Statutory Financial Statements

Garmin Ltd. (Switzerland)
Years Ended December 28, 2013 and December 29, 2012

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To the General Meeting of

Garmin Ltd., Schaffhausen

Zurich, February 19, 2014

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 30, 2012 to December 28, 2013.

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 from 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 from 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 30, 2012 to December 28, 2013 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

Ernst & Young Ltd

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

Garmin Ltd.

Balance Sheet

(CHF in thousands)

	December 28, 2013	December 29, 2012
Cash and cash equivalents	991	87,077
Accounts receivable - affiliates	46	3,820
Other receivables - third party	18	5
Prepaid expenses	208	305
Total current assets	1,263	91,207
Investment in affiliated companies	8,391,877	8,737,762
Loans receivable - affiliates	208,872	133,760
Total non-current assets	8,600,749	8,871,522
Total assets	8,602,012	8,962,729
Accounts payable	122	495
Accounts payable - affiliates	1,426	3,765
Accrued expenses	964	418
Provision for unrealized translation gains	14,296	26,147
Dividend payable from capital contribution reserve	155,911	171,576
Total liabilities	172,719	202,401
Share capital	2,080,774	2,080,774
General legal reserve		
- General reserve from capital contribution	5,858,865	6,215,935
- Reserve for treasury stock from capital contribution	462,884	428,962
- General reserve	68	68
Free reserves		
- Dividend reserve from capital contribution	74,892	73,833
- Balance brought forward	(39,244)	(29,598)
- Net income for the year	(8,946)	(9,646)
Total stockholders' equity	8,429,293	8,760,328
Total liabilities and stockholders' equity	8,602,012	8,962,729

Garmin Ltd.

Statement of Income

(CHF in thousands)

	Fiscal Year Ended December 28, 2013	Fiscal Year Ended December 29, 2012
General and administrative expenses	9,054	7,842
General and administrative expenses - affiliates	4,056	3,399
Advertising expense	62	315
Operating expenses	13,172	11,556
Other income (expense):		
Impairment on investment in affiliated companies	(346,000)	(386,000)
Interest income	24	16
Interest income - affiliates	3,087	3,014
Dividend income - affiliates	346,000	386,000
Foreign currency gains/(losses)	1,115	(1,120)
	4,226	1,910
Net loss	(8,946)	(9,646)

Garmin Ltd.

Notes to Statutory Financial Statements

December 28, 2013 and December 29, 2012

(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 years ended December 28, 2013 and December 29, 2012 included 52 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 28, 2013 and December 29, 2012 amounted to CHF 3,084 and CHF 1,429, 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

		General legal reserves			Free reserves			
CHF in thousands	Share capital	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	Total
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
Balance brought forward						(9,646)	9,646	-
Release of amounts to dividend payable from capital contribution reserve (2011 dividend)		(3,475)						(3,475)
Release of dividend reserve from capital contribution reserve (2011 dividend)		73,833			(73,833)			-
Net movement in reserve for treasury stock		(33,922)	33,922					-
Release to free reserves for dividend (2012 dividend)		(393,506)			393,506			-
Dividend payments (2012 dividend)					(162,703)			(162,703)
Dividend payable at year-end (2012 dividend)					(155,911)			(155,911)
Net loss for the year							(8,946)	(8,946)
Balance as of December 28, 2013	2,080,774	5,858,865	462,884	68	74,892	(39,244)	(8,946)	8,429,293

The summary of the components of authorized shares at December 28, 2013, December 28, 2012, and December 31, 2011 and changes during those years are as follows:

	Outstanding Shares	Treasury Stock	Issued Shares[1]	Conditional Capital[3]	Authorized Capital[3]
Changes in components of authorized shares					
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	-
Treasury stock purchased	(1,932,208)	1,932,208			
Treasury stock issued for stock based compensation	1,490,456	(1,490,456)			
December 28, 2013	195,150,102	12,927,316 [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 28, 2013 and December 29, 2012, the Company's affiliates held 12,927,316 and 12,485,564 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.
- 2,927,316 shares as of December 28, 2013 and 2,485,564 shares as of December 29, 2012 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 36.

	Carrying value (CHF in thousands)	**Number of shares**	**Average cost (CHF)**
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
Acquired	75,347	1,932,208	39
Treasury stock used for stock based compensation	(41,425)	(1,490,456)	28
Balance as of December 28, 2013	462,884	12,927,316	36

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 28, 2013 and December 29, 2012, the following shareholders held 5 percent or more of Garmin Ltd.'s total outstanding shares:

Shareholder	Percentage at Dec. 28, 2013	Percentage at Dec. 29, 2012
Gary L. Burrell	14.76% [1]	14.99% [1]
Ruey-Jeng Kao	5.30%	5.28%
Min H. Kao, Ph.D.	19.88% [2]	19.90% [2]
Capital Research Global Investors	5.22%	10.60%

(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 24,443,568 shares held by revocable trusts established by Dr. Kao's children over which Dr. Kao has shared voting and dispositive power. Also 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 28, 2013 or December 29, 2012.

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:

	Board Term 2013	**Board Term 2012**
Chairman of the Board	-	-
Member of the Board and Committee	50,996	51,579
Member of the Board	46,360	46,890

The Chairman of the Board does not receive incremental remuneration for his services in this role. Garmin's director compensation packages for 2013 and 2012 were comprised of cash (annual board and committee chair retainers) and grants of restricted stock units.

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 46,360 and CHF 46,890 in 2013 and 2012, 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 4,636 and CHF 4,689 in 2013 and 2012, respectively. The Non-Management Director who chairs the Audit Committee received an annual retainer of CHF 9,272 and CHF 9,378 in 2013 and 2012, respectively. In addition, each Non-Management Director was paid CHF 1,391 and CHF 1,407 for each Board meeting convened in person and CHF 464 and CHF 469 for attending each Board meeting convened by teleconference in 2013 and 2012, respectively. For each Audit committee meeting convened in person or by teleconference, each Non-Management Director was paid CHF 927 and CHF 938 in 2013 and 2012, 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 1,391 and CHF 1,407 for each committee meeting convened in person and CHF 464 and CHF 469 for attending each meeting convened by teleconference in 2013 and 2012, 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 2013 and 2012, 11,484 and 9,616 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 2013 or 2012.

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 2013 and 2012, Dr. Kao, as chairman of Garmin Corporation, a Taiwan subsidiary of the Company, received compensation from Garmin Corporation in the amount of CHF 52,313 and CHF 52,991, respectively, for his personal guarantee of Garmin Corporation's obligations.

The 2013 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	Executive Chairman, Member of the Board	-	-	-
Clifton A. Pemble	President & Chief Executive Officer, Member of the Board	-	-	-
Gene Betts [3]	Member of the Board, Audit, Compensation and Nominating Committees	5,165	-	5,165
Donald Eller	Member of the Board and Compensation Committee, Chairman of Nominating Committee	69,159	83,453	152,612
Joseph Hartnett [4]	Member of the Board, Audit, Compensation and Nominating Committees	53,614	83,453	137,067
Charles Peffer	Member of the Board and Compensation and Nominating Committees, Chairman of Audit Committee	68,169	83,453	151,622
Thomas Poberezny	Member of the Board, Audit and Nominating Committees, Chairman of Compensation Committee	70,264	83,453	153,717

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

[2] Represents value of share-based compensation received by Board members

[3] Mr. Betts ceased to be a director in June 2013.

