

STATUTORY FINANCIAL STATEMENTS

Garmin Ltd. (Switzerland)

Years Ended December 29, 2012 and December 31, 2011

Ernst & Young Ltd

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To the General Meeting of
Garmin Ltd., Schaffhausen

Zurich, February 27, 2013

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 31, 2011 to December 29, 2012.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free 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 31, 2011 to December 29, 2012 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Over-sight 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

Robin Errico
Licensed audit expert
(Auditor in charge)

/s/ Siro Bonetti

Siro Bonetti
Licensed audit expert

Garmin Ltd.
Balance Sheet
(CHF in thousands)

	December 29, 2012	December 31, 2011
Cash and cash equivalents	87,077	26,029
Accounts receivable - affiliates	3,820	730
Other receivables - third party	5	34,576
Prepaid expenses	305	304
Total current assets	<u>91,207</u>	<u>61,639</u>
Investment in affiliated companies	8,737,762	9,120,355
Loans receivable - affiliates	133,760	52,666
Total non-current assets	<u>8,871,522</u>	<u>9,173,021</u>
Total assets	<u><u>8,962,729</u></u>	<u><u>9,234,660</u></u>
Accounts payable	495	-
Accounts payable - affiliates	3,765	6,786
Accrued expenses	418	427
Provision for unrealized translation gains	26,147	33,448
Dividend payable from capital contribution reserve	171,576	78,229
Total liabilities	<u>202,401</u>	<u>118,890</u>
Share capital	2,080,774	2,080,774
General legal reserve		
- General reserve from capital contribution	6,215,935	6,503,121
- Reserve for treasury stock from capital contribution	428,962	452,091
- General reserve	68	-
Free reserves		
- Dividend reserve from capital contribution	73,833	109,382
- Balance brought forward	(29,598)	(9,775)
- Net income for the year	(9,646)	(19,823)
Total stockholders' equity	<u>8,760,328</u>	<u>9,115,770</u>
Total liabilities and stockholders' equity	<u><u>8,962,729</u></u>	<u><u>9,234,660</u></u>

Garmin Ltd.

Statement of Income

(CHF in thousands)

	Fiscal Year Ended December 29, 2012	Period Ended December 31, 2011
License expense - affiliates	-	4,861
General and administrative expenses	7,842	7,053
General and administrative expenses - affiliates	3,399	3,536
Advertising expense	315	166
Operating expenses	<u>11,556</u>	<u>15,616</u>
Other income (expense):		
Impairment on investment in affiliated companies	(386,000)	(395,000)
Interest income	16	1
Interest income - affiliates	3,014	574
Dividend income - affiliates	386,000	395,000
Interest expense - affiliates	-	(348)
Foreign currency gains/(losses)	(1,120)	(4,434)
	<u>1,910</u>	<u>(4,207)</u>
Net loss	<u>(9,646)</u>	<u>(19,823)</u>

Garmin Ltd.

Notes to Statutory Financial Statements

December 29, 2012 and December 31, 2011

(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. It 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. The fiscal year ended December 29, 2012 included 52 weeks while the fiscal year ended December 31, 2011 included 53 weeks.

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 years ended December 29, 2012 and December 31, 2011 amounted to CHF 1,429 and CHF 603, respectively.

2. Investment in Directly Held Affiliates

Company Name	Purpose	Domicile	Share Capital	Ownership Interest
Garmin Luxembourg Holdings S.à r.l.	Holding	Luxembourg	USD 349,637,900	100%
Garmin Switzerland GmbH	Operating	Switzerland	CHF 1,249,200,000	100%

3. Stockholders' Equity

CHF in thousands	Share capital	General legal reserves			Free reserves			Total
		General reserve from capital contribution	Reserve for treasury stock from capital contribution	General reserve	Dividend reserve from capital contribution	Balance brought forward	Net loss for the year	
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
Balance brought forward						(19,823)	19,823	-
Reclassification of redomestication capital increase costs		(68)		68				-
Release of amounts not distributed from dividend payable from capital contribution reserve (2010 dividend)		2,806						2,806
Release of dividend reserve from capital contribution reserve (2010 dividend)		109,382			(109,382)			-
Net movement in reserve for treasury stock		23,129	(23,129)					-
Release to free reserves for dividend (2011 dividend)		(422,435)			422,435			-
Dividend payments (2011 dividend)					(177,026)			(177,026)
Dividend payable at year-end (2011 dividend)					(171,576)			(171,576)
Net loss for the year							(9,646)	(9,646)
Balance as of December 29, 2012	2,080,774	6,215,935	428,962	68	73,833	(29,598)	(9,646)	8,760,328

The summary of the components of authorized shares at December 29, 2012, 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
Treasury stock purchased	(465,020)	465,020			
Treasury stock issued for stock based compensation	1,394,257	(1,394,257)			
Expiration of authorized capital					(104,038,709)
December 29, 2012	195,591,854	12,485,564 ²	208,077,418	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 was authorized to issue up to 104,038,709 additional shares no later than June 27, 2012.

4. Treasury Stock

At December 29, 2012 and December 31, 2011, the Company's affiliates held 12,485,564 and 13,414,801 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.
- 2,485,564 shares as of December 29, 2012 and 3,414,801 shares as of December 31, 2011 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)
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
Acquired	17,512	465,020	38
Treasury stock used for stock based compensation	(40,641)	(1,394,257)	29
Balance as of December 29, 2012	428,962	12,485,564	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 29, 2012 and December 31, 2011, the following shareholders held 5 percent or more of Garmin Ltd.'s total outstanding shares:

<u>Shareholder</u>	<u>Percentage at Dec. 29, 2012</u>	<u>Percentage at Dec. 31, 2011</u>
Gary L. Burrell	14.99% ¹	15.16% ¹
Ruey-Jeng Kao	5.28%	5.93%
Min H. Kao, Ph.D.	19.90% ²	22.55% ²
Capital Research Global Investors	10.60%	8.29%

(1) Includes 863,570 shares that are held by a revocable trust established by Mr. Burrell's wife, over which Mr. Burrell does not have any voting or dispositive power. Mr. Burrell disclaims beneficial ownership of the 863,570 shares held in his wife's trust.

(2) Includes 5,207,824 shares that are held by a revocable trust established by Dr. Kao's wife, over which Dr. Kao does not have any voting or dispositive power. Dr. Kao disclaims beneficial ownership of the 5,207,824 shares held in his wife's trust.

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 29, 2012 or December 31, 2011.

7. Board of Directors Compensation

Amounts in this note are presented in CHF.

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

	<u>Board Term 2012</u>	<u>Board Term 2011</u>
Chairman of the Board	-	-
Member of the Board and Committee	51,579	48,848
Member of the Board	46,890	44,408

The Chairman of the Board does not receive incremental remuneration for his services in this role. Garmin's director compensation packages for 2012 and 2011 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 46,890 and CHF 44,408 in 2012 and 2011, 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 4,689 and CHF 4,441 in 2012 and 2011, respectively. The Non-Management Director who chairs the Audit Committee received an annual retainer of CHF 9,378 and CHF 8,882 in 2012 and 2011, respectively. In addition, each Non-Management Director was paid CHF 1,407 and CHF 1,332 for each Board meeting convened in person and CHF 469 and CHF 444 for attending each Board meeting convened by teleconference in 2012 and 2011, respectively. For each Audit committee meeting convened in person or by teleconference, each Non-Management Director was paid CHF 938 and CHF 888 in 2012 and 2011, 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 1,407 and CHF 1,332 for each committee meeting convened in person and CHF 469 and CHF 444 for attending each meeting convened by teleconference in 2012 and 2011, 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 2012 and 2011, 9,616 and 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. No options to purchase shares were granted in 2012 or 2011.

