STATUTORY FINANCIAL STATEMENTS

Garmin Ltd. (Switzerland)
Years Ended December 27, 2014 and December 28, 2013

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To the General Meeting of
Garmin Ltd., Schaffhausen

Zurich, February 18, 2015

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 29, 2013 to December 27, 2014.

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 29, 2013 to December 27, 2014 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/ Christian Schibler	/s/ Siro Bonetti
Christian Schibler	Siro Bonetti
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

Garmin Ltd.

Balance Sheet

(CHF in thousands)

	December 27, 2014	December 28, 2013
Cash and cash equivalents	10,554	991
Accounts receivable - affiliates	167	46
Other receivables - third party	17	18
Prepaid expenses	674	208
Total current assets	11,412	1,263
Investment in affiliated companies	8,254,115	8,391,877
Loans receivable - affiliates	222,129	208,872
Total non-current assets	8,476,244	8,600,749
Total assets	8,487,656	8,602,012
Accounts payable	150	122
Accounts payable - affiliates	4,260	1,426
Accrued expenses	984	964
Loans payable - affiliates	398,570	-
Provision for unrealized translation gains	-	14,296
Dividend payable from capital contribution reserve	181,346	155,911
Total liabilities	585,310	172,719
Share capital	2,080,774	2,080,774
General legal reserve		
- General reserve from capital contribution	5,337,512	5,858,865
- Reserve for treasury stock from capital contribution	651,222	462,884
- General reserve	68	68
Free reserves		
- Dividend reserve from capital contribution	56,361	74,892
- Retained Earnings		
- Balance brought forward	(48,190)	(39,244)
- Net loss for the year	(175,401)	(8,946)
Total stockholders' equity	7,902,346	8,429,293
Total liabilities and stockholders' equity	8,487,656	8,602,012

Garmin Ltd.

Statement of Income

(CHF in thousands)

	Fiscal Year Ended December 27, 2014	Fiscal Year Ended December 28, 2013
General and administrative expenses	9,220	9,054
General and administrative expenses - affiliates	6,073	4,056
Advertising expense	75	62
Operating expenses	15,368	13,172
Other income (expense):		
Impairment on investment in affiliated companies	(327,000)	(346,000)
Interest income	4	24
Interest income - affiliates	3,954	3,087
Dividend income - affiliates	327,000	346,000
Interest expense - affiliates	(4,192)	-
Foreign exchange gain (loss)	(880)	1,115
Translation loss	(158,919)	-
	(160,033)	4,226
Net loss	(175,401)	(8,946)

Garmin Ltd.

Notes to Statutory Financial Statements

December 27, 2014 and December 28, 2013

(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 27, 2014 and December 28, 2013 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. Unrealized losses arising from the translation of the financial statements in USD to CHF are recorded in the statement of income, and unrealized 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 27, 2014 and December 28, 2013 amounted to CHF 2,214 and CHF 3,084, 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%
Garmin International, Inc.	Operating	United States	USD	750,000	100%
Garmin New Zealand Holdings Limited	Holding	New Zealand	-	-	100%

3. Stockholders' Equity

		General legal reserves			Free reserves			
						Retained earnings		
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 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
Balance brought forward						(8,946)	8,946	-
Release of amounts to dividend payable from capital contribution reserve (2012 dividend)		(158)						(158)
Release of dividend reserve from capital contribution reserve (2012 dividend)		74,892			(74,892)			-
Net movement in reserve for treasury stock		(188,338)	188,338					-
Release to free reserves for dividend (2013 dividend)		(407,749)			407,749			-
Dividend payments (2013 dividend)					(170,042)			(170,042)
Dividend payable at year-end (2013 dividend)					(181,346)			(181,346)
Net loss for the year							(175,401)	(175,401)
Balance as of December 27, 2014	2,080,774	5,337,512	651,222	68	56,361	(48,190)	(175,401)	7,902,346

The summary of the components of authorized shares at December 27, 2014, December 28, 2013, and December 28, 2012 and changes during those years are as follows:

	Outstanding Shares	Treasury Stock	Issued Shares[1]	Conditional Capital[3]
Changes in components of authorized shares				
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
Treasury stock purchased	(4,690,859)	4,690,859		
Treasury stock issued for stock based compensation	1,355,296	(1,355,296)		
December 27, 2014	191,814,539	16,262,879 [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.