[4] Mr. Hartnett became a director in June 2013.

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 Peffer	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 share-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.

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 2013 or 2012. No payments were made to former board members in 2013 or 2012.

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 Management Compensation

The total compensation of members of the executive management 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]								
Executive Chairman	**2012**	468,911	190	-	-	-	90,206	559,307
	2013	324,520	237	-	-	-	87,493	412,250
Clifton A. Pemble [5]								
President & Chief Executive Officer	**2012**	562,680	190	430,802	423,413	-	36,222	1,453,307
	2013	602,680	237	409,071	457,386	-	34,182	1,503,556
Kevin S. Rauckman								
Chief Financial Officer & Treasurer	**2012**	468,900	190	202,710	149,448	-	40,090	861,338
	2013	509,960	2,278	180,826	168,507	-	39,333	900,904
Andrew R. Etkind								
Vice President, General Counsel & Secretary	**2012**	468,900	-	202,710	-	-	383,383	1,054,993
	2013	477,508	226	180,826	-	-	389,282	1,047,842
Danny J. Bartel								
Vice President, Worldwide Sales	**2012**	422,010	3,105	202,710	-	-	37,060	664,885
	2013	433,002	237	180,826	-	-	31,301	645,366

[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 2013 and 2012. See the Grants of Plan-Based Awards table for information on awards made in 2013 and 2012.

[3] This column shows the grant date fair value with respect to the SARs and stock options granted in 2013 and 2012. See the Grants of Plan-Based Awards table for information on awards made in 2013 and 2012.

[4] All Other Compensation for each of the Named Executives for 2013 and 2012 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 2013 and 2012, Dr. Kao received CHF 11,822 and CHF 11,723 for profit sharing contributions as well as CHF 15,994 and CHF 15,825 in company matching contributions related to the qualified 401(k) plan; Mr. Pemble received CHF 11,822 and CHF 11,723 for profit sharing contributions as well as CHF 12,170 and CHF 11,957 in company matching contributions related to the qualified 401(k) plan; Mr. Rauckman received CHF 11,822 and CHF 11,723 for profit sharing contributions as well as CHF 15,994 and CHF 15,825 in company matching contributions related to the qualified 401(k) plan; Mr. Bartel received CHF 11,822 and CHF 11,723 for profit sharing contributions as well as CHF 10,998 and CHF 15,825 in company matching contributions related to the qualified 401(k) plan. Health insurance premiums are included in All Other Compensation for 2013 as follows: Dr. Kao - CHF 6,896; Mr. Pemble - CHF 9,523; Mr. Rauckman - CHF 10,849; Mr. Etkind - CHF 37,424; and Mr. Bartel - CHF 7,856. 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 2013 and 2012 also includes payments of CHF 52,313 and CHF 52,991 for personal guarantees of Garmin Corporation, in accordance with Taiwan banking practice. In addition, Mr. Etkind's All Other Compensation in 2013 and 2012 includes CHF 255,646 and CHF 242,900 for cost of living adjustments; CHF 48,067 and CHF 48,957 in Swiss pension plan contributions, CHF 12,766 and CHF 12,766 for an automobile allowance, and CHF 35,380 and CHF 45,353 for private school tuition fees. Finally, All Other Compensation for 2013 and 2012 includes premiums on life insurance for all Named Executives except Mr. Etkind.

[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 management 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 management.

No loans or guarantees were granted to members of the executive management in 2013 or 2012.

Grants of Plan-Based Awards

The following table provides information for each of the members of the Executive Management regarding 2013 grants of restricted stock units (RSUs) and options:

Grants of Plan-Based Awards

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards						
Name	**Grant Date**	*Threshold (CHF)*	*Target (CHF)*	*Maximum (CHF)*	*Threshold (#)*	*Target (#)*	*Maximum (#)*	**All Other Stock Awards: Number of Shares of Stock or Units (#) [1]**	**All Other Option Awards: Number of Securities Underlying Options (#)[2]**	**Exercise or Base Price of Option Awards (CHF/Sh)[2]**	**Grant Date Fair Value of Stock and Option Awards [3]**
Min H. Kao											
Clifton A. Pemble	12/10/2013							9,705			392,658
	12/10/2013								38,492	43.67	439,035
Kevin S. Rauckman	12/10/2013							4,290			173,571
	12/10/2013								14,181	43.67	161,747
Andrew R. Etkind	12/10/2013							4,290			173,571
Danny J. Bartel	12/10/2013							4,290			173,571

[1] Awards made in the form of restricted stock units on December 10, 2013.

[2] Awards made in the form of stock appreciation rights (SARs) on December 10, 2013. The SAR price is determined based on the closing price of Garmin stock on the date of grant.

[3] This column represents the grant date fair value of RSUs and SARs. For RSUs, that amount is calculated by multiplying the closing price of Garmin shares on the NASDAQ stock market on the date of grant discounted for dividends issued then multiplied by the number of shares awarded. For SARs, 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 2013 grants, refer to Note 9 of Garmin's financial statements in the Form 10-K for the fiscal year ended December 28, 2013, as filed with the SEC.

The following table provides information for each of the members of the Executive Management regarding 2012 grants of RSUs:

Grants of Plan-Based Awards

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards [1]			Estimated Future Payouts Under Equity Incentive Plan Awards						
Name	**Grant Date**	*Threshold (CHF)*	*Target (CHF)*	*Maximum (CHF)*	*Threshold (#)*	*Target (#)*	*Maximum (#)*	**All Other Stock Awards: Number of Shares of Stock or Units (#) [2]**	**All Other Option Awards: Number of Securities Underlying Options (#)[3]**	**Exercise or Base Price of Option Awards (CHF/Sh)[3]**	**Grant Date Fair Value of Stock and Option Awards [4]**
Min H. Kao											
Clifton A.	12/10/2012							10,896			429,286
Pemble	12/10/2012								45,260	39.40	422,109
Kevin S.	12/10/2012							5,127			201,996
Rauckman	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 threshhold, 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.

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

As of December 28, 2013 and December 29, 2012, the members of the Board of Directors and Executive Management held the following numbers of shares:

Name	Total number of shares held at Dec. 28, 2013	Total number of shares held at Dec. 29, 2012
Danny J. Bartel	64,040	56,057
Gene M. Betts	-	1,750
Donald H. Eller, Ph.D.	502,102	600,750
Andrew R. Etkind	28,918	26,810
Joseph Hartnett	-	-
Min H. Kao, Ph.D.	38,942,580 [1]	38,942,580 [1]
Charles W. Peffer	8,640	7,288
Clifton A. Pemble	43,799	34,079
Thomas Poberezny	2,102	750
Kevin Rauckman	27,187	20,980
Total	39,619,368	39,691,044

[1] Includes 24,443,568 shares held by revocable trusts established by Dr. Kao's children over which Dr. Kao has shared voting and dispositive power. Also 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.

The following tables provide information for each member of the Executive Management regarding outstanding equity awards held by them as of December 28, 2013 and December 29, 2012, respectively. Amounts in these tables are presented in CHF.

