwan surtax credits. The decrease in the surtax credit carryforward and valuation allowance in 2011 is principally due to reducing the amount of such credits to the correct amount available for use in future years, on which a full valuation reserve is provided.

At December 31, 2011, the Company had a deferred tax asset of $17,780 related to the future tax benefit on net operating loss (NOL) carryforwards of $72,197. Included in the NOL carryforwards is $24,680 that relates to Spain and expires in varying amounts between 2022 and 2025, $14,718 that relates to Switzerland and expires in 2018, and $32,799 that relates to various other jurisdictions and has no expiration date. The Company has recorded a valuation allowance for a portion of its deferred tax asset relating to various tax attributes that it does not believe are more likely than not to be realized. In the future, if the Company determines, based on existence of sufficient evidence, that it should realize more or less of its deferred tax assets, an adjustment to the valuation allowance will be made in the period such a determination is made.

7. Fair Value of Financial Instruments

As required by the *Financial Instruments* topic of the FASB ASC, the following summarizes required information about the fair value of certain financial instruments for which it is currently practicable to estimate such value. None of the financial instruments are held or issued for trading purposes. The carrying amounts and fair values of the Company's financial instruments are as follows:

	December 31, 2011		December 25, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$1,287,160	$1,287,160	$1,260,936	$1,260,936
Restricted cash	771	771	1,277	1,277
Marketable securities	1,208,155	1,208,155	801,819	801,819

For certain of the Company's financial instruments, including accounts receivable, accounts payable and other accrued liabilities, the carrying amounts approximate fair value due to their short maturities.

8. Segment Information

Beginning in 2011, for external reporting purposes, the Company identified five operating segments – auto/mobile, aviation, marine, outdoor and fitness. Each operating segment is individually reviewed and evaluated by our Chief Operating Decision Maker (CODM), who allocates resources and assesses performance of each segment individually. Prior to 2011, the Outdoor and Fitness operating segments were combined into a single reportable segment due to the similar nature of those products, their production processes, the types of customers served, their distribution processes, and similar economic conditions. Management re-evaluated the combination of these operating segments and determined that based on the growth characteristics of these segments they should now be reported as two distinct reportable segments.

All of the Company's reportable segments offer products through the Company's network of independent dealers and distributors as well as through OEM's. However, the nature of products and types of customers for the five reportable segments vary. The Company's marine, auto/mobile, outdoor, and fitness segments include portable global positioning system (GPS) receivers and accessories sold primarily to retail outlets. These products are produced primarily by the Company's subsidiary in Taiwan. The Company's aviation products are portable and panel mount avionics for Visual Flight Rules and Instrument Flight Rules navigation and are sold primarily to aviation dealers and certain aircraft manufacturers.

The Company's Chief Executive Officer has been identified as the CODM. The CODM evaluates performance and allocates resources based on income before income taxes of each segment. Income before income taxes represents net sales less operating expenses including certain allocated general and administrative costs, interest income and expense, foreign currency adjustments, and other non-operating corporate expenses. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. There are no inter-segment sales or transfers.

The Company's reportable segments share many common resources, infrastructures and assets in the normal course of business. Thus, the Company does not report accounts receivable, inventories, property and equipment, intangible assets, or capital expenditures by segment to the CODM.

Revenues, interest income and interest expense, and income before income taxes for each of the Company's reportable segments are presented below:

	Fiscal Year Ended December 31, 2011					
	Aviation	Outdoor	Fitness	Marine	Auto/ Mobile	Total
Net sales to external customers	$284,855	$363,223	$298,163	$221,730	$1,590,598	$2,758,569
Allocated interest income	1,250	4,496	4,342	2,934	19,790	32,812
Allocated interest expense	-	-	-	-	-	-
Income before income taxes	73,226	171,245	107,881	60,092	171,717	584,161

	Fiscal Year Ended December 25, 2010					
	Aviation	Outdoor	Fitness	Marine	Auto/ Mobile	Total
Net sales to external customers	$262,520	$319,119	$240,473	$198,860	$1,668,939	$2,689,911
Allocated interest income	1,251	2,347	1,532	1,624	18,225	24,979
Allocated interest expense	(122)	(148)	(111)	(92)	(773)	(1,246)
Income before income taxes	71,482	150,973	86,499	62,431	205,887	577,272