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 2012 and 2011, Dr. Kao, as chairman of Garmin Corporation, a Taiwan subsidiary of the Company, received compensation from Garmin Corporation in the amount of CHF 52,991 and CHF 50,803, respectively, for his personal guarantee of Garmin Corporation's obligations.

The 2012 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 ⁽³⁾	Chairman & Chief Executive Officer, Member of the Board	-	-	-
Clifton A. Pemble ⁽³⁾	President & Chief Operating Officer, Member of the Board	-	-	-
Gene Betts	Member of the Board, Audit and Nominating Committees	61,279	93,786	155,065
Donald Eller	Member of the Board and Compensation Committee, Chairman of Nominating Committee	73,040	93,786	166,826
Charles Pepper	Member of the Board and Compensation Committee, Chairman of Audit Committee	69,049	93,786	162,835
Thomas Poberezny	Member of the Board, Audit, Compensation, and Nominating Committees, Chairman of Compensation Committee	71,777	93,786	165,563

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

3) Effective January 1, 2013, Mr. Pemble became President & Chief Executive Officer, and Dr. Kao assumed the role of Executive Chairman.

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 Pepper	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

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 2012 or 2011. No payments were made to former board members in 2012 or 2011.

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 ⁵								
Chairman & Chief Executive Officer	2011	444,085	180	-	-	-	76,977	521,242
	2012	468,910	190	-	-	-	90,206	559,307
Clifton A. Pemble ⁵								
President & Chief Operation Officer	2011	488,483	180	268,062	263,920	-	22,510	1,043,155
	2012	562,680	190	430,802	423,413	-	36,222	1,453,307
Kevin S. Rauckman								
Chief Financial Officer & Treasurer	2011	386,345	180	178,708	131,960	-	22,510	719,703
	2012	468,900	190	202,710	149,448	-	40,090	861,338
Andrew R. Etkind								
Vice President, General Counsel & Secretary	2011	386,345	189	178,708	-	-	200,590	765,832
	2012	468,900	-	202,710	-	-	383,383	1,054,993
Danny J. Bartel								
Vice President, Worldwide Sales	2011	337,497	180	125,129	-	-	26,111	488,917
	2012	422,010	3,105	202,710	-	-	37,060	664,885

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 2012 and 2011. See the Grants of Plan-Based Awards table for information on awards made in 2012 and 2011.

³ This column shows the grant date fair value with respect to the SARs and stock options granted in 2012 and 2011. See the Grants of Plan-Based Awards table for information on awards made in 2012 and 2011.

⁴ All Other Compensation for each of the Named Executives for 2012 and 2011 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 Company's qualified 401(k) plan. With regard to 2012 and 2011, Dr. Kao received CHF 11,723 and CHF 10,880 for profit sharing contributions as well as CHF 15,825 and CHF 14,654 in company matching contributions related to the qualified 401(k) plan; Mr. Pemble received CHF 11,723 and CHF 10,880 for profit sharing contributions as well as CHF 11,957 and CHF 10,991 in company matching contributions related to the qualified 401(k) plan; Mr. Rauckman received CHF 11,723 and CHF 10,880 for profit sharing contributions as well as CHF 15,825 and CHF 10,991 in company matching contributions related to the qualified 401(k) plan; Mr. Etkind received CHF 0 and CHF 10,808 for profit sharing contributions as well as CHF 0 and CHF 12,969 for company matching contributions related to the qualified 401(k) plan; Mr. Bartel received CHF 11,723 and CHF 10,880 for profit sharing contributions as well as CHF 15,825 and CHF 14,654 in company matching contributions related to the qualified 401(k) plan. Health insurance premiums are included in All Other Compensation for 2012 as follows: Dr. Kao - CHF 9,193; Mr. Pemble - CHF 11,867; Mr. Rauckman - CHF 11,867; Mr. Etkind - CHF 33,406; and Mr. Bartel - CHF 8,880. Dr. Kao's All Other Compensation in 2012 and 2011 also includes payments of CHF 52,991 and CHF 50,803 for personal guarantees of Garmin Corporation, in accordance with Taiwan banking practice. In addition, Mr. Etkind's All Other Compensation in 2012 and 2011 includes CHF 242,900 and CHF 146,689 for cost of living adjustments; CHF 48,957 and CHF 25,551 in Swiss pension plan contributions, CHF 0 and CHF 4,296 for a relocation adjustment; CHF 12,766 and CHF 0 for an automobile allowance, and CHF 45,353 and CHF 0 for private school tuition fees. Finally, All Other Compensation for 2012 and 2011 includes premiums on life insurance for all Named Executives.

⁵ Effective January 1, 2013, Mr. Pemble became President & Chief Executive Officer, and Dr. Kao assumed the role of Executive Chairman.

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 2012 or 2011.

Grants of Plan-Based Awards

The following table provides information for each of the Named Executive Officers regarding 2012 grants of Restricted Stock Units (RSUs) and options:

Grants of Plan-Based Awards											
Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ¹			Estimated Future Payouts Under Equity Incentive Plan Awards			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
		Threshold (CHF)	Target (CHF)	Maximum (CHF)	Threshold (#)	Target (#)	Maximum (#)				
Min H. Kao											
Clifton A. Pemble	12/10/2012							10,896			429,286
	12/10/2012								45,260	39.40	422,109
Kevin S. Rauckman	12/10/2012							5,127			201,996
	12/10/2012								15,975	39.40	148,988
Andrew R. Etkind	12/10/2012							5,127			201,996
Danny J. Bartel	12/10/2012							5,127			201,996

¹ Represents the threshold, target, and maximum estimated potential payouts under our Garmin Ltd. 2012 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, 2012.

³ Awards made in the form of options on December 10, 2012. The option price is determined based on the closing 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 2012 grants, refer to Note 9 of Garmin's financial statements in the Form 10-K for the fiscal year ended December 29, 2012, as filed with the SEC.

The following table provides information for each of the Named Executive Officers regarding 2011 grants of RSUs:

Grants of Plan-Based Awards

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ¹			Estimated Future Payouts Under Equity Incentive Plan Awards			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
		Threshold (CHF)	Target (CHF)	Maximum (CHF)	Threshold (#)	Target (#)	Maximum (#)				
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. Elkind	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.

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

As of December 29, 2012 and December 31, 2011, the members of the board of directors held the following numbers of shares:

<u>Name</u>	<u>Total number of shares held at Dec. 29, 2012</u>	<u>Total number of shares held at Dec. 31, 2011</u>
Danny J. Bartel	56,057	54,786
Gene M. Betts	1,750	2,000
Donald H. Eller, Ph.D.	600,750	687,998
Andrew R. Etkind	26,810	20,467
Min H. Kao, Ph.D.	38,942,580 ¹	43,987,580 ¹
Charles W. Peffer	7,288	3,600
Clifton A. Pemble	34,079	26,651
Thomas Poberezny	750	-
Kevin Rauckman	20,980	17,970
Total	<u>39,691,044</u>	<u>44,801,052</u>

¹ Includes shares held by revocable trusts established by Dr. Kao's children over which Dr. Kao has shared voting and dispositive power. The number of shares as of December 29, 2012 includes 24,443,568 shares held by those trusts, and the number of shares as of December 31, 2011 includes 28,443,568 shares held by those trusts. The number of shares as of December 29, 2012 and December 31, 2011 also includes 5,207,824 shares which are held by a revocable trust established by Dr. Kao's wife, over which Dr. Kao 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 29, 2012 and December 31, 2011, respectively. Amounts in these tables are presented in CHF.