Outstanding Equity Awards at December 28, 2013

	Option Awards					Stock Awards			
Name	*Number of Securities Underlying Unexercised Options (#) Exercisable*	*Number of Securities Underlying Unexercised Options (#) Unexercisable*	*Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)*	*Option / SAR Exercise Price (CHF)*	*Option / SAR Expiration Date*	*Number of Shares or Units of Stock That Have Not Vested (#)*	*Market Value of Shares or Units of Stock That Have Not Vested (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.	11,288 (1)	16,932	-	36.82	12/28/21	-	-	2,000 (3)	86,545
Pemble	9,052 (1)	36,208	-	39.09	12/10/22	-	-	4,000 (3)	173,090
	12,000 (2)	-	-	20.02	06/23/15	-	-	4,833 (3)	209,136
	15,000 (2)	-	-	28.43	12/16/15	-	-	7,264 (3)	314,331
	20,000 (2)	-	-	42.79	06/09/16	-	-	9,705 (3)	419,959
	20,000 (2)	-	-	47.35	12/05/16	-	-	-	-
	20,000 (2)	-	-	58.70	06/08/17	-	-	-	-
	25,000 (2)	-	-	97.66	12/04/17	-	-	-	-
	25,000 (2)	-	-	47.26	06/06/18	-	-	-	-
	38,492 (2)	38,492	-	45.50	12/10/23				
Kevin S.	5,644 (1)	8,466		36.82	12/28/21	-	-	1,334 (3)	57,725
Rauckman	3,195 (1)	12,780		39.09	12/10/22	-	-	2,666 (3)	115,364
	10,000 (2)	-	-	20.02	06/23/15	-	-	3,222 (3)	139,424
	12,000 (2)	-	-	28.43	12/16/15	-	-	3,418 (3)	147,905
	15,000 (2)	-	-	42.79	06/09/16	-	-	4,290 (3)	185,639
	15,000 (2)	-	-	47.35	12/05/16	-	-	-	-
	15,000 (2)	-	-	58.70	06/08/17	-	-	-	-
	20,000 (2)	-	-	97.66	12/04/17	-	-	-	-
	20,000 (2)	-	-	47.26	06/06/18	-	-	-	-
	14,181 (2)	14,181		45.50	12/10/23				
Andrew R.	15,000 (2)	-	-	42.79	06/09/16	-	-	1,334 (3)	57,725
Etkind	15,000 (2)	-	-	47.35	12/05/16	-	-	2,666 (3)	115,364
	15,000 (2)	-	-	58.70	06/08/17	-	-	3,222 (3)	139,424
	20,000 (2)	-	-	97.66	12/04/17	-	-	3,418 (3)	147,905
	20,000 (2)	-	-	47.26	06/06/18	-	-	4,290 (3)	185,639
Danny J.	10,000 (1)	-	-	18.49	09/23/14	-	-	934 (3)	40,416
Bartel	5,000 (1)	-	-	20.02	06/23/15	-	-	1,866 (3)	80,746
	6,000 (2)	-	-	28.43	12/16/15	-	-	2,256 (3)	97,623
	10,000 (2)	-	-	42.79	06/09/16	-	-	3,418 (3)	147,905
	12,500 (2)	-	-	47.35	12/05/16	-	-	4,290 (3)	185,639
	15,000 (2)	-	-	58.70	06/08/17	-	-	-	-
	15,000 (2)	-	-	97.66	12/04/17	-	-	-	-
	15,000 (2)	-	-	47.26	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 43.27, which was the closing price of Garmin shares on the NASDAQ stock market on December 28, 2013.

Outstanding Equity Awards at December 29, 2012

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option / SAR Exercise Price (CHF)	Option / SAR Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (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]
	Option Awards					**Stock Awards**			
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
	- [1]	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
	- [1]	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. Etkind	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.

The members of our Board of Directors and Executive Management owned 20.30 and 20.29 percent of the Company's total shares outstanding as of December 28, 2013 and December 29, 2012, respectively.

Other than as disclosed, no party related to any member of the Board of Directors or Executive Management held any shares of Garmin Ltd. or options in Garmin Ltd. shares as of December 28, 2013 or December 29, 2012.

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 Executive Chairman and President and Chief Executive 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 2013, Garmin Ltd. received a dividend of CHF 346,000 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 346,000 in the value of its 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.

12. Subsequent events

On February 14, 2014, the Company's Board of Directors determined that with effective date January 1, 2014, the Company's Executive Management consists of its President and Chief Executive Officer and its Chief Financial Officer and Treasurer.

Proposed Appropriation of Available Earnings

Balance brought forward	(39,244)
Net loss for the period	(8,946)
Total available to the general meeting	(48,190)
Proposal of the Board of Directors for the appropriation of retained earnings to the general meeting:	(48,190)
Balance to be carried forward	(48,190)

	General legal reserve from capital contribution	Reserve for treasury stock from capital contribution[1]	Dividend reserve from capital contribution
Balance as of December 28, 2013	5,858,865	462,884	74,892
Proposed release of general legal reserve from capital contribution to dividend reserve from capital contribution	(407,749)		407,749
Balance to be carried forward	5,451,116	462,884	482,641

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

The Board of Directors proposes a cash dividend in the amount of USD 1.92 per share out of Garmin Ltd.'s capital contribution reserve payable in four equal installments at the dates determined by the Board of Directors in its discretion, the record date and payment date for each such installment to be announced in a press release at least ten calendar days prior to the record date.

The proposed reduction to Garmin Ltd.'s capital contribution reserve will be allocated to dividend reserve from capital contributions. The proposed allocation is required to be in Swiss Francs and is based on the issued share capital at December 28, 2013, is calculated based on the CHF/USD exchange rate in effect as of December 28, 2013, and includes a 15% margin for currency fluctuation.

The number of shares eligible for dividend payments may change due to the repurchase of shares or sale of treasury shares and the issuance of new shares from the conditional share capital reserved for the employee profit sharing program. The Board of Directors proposes that the cash dividend shall be paid with respect to the outstanding share capital of Garmin Ltd. on the record date for the applicable installment, which amount will exclude any shares of Garmin Ltd. held by Garmin Ltd. or any of its direct or indirect subsidiaries.

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 1.92 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 28, 2013 and December 29, 2012

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To the General Meeting of

Garmin Ltd., Schaffhausen

Zurich, February 19, 2014

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 balance sheets of December 28, 2013 and December 29, 2012 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 28, 2013.

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 28, 2013 and December 29, 2012 present fairly, in all material respects, the consolidated financial position of Garmin Ltd. and Subsidiaries at December 28, 2013 and December 29, 2012, and the consolidated results of operations and cash flows for the three years in the period ended December 28, 2013 in accordance with accounting principles generally accepted in the United States and comply with Swiss law.