	Fiscal Year Ended December 26, 2009					
	Aviation	Outdoor	Fitness	Marine	Auto/ Mobile	Total
Net sales to external customers	$245,745	$299,300	$169,624	$177,644	$2,054,127	$2,946,440
Allocated interest income	737	760	1,076	1,469	19,477	23,519
Allocated interest expense	-	-	-	-	-	-
Income before income taxes	56,595	147,996	58,046	57,430	488,584	808,651

Net sales, long-lived assets (property and equipment), and net assets by geographic area are as shown below for the years ended December 31, 2011, December 25, 2010, and December 26, 2009. Note that APAC includes Asia Pacific and EMEA includes Europe, the Middle East and Africa.

	Americas	APAC	EMEA	Total
December 31, 2011				
Net sales to external customers	$ 1,527,508	$ 248,057	$ 983,004	$ 2,758,569
Long lived assets	225,505	143,913	47,687	417,105
Net assets (1)	1,155,653	1,915,284	185,644	3,256,581
December 25, 2010				
Net sales to external customers	$ 1,646,590	$ 220,478	$ 822,843	$ 2,689,911
Long lived assets	231,569	146,859	49,377	427,805
Net assets (1)	1,149,826	1,719,769	179,967	3,049,562
December 26, 2009				
Net sales to external customers	$ 1,972,451	$ 149,920	$ 824,069	$ 2,946,440
Long lived assets	233,573	153,878	53,887	441,338
Net assets (1)	1,177,849	1,467,903	190,695	2,836,447

(1) Majority of assets held in the United States and Taiwan.

9. Stock Compensation Plans

Accounting for Stock-Based Compensation

The various Company stock compensation plans are summarized below. For all stock compensation plans, the company's policy is to issue treasury shares for option/SAR exercises, RSU releases and ESPP purchases.

2011 Non-employee Directors' Equity Incentive Plan

In June 2011, the stockholders adopted an equity incentive plan for non-employee directors (the 2011 Directors Plan) providing for grants of stock options, stock appreciation rights ("SARs"), restricted stock units ("RSUs") and/or performance shares, pursuant to which up to 122,592 shares were available for issuance. The term of each award cannot exceed ten years. Awards may vest over a minimum two-year period. During 2011, 11,996 restricted stock units were granted under this plan.

2005 Equity Incentive Plan

In June 2005, the shareholders adopted an equity incentive plan (the "2005 Plan") providing for grants of incentive and nonqualified stock options, stock appreciation rights ("SARs"), restricted stock units ("RSUs") and/or performance shares to employees of the Company and its subsidiaries, pursuant to which up to 10,000,000 common shares were available for issuance. The various grants vest evenly over a period of five years or as otherwise determined by the Board of Directors or the Compensation Committee and generally expire ten years from the date of grant, if not exercised. During 2011, 2010, and 2009, 410,197, 494,995, and 470,950 restricted stock units were granted under the 2005 Plan. In addition, in 2011, 42,330 stock options were granted under the 2005 Plan. In 2010 and 2009, 20,000 and 30,000 performance shares were granted under the 2005 Plan. No performance shares were granted under the 2005 Plan in 2011.

2000 Equity Incentive Plan

In October 2000, the shareholders adopted an equity incentive plan (the "2000 Plan") providing for grants of incentive and nonqualified stock options, stock appreciation rights ("SARs"), restricted stock units ("RSUs") and/or performance shares to employees of the Company and its subsidiaries, pursuant to which up to 7,000,000 common shares were available for issuance. The stock options and stock appreciation rights vest evenly over a period of five years or as otherwise determined by the Board of Directors or the Compensation Committee and generally expire ten years from the date of grant, if not exercised. The Company did not grant any stock awards from the 2000 Plan in 2011, 2010 or 2009.