Outstanding Equity Awards at December 29, 2012

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised 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 (CHF)	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) ⁴
Min H. Kao	-	-	-	-	-	-	-	-	-
Clifton A. Pemble	20,000 ⁽¹⁾	-	-	25.57	12/23/13	-	-	4,000 ⁽³⁾	150,048
	24,000 ⁽¹⁾	-	-	18.70	09/23/14	-	-	4,000 ⁽³⁾	150,048
	5,644 ⁽¹⁾	22,576	-	37.24	12/28/21	-	-	6,000 ⁽³⁾	225,072
	-	45,260	-	39.54	12/10/22	-	-	6,444 ⁽³⁾	241,727
	12,000 ⁽²⁾	-	-	20.25	06/23/15	-	-	10,896 ⁽³⁾	408,731
	15,000 ⁽²⁾	-	-	28.75	12/16/15	-	-	-	-
	20,000 ⁽²⁾	-	-	43.28	06/09/16	-	-	-	-
	20,000 ⁽²⁾	-	-	47.89	12/05/16	-	-	-	-
	20,000 ⁽²⁾	-	-	59.37	06/08/17	-	-	-	-
	25,000 ⁽²⁾	-	-	98.78	12/04/17	-	-	-	-
	20,000 ⁽²⁾	5,000	-	47.80	06/06/18	-	-	-	-
Kevin S. Rauckman	20,000 ⁽¹⁾	-	-	18.70	09/23/14	-	-	3,000 ⁽³⁾	112,536
	2,822 ⁽¹⁾	11,288	-	37.24	12/28/21	-	-	2,668 ⁽³⁾	100,082
	-	15,975	-	39.54	12/10/22	-	-	3,999 ⁽³⁾	150,010
	10,000 ⁽²⁾	-	-	20.25	06/23/15	-	-	4,296 ⁽³⁾	161,152
	12,000 ⁽²⁾	-	-	28.75	12/16/15	-	-	5,127 ⁽³⁾	192,324
	15,000 ⁽²⁾	-	-	43.28	06/09/16	-	-	-	-
	15,000 ⁽²⁾	-	-	47.89	12/05/16	-	-	-	-
	15,000 ⁽²⁾	-	-	59.37	06/08/17	-	-	-	-
	20,000 ⁽²⁾	-	-	98.78	12/04/17	-	-	-	-
	16,000 ⁽²⁾	4,000	-	47.80	06/06/18	-	-	-	-
Andrew R. Bkind	15,000 ⁽²⁾	-	-	43.28	06/09/16	-	-	3,000 ⁽³⁾	112,536
	15,000 ⁽²⁾	-	-	47.89	12/05/16	-	-	2,668 ⁽³⁾	100,082
	15,000 ⁽²⁾	-	-	59.37	06/08/17	-	-	3,999 ⁽³⁾	150,010
	20,000 ⁽²⁾	-	-	98.78	12/04/17	-	-	4,296 ⁽³⁾	161,152
	16,000 ⁽²⁾	4,000	-	47.80	06/06/18	-	-	5,127 ⁽³⁾	192,324
Danny J. Bartel	10,000 ⁽¹⁾	-	-	25.57	12/23/13	-	-	2,400 ⁽³⁾	90,029
	10,000 ⁽¹⁾	-	-	18.70	09/23/14	-	-	1,868 ⁽³⁾	70,072
	5,000 ⁽¹⁾	-	-	20.25	06/23/15	-	-	2,799 ⁽³⁾	104,996
	6,000 ⁽²⁾	-	-	28.75	12/16/15	-	-	3,008 ⁽³⁾	112,836
	10,000 ⁽²⁾	-	-	43.28	06/09/16	-	-	5,127 ⁽³⁾	192,324
	12,500 ⁽²⁾	-	-	47.89	12/05/16	-	-	-	-
	15,000 ⁽²⁾	-	-	59.37	06/18/17	-	-	-	-
	15,000 ⁽²⁾	-	-	98.78	12/04/17	-	-	-	-
	12,000 ⁽²⁾	3,000	-	47.80	06/06/18	-	-	-	-

¹ Represents non-qualified stock options.

² Represents stock appreciation rights.

³ Represents restricted stock units.

⁴ Determined by multiplying the number of unearned shares by CHF 37.51, which was the closing price of Garmin shares on the NASDAQ stock market on December 29, 2012.

Outstanding Equity Awards at December 31, 2011

Name	Option Awards					Stock Awards			Equity Incentive
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised 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 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. Elkind	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.

The members of our board of directors and executive committee owned 20.29 and 23.01 percent of the Company's total shares outstanding as of December 29, 2012 and December 31, 2011, 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 29, 2012 or December 31, 2011.

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 2012, Garmin Ltd. received a dividend of CHF 386,000 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 386,000 in the value of its 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 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 27, 2013 that would have a material impact on the financial statements.

Proposed Appropriation of Available Earnings

Balance brought forward	(29,598)
Net loss for the period	(9,646)
Total available to the general meeting	(39,244)

Proposal of the Board of Directors for the appropriation of retained earnings to the general meeting:	(39,244)
Balance to be carried forward	(39,244)

	General legal reserve from capital contribution	Reserve for treasury stock from capital contribution ¹	Dividend reserve from capital contribution
Balance as of December 29, 2012	6,215,935	428,962	73,833
Proposed release of general legal reserve from capital contribution to dividend reserve from capital contribution	(393,506)		393,506
Balance to be carried forward	5,822,429	428,962	467,339

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 28, 2013 to shareholders of record on June 18, 2013, USD 0.45 on September 30, 2013 to shareholders of record on September 16, 2013, USD 0.45 on December 31, 2013 to shareholders of record on December 16, 2013 and USD 0.45 on March 31, 2014 to shareholders of record on March 17, 2014.

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 15% margin for currency fluctuation and is calculated based on the CHF/USD exchange rate in effect as of December 29, 2012.