Report on other legal requirements

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

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

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

Ernst & Young Ltd

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

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

	December 28, 2013	December 29, 2012
Assets		
Current assets:		
Cash and cash equivalents	$1,179,149	$1,231,180
Marketable securities *(Note 3)*	149,862	153,083
Accounts receivable, less allowance for doubtful accounts of $20,367 in 2013 and $20,582 in 2012	564,586	603,673
Inventories, net	382,226	389,931
Deferred income taxes *(Note 6)*	69,823	68,785
Deferred costs	57,368	53,948
Loan receivable	137,379	-
Prepaid expenses and other current assets	55,243	35,520
Total current assets	2,595,636	2,536,120
Property and equipment, net		
Land and improvements	98,324	97,427
Building and improvements	300,820	284,534
Office furniture and equipment	156,731	135,246
Manufacturing equipment	123,346	131,019
Engineering equipment	96,180	90,817
Vehicles	20,879	20,695
	796,280	759,738
Accumulated depreciation	(381,432)	(349,987)
	414,848	409,751
Restricted cash *(Note 4)*	249	836
Marketable securities *(Note 3)*	1,502,106	1,488,312
Noncurrent deferred income tax *(Note 6)*	88,324	93,920
Noncurrent deferred costs	41,157	42,359
Intangible assets	219,494	232,597
Other assets	17,789	15,229
Total assets	$4,879,603	$4,819,124
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$146,582	$131,263
Salaries and benefits payable	59,794	55,969
Accrued warranty costs	26,767	37,301
Accrued sales program costs	50,903	57,080
Deferred revenue	256,908	252,375
Accrued royalty costs	64,538	71,745
Accrued advertising expense	19,448	25,192
Other accrued expenses	65,657	69,806
Deferred income taxes *(Note 6)*	989	332
Income taxes payable	38,043	32,031
Dividend payable	175,675	175,932
Total current liabilities	905,304	909,026
Deferred income taxes *(Note 6)*	1,758	2,467
Non-current income taxes	140,933	181,754
Non-current deferred revenue	171,012	193,047
Other liabilities	890	1,034
Stockholders' equity:		
Shares, CHF 10 par value, 208,077,418 shares authorized and issued; 195,150,102 shares outstanding at December 28, 2013; and 195,591,854 shares outstanding at December 29, 2012; *(Notes 9, 10, 11, and 12):*	1,797,435	1,797,435
Additional paid-in capital	79,263	72,462
Treasury stock	(120,620)	(81,280)
Retained earnings	1,865,587	1,604,625
Accumulated other comprehensive income	38,041	138,554
Total stockholders' equity	3,659,706	3,531,796
Total liabilities and stockholders' equity	$4,879,603	$4,819,124

See accompanying notes.

Garmin Ltd. And Subsidiaries

Consolidated Statements of Income

(In Thousands, Except Per Share Information)

	Fiscal Year Ended		
	December 28, 2013	**December 29, 2012**	**December 31, 2011**
Net sales	$2,631,851	$2,715,675	$2,758,569
Cost of goods sold	1,224,551	1,277,195	1,419,977
Gross profit	1,407,300	1,438,480	1,338,592
Advertising expense	112,905	138,757	145,024
Selling, general and administrative expenses	355,440	369,790	341,217
Research and development expense	364,923	325,773	298,584
	833,268	834,320	784,825
Operating income	574,032	604,160	553,767
Other income (expense):			
Interest income	35,271	35,108	32,812
Foreign currency gains (losses)	35,538	(20,022)	(12,100)
Other	8,717	5,282	9,682
	79,526	20,368	30,394
Income before income taxes	653,558	624,528	584,161
Income tax provision (benefit): *(Note 6)*			
Current	27,771	114,013	110,755
Deferred	13,375	(31,888)	(47,490)
	41,146	82,125	63,265
Net income	$612,412	$542,403	$520,896
Basic net income per share *(Note 10)*	$3.13	$2.78	$2.68
Diluted net income per share *(Note 10)*	$3.12	$2.76	$2.67

See accompanying notes.

Garmin Ltd. And Subsidiaries

Consolidated Statements of Comprehensive Income

(In Thousands)

	Fiscal Year Ended		
	December 28, 2013	**December 29, 2012**	**December 31, 2011**
Net income	$612,412	$542,403	$520,896
Foreign currency translation adjustment	(43,609)	52,516	14,716
Change in fair value of available-for-sale marketable securities, net of deferred taxes	(56,904)	(1,155)	16,473
Comprehensive income	$511,899	$593,764	$552,085

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 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 related to equity awards	–	–	(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 related to equity awards	–	–	(18,745)	–	–	(18,745)
Balance at December 29, 2012	**$1,797,435**	**$72,462**	**($81,280)**	**$1,604,625**	**$138,554**	**$3,531,796**
Net income	–	–	–	**612,412**	–	**612,412**
Translation adjustment	–	–	–	–	**(43,609)**	**(43,609)**
Adjustment related to unrealized gains (losses) on available-for-sale securities net of income tax effects of ($2,183)	–	–	–	–	**(56,904)**	**(56,904)**
Comprehensive income						**511,899**
Dividends declared	–	–	–	**(351,450)**	–	**(351,450)**
Tax benefit from issuance of equity awards	–	**4,584**	–	–	–	**4,584**
Issuance of treasury stock related to equity awards	–	**(20,375)**	**43,145**	–	–	**22,770**
Stock compensation	–	**22,592**	–	–	–	**22,592**
Purchase of treasury stock related to equity awards	–	–	**(24,063)**	–	–	**(24,063)**
Purchase of treasury stock under share repurchase plan	–	–	**(58,422)**	–	–	**(58,422)**
Balance at December 28, 2013	**$1,797,435**	**$79,263**	**($120,620)**	**$1,865,587**	**$38,041**	**$3,659,706**

See accompanying notes.

Garmin Ltd. And Subsidiaries

Consolidated Statements of Cash Flows

(In Thousands)

	Fiscal Year Ended		
	December 28, 2013	**December 29, 2012**	**December 31, 2011**
Operating Activities:			
Net income	$612,412	$542,403	$520,896
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	48,476	52,632	54,610
Amortization	30,328	37,835	39,925
Gain on sale of property and equipment	(724)	(367)	(2,192)
Provision for doubtful accounts	1,553	2,947	1,698
Provision for obsolete and slow-moving inventories	20,891	11,003	16,047
Unrealized foreign currency losses	(40,120)	40,042	18,583
Deferred income taxes	7,931	(32,080)	(42,475)
Stock compensation	22,592	29,274	40,212
Realized loss/(gains) on marketable securities	(5,877)	(2,980)	(4,322)
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	38,589	10,808	170,162
Inventories	(17,593)	3,997	(6,385)
Other current and non-current assets	(22,013)	39,717	(60,996)
Accounts payable	18,043	(38,929)	(26,329)
Other current and non-current liabilities	(31,775)	(33,235)	(61,103)
Deferred revenue	(16,150)	67,931	179,439
Deferred costs	(2,204)	(15,441)	(36,120)
Income taxes payable	(34,275)	(30,812)	20,684
Net cash provided by operating activities	630,084	684,745	822,334
Investing activities:			
Purchases of property and equipment	(56,083)	(38,445)	(38,366)
Proceeds from sale of property and equipment	885	757	4,127
Purchase of intangible assets	(1,122)	(6,783)	(6,933)
Purchase of marketable securities	(909,151)	(1,429,593)	(1,172,555)
Redemption of marketable securities	833,491	985,598	779,213
Advances under loan receivable commitment	(137,369)	-	-
Acquisitions, net of cash acquired	(5,680)	(7,697)	(54,190)
Change in restricted cash	587	(65)	506
Net cash used in investing activities	(274,442)	(496,228)	(488,198)
Financing activities:			
Dividends	(351,707)	(253,386)	(310,763)
Tax benefit from issuance of equity awards	4,584	(516)	3,313
Proceeds from issuance of treasury stock related to equity awards	22,770	22,798	22,337
Purchase of treasury stock related to equity awards	(24,063)	(18,745)	(22,300)
Purchase of treasury stock under share repurchase plan	(58,422)	-	-
Net cash used in financing activities	(406,838)	(249,849)	(307,413)
Effect of exchange rate changes on cash and cash equivalents	(835)	5,352	(499)
Net (decrease)/increase in cash and cash equivalents	(52,031)	(55,980)	26,224
Cash and cash equivalents at beginning of year	1,231,180	1,287,160	1,260,936
Cash and cash equivalents at end of year	$1,179,149	$1,231,180	$1,287,160

See accompanying notes.

