

**United States  
Securities and Exchange Commission  
Washington, D.C. 20549**

**FORM 10-Q**

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

For the quarterly period ended September 28, 2002

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-31983

**GARMIN LTD.**

(Exact name of Company as specified in its charter)

**Cayman Islands**  
(State or other jurisdiction  
of incorporation or organization)  
**5<sup>th</sup> Floor, Harbour Place, P.O. Box 30464 SMB,**  
**103 South Church Street**  
**George Town, Grand Cayman, Cayman Islands**  
(Address of principal executive offices)

**98-0229227**  
(I.R.S. Employer identification no.)

N/A  
(Zip Code)

Company's telephone number, including area code: **(345) 946-5203\***

**No Changes**

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES [] NO []

Number of shares outstanding of the Company's common shares as of November 5, 2002:  
Common Shares, \$.01 par value – 107,805,027

\*The executive offices of the Registrant's principal United States subsidiary are located at 1200 East 151<sup>st</sup> Street, Olathe, Kansas 66062. The telephone number there is (913) 397-8200.

**Garmin Ltd.**  
**Form 10-Q**  
**Quarter Ended September 28, 2002**

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**Garmin Ltd.**  
**Form 10-Q**  
**Quarter Ended September 28, 2002**

**Part I – Financial Information**

**Item 1. Condensed Consolidated Financial Statements (unaudited)**

**Introductory Comments**

The Condensed Consolidated Financial Statements of Garmin Ltd. and subsidiaries ("Garmin" or the "Company") included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to enable a reasonable understanding of the information presented. These Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements and the notes thereto for the year ended December 29, 2001. Additionally, the Condensed Consolidated Financial Statements should be read in conjunction with Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations included in this Form 10-Q.

The results of operations for the 13 and 39-week periods ended September 28, 2002 are not necessarily indicative of the results to be expected for the full year 2002.

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

	(Unaudited) September 28, 2002	December 29, 2001
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$194,444	\$192,842
Marketable securities	77,555	40,835
Accounts receivable, net	44,916	47,998
Inventories	50,109	61,132
Deferred income taxes	6,963	7,007
Prepaid expenses and other current assets	5,135	2,921
Total current assets	379,122	352,735
Property and equipment, net	71,644	70,086
Marketable securities	151,020	90,749
Restricted cash	1,458	1,600
Other assets, net	25,594	16,985
Total assets	<u>\$628,838</u>	<u>\$532,155</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$22,069	\$18,837
Salaries and benefits payable	3,993	3,308
Warranty reserve	3,802	4,777
Other accrued expenses	9,409	5,485
Income taxes payable	7,490	12,444
Current portion of long-term debt	1,334	4,177
Total current liabilities	48,097	49,028
Long-term debt, less current portion	18,666	28,011
Deferred income taxes	1,075	1,147
Stockholders' equity:		
Preferred stock, \$1.00 par value, 1,000,000 authorized, none issued	-	-
Common stock, \$0.01 par value, 500,000,000, share authorized:		
Issued and outstanding shares - 107,774,918 in 2001 and 107,777,796 in 2002	1,078	1,078
Additional paid-in capital	127,349	127,131
Retained earnings	462,422	365,087
Accumulated other comprehensive loss	(29,849)	(39,327)
Total stockholders' equity	561,000	453,969
Total liabilities and stockholders' equity	<u>\$628,838</u>	<u>\$532,155</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**Garmin Ltd. And Subsidiaries**  
**Condensed Consolidated Statements of Income (Unaudited)**  
(In thousands, except per share information)

	<u>13-Weeks Ended</u>		<u>39-Weeks Ended</u>	
	<u>September 28, 2002</u>	<u>September 29, 2001</u>	<u>September 28, 2002</u>	<u>September 29, 2001</u>
Net sales	\$107,756	\$86,930	\$331,450	\$276,098
Cost of goods sold	<u>48,705</u>	<u>39,201</u>	<u>150,245</u>	<u>127,401</u>
Gross profit	59,051	47,729	181,205	148,697
Selling, general and administrative expenses	11,055	9,663	33,393	28,723
Research and development expense	<u>7,954</u>	<u>7,306</u>	<u>23,403</u>	<u>20,367</u>
	<u>19,009</u>	<u>16,969</u>	<u>56,796</u>	<u>49,090</u>
Operating income	40,042	30,760	124,409	99,607
Other income (expense):				
Interest income	1,483	3,018	4,864	8,948
Interest expense	(334)	(522)	(1,051)	(1,749)
Foreign currency	9,592	335	(146)	7,651
Other	<u>(19)</u>	<u>(89)</u>	<u>146</u>	<u>12</u>
	<u>10,722</u>	<u>2,742</u>	<u>3,813</u>	<u>14,862</u>
Income before income taxes	50,764	33,502	128,222	114,469
Income tax provision	<u>12,336</u>	<u>8,501</u>	<u>30,887</u>	<u>29,066</u>
Net income	<u>\$38,428</u>	<u>\$25,001</u>	<u>\$97,335</u>	<u>\$85,403</u>
Net income per share:				
Basic	\$0.36	\$0.23	\$0.90	\$0.79
Diluted	\$0.36	\$0.23	\$0.90	\$0.79
Weighted average common shares outstanding:				
Basic	107,798	108,242	107,788	108,242
Diluted	108,139	108,599	108,193	108,621

The accompanying notes are an integral part of these condensed consolidated financial statements.