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 29, 2012 and December 31, 2011

Ernst & Young Ltd

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To the General Meeting of
Garmin Ltd., Schaffhausen

Zurich, February 27, 2013

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 29, 2012 and December 31, 2011 and the related consolidated statements of income and comprehensive income, stockholders' equity and cash flows, and notes thereto for each of the three years in the period ended December 29, 2012

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States 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 29, 2012 and December 31, 2011 present fairly, in all material respects, the consolidated financial position of Garmin Ltd. and Subsidiaries at December 29, 2012 and December 31, 2011, and the consolidated results of operations and cash flows for the three years in the period ended December 29, 2012 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

Robin Errico
Licensed audit expert
(Auditor in charge)

/s/ Siro Bonetti

Siro Bonetti
Licensed audit expert

Garmin Ltd. And Subsidiaries
Consolidated Balance Sheets
(In Thousands, except Share Information)

	December 29, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$1,231,180	\$1,287,160
Marketable securities <i>(Note 3)</i>	153,083	111,153
Accounts receivable, less allowance for doubtful accounts of \$30,596 in 2012 and \$30,224 in 2011	603,673	607,450
Inventories, net	389,931	397,741
Deferred income taxes <i>(Note 6)</i>	68,785	53,670
Deferred costs	53,948	40,033
Prepaid expenses and other current assets	35,520	77,630
Total current assets	2,536,120	2,574,837
Property and equipment, net		
Land and improvements	97,427	95,570
Building and improvements	284,534	277,624
Office furniture and equipment	135,246	112,345
Manufacturing equipment	131,019	125,820
Engineering equipment	90,817	81,008
Vehicles	20,695	19,001
	759,738	711,368
Accumulated depreciation	(349,987)	(294,263)
	409,751	417,105
Restricted cash <i>(Note 4)</i>	836	771
Marketable securities <i>(Note 3)</i>	1,488,312	1,097,002
Noncurrent deferred income tax <i>(Note 6)</i>	93,920	88,637
Noncurrent deferred costs	42,359	40,823
Intangible assets	232,597	246,646
Other assets	15,229	5,517
Total assets	\$4,819,124	\$4,471,338
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$131,263	\$164,010
Salaries and benefits payable	55,969	45,964
Accrued warranty costs	37,301	46,773
Accrued sales program costs	57,080	52,262
Deferred revenue	252,375	188,987
Accrued license fees	71,745	99,025
Accrued advertising expense	25,192	31,915
Other accrued expenses	69,806	67,912
Deferred income taxes <i>(Note 6)</i>	332	5,782
Income taxes payable	32,031	77,784
Dividend payable	175,932	77,865
Total current liabilities	909,026	858,279
Deferred income taxes <i>(Note 6)</i>	2,467	4,951
Non-current income taxes	181,754	161,904
Non-current deferred revenue	193,047	188,132
Other liabilities	1,034	1,491
Stockholders' equity:		
Shares, CHF 10 par value, 208,077,418 shares authorized and issued; 195,591,854 shares outstanding at December 29, 2012; and 194,662,617 shares outstanding at December 31, 2011; <i>(Notes 9, 10, 11, and 12):</i>	1,797,435	1,797,435
Additional paid-in capital	72,462	61,869
Treasury stock	(81,280)	(103,498)
Retained earnings	1,604,625	1,413,582
Accumulated other comprehensive income	138,554	87,193
Total stockholders' equity	3,531,796	3,256,581
Total liabilities and stockholders' equity	\$4,819,124	\$4,471,338

See accompanying notes.

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

	Fiscal Year Ended		
	December 29, 2012	December 31, 2011	December 25, 2010
Net sales	\$2,715,675	\$2,758,569	\$2,689,911
Cost of goods sold	<u>1,277,195</u>	<u>1,419,977</u>	<u>1,343,537</u>
Gross profit	1,438,480	1,338,592	1,346,374
Advertising expense	138,757	145,024	144,613
Selling, general and administrative expenses	369,790	341,217	287,824
Research and development expense	<u>325,773</u>	<u>298,584</u>	<u>277,261</u>
	834,320	784,825	709,698
Operating income	604,160	553,767	636,676
Other income (expense):			
Interest income	35,108	32,812	24,979
Interest expense	-	-	(1,246)
Foreign currency losses	(20,022)	(12,100)	(88,377)
Other	<u>5,282</u>	<u>9,682</u>	<u>5,240</u>
	20,368	30,394	(59,404)
Income before income taxes	624,528	584,161	577,272
Income tax provision (benefit): (Note 6)			
Current	114,013	110,755	(11,636)
Deferred	<u>(31,888)</u>	<u>(47,490)</u>	<u>4,305</u>
	82,125	63,265	(7,331)
Net income	<u>\$542,403</u>	<u>\$520,896</u>	<u>\$584,603</u>
Basic net income per share (Note 10)	<u>\$2.78</u>	<u>\$2.68</u>	<u>\$2.97</u>
Diluted net income per share (Note 10)	<u>\$2.76</u>	<u>\$2.67</u>	<u>\$2.95</u>

See accompanying notes.

Garmin Ltd. And Subsidiaries
Consolidated Statements of Comprehensive Income
(In Thousands)

	Fiscal Year Ended		
	December 29, 2012	December 31, 2011	December 25, 2010
Net income	\$542,403	\$520,896	\$584,603
Foreign currency translation adjustment	52,516	14,716	52,509
Change in fair value of available-for-sale marketable securities, net of deferred taxes	<u>(1,155)</u>	<u>16,473</u>	<u>16,877</u>
Comprehensive income	<u>\$593,764</u>	<u>\$552,085</u>	<u>\$653,989</u>

See accompanying notes.

Garmin Ltd. And Subsidiaries
Consolidated Statements of Stockholders' Equity
(In Thousands)

	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
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 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
Net income	-	-	-	542,403	-	542,403
Translation adjustment	-	-	-	-	52,516	52,516
Adjustment related to unrealized gains (losses) on available-for-sale securities net of income tax effects of \$46	-	-	-	-	(1,155)	(1,155)
Comprehensive income						593,764
Dividends declared	-	-	-	(351,360)	-	(351,360)
Tax benefit from issuance of equity awards	-	(516)	-	-	-	(516)
Issuance of treasury stock related to equity awards	-	(18,165)	40,963	-	-	22,798
Stock compensation	-	29,274	-	-	-	29,274
Purchase of treasury stock	-	-	(18,745)	-	-	(18,745)
Balance at December 29, 2012	\$1,797,435	\$72,462	(\$81,280)	\$1,604,625	\$138,554	\$3,531,796

See accompanying notes.

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

	Fiscal Year Ended		
	December 29, 2012	December 31, 2011	December 25, 2010
Operating Activities:			
Net income	\$542,403	\$520,896	\$584,603
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	52,632	54,610	53,487
Amortization	37,835	39,925	41,164
Gain on sale of property and equipment	(367)	(2,192)	(306)
Provision for doubtful accounts	4,678	2,317	(4,476)
Provision for obsolete and slow-moving inventories	11,003	16,047	5,753
Unrealized foreign currency losses	40,042	18,583	62,770
Deferred income taxes	(32,080)	(42,475)	(471)
Stock compensation	29,274	40,212	40,332
Realized loss/(gains) on marketable securities	(2,980)	(4,322)	2,382
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	9,077	169,543	129,698
Inventories	3,997	(6,385)	(77,122)
Other current and non-current assets	39,717	(60,996)	6,557
Accounts payable	(38,929)	(26,329)	(81,354)
Other current and non-current liabilities	(33,235)	(61,103)	(144,476)
Deferred revenue	67,931	179,439	131,303
Deferred costs	(15,441)	(36,120)	(31,445)
Income taxes payable	(30,812)	20,684	52,238
Net cash provided by operating activities	<u>684,745</u>	<u>822,334</u>	<u>770,637</u>
Investing activities:			
Purchases of property and equipment	(38,445)	(38,366)	(32,232)
Proceeds from sale of property and equipment	757	4,127	139
Purchase of intangible assets	(6,783)	(6,933)	(3,883)
Purchase of marketable securities	(1,429,593)	(1,172,555)	(694,038)
Redemption of marketable securities	985,598	779,213	668,495
Acquisitions, net of cash acquired	(7,697)	(54,190)	(12,120)
Change in restricted cash	(65)	506	770
Net cash used in investing activities	<u>(496,228)</u>	<u>(488,198)</u>	<u>(72,869)</u>
Financing activities:			
Dividends	(253,386)	(310,763)	(298,853)
Issuance of treasury/common stock related to equity awards	22,798	22,337	9,465
Tax benefit from issuance of equity awards	(516)	3,313	4,495
Purchase of treasury/common stock	(18,745)	(22,300)	(225,928)
Net cash used in financing activities	<u>(249,849)</u>	<u>(307,413)</u>	<u>(510,821)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>5,352</u>	<u>(499)</u>	<u>(17,592)</u>
Net (decrease)/increase in cash and cash equivalents	(55,980)	26,224	169,355
Cash and cash equivalents at beginning of year	<u>1,287,160</u>	<u>1,260,936</u>	<u>1,091,581</u>
Cash and cash equivalents at end of year	<u><u>\$1,231,180</u></u>	<u><u>\$1,287,160</u></u>	<u><u>\$1,260,936</u></u>