4. Treasury Stock

At December 27, 2014 and December 28, 2013, the Company's affiliates held 16,262,879 and 12,927,316 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.
- 6,262,879 shares as of December 27, 2014 and 2,927,316 shares as of December 28, 2013 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 at December 27, 2014 amounts to CHF 40.

	Carrying value (CHF in thousands)	**Number of shares**	**Average cost (CHF)**
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
Acquired	234,822	4,690,859	50
Treasury stock used for stock based compensation	(46,484)	(1,355,296)	34
Balance as of December 27, 2014	651,222	16,262,879	40

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 27, 2014 and December 28, 2013, the following shareholders held 5 percent or more of Garmin Ltd.'s total outstanding shares:

Shareholder	Percentage at Dec. 27, 2014	Percentage at Dec. 28, 2013
Gary L. Burrell	14.89% [1]	14.76% [1]
Ruey-Jeng Kao	5.31%	5.30%
Min H. Kao, Ph.D.	20.23% [2]	19.88% [2]
Capital Research Global Investors	- [3]	5.22%

(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.

(3) Shares held were less than 5 percent on December 27, 2014.

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 27, 2014 or December 28, 2013.

7. Share Ownership of Garmin Ltd. by Board Members and Members of Executive Management

As of December 27, 2014 and December 28, 2013, the members of the Board of Directors held the following numbers of shares:

Name and Function	Total number of shares held at Dec. 27, 2014	Total number of shares held at Dec. 28, 2013
Donald H. Eller, Ph.D., Member of Compensation Committee, Chairman of Nominating and Corporate Governance Committee	507,699	502,102
Joseph Hartnett, Member of Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee	1,718	-
Min H. Kao, Ph.D., Executive Chairman	38,813,046 [1]	38,942,580 [1]
Charles W. Peffer, Chairman of Audit Committee, Member of Compensation Committee and Nominating and Corporate Governance Committee	12,371	8,640
Clifton A. Pemble, President & Chief Executive Officer	- [2]	- [2]
Thomas Poberezny, Member of Audit Committee and Nominating and Corporate Governance Committee, Chairman of Compensation Committee	4,171	2,102
Total	39,339,005	39,455,424

[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. Dr. Kao disclaims beneficial ownership of the 5,207,824 shares held in his wife's trust.

[2] Shares held by Mr. Pemble are shown in the Executive Management disclosure below.

As of December 27, 2014 and December 28, 2013, the members of Executive Management held the following numbers of shares:

Name and Principal Position [1]	Total number of shares held at Dec. 27, 2014	Total number of shares held at Dec. 28, 2013
Danny J. Bartel, Vice President, Worldwide Sales	- [2]	64,040
Douglas G. Boessen, Chief Financial Officer & Treasurer since July 31, 2014	300 [3]	-
Andrew R. Etkind, General Counsel & Secretary	- [2]	28,918
Clifton A. Pemble, President & Chief Executive Officer	55,897	43,799
Kevin S. Rauckman, Chief Financial Officer & Treasurer through July 31, 2014	- [2,3]	27,187
Total	56,197	163,944

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

[2] Shares are not shown at December 27, 2014 for Mr. Bartel, Mr. Etkind, or Mr. Rauckman because they are no longer considered members of Executive Management per Note 1 above.

[3] Mr. Rauckman was not a member of Executive Management at December 27, 2014 because the role of Chief Financial Officer & Treasurer was assumed by Mr. Boessen on July 31, 2014.

The members of our Board of Directors and Executive Management owned 20.54 and 20.30 percent of the Company's total shares outstanding as of December 27, 2014 and December 28, 2013, respectively.

The following tables provide information for each non-employee member of the Board of Directors regarding outstanding equity awards held by them as of December 27, 2014 and December 28, 2013, respectively.

Outstanding Equity Awards at December 28, 2014

Name and Function	Option awards[1]	Stock Awards[2]
Donald Eller Member of the Board and Compensation Committee, Chairman of Nominating Committee	24,540	4,495
Joseph Hartnett Member of the Board, Audit, Compensation and Nominating Committees	-	3,694
Charles Peffer Member of the Board and Compensation and Nominating Committees, Chairman of Audit Committee	13,653	4,495
Thomas Poberezny Member of the Board, Audit and Nominating Committees, Chairman of Compensation Committee	5,981	4,495
Total	44,174	17,179

[1] Represents non-qualified stock options.