2000 Non-employee Directors' Option Plan

Also in October 2000, the stockholders adopted a stock option plan for non-employee directors (the 2000 Directors Plan) providing for grants of options for up to 100,000 common shares. The term of each award is ten years. All awards vest evenly over a three-year period. During 2010 and 2009, options to purchase 23,924 and 34,648 shares, respectively, were granted under this plan. In 2009, the stockholders approved an additional 150,000 shares to the plan, making the total shares authorized under the plan 250,000. Following the June 2011 approval of the 2011 Directors Plan, the Company will no longer issue options to purchase shares under this plan.

Stock-Based Compensation Activity

A summary of the Company's stock-based compensation activity and related information under the 2011 Directors Plan, the 2005 Plan, the 2000 Plan and the 2000 Directors Plan for the years ended December 31, 2011, December 25, 2010, and December 26, 2009 is provided below:

	Stock Options and SARs	
	Weighted-Average Exercise Price	Number of Shares
		(In Thousands)
Outstanding at December 27, 2008	$47.76	10,526
Granted	$23.09	35
Exercised	$18.08	(278)
Forfeited/Expired	$59.55	(174)
Outstanding at December 26, 2009	$48.28	10,109
Granted	$33.44	24
Exercised	$15.52	(826)
Forfeited/Expired	$62.57	(221)
Outstanding at December 25, 2010	$50.87	9,086
Granted	**$39.71**	**42**
Exercised	**$21.02**	**(764)**
Forfeited/Expired	**$64.63**	**(291)**
Outstanding at December 31, 2011	**$53.14**	**8,073**
Exercisable at December 31, 2011	**$51.24**	**7,001**
Expected to vest after December 31, 2011	**$65.59**	**1,049**

Stock Options and SARs as of December 31, 2011

Exercise Price	Awards Outstanding	Remaining Life (Years)	Awards Exercisable
	(In Thousands)		*(In Thousands)*
$8.00 -$20.00	787	2.29	786
$20.01 - $40.00	1,530	3.48	1,463
$40.01 - $60.00	3,295	5.36	2,782
$60.01 - $80.00	1,198	5.42	960
$80.01 - $100.00	2	5.94	1
$100.01 - $120.00	1,258	5.91	1,007
$120.01 - $140.00	3	5.74	2
	8,073	4.80	7,001

	Restricted Stock Units	
	Weighted-Average Grant Date Fair Value	Number of Shares
		(In Thousands)
Outstanding at December 27, 2008	$19.59	1,043
Granted	$29.79	501
Released/Vested	$19.59	(204)
Cancelled	$19.63	(24)
Outstanding at December 26, 2009	$23.47	1,316
Granted	$30.29	515
Released/Vested	$23.02	(291)
Cancelled	$23.32	(37)
Outstanding at December 25, 2010	$25.90	1,503
Granted	**$37.28**	**422**
Released/Vested	**$37.73**	**(366)**
Cancelled	**$25.89**	**(81)**
Outstanding at December 31, 2011	**$29.40**	**1,478**

The weighted-average remaining contract life for stock options and SARs outstanding and exercisable at December 31, 2011 is 4.80 and 4.57 years, respectively. The weighted-average remaining contract life of restricted stock units at December 31, 2011 was 2.21 years.

The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for 2011, 2010, and 2009:

	2011	2010	2009
Weighted average grant date fair value of options granted	$10.53	$8.99	$7.32
Expected volatility	0.4078	0.4178	0.4286
Dividend yield	4.02%	4.94%	2.42%
Expected life of options in years	6.5	6.3	6.2
Risk-free interest rate	1.2%	2.5%	3.0%

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options and SARs which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility.

The total fair value of awards vested during 2011, 2010, and 2009 was $49,006, $41,249, and $41,527, respectively. The aggregate intrinsic values of options and SARs outstanding and exercisable at December 31, 2011 were $35,683 and $35,410, respectively. The aggregate intrinsic values of options and SARs exercised during 2011, 2010, and 2009 were $14,367, $12,259, and $3,578, respectively. The aggregate intrinsic value of RSUs outstanding at December 31, 2011 was $58,856. The aggregate intrinsic values of RSUs released during 2011, 2010, and 2009 were $14,592, $8,828, and $6,327, respectively. Aggregate intrinsic value represents the positive difference between the Company's closing stock price on the last trading day of the fiscal period, which was $39.81 on December 30, 2011, and the exercise price multiplied by the number of options exercised. As of December 31, 2011, there was $58,554 of total unrecognized compensation cost related to unvested share-based compensation awards granted to employees under the stock compensation plans. That cost is expected to be recognized over the weighted average remaining vesting period.