See accompanying notes.

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

	Fiscal Year Ended		
	December 29, 2012	December 31, 2011	December 25, 2010
Supplemental disclosures of cash flow information			
Cash paid during the year for income taxes	<u>\$127,509</u>	<u>\$85,231</u>	<u>\$43,940</u>
Cash received during the year from income tax refunds	<u>\$5,237</u>	<u>\$350</u>	<u>\$4,526</u>
Cash paid during the year for interest	<u>-</u>	<u>-</u>	<u>\$1,246</u>
Supplemental disclosure of non-cash investing and financing activities			
Change in marketable securities related to unrealized appreciation (depreciation)	<u>(\$1,109)</u>	<u>\$16,104</u>	<u>\$17,225</u>
Fair value of assets acquired	\$11,156	\$162,572	\$21,918
Liabilities assumed	(2,740)	(93,014)	(5,547)
Less: cash acquired	<u>(719)</u>	<u>(15,368)</u>	<u>(4,251)</u>
Net cash paid	<u>\$7,697</u>	<u>\$54,190</u>	<u>\$12,120</u>

See accompanying notes.

GARMIN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, Except Share and Per Share Information)
December 29, 2012 and December 31, 2011

1. Description of the Business

Garmin Ltd. and subsidiaries (together, the "Company") design, develop, manufacture, market, and distribute Global Positioning System-enabled products and other related products. Garmin Corporation (GC) is primarily responsible for the manufacturing and distribution of the Company's products to the Company's subsidiaries and, to a lesser extent, new product development and sales and marketing of the Company's products in Asia and the Far East. Garmin International, Inc. (GII) is primarily responsible for sales and marketing of the Company's products in the Americas region and for most of the Company's research and new product development. GII also manufactures most of the Company's products in the aviation segment. Garmin (Europe) Limited (GEL) is responsible for sales and marketing of the Company's products in Europe, the Middle East and Africa (EMEA). Many of GEL's sales are to other Company-owned distributors in the EMEA region.

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 years 2012 and 2010 included 52 weeks while fiscal year 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 \$128,972 and \$76,456 as of December 29, 2012 and December 31, 2011, respectively, have been included in accumulated other comprehensive income 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 \$20,022, \$12,100, and \$88,377 for the years ended December 29, 2012, December 31, 2011, and December 25, 2010, respectively. The loss in fiscal 2012 was due primarily to the weakening of the USD against the Taiwan Dollar and was partially offset by the USD weakening against the Euro and the British Pound Sterling. 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.

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 with cost being determined on a first-in, first-out (FIFO) basis. Inventories consisted of the following:

	<u>December 29, 2012</u>	<u>December 31, 2011</u>
Raw Materials	\$ 119,142	\$ 129,211
Work-in-process	53,656	52,176
Finished goods	243,238	245,724
Inventory Reserves	(26,105)	(29,370)
Inventory, net of reserves	<u>\$ 389,931</u>	<u>\$ 397,741</u>

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 2012, 2011, or 2010. 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 its 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 1, 2012, the shareholders approved a dividend of \$1.80 per share (of which, \$0.90 was paid in the Company's 2012 fiscal year) payable in four installments as follows: \$0.45 on June 29, 2012 to shareholders of record on June 15, 2012, \$0.45 on September 28, 2012 to shareholders of record on September 14, 2012, \$0.45 on December 31, 2012 to shareholders of record on December 14, 2012 and \$0.45 on March 29, 2013 to shareholders of record on March 15, 2013. The Company paid dividends in 2012 in the amount of \$253,386. Both the dividend paid and the remaining dividend payable have been reported as a reduction of retained earnings.

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. The dividends were 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.

Approximately \$254,986 and \$239,470 of retained earnings are indefinitely restricted from distribution to stockholders pursuant to the laws of Taiwan at December 29, 2012 and December 31, 2011, respectively.

Intangible Assets

At December 29, 2012 and December 31, 2011, the Company had patents, customer related intangibles and other identifiable finite-lived intangible assets recorded at a cost of \$181,918 and \$173,819, respectively. 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 \$125,380 and \$106,648 at December 29, 2012 and December 31, 2011 respectively. Amortization expense on these intangible assets was \$21,437, \$24,831, and \$28,734 for the years ended December 29, 2012, December 31, 2011, and December 25, 2010, respectively. In the next five years, the amortization expense is estimated to be \$21,239, \$10,960, \$8,311, \$6,269, and \$2,754, respectively.

The Company's excess purchase cost over fair value of net assets acquired (goodwill) was \$176,059 at December 29, 2012 and \$179,475 at December 31, 2011.

	December 29, 2012	December 31, 2011
Goodwill balance at beginning of year	\$ 179,475	\$ 136,548
Acquisitions	3,470	46,481
Finalization of purchase price allocations and effect of foreign currency translation	(6,886)	(3,554)
Goodwill balance at end of year	<u>\$ 176,059</u>	<u>\$ 179,475</u>

The decrease in net identifiable intangible assets is principally related to amortization, partially offset by acquisitions completed in 2012 and other purchases of intangible assets.

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 29, 2012. 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 29, 2012 and December 31, 2011, cumulative unrealized gains/(losses) of \$9,582 and \$10,737, respectively, were reported in accumulated other comprehensive income, 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 \$295,446, \$277,724, and \$257,727 at December 29, 2012, December 31, 2011, and

December 25, 2010, 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 29, 2012 was \$181,754 including interest of \$7,680. A reconciliation of the beginning and ending amount of unrecognized tax benefits for years ended December 29, 2012, December 31, 2011, and December 25, 2010 is as follows:

	December 29, 2012	December 31, 2011	December 25, 2010
Balance at beginning of year	\$161,904	\$153,621	\$255,748
Additions based on tax positions related to prior years	2,232	5,568	11,443
Reductions based on tax positions related to prior years	(3,719)	(6,885)	(10,392)
Additions based on tax positions related to current period	31,351	29,210	43,202
Reductions related to settlements with tax authorities	(665)	-	(122,314)
Expiration of statute of limitations	(9,349)	(19,610)	(24,066)
Balance at end of year	\$181,754	\$161,904	\$153,621

The December 29, 2012 balance of \$181,754 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 \$181,754, \$161,904, and \$153,621 are required to be classified as non-current at December 29, 2012, December 31, 2011, and December 25, 2010, respectively.