**Garmin Ltd. And Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**  
(In thousands)

	<b>39-Weeks Ended</b>	
	<b>September 28, 2002</b>	<b>September 29, 2001</b>
<b>Operating Activities:</b>		
Net income	\$97,335	\$85,403
Depreciation and amortization	9,683	6,793
Gain on sale of property and equipment	(165)	(45)
Provision for doubtful accounts	557	229
Deferred income taxes	638	(685)
Foreign currency transaction gains	(416)	(2,611)
Changes in operating assets and liabilities:		
Accounts receivable	2,525	(11,679)
Inventories	11,021	23,014
Other current assets	(2,214)	(3,179)
Accounts payable	3,231	(7,948)
Other current liabilities	3,754	1,726
Income taxes	3,932	4,599
Net cash provided by operating activities	<u>129,882</u>	<u>95,617</u>
<b>Investing activities:</b>		
Purchases of property and equipment	(6,917)	(10,823)
Purchase of intangible assets	(13,189)	-
Purchase of marketable securities, net	(96,991)	-
Change in restricted cash	142	5,920
Other	220	(12,112)
Net cash used in investing activities	<u>(116,735)</u>	<u>(17,015)</u>
<b>Financing activities:</b>		
Payments on long term debt	(12,188)	(11,006)
Repurchase of common stock	388	(150)
Net cash used in financing activities	<u>(11,800)</u>	<u>(11,156)</u>
Effect of exchange rate changes on cash	255	(5,908)
Net increase in cash	<u>1,602</u>	<u>61,538</u>
Cash and cash equivalents at beginning of period	<u>192,842</u>	<u>251,731</u>
Cash and cash equivalents at end of period	<u><u>\$194,444</u></u>	<u><u>\$313,269</u></u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

## Garmin Ltd. and Subsidiaries

### Notes to Condensed Consolidated Financial Statements (Unaudited)

September 28, 2002

(In thousands, except share and per share information)

#### 1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the 13 and 39-week periods ended September 28, 2002 are not necessarily indicative of the results that may be expected for the year ended December 28, 2002.

The condensed consolidated balance sheet at December 29, 2001 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 29, 2001.

The company's fiscal year is based on a 52-53 week period ending on the last Saturday of the calendar year. Therefore the financial results of certain fiscal years, and the associated 14-week quarters, will not be exactly comparable to the prior and subsequent 52-week fiscal years and the associated quarters having only 13 weeks. The quarters ended September 28, 2002 and September 29, 2001 both contain operating results for 13 weeks.

#### 2. Recent Pronouncements

In August 2001, the FASB issued SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of*, and the accounting and reporting provisions of APB Opinion No. 30, *Reporting the Results of Operations*, for a disposal of a segment of a business. SFAS No. 144 is effective for fiscal years beginning after December 15, 2001, with earlier application encouraged. The Company adopted SFAS No. 144 as of December 30, 2001, and the adoption of the statement has not had any impact on the Company's financial position and results of operations.

In June 2001, the FASB issued SFAS No. 141, *Business Combinations*, and SFAS No. 142, *Goodwill and Other Intangible Assets*. SFAS No. 141 supercedes APB Opinion No. 16, *Business Combinations*, and FASB Statement No. 38, *Accounting for Preacquisition Contingencies of Purchased Enterprises*. This statement requires accounting for all business combinations using the purchase method, and changes the criteria for recognizing intangible assets apart from goodwill. This statement is effective for all business combinations initiated after June 30, 2001. SFAS No. 142 supercedes APB Opinion No. 17, *Intangible Assets*, and addresses how purchased intangibles should be accounted for upon acquisition. The statement also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. All intangibles will be subject to periodic impairment testing and, if impaired, will be written down to fair value.

The Company adopted SFAS No. 142 beginning in the first quarter of 2002. Application of the nonamortization and impairment provisions of the statement has not had a significant impact on the Company's financial position and results of operations.

### 3. Inventories

The components of inventories consist of the following:

	September 28, 2002	December 29, 2001
	(in thousands)	(in thousands)
Raw materials	\$24,551	\$26,381
Work-in-process	10,139	9,582
Finished goods	20,905	34,723
Inventory reserves	<u>(5,486)</u>	<u>(9,554)</u>
Inventories, net of reserves	<u>\$50,109</u>	<u>\$61,132</u>

### 4. Long-Term Debt

On January 1, 1995, Garmin International, Inc. completed a \$9.5 million 30-year tax-exempt Industrial Revenue Bond issuance for the construction of its corporate headquarters located in Olathe, Kansas. Upon completion of the project in 1996, Garmin International retired bonds totaling \$0.2 million. As of May 1, 2002, Garmin International, Inc. purchased all \$9.3 million of its outstanding 1995 Series tax-exempt Industrial Revenue Bonds to further decrease its long-term debt. At September 28, 2002 and September 29, 2001, outstanding principal under the Bonds totaled \$0.0 million and \$9.3 million, respectively. Interest on the Bonds was payable monthly at a variable interest rate (3.9% at September 29, 2001), which was adjusted weekly to the current market rate as determined by the remarketing agent for the Bonds.

### 5. Stock Repurchase Plan

On September 24, 2001, Garmin announced that its Board of Directors approved a share repurchase program authorizing Garmin to purchase up to five million common shares of Garmin Ltd. as market and business conditions warrant. The purchases may be made from time to time on the open market or in negotiated transactions in compliance with Rule 10b-18 promulgated by the Securities and Exchange Commission. The timing and amounts of any purchases will be determined by Garmin's management depending on market conditions and other factors deemed relevant. The share repurchase authorization expires on December 31, 2002. As of September 28, 2002, Garmin had purchased a total of 595,200 shares pursuant to this share repurchase authorization at a total cost of \$9.8 million. All such purchased shares have been cancelled and now form part of the authorized but unissued capital of Garmin, since Cayman Islands law does not permit a company to hold its own shares. There were no shares repurchased during the 13 and 39-week periods ended September 28, 2002.