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

	Fiscal Year Ended		
	December 28, 2013	December 29, 2012	December 31, 2011
Supplemental disclosures of cash flow information			
Cash paid during the year for income taxes	$73,372	$127,509	$85,231
Cash received during the year from income tax refunds	$3,584	$5,237	$350
Cash paid during the year for interest	-	-	-
Supplemental disclosure of non-cash investing and financing activities			
Change in marketable securities related to unrealized appreciation (depreciation)	($59,087)	($1,109)	$16,104
Fair value of assets acquired	$11,486	$11,156	$162,572
Liabilities assumed	(4,955)	(2,740)	(93,014)
Less: cash acquired	(851)	(719)	(15,368)
Cash paid for acquisitions, net of cash acquired	$5,680	$7,697	$54,190

See accompanying notes.

GARMIN LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, Except Share and Per Share Information)
December 28, 2013 and December 29, 2012

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 2013 and 2012 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 $85,363 and $128,972 as of December 28, 2013 and December 29, 2012, 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 gains/(losses) of $35,538, ($20,022), and ($12,100) for the years ended December 28, 2013, December 29, 2012, and December 31, 2011, respectively. The gain in fiscal 2013 was due primarily to the strengthening of the USD against the Taiwan Dollar and the USD weakening against the Euro and the British Pound Sterling. 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.

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. Beginning in 2011, the Company has maintained trade credit insurance to provide security against large losses.

Loan Receivable

On March 14, 2013, the Company entered into a Memorandum of Agreement (the "Agreement") with Bombardier, Inc. ("Bombardier"). The Company is the supplier of the avionics system for the Lear 70 and Lear 75 aircraft currently in development for Learjet, Inc., which is a subsidiary of Bombardier (the "Program"). In order to assist Bombardier in connection with delayed cash flows from the Program partially related to the certification of avionics for the Program exceeding the planned delivery date, the Company agreed to provide Bombardier a short term, interest free, loan of $173,708 in cash in seven installments beginning on March 22, 2013 and ending on September 20, 2013 pursuant to the terms and conditions of the Agreement. Bombardier will repay the loan in five installments beginning in November 2013 and ending in April 2014 pursuant to the terms and conditions of the Agreement and subsequent amendment signed December 6, 2013. As of December 28, 2013, the Company had a loan receivable balance of $137,369 from Bombardier in the accompanying consolidated balance sheet.

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:

	December 28, 2013	December 29, 2012
Raw Materials	$ 131,408	$ 119,142
Work-in-process	50,110	53,656
Finished goods	229,089	243,238
Inventory Reserves	(28,381)	(26,105)
Inventory, net of reserves	$ 382,226	$ 389,931

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 2013, 2012, or 2011. 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

Under Swiss corporate law, dividends must be approved by shareholders at the general meeting of our shareholders.

On June 7, 2013, the shareholders approved a dividend of $1.80 per share (of which, $0.90 was paid in the Company's 2013 fiscal year) payable in four equal installments on dates determined by the Board of Directors. The dates determined by the Board were as follows: $0.45 on June 28, 2013 to shareholders of record on June 18, 2013, $0.45 on September 30, 2013 to shareholders of record on September 16, 2013, $0.45 on December 31, 2013 to shareholders of record on December 16, 2013 and $0.45 on March 31, 2014 to shareholders of record on March 17, 2014. The Company paid dividends in 2013 in the amount of $351,707. Both the dividend paid and the remaining dividend payable were reported as a reduction of retained earnings.

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 were 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.

Approximately $265,880 and $254,986 of retained earnings are indefinitely restricted from distribution to stockholders pursuant to the laws of Taiwan at December 28, 2013 and December 29, 2012, respectively.

Intangible Assets

At December 28, 2013 and December 29, 2012, the Company had patents, customer related intangibles and other identifiable finite-lived intangible assets recorded at a cost of $183,431 and $181,918, 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 $143,227 and $125,380 at December 28, 2013 and December 29, 2012 respectively. Amortization expense on these intangible assets was $17,847, $21,437, and $24,831 for the years ended December 28, 2013, December 29, 2012, and December 31, 2011, respectively. In the next five years, the amortization expense is estimated to be $16,085, $8,326, $6,115, $2,848, and $2,234, respectively.

The Company's excess purchase cost over fair value of net assets acquired (goodwill) was $179,290 at December 28, 2013 and $176,059 at December 29, 2012.

	December 28, 2013	December 29, 2012
Goodwill balance at beginning of year	$ 176,059	$ 179,475
Acquisitions	2,726	3,470
Finalization of purchase price allocations and effect of foreign currency translation	505	(6,886)
Goodwill balance at end of year	$ 179,290	$ 176,059

The decrease in net identifiable intangible assets is principally related to amortization, partially offset by acquisitions completed in 2013 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 28, 2013. 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 28, 2013 and December 29, 2012, cumulative unrealized gains/(losses) of ($47,322) and $9,582, 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 credit 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 740 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. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

The Company adopted the applicable guidance included in the FASB ASC 740 topic *Income Taxes* related to accounting for uncertainty in income taxes on December 31, 2006, the beginning of fiscal year 2007. We recognize liabilities for tax audit issues in the U.S. and other tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes will be due. If payment of these amounts ultimately proves not to be required, the reversal of the liabilities would result in tax benefits being recognized in the period when we determine the liabilities are no longer necessary. If our estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense would result.

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 24% and 29% of net sales since 2011. None of the Company's customers accounted for more than 10% of consolidated net sales in the years ended December 28, 2013, December 29, 2012, and December 31, 2011. 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 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 multiple deliverables contained in arrangements involving the sale of PNDs which include the LMU and/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 and potentially third deliverables are the LMU and/or premium traffic service. The Company has allocated revenue between these 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, 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 Garmin's historical experience.

Deferred Revenues and Costs

At December 28, 2013 and December 29, 2012, the Company had deferred revenues totaling $427,920 and $445,422, respectively, and related deferred costs totaling $98,525 and $96,307, 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 $199,540, $98,671 and $31,184, 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 Company's standard warranty obligation to retail partners generally provides for a right of return of any product for a full refund in the event that such product is not merchantable, is damaged or defective. The Company's historical experience is that these types of warranty obligations are generally fulfilled within 5 months from time of sale. The Company's standard warranty obligation to its end-users provides for a period of one to two years from date of shipment while certain aviation products have a warranty period of two years from the date of installation**.** 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 28, 2013	December 29, 2012	December 31, 2011
Balance - beginning of period	$37,301	$46,773	$49,885
Change in accrual for products sold in prior periods(1)	(8,709)	-	-
Accrual for products sold(2)	41,309	38,421	52,305
Expenditures	(43,134)	(47,893)	(55,417)
Balance - end of period	$26,767	$37,301	$46,773

(1) Our expected future cost is estimated based upon historical trends in the volume of product returns and the related warranty costs incurred. In 2013 we updated these assumptions and shortened the estimated time horizon in which we settle claims with our retail partners.
(2) Minor changes in cost estimates related to pre-existing warranties are aggregated with accruals for new warranty contracts in the 'accrual for products sold' line.