Interest and penalties, if any, accrued on the unrecognized tax benefits are reflected in income tax expense. At December 29, 2012, December 31, 2011, and December 25, 2010, the Company had accrued approximately \$7,680, \$10,850, and \$9,580, respectively, for interest. The interest component of the reserve increased (decreased) income tax expense for the years ending December 29, 2012, December 31, 2011, and December 25, 2010 by (\$3,719), \$5,568, and (\$10,580), 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 2008 and prior. The Company is no longer subject to Taiwan income tax examinations by tax authorities for years 2006 and prior. The Company is no longer subject to United Kingdom tax examinations by tax authorities for years 2009 and prior.

The Company recognized a reduction of income tax expense of \$9,349, \$19,610, and \$24,066 in fiscal years ended December 29, 2012, December 31, 2011, and December 25, 2010, respectively, to reflect the expiration of statutes of limitations in various jurisdictions.

The Company believes that it is reasonably possible that approximately \$78,372 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 26% and 34% of net sales since 2010. None of the Company's customers accounted for more than 10% of consolidated net sales in the years ended December 29, 2012, December 31, 2011, and December 25, 2010. Beginning in 2011, the Company has maintained trade credit insurance to provide security against large losses.

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 including mobile applications, aviation subscriptions and extended warranties 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, Garmin 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 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 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 in 2011 of the 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.

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 29, 2012 and December 31, 2011, the Company had deferred revenues totaling \$445,422 and \$377,119, respectively, and related deferred costs totaling \$96,307 and \$80,856, 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 \$198,427, \$113,528, and \$37,160, 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.

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 \$138,757, \$145,024, and \$144,613 for the years ended December 29, 2012, December 31, 2011, and December 25, 2010, 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 \$325,773, \$298,584, and \$277,261 for the years ended December 29, 2012, December 31, 2011, and December 25, 2010, 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.

Reclassification

The consolidated balance sheet for the year ended December 31, 2011 reflects a reclassification decreasing noncurrent deferred income tax assets by \$18.5 million with increases of \$10.7 million to current deferred income tax assets and \$7.8 million to prepaid expenses and other current assets, to conform to the current year presentation. This reclassification had no effect on net income.

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 adopted this guidance in the current year with no 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 adopted this guidance in the current year and has chosen to present two separate, but consecutive, statements of net income and other comprehensive income.

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 adopted this guidance in the current year with no material impact on the financial statements.

In July 2012, the FASB issued Accounting Standards Update (ASU) No. 2012-02 "Testing Indefinite-Lived Intangible Assets for Impairment" (ASU 2012-02), which is included in ASC Topic 350 (Intangibles—Goodwill and Other). ASU 2012-02 provides an option for companies to use a qualitative approach to test indefinite-lived intangible assets for impairment if certain conditions are met. The amendments are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012 (early adoption is permitted). The implementation of the amended accounting guidance is not expected to have a material impact on the Company's 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	Observable inputs for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability
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. The valuation methods used by the Company for each significant class of investments are summarized below.

Mortgage-backed securities, corporate bonds and obligations of states and political subdivisions – Valued based on prices obtained from an independent pricing vendor using both market and income approaches. The primary inputs to the valuation include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields, and credit spreads.

Common stocks – Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Available for sale securities measured at estimated fair value on a recurring basis are summarized below:

Fair Value Measurements as of December 29, 2012				
Description	Total	Level 1	Level 2	Level 3
Mortgage-backed securities	\$ 650,895	\$ -	\$ 650,895	\$ -
Obligations of states and political subdivisions	499,857	-	499,857	-
Corporate bonds	399,941	-	399,941	-
Common stocks	22,982	22,982	-	-
Other	67,720	-	67,720	-
Total	\$ 1,641,395	\$ 22,982	\$ 1,618,413	\$ -

Fair Value Measurements as of December 31, 2011				
Description	Total	Level 1	Level 2	Level 3
Mortgage-backed securities	\$ 638,626	\$ -	\$ 638,626	\$ -
Obligations of states and political subdivisions	359,563	-	359,563	-
Corporate bonds	132,044	-	132,044	-
Common stocks	21,104	21,104	-	-
Other	56,818	34,090	22,728	-
Total	\$ 1,208,155	\$ 55,194	\$ 1,152,961	\$ -

During 2012, the Company determined the inputs used to value its investments in corporate bonds, mortgage-backed securities, and obligations of state and political subdivisions were based on observable market information consistent with Level 2 of the fair value hierarchy, rather than Level 1 as reported in the 2011 financial statements. Accordingly, the amounts shown in the 2011 table above have been revised to reflect the correct presentation.

For assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period, a reconciliation of the beginning and ending balances, separately for each major category of assets, is required. There were no such assets or liabilities held during 2012. A reconciliation for 2011 is as follows:

**Fair Value Measurements
Using Significant Unobservable
Inputs (Level 3)**

**Year Ended
December 31, 2011**

Beginning balance of auction rate securities	\$	20,562
Total unrealized gains included in other comprehensive income		5,038
Sales out of Level 3		(25,600)
Ending balance of auction rate securities	<u>\$</u>	<u>-</u>

The following is a summary of the Company's marketable securities classified as available-for-sale securities at December 29, 2012:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Other Than Temporary Impairment	Estimated Fair Value (Net Carrying Amount)
Mortgage-backed securities	\$ 644,388	\$ 8,894	\$ (2,387)	\$ -	\$ 650,895
Obligations of states and political subdivisions	499,241	2,345	(1,729)	-	499,857
U.S. corporate bonds	400,310	3,138	(2,233)	(1,274)	399,941
Common stocks	21,113	2,392	(523)	-	22,982
Other	67,181	551	(12)	-	67,720
Total	<u>\$ 1,632,233</u>	<u>\$ 17,320</u>	<u>\$ (6,884)</u>	<u>\$ (1,274)</u>	<u>\$ 1,641,395</u>

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	\$ 628,747	\$ 10,965	\$ (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
Common stocks	19,846	1,463	(205)	-	21,104
Other	56,214	621	(17)	-	56,818
Total	<u>\$ 1,197,884</u>	<u>\$ 16,203</u>	<u>\$ (4,658)</u>	<u>\$ (1,274)</u>	<u>\$ 1,208,155</u>

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

The unrealized losses and unrealized gains on the Company's investments in 2012 and 2011 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 2012 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 29, 2012, 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.

	Cost	Estimated Fair Value
Due in one year or less (2013)	\$ 153,420	\$ 153,083
Due after one year through five years (2014-2018)	616,236	617,389
Due after five years through ten years (2019-2023)	231,016	231,883
Due after ten years (2024 and thereafter)	575,360	580,493
Other (No contractual maturity dates)	56,201	58,547
	<u>\$ 1,632,233</u>	<u>\$ 1,641,395</u>

4. Commitments and Contingencies

Rental expense related to office, equipment, warehouse space and real estate amounted to \$17,470, \$14,277, and \$11,768 for the years ended December 29, 2012, December 31, 2011, and December 25, 2010, respectively. The Company recognizes rental expense on a straight-line basis over the lease term.

Future minimum lease payments are as follows:

Year	Amount
2013	\$ 14,340
2014	12,090
2015	9,029
2016	6,659
2017	3,337
Thereafter	4,292
Total	<u>\$ 49,747</u>

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 \$836 and \$771 at December 29, 2012 and December 31, 2011, respectively.