### 6. Initial Public Offering

On December 8, 2000, the Company completed an underwritten initial public offering of 12,075,000 shares (including shares sold pursuant to the underwriters' over-allotment option) of its common shares, of which 8,242,111 shares were offered by the Company and 3,832,889 were offered by selling shareholders (the Offering) at an offering price of \$14.00 per share. Prior to, but in connection with the Offering, the Board of Directors approved a 1.12379256-for-1 stock split of the Company's common shares, effected through a stock dividend on November 6, 2000.

## 7. Earnings Per Share

The following tables set forth the computation of basic and diluted net income per share (in thousands, except per share information):

	<b>13-Weeks Ended</b>	
	<b>September 28, 2002</b>	<b>September 29, 2001</b>
Numerator:		
Numerator for basic and diluted net income per share – net income	\$38,428	\$25,001
Denominator ( <i>in thousands</i> ):		
Denominator for basic net income per share – weighted-average common shares	107,798	108,242
Effect of dilutive securities – employee stock options	341	357
Denominator for diluted net income per share – adjusted weighted-average common shares	108,139	108,599
Basic net income per share	\$0.36	\$0.23
Diluted net income per share	\$0.36	\$0.23
	<b>39-Weeks Ended</b>	
	<b>September 28, 2002</b>	<b>September 29, 2001</b>
Numerator:		
Numerator for basic and diluted net income per share – net income	\$97,335	\$85,403
Denominator ( <i>in thousands</i> ):		
Denominator for basic net income per share – weighted-average common shares	107,788	108,242
Effect of dilutive securities – employee stock options	405	379
Denominator for diluted net income per share – adjusted weighted-average common shares	108,193	108,621
Basic net income per share	\$0.90	\$0.79
Diluted net income per share	\$0.90	\$0.79

Certain options to purchase shares of common stock were outstanding during 2002 but were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

## 8. Comprehensive Income

Comprehensive income is comprised of the following:

	<b>13-Weeks Ended</b>	
	<b>September 28, 2002</b>	<b>September 29, 2001</b>
	(in thousands)	
Net income	\$38,428	\$25,001
Translation adjustment	(5,789)	2,425
Change in fair value of available for sale securities	<u>238</u>	<u>-</u>
Comprehensive income	<u><u>\$32,877</u></u>	<u><u>\$27,426</u></u>

	<b>39-Weeks Ended</b>	
	<b>September 28, 2002</b>	<b>September 29, 2001</b>
	(in thousands)	
Net income	\$97,335	\$85,403
Translation adjustment	9,081	(9,217)
Change in fair value of effective portion of cash flow hedges	159	-
Change in fair value of available for sale securities	<u>238</u>	<u>-</u>
Comprehensive income	<u><u>\$106,813</u></u>	<u><u>\$76,186</u></u>

## 9. Segment Information

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

	<b>13-Weeks Ended</b>			
	<b>September 28, 2002</b>		<b>September 29, 2001</b>	
	<b><u>Consumer</u></b>	<b><u>Aviation</u></b>	<b><u>Consumer</u></b>	<b><u>Aviation</u></b>
	(in thousands)			
Sales to external customers	\$80,218	\$27,538	\$64,165	\$22,765
Income before income taxes	\$39,407	\$11,357	\$23,442	\$10,060

	<b>39-Weeks Ended</b>			
	<b>September 28, 2002</b>		<b>September 29, 2001</b>	
	<b><u>Consumer</u></b>	<b><u>Aviation</u></b>	<b><u>Consumer</u></b>	<b><u>Aviation</u></b>
	(in thousands)			
Sales to external customers	\$248,710	\$82,740	\$193,516	\$82,582
Income before income taxes	\$94,122	\$34,100	\$75,177	\$39,292

Revenues and long-lived assets (property and equipment) by geographic area are as follows as of and for the 39-week periods ended September 28, 2002 and September 29, 2001:

	<b>North America</b>	<b>Asia</b>	<b>Europe</b>	<b>Total</b>
<b>September 28, 2002 (in thousands)</b>				
Sales to external customers	<b>\$239,343</b>	<b>\$16,142</b>	<b>\$75,965</b>	<b>\$331,450</b>
Long-lived assets	<b>\$40,600</b>	<b>\$30,553</b>	<b>\$491</b>	<b>\$71,644</b>
<b>September 29, 2001 (in thousands)</b>				
Sales to external customers	<b>\$207,821</b>	<b>\$9,822</b>	<b>\$58,455</b>	<b>\$276,098</b>
Long-lived assets	<b>\$39,079</b>	<b>\$29,254</b>	<b>\$457</b>	<b>\$68,790</b>

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The discussion set forth below, as well as other portions of this Quarterly Report, contains statements concerning potential future events. Such forward-looking statements are based upon assumptions by our management, as of the date of this Quarterly Report, including assumptions about risks and uncertainties faced by the Company. Readers can identify these forward-looking statements by their use of such verbs as expects, anticipates, believes or similar verbs or conjugations of such verbs. If any of our assumptions prove incorrect or should unanticipated circumstances arise, our actual results could materially differ from those anticipated by such forward-looking statements. The differences could be caused by a number of factors or combination of factors including, but not limited to, those factors identified in the Company's Annual Report on Form 10-K for the year ended December 29, 2001. This report has been filed with the Securities and Exchange Commission (the "SEC" or the "Commission") in Washington, D.C. and can be obtained by contacting the SEC's public reference operations or obtaining it through the SEC's web site on the World Wide Web at <http://www.sec.gov>. Readers are strongly encouraged to consider those factors when evaluating any forward-looking statement concerning the Company. The Company will not update any forward-looking statements in this Quarterly Report to reflect future events or developments.

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Condensed Consolidated Financial Statements and Notes thereto included in this Form 10-Q and the audited financial statements and notes thereto in the Company's Annual Report on Form 10-K for the year ended December 29, 2001.