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 $112,905, $138,757, and $145,024 for the years ended December 28, 2013, December 29, 2012, and December 31, 2011, 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 $364,923, $325,773, and $298,584 for the years ended December 28, 2013, December 29, 2012, and December 31, 2011, respectively.

Customer Service and Technical Support

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

Software Development Costs

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

Accounting for Stock-Based Compensation

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

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

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

Recently Issued Accounting Pronouncements

In July 2012, the FASB issued Accounting Standards Update 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. The implementation of the amended accounting guidance did not have a material impact on the Company’s financial statements.

In February 2013, the FASB issued Accounting Standards Update No. 2013-02 “Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income” (ASU 2013-02), which is included in ASC Topic 220 (Comprehensive Income). The objective of ASU 2013-02 is to improve the reporting of reclassifications out of accumulated other comprehensive income. The amendments are effective prospectively for reporting periods beginning after December 15, 2012. The Company has implemented this amendment and has included the required disclosure in the Notes to Consolidated Financial Statements.

In July 2013, the FASB issued Accounting Standards Update No. 2013-11 “Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists” (ASU 2013-11), which is included in ASC Topic 740 (Income Taxes). ASU 2013-11 requires an entity to net its liability for unrecognized tax positions against a net operating loss carryforward, a similar tax loss or a tax credit carryforward when settlement in this manner is available under the tax law. The provisions of this new guidance are effective for reporting periods beginning after December 15, 2013. We are currently evaluating the impact of the new guidance on our 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 28, 2013			
	Total	**Level 1**	**Level 2**	**Level 3**
Mortgage-backed securities	$ 437,330	$ -	$ 437,330	$ -
Obligations of states and political subdivisions	647,354	-	647,354	-
Corporate bonds	457,148	-	457,148	-
Common stocks	29,854	29,854	-	-
Other	80,282	-	80,282	-
Total	$ 1,651,968	$ 29,854	$ 1,622,114	$ -

	Fair Value Measurements as of December 29, 2012			
	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	$ -

Marketable securities classified as available-for-sale securities are summarized below:

	Available-For-Sale Securities as of December 28, 2013				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses-OTTI [1]	Gross Unrealized Losses-Other [2]	Estimated Fair Value (Net Carrying Amount)
Mortgage-backed securities	$ 461,054	$ 2,692	$ (22,614)	$ (3,802)	$ 437,330
Obligations of states and political subdivisions	673,529	1,601	(27,509)	(267)	647,354
U.S. corporate bonds	463,437	1,050	(7,031)	(308)	457,148
Common stocks	24,540	5,413	(99)	-	29,854
Other	78,059	2,326	(103)	-	80,282
Total	$ 1,700,619	$ 13,082	$ (57,356)	$ (4,377)	$ 1,651,968

	Available-For-Sale Securities as of December 29, 2012				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses-OTTI [1]	Gross Unrealized Losses-Other [2]	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	399,036	3,138	-	(2,233)	399,941
Common stocks	21,113	2,392	-	(523)	22,982
Other	67,181	551	-	(12)	67,720
Total	$ 1,630,959	$ 17,320	$ -	$ (6,884)	$ 1,641,395

(1) Represents impairment not related to credit for those investment securities that have been determined to be other-than-temporarily impaired.

(2) Represents unrealized losses on investment securities that have not been determined to be other-than-temporarily impaired.

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. The Company recognizes the credit component of other-than-temporary impairments of debt securities in "Other income" and the noncredit component in "Other comprehensive income (loss)" for those securities that we do not intend to sell and for which it is not more likely than not that we will be required to sell before recovery. During 2013 and 2012, the Company did not record any material impairment charges on its outstanding securities.

The fair value of our securities varies from period to period due to changes in interest rates, in the performance of the underlying collateral and in the credit performance of the underlying issuer, among other factors. In 2013, Garmin experienced unrealized, non-cash losses on its investment portfolio resulting in a balance of $57,356 of gross other-than-temporary impairment and $4,377 of other unrealized losses on marketable securities at December 28, 2013. The amortized cost and estimated fair value of the securities at an unrealized loss position at December 28, 2013 were $1,215,498 and $1,153,765, respectively. This decrease in estimated fair value is primarily due to market valuations on mortgage-backed securities and obligations of states and political subdivisions declining. The decline was due to increases in the 10 Year Treasury Bond Yield during 2013, which caused market valuations of securities in our investment portfolios to decline. Approximately 50% of securities in our portfolio were at an unrealized loss position at December 28, 2013. An immaterial amount of those securities have been in a continuous unrealized loss position for 12 months or longer. We have the ability to hold these securities until maturity or their value is recovered. We do not consider these unrealized losses to be other than temporary credit losses because there has been no deterioration in credit quality and no change in the cash flows of the underlying securities. We do not intend to sell the securities and it is not more likely than not that we will be required to sell the securities; therefore, no impairment has been recorded in the accompanying condensed consolidated statement of income.

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

The amortized cost and estimated fair value of marketable securities at December 28, 2013, 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 (2014)	$ 151,594	$ 149,862
Due after one year through five years (2015-2019)	708,379	704,164
Due after five years through ten years (2020-2024)	237,556	226,777
Due after ten years (2025 and thereafter)	540,912	501,388
Other (No contractual maturity dates)	62,178	69,777
	$ 1,700,619	$ 1,651,968

4. Commitments and Contingencies

Rental expense related to office, equipment, warehouse space and real estate amounted to $18,721, $17,470, and $14,277 for the years ended December 28, 2013, December 29, 2012, and December 31, 2011, respectively. The Company recognizes rental expense on a straight-line basis over the lease term.

Future minimum lease payments are as follows:

Year	Amount
2014	$ 15,460
2015	14,041
2016	11,547
2017	8,300
2018	6,310
Thereafter	14,084
Total	$ 69,742

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 $249 and $836 at December 28, 2013 and December 29, 2012, 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 $225,604 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, other intellectual property, product liability, customer 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 28, 2013, December 29, 2012, and December 31, 2011, expense related to these plans of $26,839, $22,159, and $20,647, 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 28, 2013, December 29, 2012, and December 31, 2011, were significant.

6. Income Taxes

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

	Fiscal Year Ended		
	December 28, 2013	**December 29, 2012**	**December 31, 2011**
Federal:			
Current	($11,907)	$83,185	$79,305
Deferred	1,913	(22,988)	(25,763)
	(9,994)	60,197	53,542
State:			
Current	2,584	8,532	9,087
Deferred	(408)	(5,327)	(4,490)
	2,176	3,205	4,597
Foreign:			
Current	37,094	22,296	22,363
Deferred	11,870	(3,573)	(17,237)
	48,964	18,723	5,126
Total	$41,146	$82,125	$63,265

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 28, 2013	December 29, 2012	December 31, 2011
Federal income tax expense at U.S. statutory rate	$229,420	$218,585	$204,456
State income tax expense, net of federal tax effect	1,414	2,083	2,988
Foreign tax rate differential	(121,279)	(141,456)	(148,058)
Taiwan tax holiday benefit	(4,944)	(6,418)	(13,127)
Net change in uncertain tax postions	(50,700)	19,850	8,283
Other foreign taxes less incentives and credits	5,041	(2,287)	9,658
U.S. federal domestic production activities deduction	(3,550)	(6,276)	(2,415)
U.S. federal research and development credit	(14,876)	-	(6,111)
Other, net	620	(1,956)	7,591
Income tax expense	$41,146	$82,125	$63,265

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 2013, as presented above, the amounts related to tax at the statutory rate would be $178,000 lower, or $51,000, and the foreign tax rate differential would be adjusted by a similar amount to $64,000. For 2012, 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. All other amounts would remain substantially unchanged.