Employee Stock Purchase Plan

The shareholders also adopted an employee stock purchase plan (ESPP). Up to 4,000,000 shares of common stock have been reserved for the ESPP with shareholders approving an additional 2,000,000 shares in May 2010. Shares will be offered to employees at a price equal to the lesser of 85% of the fair market value of the stock on the date of purchase or 85% of the fair market value on the first day of the ESPP period. The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code. During 2011, 2010, and 2009, 514,218, 349,173, and 209,416 shares, respectively were purchased under the plan for a total purchase price of $13,746, $8,134, and $3,874, respectively. During 2011 and 2010, the purchases were issued from treasury shares. At December 31, 2011, approximately 1,561,066 shares were available for future issuance.

10. Earnings Per Share

The following table sets forth the computation of basic and diluted net income per share:

	Fiscal Year Ended		
	December 31, 2011	December 25, 2010	December 26, 2009
Numerator (in thousands):			
Numerator for basic and diluted net income per share - net income	**$520,896**	**$584,603**	$703,950
Denominator (in thousands):			
Denominator for basic net income per share - weighted-average common shares	**194,105**	**196,979**	200,395
Effect of dilutive securities - employee stock-based awards	**789**	**1,030**	766
Denominator for diluted net income per share - weighted-average common shares	**194,894**	**198,009**	201,161
Basic net income per share	**$2.68**	**$2.97**	$3.51
Diluted net income per share	**$2.67**	**$2.95**	$3.50

Options to purchase 5,920,076, 6,192,043, and 7,814,095 common shares were outstanding during 2011, 2010, and 2009, respectively, but were not included in the computation of diluted earnings per share because the effect was antidilutive.

11. Share Repurchase Program

The Board of Directors approved a share repurchase program on February 12, 2010, authorizing the Company to purchase up to $300,000 of its common shares as market and business conditions warrant on the open market or in negotiated transactions in compliance with the SEC's Rule 10b-18. The share repurchase authorization expired on December 31, 2011. Under the plan, the Company had repurchased 7,366,646 shares using cash of $223,149 in fiscal 2010.

In addition, 522,856 shares repurchased for $16,701 prior to the Company's redomestication to Switzerland on June 27, 2010, but for which transactions settled after that date, were treated as retired when such shares were still in treasury. These shares were reflected as additional treasury shares during the 13-weeks ended March 26, 2011 with a corresponding increase to retained earnings.

The Board of Directors approved a share repurchase program on October 22, 2008, authorizing the Company to purchase up to $300,000 of its common shares as market and business conditions warrant. The share repurchase authorization expired on December 31, 2009. From inception to expiration, $60,000 of common shares were repurchased and retired under this plan.

12. Redomestication

The redomestication effectively changed the place of incorporation of the ultimate parent holding company of Garmin from the Cayman Islands to Switzerland.

The redomestication involved several steps. On February 9, 2010, Garmin Ltd. (Cayman) formed Garmin Ltd. (Switzerland) as a direct subsidiary. On April 6, 2010, Garmin Ltd. (Cayman) petitioned the Cayman Court to order, among other things, the calling of a meeting of Garmin Ltd. (Cayman) common shareholders to approve a scheme of arrangement. On April 7, 2010, the Cayman Court ordered us to seek shareholder approval of the scheme of arrangement. On May 20, 2010 we obtained the necessary shareholder approval. On June 4, 2010, a hearing was held by the Cayman Court and at which hearing the Cayman Court was asked to and did approve the scheme of arrangement. The scheme of arrangement became effective at 3:00 a.m., Cayman Islands time, on Sunday, June 27, 2010 (the "Transaction Time").