The Company is a leading worldwide provider of navigation, communications and information devices, most of which are enabled by Global Positioning System, or GPS, technology. We operate in two business segments, the consumer and aviation markets. Both of our segments offer products through our network of independent dealers and distributors. However, the nature of products and types of customers for the two segments vary significantly. As such, the segments are managed separately. Our consumer segment includes portable GPS receivers and accessories for marine, recreation, land and automotive use sold primarily to retail outlets. Our aviation products are portable and panel-mount avionics for Visual Flight Rules and Instrument Flight Rules navigation and are sold primarily to retail outlets and certain aircraft manufacturers.

## Results of Operations

The following table sets forth our results of operations as a percentage of net sales during the periods shown:

	13-Weeks Ended	
	September 28, 2002	September 29, 2001
Net sales	100.0%	100.0%
Cost of goods sold	<u>45.2%</u>	<u>45.1%</u>
Gross profit	54.8%	54.9%
Selling, general and administrative	10.3%	11.1%
Research and development	<u>7.4%</u>	<u>8.4%</u>
Total operating expenses	<u>17.6%</u>	<u>19.5%</u>
Operating income	37.2%	35.4%
Other income, net	<u>10.0%</u>	<u>3.2%</u>
Income before income taxes	47.1%	38.5%
Income taxes	<u>11.4%</u>	<u>9.8%</u>
Net income	<u>35.7%</u>	<u>28.8%</u>

	39-Weeks Ended	
	September 28, 2002	September 29, 2001
Net sales	100.0%	100.0%
Cost of good sold	<u>45.3%</u>	<u>46.1%</u>
Gross profit	54.7%	53.9%
Selling, general and administrative	10.1%	10.4%
Research and development	<u>7.1%</u>	<u>7.4%</u>
Total operating expenses	<u>17.1%</u>	<u>17.8%</u>
Operating income	37.5%	36.1%
Other income, net	<u>1.2%</u>	<u>5.4%</u>
Income before income taxes	38.7%	41.5%
Income taxes	<u>9.3%</u>	<u>10.5%</u>
Net income	<u>29.4%</u>	<u>30.9%</u>

The following table sets forth our results of operations for each of our two segments through income before income taxes during the periods shown. For each line item in the table, the total of the consumer and aviation segments' amounts equals the amount in the condensed consolidated statements of income included in Item 1.

	<b>13-Weeks Ended</b>			
	<b>September 28, 2002</b>		<b>September 29, 2001</b>	
	(in thousands)		(in thousands)	
	<u>Consumer</u>	<u>Aviation</u>	<u>Consumer</u>	<u>Aviation</u>
Net sales	\$80,218	\$27,538	\$64,165	\$22,765
Cost of goods sold	<u>38,008</u>	<u>10,697</u>	<u>30,796</u>	<u>8,405</u>
Gross profit	42,210	16,841	33,369	14,360
Operating expenses:				
Selling, general and administrative	8,285	2,770	7,306	2,357
Research and development	<u>4,453</u>	<u>3,501</u>	<u>4,683</u>	<u>2,623</u>
Total operating expenses	12,738	6,271	11,989	4,980
Operating income	29,472	10,570	21,380	9,380
Other income, net	<u>9,935</u>	<u>787</u>	<u>2,062</u>	<u>680</u>
Income before income taxes	<u><u>\$39,407</u></u>	<u><u>\$11,357</u></u>	<u><u>\$23,442</u></u>	<u><u>\$10,060</u></u>

	<b>39-Weeks Ended</b>			
	<b>September 28, 2002</b>		<b>September 29, 2001</b>	
	(in thousands)		(in thousands)	
	<u>Consumer</u>	<u>Aviation</u>	<u>Consumer</u>	<u>Aviation</u>
Net sales	\$248,710	\$82,740	\$193,516	\$82,582
Cost of goods sold	<u>118,142</u>	<u>32,103</u>	<u>96,061</u>	<u>31,340</u>
Gross Profit	130,568	50,637	97,455	51,242
Operating expenses:				
Selling, general and administrative	25,774	7,619	21,042	7,681
Research and development	<u>13,675</u>	<u>9,728</u>	<u>13,292</u>	<u>7,075</u>
Total operating expenses	39,448	17,347	34,334	14,756
Operating income	91,120	33,290	63,121	36,486
Other income, net	<u>3,003</u>	<u>810</u>	<u>12,056</u>	<u>2,806</u>
Income before income taxes	<u><u>\$94,123</u></u>	<u><u>\$34,100</u></u>	<u><u>\$75,177</u></u>	<u><u>\$39,292</u></u>

### **Comparison of 13-Weeks Ended September 28, 2002 and September 29, 2001**

#### ***Net Sales***

Net sales increased \$20.9 million, or 24%, to \$107.8 million for the 13-week period ended September 28, 2002, from \$86.9 million for the 13-week period ended September 29, 2001. The increase for the 13-week period ended September 28, 2002 was primarily due to the success of the new marine and automotive products that were introduced during the last 21 months and overall demand for our consumer products. Sales from our consumer products accounted for 74.4% of net sales for the third quarter of 2002 compared to 73.8% during the third quarter of 2001. Sales from our aviation products accounted for 25.6% for the third quarter of 2002 compared to 26.2% during the third quarter of 2001. Total consumer and aviation units sold increased 22% to 378,000 in 2002 from 311,000 in 2001.

Net sales for the consumer segment increased \$16 million, or 25%, to \$80.2 million for the 13-week period ended September 28, 2002, from \$64.2 million for the 13-week period ended September 29, 2001. The increase for the 13-week period ended September 28, 2002 was due to the success of a majority of our new consumer products that were introduced during the last 21 months and overall demand for our consumer products.