The Company's income before income taxes attributable to non-U.S. operations was $502,423, $495,908, and $473,994, for the years ended December 28, 2013, December 29, 2012, and December 31, 2011, respectively. The Taiwan tax holiday benefits included in the table above reflect $0.03, $0.03, and $0.07 per weighted-average common share outstanding for the years ended December 28, 2013, December 29, 2012, and December 31, 2011, respectively. The Company currently expects to benefit from these Taiwan tax holidays through 2016, at which time these tax benefits will likely expire. Income taxes of $307,990, $252,452, and $229,657 at December 28, 2013, December 29, 2012, and December 31, 2011, 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.

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 28, 2013	December 29, 2012
Deferred tax assets:		
Product warranty accruals	$3,000	$2,522
Allowance for doubtful accounts	11,394	11,026
Inventory reserves	5,491	6,162
Sales program allowances	525	5,680
Reserve for sales returns	-	3,442
Other accruals	8,927	8,774
Deferred costs	4,266	-
Stock option compensation	47,954	51,241
Tax credit carryforwards	55,435	46,577
Amortization	23,900	25,841
Deferred revenue	57,813	56,293
Net operating losses of subsidiaries	11,561	15,771
Unrealized investment gain	-	2,459
Benefit related to uncertain tax positions	9,904	13,882
Other	4,064	1,334
Valuation allowance related to loss carryforward and tax credits	(63,361)	(51,393)
	180,873	199,611
Deferred tax liabilities:		
Depreciation	16,202	16,286
Reserve for sales returns	733	-
Prepaid expenses	4,766	2,886
Book basis in excess of tax basis for acquired entities	2,343	4,907
Unrealized investment loss	1,429	-
Other	-	1,744
	25,473	25,823
Net deferred tax assets	$155,400	$173,788

For improved comparability, the Company has updated the 2012 footnote to include a reclassification from noncurrent payable to noncurrent deferred tax asset for the tax benefit that would be recognized related to uncertain tax positions. This reclassification if recorded in the balance sheet for the period ended December 29, 2012 would result in an increase to noncurrent income taxes payable of $13,882, the same amount reflected as an increase to the noncurrent deferred tax asset in this schedule.

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 28, 2013, the Company had $55,435 of tax credit carryover which includes $52,618 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 $11,968 during 2013 including $11,064 related to Taiwan surtax credits. The valuation allowance had a net increase in 2012 of $14,220 of which $10,314 related to surtax credits in Taiwan.

At December 28, 2013, the Company had a deferred tax asset of $11,561 related to the future tax benefit on net operating loss (NOL) carryforwards of $71,530. Included in the NOL carryforwards is $9,476 that relates to Spain and expires in varying amounts between 2022 and 2027, $41,497 that relates to Switzerland and expires in 2019, $2,124 related to China that expires in 2017 and $18,432 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.

The total amount of unrecognized tax benefits as of December 28, 2013 was $133,015. A reconciliation of the beginning and ending amount of unrecognized tax benefits for years ended December 28, 2013, December 29, 2012, and December 31, 2011 is as follows:

	December 28, 2013	December 29, 2012	December 31, 2011
Balance at beginning of year	$182,870	$156,354	$149,731
Additions based on tax positions related to prior years	2,668	3,263	834
Reductions based on tax positions related to prior years	(5,224)	(890)	(7,335)
Additions based on tax positions related to current period	30,262	33,232	30,781
Reductions related to settlements with tax authorities	(3,387)	(672)	-
Expiration of statute of limitations	(74,174)	(8,417)	(17,257)
Balance at end of year	**$133,015**	**$182,870**	**$156,754**

The December 28, 2013 balance of $125,918 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 $125,918, $173,532, and $148,977 are required to be classified as non-current at December 28, 2013, December 29, 2012, and December 31, 2011, respectively.

Interest and penalties, if any, accrued on the unrecognized tax benefits are reflected in income tax expense. At December 28, 2013, December 29, 2012, and December 31, 2011, the Company had accrued approximately $5,111, $8,222, and $12,927, respectively, for interest. The interest component of the reserve increased (decreased) income tax expense for the years ending December 28, 2013, December 29, 2012, and December 31, 2011 by ($3,111), ($4,705), and $5,568, 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 2009 and prior. The Company is no longer subject to Taiwan income tax examinations by tax authorities for years 2007 and prior. The Company is no longer subject to United Kingdom tax examinations by tax authorities for years 2010 and prior.

The Company recognized a reduction of income tax expense of $70,847, $8,362, and $17,215 in fiscal years ended December 28, 2013, December 29, 2012, and December 31, 2011, respectively, to reflect the expiration of statutes of limitations in various jurisdictions.

The Company believes that it is reasonably possible that approximately $34,569 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.

On September 13, 2013, Treasury and the Internal Revenue Service issued final regulations regarding the deduction and capitalization of expenditures related to tangible property. The final regulations under Internal Revenue Code Sections 162, 167 and 263(a) apply to amounts paid to acquire, produce, or improve tangible property as well as dispositions of such property and are generally effective for tax years beginning on or after January 1, 2014. We have evaluated these regulations and determined they will not have a material impact on our consolidated results of operations, cash flows, or financial position.

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 28, 2013		December 29, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$1,179,149	$1,179,149	$1,231,180	$1,231,180
Restricted cash	249	249	836	836
Marketable securities	1,651,968	1,651,968	1,641,395	1,641,395

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

8. Segment Information

The Company has identified five operating segments for external reporting purposes – auto/mobile, aviation, marine, outdoor and fitness. There are three operating segments (auto PND, auto OEM and mobile) that are not reported separately but aggregated within the auto/mobile reportable segment. 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.

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

	Fiscal Year Ended December 28, 2013					
	Aviation	Outdoor	Fitness	Marine	Auto/ Mobile	Total
Net sales to external customers	$339,337	$410,989	$356,283	$222,928	$1,302,314	$2,631,851
Allocated interest income	2,445	6,030	5,150	3,777	17,869	35,271
Income before income taxes	93,083	168,549	131,411	25,993	234,522	653,558

	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
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
Income before income taxes	73,226	171,245	107,881	60,092	171,717	584,161

Net sales, long-lived assets (property and equipment), and net assets by geographic area are as shown below for the years ended December 28, 2013, December 29, 2012, and December 31, 2011. Note that APAC refers to the Asia Pacific region, and EMEA includes Europe, the Middle East and Africa.

	Americas	APAC	EMEA	Total
December 28, 2013				
Net sales to external customers	$ 1,432,895	$ 243,056	$ 955,900	$ 2,631,851
Property and equipment, net	239,528	121,012	54,308	414,848
Net assets [1]	1,338,401	2,048,903	272,402	3,659,706
December 29, 2012				
Net sales to external customers	$ 1,513,457	$ 256,882	$ 945,336	$ 2,715,675
Property and equipment, net	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
Property and equipment, net	225,505	143,913	47,687	417,105
Net assets [1]	1,155,653	1,915,284	185,644	3,256,581

[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 2013, 2012 and 2011, 11,484, 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 2013, 2012, and 2011, 413,978, 495,814, and 410,197 restricted stock units were granted under the 2005 Plan. In addition, in 2013, 52,673 stock appreciation rights were granted, and in 2012 and 2011, 61,235 and 42,330 stock options were granted under the 2005 Plan. No performance shares were granted under the 2005 Plan in 2013, 2012 and 2011. In 2013, the stockholders approved an additional 3,000,000 shares to the 2005 Plan, making the total shares authorized under the plan 13,000,000.