The Company is party to certain commitments, which includes raw materials, advertising and other indirect purchases in connection with conducting our business. Pursuant to these agreements, the Company is contractually committed to make purchases of approximately \$186,883 over the next five years.

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 and the Company's other U.S.-based subsidiaries sponsor a defined contribution employee retirement plan under which their employees may contribute up to 50% of their annual compensation subject to Internal Revenue Code maximum limitations and to which the subsidiaries contribute a specified percentage of each participant's annual compensation up to certain limits as defined in the retirement plan. Additionally, GEL has a defined contribution plan under which its employees may contribute up to 7.5% of their annual compensation. In both the plans described above, the subsidiaries contribute an amount determined annually at the discretion of

the Board of Directors. During the years ended December 29, 2012, December 31, 2011, and December 25, 2010, expense related to these plans of \$22,159, \$20,647, and \$17,952, respectively, 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 29, 2012, December 31, 2011, and December 25, 2010, were significant.

6. Income Taxes

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

	Fiscal Year Ended		
	December 29, 2012	December 31, 2011	December 25, 2010
Federal:			
Current	\$83,185	\$79,305	(\$46,674)
Deferred	(22,988)	(25,763)	284
	<u>60,197</u>	<u>53,542</u>	<u>(46,390)</u>
State:			
Current	8,532	9,087	3,929
Deferred	(5,327)	(4,490)	(257)
	<u>3,205</u>	<u>4,597</u>	<u>3,672</u>
Foreign:			
Current	22,296	22,363	31,109
Deferred	(3,573)	(17,237)	4,278
	<u>18,723</u>	<u>5,126</u>	<u>35,387</u>
Total	<u>\$82,125</u>	<u>\$63,265</u>	<u>(\$7,331)</u>

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 29, 2012	December 31, 2011	December 25, 2010
Federal income tax expense at U.S. statutory rate	\$218,585	\$204,456	\$202,045
State income tax expense, net of federal tax effect	2,083	2,988	2,482
Foreign tax rate differential	(141,456)	(148,058)	(115,633)
Taiwan tax holiday benefit	(6,418)	(13,127)	(13,536)
Net change in uncertain tax positions	19,850	8,283	(102,100)
Other foreign taxes less incentives and credits	(2,287)	9,658	26,707
U.S. federal domestic production activities deduction	(6,276)	(2,415)	(1,691)
U.S. federal research and development credit	-	(6,111)	(5,757)
Other, net	(1,956)	7,591	152
Income tax expense	<u>\$82,125</u>	<u>\$63,265</u>	<u>(\$7,331)</u>

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 2012, as presented above, the amounts related to tax at the statutory rate would be approximately \$170,000 lower, or \$49,000, and the foreign tax rate differential would be adjusted by a similar amount to approximately \$31,000. For 2011, the amounts related to tax at the statutory rate would be approximately \$159,000 lower, or \$45,000, and the foreign tax rate differential would be adjusted by a similar amount to approximately \$11,000. 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 \$96,000 lower, or \$106,000, and the foreign tax differential would be reduced by a similar amount to approximately (\$20,000). All other amounts would remain substantially unchanged.

The Company's income before income taxes attributable to non-U.S. operations was \$495,908, \$473,994, and \$413,550, for the years ended December 29, 2012, December 31, 2011, and December 25, 2010, respectively. The Taiwan tax holiday benefits included in the table above reflect \$0.03, \$0.07, and \$0.07 per weighted-average common share outstanding for the years ended December 29, 2012, December 31, 2011, and December 25, 2010, 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 29, 2012	December 31, 2011
Deferred tax assets:		
Product warranty accruals	\$2,522	\$2,094
Allowance for doubtful accounts	11,026	12,282
Inventory reserves	6,162	6,755
Sales program allowances	5,680	5,591
Reserve for sales returns	3,442	2,240
Other accruals	8,774	5,359
Stock option compensation	51,241	48,104
Tax credit carryforwards, net	46,577	33,379
Amortization	25,841	26,913
Deferred revenue	56,293	36,041
Net operating losses of subsidiaries	15,771	17,780
Unrealized investment gain	2,459	-
Other	1,334	4,164
Valuation allowance related to loss carryforward and tax credits	(51,393)	(37,173)
	<u>185,729</u>	<u>163,529</u>
Deferred tax liabilities:		
Depreciation	16,286	17,600
Prepaid expenses	2,886	3,328
Book basis in excess of tax basis for acquired entities	4,907	8,915
Unrealized investment loss	-	910
Other	1,744	1,202
	<u>25,823</u>	<u>31,955</u>
Net deferred tax assets	<u>\$159,906</u>	<u>\$131,574</u>

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 29, 2012, the Company had \$46,577 of tax credit carryover which includes \$41,553 of Taiwan surtax credit with no expiration. There is a full valuation allowance for the Taiwan surtax credits. The valuation allowance reflects a net increase of \$14,220 during 2012 including \$10,314 related to Taiwan surtax credits. The valuation allowance decreased in 2011 by \$14,179 of which \$14,994 related to surtax credits in Taiwan.

At December 29, 2012, the Company had a deferred tax asset of \$15,771 related to the future tax benefit on net operating loss (NOL) carryforwards of \$73,298. Included in the NOL carryforwards is \$11,990 that relates to Spain and expires in varying amounts between 2022 and 2025, \$24,604 that relates to Switzerland and expires in 2018, \$2,218 related to China that expires in 2017 and \$34,486 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 29, 2012		December 31, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$1,231,180	\$1,231,180	\$1,287,160	\$1,287,160
Restricted cash	836	836	771	771
Marketable securities	1,641,395	1,641,395	1,208,155	1,208,155

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 29, 2012						
	Aviation	Outdoor	Fitness	Marine	Auto/ Mobile	Total
Net sales to external customers	\$291,564	\$401,747	\$321,788	\$208,136	\$1,492,440	\$2,715,675
Allocated interest income	1,546	3,951	3,799	2,838	22,974	35,108
Allocated interest expense	-	-	-	-	-	-
Income before income taxes	75,177	167,734	114,274	35,725	231,618	624,528
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

Net sales, long-lived assets (property and equipment), and net assets by geographic area are as shown below for the years ended December 29, 2012, December 31, 2011, and December 25, 2010. Note that APAC refers to the Asia Pacific region, and EMEA includes Europe, the Middle East and Africa.

	Americas	APAC	EMEA	Total
December 29, 2012				
Net sales to external customers	\$ 1,513,457	\$ 256,882	\$ 945,336	\$ 2,715,675
Long lived assets	222,310	134,257	53,184	409,751
Net assets (1)	1,262,498	2,028,984	240,314	3,531,796
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

(1) Americas and APAC net assets are primarily held in the United States and Taiwan, respectively.

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 exercises of options and stock appreciation rights ("SARs"), releases of restricted stock units ("RSUs"), and issues of shares under the employee stock purchase plan ("ESPP").

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, SARs, 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 2012 and 2011, 9,616 and 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, SARs, 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. Beginning December 10, 2012, restricted stock unit grants will vest evenly over a period of three years. During 2012, 2011, and 2010, 495,814, 410,197, and 494,995 restricted stock units were granted under the 2005 Plan. In addition, in 2012 and 2011, 61,235 and 42,330 stock options were granted under the 2005 Plan. In 2010, 20,000 performance shares were granted under the 2005 Plan. No performance shares were granted under the 2005 Plan in 2012 and 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, SARs, 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 2012, 2011 or 2010.