Net sales for the aviation segment increased \$4.8 million, or 21%, to \$27.5 million for the 13-week period ended September 28, 2002, from \$22.8 million for the 13-week period ended September 29, 2001. The increase for the 13-week period ended September 28, 2002 was due to revenues from new product releases as well as comparison to a weak third quarter of 2001, which was impacted by the events of September 11, 2001. The aviation segment exhibited a sequential revenue decrease of \$1.6 million, or 5.3%, to \$27.5 million during the quarter compared to \$29.1 million during the second quarter of fiscal year 2002. We believe that this sequential revenue decrease in our aviation segment is a signal of the continued challenges faced by the general aviation market due to the current weak economic environment.

### ***Gross Profit***

Gross profit increased \$11.3 million, or 23.7%, to \$59.1 million for the 13-week period ended September 28, 2002, from \$47.7 million for the 13-week period ended September 29, 2001. This increase was primarily attributable to an increase in revenues due to continued strong sell-through of new products that were introduced during the last 18 months. Gross profit as a percentage of net sales was 54.8% for the 13-week period ended September 28, 2002 which was consistent with 54.9% for the 13-week period ended September 29, 2001.

Gross profit for the consumer segment increased \$8.8 million, or 26.5%, to \$42.2 million for the 13-week period ended September 28, 2002, from \$33.4 million for the 13-week period ended September 29, 2001. This increase is primarily attributable to the increase in consumer segment revenue, driven by strong automotive and marine sales. Gross profit as a percentage of net sales increased 60 basis points to 52.6% for the 13-week period ended September 28, 2002 compared to 52.0% for the 13-week period ended September 29, 2001.

Gross profit for the aviation segment increased \$2.5 million, or 17.3%, to \$16.8 million for the 13-week period ended September 28, 2002, from \$14.4 million for the 13-week period ended September 29, 2001. This increase is associated with an increase in revenues in our aviation segment during the quarter. Gross profit as a percentage of net sales decreased to 61.2% for the 13-week period ended September 28, 2002 from 63.1% for the 13-week period ended September 29, 2001. This decrease as a percentage of net sales was primarily due to product mix between panel mount and handheld units during 2002 when compared to 2001.

### ***Selling, General and Administrative Expenses***

Selling, general and administrative expenses increased \$1.4 million, or 14.4%, to \$11.1 million (10.3% of net sales) for the 13-week period ended September 28, 2002, from \$9.7 million (11.1% of net sales) for the 13-week period ended September 29, 2001. Selling, general and administrative expenses increased \$1.0 million, or 13.4%, in the consumer segment and increased \$0.4 million, or 17.5% in the aviation segment. The increase in expense was primarily attributable to increases in employment generally across the organization, increased advertising costs (up 6%) associated with new product releases, increased administrative expenses due to marketing support, and airport infrastructure expenses associated with our 25,000 sq.ft. flight test and certification facility located at New Century Airport near our Olathe, Kansas facility.

### ***Research and Development Expense***

Research and development expenses increased \$0.6 million, or 8.9%, to \$8.0 million (7.4% of net sales) for the 13-week period ended September 28, 2002, from \$7.3 million (8.4% of net sales) for the 13-week period ended September 29, 2001. Research and development expenses decreased \$0.2 million, or (4.9%), in the consumer segment due to the timing of program costs (non-staff expense) across several products in development. The increase in our aviation segment research and development was primarily attributable to continued costs associated with our future integrated cockpit project. We added 11 new engineering personnel to our staff during the quarter as a result of our continued emphasis on product innovation.

### ***Operating Income***

Operating income for the 13-week period ended September 28, 2002 increased 30.2% to \$40.0 million from \$30.8 million for the 13-week period ended September 29, 2001. Operating income as a percentage of net sales increased to 37.2% for the 13-week period ended September 28, 2002, from 35.4% for the 13-week period ended September 29, 2001 as a result of strong consumer sales and increased gross profits, primarily within the consumer segment.

### ***Other Income (Expense)***

Other income (expense) principally consists of interest income, interest expense and foreign currency exchange gains and losses. Other income for the 13-week period ended September 28, 2002 totaled \$10.7 million compared to other income of \$2.7 million for the 13-week period ended September 29, 2001. Interest income for the 13-week period ended September 28, 2002 amounted to \$1.5 million compared to \$3.0 million for the 13-week period ended September 29, 2001, the decrease being attributable to the reduction in interest rates. The average taxable equivalent interest rate return on invested cash and cash equivalents during the quarter was 1.75% compared to 4.02% during the third fiscal quarter of 2001. Interest expense decreased to \$0.3 million for the 13-week period ended September 28, 2002 from \$0.5 million for the 13-week period ended September 29, 2001 due to the retirement of debt associated with our Taiwan facility, the purchase of our 1995 Olathe industrial revenue bonds, and a lower interest rate environment.

We recognized a foreign currency exchange gain of \$9.6 million for the 13-week period ended September 28, 2002 compared to a gain of \$0.3 million for the 13-week period ended September 29, 2001. The \$9.6 million gain was due to the strength of the U.S. Dollar compared to the Taiwan Dollar during the third quarter of fiscal 2002, when the exchange rate increased to 34.95 TD/USD at September 28, 2002 from 33.56 TD/USD at June 29, 2002. The \$0.3 million gain was due to the strength of the U.S. Dollar compared to the Taiwan Dollar during the third quarter of fiscal 2001, when the exchange rate increased to 34.52 TD/USD at September 29, 2001 from 34.50 TD/USD at June 30, 2001.

### ***Income Tax Provision***

Income tax expense increased by \$3.8 million, to \$12.3 million, for the 13-week period ended September 28, 2002 from \$8.5 million for the 13-week period ended September 29, 2001 due to our higher taxable income. The effective tax rate decreased to 24.3% during the 13-week period ended September 28, 2002 from 25.4% during the 13-week period ended September 29, 2001 due to additional tax incentives within our Taiwan subsidiary during fiscal 2002.