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 2013, 2012 or 2011.

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 and the 2000 Plan for the years ended December 28, 2013, December 29, 2012, and December 31, 2011 is provided below:

	Stock Options and SARs	
	Weighted-Average Exercise Price	Number of Shares
		(In Thousands)
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
Granted	**$49.07**	**52**
Exercised	**$26.85**	**(662)**
Forfeited/Expired	**$66.09**	**(283)**
Outstanding at December 28, 2013	**$58.44**	**6,239**
Exercisable at December 28, 2013	**$58.73**	**6,112**
Expected to vest after December 28, 2013	**$44.54**	**127**

Stock Options and SARs as of December 28, 2013			
Exercise Price	Awards Outstanding	Remaining Life (Years)	Awards Exercisable
	(In Thousands)		*(In Thousands)*
$8.00 -$20.00	260	0.77	260
$20.01 - $40.00	725	1.83	700
$40.01 - $60.00	3,023	3.46	2,921
$60.01 - $80.00	1,086	3.41	1,086
$80.01 - $100.00	2	3.93	2
$100.01 - $120.00	1,140	3.89	1,140
$120.01 - $140.00	3	3.75	3
	6,239	3.30	6,112

	Restricted Stock Units	
	Weighted-Average Grant Date Fair Value	Number of Shares
		(In Thousands)
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
Granted	**$45.05**	**425**
Released/Vested	**$28.28**	**(579)**
Cancelled	**$30.63**	**(81)**
Outstanding at December 28, 2013	**$37.36**	**1,225**

The weighted-average remaining contract life for stock options and SARs outstanding and exercisable at December 28, 2013 is 3.30 and 3.18 years, respectively. The weighted-average remaining contract life of restricted stock units at December 28, 2013 was 1.68 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 2013, 2012, and 2011:

	2013	2012	2011
Weighted average grant date fair value of options granted	$12.82	$9.98	$10.53
Expected volatility	0.3746	0.3906	0.4078
Dividend yield	3.86%	4.50%	4.02%
Expected life of options in years	6.8	6.6	6.5
Risk-free interest rate	2.1%	1.0%	1.2%

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 2013, 2012, and 2011 was $20,956, $32,612, and $49,006, respectively. The aggregate intrinsic values of options and SARs outstanding and exercisable at December 28, 2013 were $21,362 and $20,964, respectively. The aggregate intrinsic values of options and SARs exercised during 2013, 2012, and 2011 were $13,114, $12,548, and $14,367, respectively. The aggregate intrinsic value of RSUs outstanding at December 28, 2013 was $57,183. The aggregate intrinsic values of RSUs released during 2013, 2012, and 2011 were $27,007, $17,390, and $14,592, 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 $46.67 on December 28, 2013, and the exercise price multiplied by the number of options exercised. As of December 28, 2013, there was $43,974 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 2013, 2012, and 2011, 395,220, 326,483, and 514,218 shares, respectively, were purchased under the plan for a total purchase price of $12,181, $10,629, and $13,746, respectively. During 2013, 2012 and 2011, the purchases were issued from treasury shares. At December 28, 2013, approximately 839,363 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 28, 2013	**December 29, 2012**	**December 31, 2011**
Numerator (in thousands):			
Numerator for basic and diluted net income per share - net income	**$612,412**	$542,403	$520,896
Denominator (in thousands):			
Denominator for basic net income per share - weighted-average common shares	**195,411**	194,909	194,105
Effect of dilutive securities - employee stock-based awards	**928**	1,304	789
Denominator for diluted net income per share - weighted-average common shares	**196,339**	196,213	194,894
Basic net income per share	**$3.13**	$2.78	$2.68
Diluted net income per share	**$3.12**	$2.76	$2.67

Options to purchase 5,475,000, 5,640,615, and 5,920,076 common shares were outstanding during 2013, 2012, and 2011, respectively, but were not included in the computation of diluted earnings per share because the effect was antidilutive.

11. Share Repurchase Plan

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 29, 2012. 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.

On February 15, 2013, the Board of Directors approved a share repurchase program authorizing the Company to purchase up to $300,000 of its common shares. A Rule 10b5-1 plan was adopted and allows the repurchase of its shares at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. The share repurchase authorization expires on December 31, 2014. As of December 28, 2013, the Company had repurchased 1,376,500 shares using cash of $58,422. There remains approximately $241,578 available for repurchase under this authorization.

12. Redomestication

The redomestication in 2010 effectively changed the place of incorporation of the ultimate parent holding company of Garmin from the Cayman Islands to Switzerland.

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).

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 28, 2013, December 29, 2012, December 31, 2011 and changes during 2013 and 2012 are as follows:

	Outstanding Shares	Treasury Shares	Issued Shares[1]	Conditional Capital	Authorized Capital
Changes in components of authorized shares					
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]
Treasury shares purchased	(1,932,208)	1,932,208	-	-	-
Treasury shares issued for stock based compensation	1,490,456	(1,490,456)	-	-	-
December 28, 2013	195,150,102	12,927,316 [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 was authorized to issue up to 104,038,709 additional shares no later than June 27, 2012.

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. Accumulated Other Comprehensive Income

The following provides required disclosure of changes in accumulated other comprehensive income (AOCI) balances by component for the year ended December 28, 2013:

	Foreign Currency Translation Adjustment	Unrealized Gains (Losses) on Available for Sale Securities	Total
Balance - beginning of period	$ 128,972	$ 9,582	$ 138,554
Other comprehensive income before reclassification	(43,609)	(52,146)	(95,755)
Amounts reclassified from accumulated other comprehensive income	-	(4,758)	(4,758)
Net current-period other comprehensive income	(43,609)	(56,904)	(100,513)
Balance - end of period	$ 85,363	$ (47,322)	$ 38,041

The following provides required disclosure of reporting reclassifications out of AOCI for the year ended December 28, 2013:

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income	Affected Line Item in the Statement Where Net Income is Presented
Unrealized gains (losses) on available-for-sale securities	$ 5,877	Other income (expense)
	(1,119)	Income tax provision
	$ 4,758	Net of tax

14. Selected Quarterly Information (Unaudited)

	Fiscal Year Ended December 28, 2013			
	Quarter Ending			
	March 30	**June 29**	**September 28**	**December 28**
Net sales	**$531,957**	**$696,563**	**$643,637**	**$759,694**
Gross profit	**276,133**	**383,640**	**352,889**	**394,638**
Net income	**88,666**	**172,491**	**187,669**	**163,586**
Basic net income per share	**$0.45**	**$0.88**	**$0.96**	**$0.84**

	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

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

In 2013, acquisitions of 2 companies were completed for net cash paid of $5,680. In 2012, acquisitions of 3 companies were completed for net cash paid of $7,697.

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.

Other disclosures required by Swiss law:

	2013	2012	2011
Personnel expenses (CHF in Thousands)	559,037	521,799	470,212

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.

As of December 28, 2013 and 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 as of December 31, 2011.

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