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. In 2009, the stockholders approved an additional 150,000 shares to the plan, making the total shares authorized under the plan 250,000. During 2010, options to purchase 23,924 shares, respectively, were granted under this plan. 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 29, 2012, December 31, 2011, and December 25, 2010 is provided below:

	Stock Options and SARs	
	Weighted-Average	
	Exercise Price	Number of Shares
		<i>(In Thousands)</i>
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
Granted	\$42.16	61
Exercised	\$24.20	(794)
Forfeited/Expired	\$66.45	(208)
Outstanding at December 29, 2012	\$55.88	7,132
Exercisable at December 29, 2012	\$56.29	6,786
Expected to vest after December 29, 2012	\$48.04	337

Stock Options and SARs as of December 29, 2012

Exercise Price	Awards Outstanding	Remaining Life (Years)	Awards Exercisable
	<i>(In Thousands)</i>		<i>(In Thousands)</i>
\$8.00 - \$20.00	437	1.73	437
\$20.01 - \$40.00	1,155	2.69	1,113
\$40.01 - \$60.00	3,177	4.47	2,873
\$60.01 - \$80.00	1,150	4.39	1,150
\$80.01 - \$100.00	2	4.95	2
\$100.01 - \$120.00	1,208	4.88	1,208
\$120.01 - \$140.00	3	4.75	3
	7,132	4.05	6,786

Restricted Stock Units

	Weighted-Average Grant Date Fair Value	Number of Shares
		<i>(In Thousands)</i>
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
Granted	\$39.41	506
Released/Vested	\$41.59	(435)
Cancelled	\$26.11	(89)
Outstanding at December 29, 2012	\$30.06	1,460

The weighted-average remaining contract life for stock options and SARs outstanding and exercisable at December 29, 2012 is 4.05 and 3.92 years, respectively. The weighted-average remaining contract life of restricted stock units at December 29, 2012 was 1.85 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 2012, 2011, and 2010:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Weighted average grant date fair value of options granted	\$9.98	\$10.53	\$8.99
Expected volatility	0.3906	0.4078	0.4178
Dividend yield	4.50%	4.02%	4.94%
Expected life of options in years	6.6	6.5	6.3
Risk-free interest rate	1.0%	1.2%	2.5%

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 2012, 2011, and 2010 was \$32,612, \$49,006, and \$41,249, respectively. The aggregate intrinsic values of options and SARs outstanding and exercisable at December 29, 2012 were \$23,159 and \$23,086, respectively. The aggregate intrinsic values of options and SARs exercised during 2012,

2011, and 2010 were \$12,548, \$14,367, and \$12,259, respectively. The aggregate intrinsic value of RSUs outstanding at December 29, 2012 was \$58,394. The aggregate intrinsic values of RSUs released during 2012, 2011, and 2010 were \$17,390, \$14,592, and \$8,828, 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 \$40.00 on December 29, 2012, and the exercise price multiplied by the number of options exercised. As of December 29, 2012, there was \$45,265 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 2012, 2011, and 2010, 326,483, 514,218, and 349,173 shares, respectively, were purchased under the plan for a total purchase price of \$10,629, \$13,746, and \$8,134, respectively. During 2012, 2011 and 2010, the purchases were issued from treasury shares. At December 29, 2012, approximately 1,234,583 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 29, 2012	December 31, 2011	December 25, 2010
Numerator (in thousands):			
Numerator for basic and diluted net income per share - net income	\$542,403	\$520,896	\$584,603
Denominator (in thousands):			
Denominator for basic net income per share - weighted-average common shares	194,909	194,105	196,979
Effect of dilutive securities - employee stock-based awards	1,304	789	1,030
Denominator for diluted net income per share - weighted-average common shares	196,213	194,894	198,009
Basic net income per share	\$2.78	\$2.68	\$2.97
Diluted net income per share	\$2.76	\$2.67	\$2.95

Options to purchase 5,640,615, 5,920,076, and 6,192,043 common shares were outstanding during 2012, 2011, and 2010, 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.

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 29, 2012, December 31, 2011, December 25, 2010 and changes during 2012 and 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 ²	208,077,418 ^{2,3}	104,038,709 ⁴	104,038,709 ⁴
Treasury shares purchased	(465,020)	465,020	-	-	-
Treasury shares issued for stock based compensation	1,394,257	(1,394,257)	-	-	-
Expiration of authorized capital	-	-	-	-	(104,038,709)
December 29, 2012	195,591,854	12,485,564 ²	208,077,418 ^{2,3}	104,038,709 ⁴	- ⁴

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 29, 2012	December 31, 2011	December 25, 2010
Balance - beginning of period	\$46,773	\$49,885	\$87,424
Change in accrual for products sold in prior periods	-	-	(42,776)
Accrual for products sold	38,421	52,305	93,172
Expenditures	(47,893)	(55,417)	(87,935)
Balance - end of period	\$37,301	\$46,773	\$49,885

14. Selected Quarterly Information (Unaudited)

	Fiscal Year Ended December 29, 2012			
	Quarter Ending			
	March 31	June 30	September 29	December 29
Net sales	\$556,597	\$718,154	\$672,376	\$768,548
Gross profit	283,759	421,813	359,055	373,853
Net income	86,858	185,904	140,348	129,293
Basic net income per share	\$0.45	\$0.95	\$0.72	\$0.66

	Fiscal Year Ended December 31, 2011			
	Quarter Ending			
	March 26	June 25	September 24 ⁽¹⁾	December 31 ⁽¹⁾
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

⁽¹⁾ 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, since renamed as Garmin Würzburg GmbH
- 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, since renamed as Garmin Southern Africa (Pty) Ltd
- Garmap (Pty) Ltd., a South African mapping and mobile applications provider
- Centro GPS, the Chilean distributor of Garmin's consumer products, since renamed as Garmin Chile Lda

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 \$76,452. 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 certain acquisitions were finalized in 2012 with no material adjustments.

In 2012, acquisitions of 3 companies were completed for net cash paid of \$7,697. In 2010, acquisitions of 2 companies were completed for net cash paid of \$12,120.

16. Subsequent Events

On February 15, 2013, the Board of Directors approved a share repurchase program authorizing the Company to repurchase up to \$300 million of the common shares of Garmin Ltd. The repurchases may be made from time to time as market and business conditions warrant on the open market or in negotiated transactions in compliance with the SEC's Rule 10b-18. The timing and amounts of any repurchases will be determined by the Company's management depending on market conditions and other factors including price, regulatory requirements and capital availability. The program does not require the purchase of any minimum number of shares and may be suspended or discontinued at any time. The share repurchase authorization expires on December 31, 2014.

The Company evaluated subsequent events through the time of filing this Annual Report on Form 10-K on February 27, 2013.

Other disclosures required by Swiss law:

<i>CHF in Thousands</i>	2012	2011	2010
Personnel expenses	521,799	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.

At December 29, 2012, the Company's property, plant and equipment are insured against fire under a global insurance policy, which covers damages up to USD 500 million per occurrence. The net amount of property, plant and equipment presented in the balance sheet at each period end approximates the replacement costs. 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, respectively.

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