### ***Net Income***

As a result of the above, net income increased 53.7% for the 13-week period ended September 28, 2002 to \$38.4 million compared to \$25.0 million for the 13-week period ended September 29, 2001.

## **Comparison of 39-weeks Ended September 28, 2002 and September 29, 2001**

### ***Net Sales***

Net sales increased \$55.3 million, or 20%, to \$331.5 million for the 39-week period ended September 28, 2002, from \$276.1 million for the 39-week period ended September 29, 2001. The increase for the 39-week period ended September 28, 2002 was primarily due to the success of the new marine and automotive products that were introduced during the last 21 months and overall demand for our consumer products. Sales from our consumer products accounted for 75% of net sales for the 39-week period in 2002 compared to 70% during the same period in 2001. Sales from our aviation products accounted for 25% for the 39-week period in 2002 compared to 30% during the same period in 2001. Total consumer and aviation units sold increased 9% to 1,079,000 in 2002 from 993,000 in 2001.

Net sales for the consumer segment increased \$55.2 million, or 28.5%, to \$248.7 million for the 39-week period ended September 28, 2002, from \$193.5 million for the 39-week period ended September 29, 2001. The increase for the 39-week period ended September 28, 2002 was primarily due to the success of the new marine and automotive products introduced during the last 21 months and overall demand for our consumer products.

Net sales for the aviation segment increased \$0.2 million, or 0.2%, to \$82.7 million for the 39-week period ended September 28, 2002, from \$82.5 million for the 39-week period ended September 29, 2001. The small increase for the 39-week period ended September 28, 2002 was primarily due to the continued economic challenges faced by the general aviation market after the events of September 11, 2001.

### ***Gross Profit***

Gross profit increased \$32.5 million, or 21.9%, to \$181.2 million for the 39-week period ended September 28, 2002, from \$148.7 million for the 39-week period ended September 29, 2001. This increase was primarily attributable to an increase in revenues due to strong demand for consumer GPS products that were introduced during the last 18 months, improved manufacturing efficiencies, and a reduction of raw material costs. Gross profit as a percentage of net sales increased 80 basis points to 54.7% for the 39-week period ended September 28, 2002 compared to 53.9% for the 39-week period ended September 29, 2001.

Gross profit for the consumer segment increased \$33.1 million, or 34%, to \$130.6 million for the 39-week period ended September 28, 2002, from \$97.5 million for the 39-week period ended September 29, 2001. This increase is primarily attributable to the increase in consumer segment revenue, improved manufacturing efficiencies on many of our new products introduced during the last 18 months, and a reduction of raw material costs. Gross profit as a percentage of net sales increased 210 basis points to 52.5% for the 39-week period ended September 28, 2002 compared to 50.4% for the 39-week period ended September 29, 2001.

Gross profit for the aviation segment decreased \$0.6 million, or -1.2%, to \$50.6 million for the 39-week period ended September 28, 2002, from \$51.2 million for the 39-week period ended September 29, 2001. This decrease is associated with product mix between our panel mount and handheld units. Gross profit as a percentage of net sales decreased 80 basis points to 61.2% for the 39-week period ended September 28, 2002 from 62.0% for the 39-week period ended September 29, 2001. This decrease as a percentage of net sales was primarily due to product mix changes between panel mount and handheld units sold during 2002 when compared to 2001.

### ***Selling, General and Administrative Expenses***

Selling, general and administrative expenses increased \$4.7 million, or 16.3%, to \$33.4 million (10.1% of net sales) for the 39-week period ended September 28, 2002, from \$28.7 million (10.4% of net sales) for the 39-week period ended September 29, 2001. Selling, general and administrative expenses increased \$4.7 million, or 22.5%, in the consumer segment and decreased \$0.06 million, or -0.8%, in the aviation segment. The increase in expense was primarily attributable to increase in employment generally across the organization, increased advertising costs (up 6%) associated with new product releases, increased administrative expenses due to marketing support, and airport infrastructure expenses associated with our 25,000 sq.ft. flight test and certification facility located at New Century Airport near our Olathe, Kansas facility.

### ***Research and Development Expense***

Research and development expenses increased \$3.0 million, or 14.9%, to \$23.4 million (7.1% of net sales) for the 39-week period ended September 28, 2002, from \$20.4 million (7.4% of net sales) for the 39-week period ended September 29, 2001. Research and development expenses increased \$0.4 million, or 2.9%, in the consumer segment and \$2.7 million, or 37.5%, in the aviation segment. The increase in expense was primarily due to the continued development of our future integrated cockpit within our aviation segment and the addition of 50 new engineering personnel to our staff within the last 9 months as a result of our continued emphasis on product innovation.

### ***Operating Income***

Operating income for the 39-week period ended September 28, 2002 increased 24.9% to \$124.4 million, from \$99.6 million for the 39-week period ended September 29, 2001. Operating income as a percentage of net sales increased to 37.5% for the 39-week period ended September 28, 2002, from 36.1% for the 39-week period ended September 29, 2001 as a result of strong consumer product sales and increased gross profits, primarily within the consumer segment.

### ***Other Income (Expense)***

Other income for the 39-week period ended September 28, 2002 totaled \$3.8 million compared to other income of \$14.9 million for the 39-week period ended September 29, 2001. Interest income for the 39-week period ended September 28, 2002 amounted to \$4.9 million compared to \$8.9 million for the 39-week period

ended September 29, 2001, the decrease being attributable to the reduction in interest rates. The average taxable equivalent interest rate return on invested cash and cash equivalents during the 39-week period ended September 28, 2002 was 1.90% compared to 4.26% during the 39-week period ended September 29, 2001. Interest expense decreased to \$1.1 million for the 39-week period ended September 28, 2002 from \$1.7 million for the 39-week period ended September 29, 2001, due to the retirement of debt associated with our Taiwan facility, the purchase of our 1995 Olathe industrial revenue bonds, and a lower interest rate environment.