At and shortly following the Transaction Time, the following steps occurred:

1. all issued and outstanding Garmin Ltd. (Cayman) common shares were transferred to Garmin Ltd. (Switzerland); and
2. in consideration, Garmin Ltd. (Switzerland) (a) issued registered shares (on a one-for-one basis) to the holders of the Garmin Ltd. (Cayman) common shares that were transferred to Garmin Ltd. (Switzerland), and (b) increased the par value of the 10,000,000 shares of Garmin Ltd. (Switzerland) issued to Garmin Ltd. (Cayman) in connection with the formation of Garmin Ltd. (Switzerland) (the "Formation Shares") to the same par value as the shares of Garmin Ltd. (Switzerland) issued to the Garmin Ltd. (Cayman) shareholders. The Formation Shares were subsequently transferred by Garmin Ltd. (Cayman) to its subsidiary, Garmin Luxembourg S.à r.l. for future use to satisfy our obligations to deliver shares in connection with awards granted under our equity incentive plans for employees and other general corporate purposes.

As a result of the redomestication, the shareholders of Garmin Ltd. (Cayman) became shareholders of Garmin Ltd. (Switzerland), and Garmin Ltd. (Cayman) became a subsidiary of Garmin Ltd. (Switzerland). In addition, Garmin Ltd. (Switzerland) assumed, on a one-for-one basis, Garmin Ltd. (Cayman)'s existing obligations in connection with awards granted under Garmin Ltd. (Cayman)'s equity incentive plans and other similar equity awards. Any stock options, stock appreciation rights, restricted stock units or performance shares issued by Garmin Ltd. (Cayman) that are convertible, exchangeable or exercisable into common shares of Garmin Ltd. (Cayman) became convertible, exchangeable or exercisable, as the case may be, into registered shares of Garmin Ltd. (Switzerland).

Subsequently on July 26, 2010, Garmin Ltd. (Cayman) relocated its registered office to Switzerland and changed its name to Garmin Switzerland GmbH. The reported capitalization of the Company also changed to that of Garmin Ltd. (Switzerland). Accordingly, common stock was increased by $1,796,448 to $1,797,435 (198,077,418 shares * CHF 10/ USD 9.0744), and retained earnings was reduced by the same amount.

The summary of the components of authorized shares at December 31, 2011 and December 25, 2010, and changes during 2011 are as follows:

	Outstanding Shares	Treasury Shares	Issued Shares[1]	Conditional Capital	Authorized Capital
Changes in components of authorized shares					
December 25, 2010	194,358,038	13,719,380 [2]	208,077,418 [2,3]	104,038,709 [4]	104,038,709 [4]
Treasury shares purchased/reclassified	(1,149,645)	1,149,645 [5]	-	-	-
Treasury shares issued for stock based compensation	1,454,224	(1,454,224)	-	-	-
December 31, 2011	194,662,617	13,414,801	208,077,418	104,038,709	104,038,709

[1] Shares at CHF 10 par value (USD 9.0744)

[2] Includes 10,000,000 formation shares at USD 0 historical cost

[3] The par value of the share capital presented on the face of the balance sheet and in the consolidated statements of stockholders equity excludes the par value of the 10,000,000 formation shares.

[4] Up to 104,038,709 conditional shares may be issued through the exercise of option rights which are granted to Garmin employees and/or members of its Board of Directors. In addition, the Board of Directors is authorized to issue up to 104,038,709 additional shares no later than June 27, 2012.

[5] The increase in treasury shares in 2011 includes 522,856 shares repurchased in the prior year that were originally treated as retired when such shares were still in treasury. These shares are reflected as additional treasury shares in 2011 with a corresponding increase to retained earnings. See Note 11.

The general terms of Garmin Ltd. (Switzerland)'s capitalization (rights of shareholders, limitations on dividends, etc.) may be found in the proxy statement and Form 8-A/A registration statement filed with the SEC on April 9, 2010 and June 28, 2010, respectively.