We recognized a foreign currency exchange loss of \$0.1 million for the 39-week period ended September 28, 2002 compared to a gain of \$7.7 million for the 39-week period ended September 29, 2001. The \$0.1 million loss was due to positive and negative currency moves of similar magnitude of the U.S. Dollar compared to the Taiwan Dollar during the 39-week period ended September 28, 2002, when the exchange rate decreased to 34.95 TD/USD at September 28, 2002 from 35.17 TD/USD at December 29, 2001. The \$7.7 million gain was due to the strength of the U.S. Dollar compared to the Taiwan Dollar during the 39-week period ended September 29, 2001, when the exchange rate increased to 34.52 TD/USD at September 29, 2001 from 33.01 TD/USD at December 30, 2000.

### ***Income Tax Provision***

Income tax expense increased by \$1.8 million, to \$30.9 million, for the 39-week period ended September 28, 2002 from \$29.1 million for the 39-week period ended September 29, 2001 due to our higher taxable income. The effective tax rate decreased to 24.1% during the 39-week period ended September 28, 2002 from 25.4% during the 39-week period ended September 29, 2001 due to additional tax incentives within our Taiwan subsidiary during fiscal 2002.

### ***Net Income***

As a result of the above, net income increased 14% for the 39-week period ended September 28, 2002 to \$97.3 million compared to \$85.4 million for the 39-week period ended September 29, 2001.

### **Liquidity and Capital Resources**

Net cash generated by operating activities was \$129.9 million for the 39-week period ended September 28, 2002 compared to \$95.6 million for the 39-week period ended September 29, 2001. We operate with a strong customer driven approach and therefore carry sufficient inventory to meet customer demand. Because we desire to respond quickly to our customers and minimize order fulfillment time, our inventory levels are generally adequate to meet most demand. We also attempt to carry sufficient inventory levels on key components so that potential supplier shortages have as minimal an impact as possible on our ability to deliver our finished products. We experienced an \$11 million reduction in inventory at September 28, 2002 when compared to fiscal year-end December 29, 2001 due to a reduction in finished goods inventory associated with strong customer demand during the year. We increased inventory levels at the end of fiscal year 2000 due partially to industry shortages of certain raw materials. These raw material shortages have since normalized and we believe that it is not necessary at this time to carry a higher level of raw material inventory.

Cash flow from investing activities during the 39-week period ending September 28, 2002 was a \$116.7 million use of cash. Cash flow used in investing activities principally relates to \$13.2 million in purchases of intangible assets, \$6.9 million in capital expenditures, and the purchase of \$97.0 million of fixed income securities. It is management's goal to invest the on-hand cash consistent with the Company's investment policy, which has been approved by the Board of Directors. The investment policy's primary purpose is to preserve capital, maintain an acceptable degree of liquidity, and maximize yield within the constraint of maximum safety. The Company's average taxable equivalent return on its investments during the 39-week period ended September 28, 2002 was approximately 1.90%.

Cash flow from financing activities during the 39-week period ending September 28, 2002 was a \$11.8 million use of cash due to the retirement of debt associated with our Taiwan facility and our 1995 industrial revenue bond issuance.

We currently use cash flow from operations to fund our capital expenditures, to repay debt and to support our working capital requirements. We expect that future cash requirements will principally be for capital expenditures, repayment of indebtedness and working capital requirements.

We believe that our existing cash balances and cash flow from operations will be sufficient to meet our projected capital expenditures, working capital and other cash requirements at least through the next 12 months.

### ***Contractual Obligations and Commercial Commitments***

On March 23, 2000, Garmin completed a \$20.0 million 20-year Taxable Industrial Revenue Bond issuance for the expansion of its Olathe, Kansas facility. At September 28, 2002 and September 29, 2001, outstanding principal under the 2000 Bonds totaled \$20.0 million. Interest on the 2000 Bonds is payable monthly at a variable interest rate (1.95% and 3.9% at September 28, 2002 and September 29, 2001, respectively), which is adjusted weekly to the current market rate as determined by the remarketing agent of the 2000 Bonds with principal due upon maturity on April 15, 2020.

The 2000 Bonds are secured by an irrevocable letter of credit totaling \$20.3 million with facility fees of 0.75%. This renewable letter of credit initially expires on September 20, 2004. The bank has the option of requiring Garmin to establish a sinking fund related to the principal balance outstanding on the Bonds, which it had not exercised through September 28, 2002. The letter of credit is secured by a mortgage on all assets financed with the proceeds of the Bonds.

On January 1, 1995, Garmin completed a \$9.5 million 30-year tax-exempt Industrial Revenue Bond issuance for the construction of its corporate headquarters located in Olathe, Kansas. Upon completion of the project in 1996, Garmin retired bonds totaling \$0.2 million. As of May 1, 2002, Garmin purchased all \$9.3 million of its remaining outstanding 1995 Series tax-exempt Industrial Revenue Bonds to further decrease its long-term debt. At September 28, 2002 and September 29, 2001, outstanding principal under the Bonds totaled \$0.0 million and \$9.3 million, respectively. Interest on the Bonds is payable monthly at a variable interest rate (1.95% and 3.9% at September 28, 2002 and September 29, 2001, respectively), which is adjusted weekly to the current market rate as determined by the remarketing agent for the Bonds with principal due upon maturity on January 1, 2025.

Our reimbursement agreements contain restrictive covenants, which include, among other things, financial covenants requiring minimum cash flow leverage, maximum capitalization, minimum tangible net worth, and other affirmative and negative covenants. We do not expect these limitations to have a material effect on our business or results of operations. We are in compliance with all covenants contained in the reimbursement agreements.

During 1999, Garmin borrowed \$18.0 million to finance the purchase of land and a new manufacturing facility in Shijr, Taiwan. The remaining debt associated with this facility was retired during the first quarter of fiscal 2002.

We utilize interest rate swap agreements to manage interest rate exposure. The principal objective of such financial derivative contracts is to moderate the effect of fluctuations in interest rates. We, as a matter of policy, do not speculate in financial markets and therefore do not hold these contracts for trading purposes. We utilize what are considered simple instruments, such as non-leveraged interest rate swaps, to accomplish our objectives.

The Company has the option at any time during the year to retire a portion or all of its long-term debt.

### ***Off-Balance Sheet Arrangements***

We do not have any off-balance sheet arrangements.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

#### **Market Sensitivity**

We have market risk primarily in connection with the pricing of our products and services and the purchase of raw materials. Product pricing and raw material costs are both significantly influenced by semiconductor market conditions. Historically, during cyclical industry downturns, we have been able to offset pricing declines for our products through a combination of improved product mix and success in obtaining price reductions in raw material costs.

#### **Inflation**

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could adversely affect our business, financial condition and results of operations.

#### **Foreign Currency Exchange Rate Risk**

The operation of the Company's subsidiaries in international markets results in exposure to movements in foreign currency exchange rates. We generally have not been significantly affected by foreign exchange fluctuations because, until recently, the exchange rate between the Taiwan Dollar and the U.S. Dollar has proven to be relatively stable. However, within the last two years we have experienced significant foreign currency gains and losses due to fluctuations in the value of the U.S. dollar. The potential of volatile foreign exchange rate fluctuations in the future could have a significant effect on our results of operations.

The principal foreign currency resulting in foreign currency exchange rate risk is the Taiwan Dollar. Garmin Corporation, located in Shijr, Taiwan uses the local currency as the functional currency. The Company translates all assets and liabilities at year-end exchange rates and income and expense accounts at average rates during the year. In order to minimize the effect of the currency exchange fluctuations on our operations, we have elected to retain most of our cash and cash equivalents at our Taiwan subsidiary in U.S. dollars. As discussed above, the exchange rate increased 4% during the third quarter of fiscal 2002 and resulted in a foreign currency gain of \$9.6 million. If the exchange rate increased by a similar percentage, a comparable foreign currency loss would be recognized.

#### **Interest Rate Risk**

As of September 28, 2002, we have interest rate risk in connection with our industrial revenue bonds that bear interest at a floating rate. Garmin International, Inc. entered into two interest rate swap agreements, one on July 1, 2000 (\$10.0 million) and another on February 6, 2001 (\$5.0 million), totaling \$15.0 million to modify the characteristics of its outstanding long-term debt from a floating rate to a fixed rate basis. These agreements involve the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreements without an exchange of the underlying principal amount. The estimated fair value of the interest swap agreements of \$0.8 million is the amount we would be required to pay to terminate the swap agreements at September 28, 2002. A 10% positive or negative change in the floating counterparty interest rates associated with the swaps would change the estimated fair value of the interest rate swap agreements to \$0.7 million (positive 10% change) or \$0.9 million (negative 10% change), respectively.

The Company's average outstanding debt during the 13-week period ended September 28, 2002 was approximately \$20.0 million. The average interest rate on debt during the quarter was approximately 4.6%. A 10% positive or negative change in the average interest rate during the quarter would have resulted in interest expense of \$0.4 million (positive 10% change) or \$0.2 million (negative 10% change), respectively. This compares to the actual interest expense of \$0.3 million during the third quarter of fiscal 2002.

**Item 4. Controls and Procedures**

Within 90 days prior to the filing date of this report, the Company's Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures and, based upon this evaluation, have concluded that the disclosure controls and procedures are effective.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect these internal controls subsequent to the completion of their evaluation.

## Part II - Other Information

### Item 1. Legal Proceedings

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From time to time the Company may be involved in litigation arising in the course of its operations. As of November 13, 2002, the Company was not a party to any material legal proceedings.

### Item 2. Changes in Securities and Use of Proceeds

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None

### Item 3. Defaults Upon Senior Securities

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None

### Item 4. Submission of Matters to a Vote of Security Holders

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None

### Item 5. Other Information

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Not applicable

### Item 6. Exhibits and Reports on Form 8-K

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a. Exhibits

Exhibit 99.1 Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)

b. Reports on Form 8-K

The Company furnished under Item 9 of Form 8-K the Company's Form 8-K dated July 31, 2002 reporting the announcement of financial results for the fiscal quarter ended June 29, 2002 and reporting the announcement of the execution of Rule 10b5-1 selling programs by two shareholders.

The Company furnished under Item 9 of Form 8-K the Company's Form 8-K dated August 21, 2002 reporting the announcement of the retirement of Gary Burrell as co-CEO and Board changes.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GARMIN LTD.

By           /s/ Kevin Rauckman            
Kevin Rauckman  
Chief Financial Officer  
(Principal Financial Officer and  
Principal Accounting Officer)

Dated: November 13, 2002

## Certification

I, Min H. Kao, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Garmin Ltd.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 13, 2002

By /s/ Min H. Kao  
Min H. Kao  
Co-Chairman and Chief  
Executive Officer

## Certification

I, Kevin Rauckman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Garmin Ltd.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;.
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 13, 2002

By       /s/ Kevin Rauckman  
          Kevin Rauckman  
          Chief Financial Officer

**Certification**  
**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**  
**(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of Garmin Ltd. (the "Company") does hereby certify that:

- (1) The Quarterly Report on Form 10-Q for the quarter ended September 28, 2002 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 13, 2002

/s/ Min H. Kao  
Min H. Kao  
Co-Chairman and Chief Executive Officer

Dated: November 13, 2002

/s/ Kevin Rauckman  
Kevin Rauckman  
Chief Financial Officer

This certification accompanies the Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.