13. Warranty Reserves

The Company's products sold are generally covered by a warranty for periods ranging from one to two years. The Company's estimate of costs to service its warranty obligations are based on historical experience and expectations of future conditions and are recorded as a liability on the balance sheet. The following reconciliation provides an illustration of changes in the aggregate warranty reserve:

	Fiscal Year Ended		
	December 31, 2011	**December 25, 2010**	**December 26, 2009**
Balance - beginning of period	**$49,885**	$87,424	$87,408
Change in accrual for products sold in prior periods	**-**	(42,776)	-
Accrual for products sold during the period	**52,305**	93,172	164,909
Expenditures	**(55,417)**	(87,935)	(164,893)
Balance - end of period	**$46,773**	$49,885	$87,424

14. Selected Quarterly Information (Unaudited)

	Fiscal Year Ended December 31, 2011			
	Quarter Ending			
	March 26	**June 25**	**September 24** [(2)]	**December 31** [(2)]
Net sales	**$507,834**	**$674,099**	**$666,993**	**$909,643**
Gross profit	**238,374**	**322,100**	**344,331**	**433,787**
Net income	**95,482**	**109,477**	**150,381**	**165,556**
Basic net income per share	**$0.49**	**$0.56**	**$0.77**	**$0.86**

	Fiscal Year Ended December 25, 2010			
	Quarter Ending			
	March 27	**June 26**	**September 25** [(1)]	**December 25**
Net sales	$431,067	$728,765	$692,364	$837,715
Gross profit	230,909	391,652	344,020	379,793
Net income	37,329	134,816	279,552	132,906
Basic net income per share	$0.19	$0.68	$1.43	$0.67

(1) Net income and Basic net income per share for quarter ending September 25, 2010 include a one-time tax adjustment of ($98.7) million which includes release of uncertain tax position reserves from 2006 to 2008 related to our settlement with the IRS in the US, partially offset by the amount of the settlement for the 2007 tax year in the US and Taiwan surtax expense due to the release of reserves.

(2) Amounts shown for quarters ending September 24, 2011 and December 31, 2011 include a change in estimate for the Company's per unit revenue and cost deferrals. The impact to net sales, gross profit, net income, and basic net income per share for the quarter ending September 24, 2011 was $21.4 million, $17.8 million, $15.3 million and $0.07, respectively. The impact to net sales, gross profit, net income, and basic net income per share for the quarter ending December 31, 2011 was $56.4 million, $48.7 million, $44.0 million, and $0.24, respectively.

The above quarterly financial data is unaudited, but in the opinion of management, all adjustments necessary for a fair presentation of the selected data for these interim periods presented have been included. These results are not necessarily indicative of future quarterly results.

15. Acquisitions

During 2011, subsidiaries of Garmin Ltd. completed the following acquisitions:

- Navigon AG ("Navigon"), a privately-held navigation provider based in Germany
- Tri-Tronics Inc., the leading designer and manufacturer of electronic dog training equipment
- Garmin Distribution Africa (Pty) Ltd., the distributor of Garmin's consumer products in Southern Africa
- Garmap (Pty) Ltd., a South African mapping and mobile applications provider
- Centro GPS, the Chilean distributor of Garmin's consumer products

These companies were acquired for an aggregate amount of $69,558 in cash less $15,368 cash acquired. The purchase price allocation for these acquisitions included goodwill and intangible assets of $84,204. Garmin also recognized $3,923 of restructuring costs in the third quarter of 2011 related specifically to the Navigon acquisition. Individually and in the aggregate, these acquisitions are not considered material; therefore, supplemental pro forma information is not presented. The allocation of purchase price to assets acquired and liabilities assumed in these acquisitions is based upon certain valuations and other analyses.

Purchase price allocations for 2010 acquisitions were finalized with no significant adjustments.

Other disclosures required by Swiss law:

CHF in Thousands	**2011**	**2010**
Personnel expenses	470,212	484,481

The detailed disclosures regarding significant shareholders as well as the board and executive remuneration and share ownership that are required by Swiss law are included in Notes 6 through 9 to the Garmin Ltd (Switzerland) statutory financial statements.

The fire insurance value of property, equipment, and leasehold improvements amounted to CHF 535,997 and CHF 547,263 as of December 31, 2011 and December 25, 2010.

Garmin Ltd's risk assessment is presented in Note 10 – Risk Assessment of the Garmin Ltd (Switzerland) statutory financial statements.