[2] Represents restricted stock units.

Outstanding Equity Awards at December 28, 2013

Name and Function	Option awards[1]	Stock Awards[2]
Donald Eller Member of the Board and Compensation Committee, Chairman of Nominating Committee	28,068	5,472
Joseph Hartnett Member of the Board, Audit, Compensation and Nominating Committees	-	2,871
Charles Peffer Member of the Board and Compensation and Nominating Committees, Chairman of Audit Committee	22,315	5,472
Thomas Poberezny Member of the Board, Audit and Nominating Committees, Chairman of Compensation Committee	5,981	5,472
Total	56,364	19,287

[1] Represents non-qualified stock options.
[2] Represents restricted stock units.

The following tables provide information for each member of Executive Management regarding outstanding equity awards held by them as of December 27, 2014 and December 28, 2013, respectively. Amounts in these tables are presented in CHF.

Outstanding Equity Awards at December 27, 2014

	Option Awards						Stock Awards		
Name	*Number of Securities Underlying Unexercised Options (#) Exercisable*		*Number of Securities Underlying Unexercised Options (#) Unexercisable*	*Option / SAR Exercise Price (CHF)*	*Option / SAR Expiration Date*	*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]
Clifton A. Pemble	11,288	(1)	16,932	39.13	12/28/21	2,000	(3)	106,049
President & Chief	18,104	(1)	27,156	41.54	12/10/22	3,222	(3)	170,845
Officer	12,000	(2)	-	21.27	06/23/15	3,632	(3)	192,585
	15,000	(2)	-	30.21	12/16/15	6,470	(3)	343,068
	20,000	(2)	-	45.48	06/09/16	12,234	(3)	648,700
	20,000	(2)	-	50.32	12/05/16	-		-
	20,000	(2)	-	62.39	06/08/17	-		-
	25,000	(2)	-	103.79	12/04/17	-		-
	25,000	(2)	-	50.23	06/06/18	-		-
	7,699	(2)	30,793	48.35	12/10/23	-		-
	-	(2)	34,415	51.67	12/15/24	-		-
	174,091		109,296			27,558		
Douglas G. Boessen (5)	-	(2)	12,680	51.67	12/15/24	3,954	(3)	209,658
Chief Financial Officer & Treasurer								
	-		12,680			3,954		
Total	174,091		121,976			31,512		

[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 53.02, which was the closing price of Garmin shares on the NASDAQ stock market on December 27, 2014.

[5] Kevin S. Rauckman was Chief Financial Officer until July 31, 2014 when Douglas G. Boessen assumed the role of Chief Financial Officer.

Outstanding Equity Awards at December 28, 2013

Name	Option Awards: Number of Securities Underlying Unexercised Options (#) Exercisable	Option Awards: Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Awards: Option / SAR Exercise Price (CHF)	Option Awards: Option / SAR Expiration Date	Stock Awards: Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Stock Awards: Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (CHF) [4]
Min H. Kao	-	-	-	-	-	-
Executive Chairman						
Clifton A. Pemble	11,288 [1]	16,932	36.82	12/28/21	2,000 [3]	86,545
President & Chief	9,052 [1]	36,208	39.09	12/10/22	4,000 [3]	173,090
Officer	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	-	-
	195,832	91,632			27,802	
Kevin S. Rauckman	5,644 [1]	8,466	36.82	12/28/21	1,334 [3]	57,725
Chief Financial	3,195 [1]	12,780	39.09	12/10/22	2,666 [3]	115,364
Officer & Treasurer	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	-	-
	130,020	35,427			14,930	
Andrew R. Etkind	15,000 [2]	-	42.79	06/09/16	1,334 [3]	57,725
General Counsel &	15,000 [2]	-	47.35	12/05/16	2,666 [3]	115,364
Secretary	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
	85,000	-			14,930	
Danny J. Bartel	10,000 [1]	-	18.49	09/23/14	934 [3]	40,416
Vice President,	5,000 [1]	-	20.02	06/23/15	1,866 [3]	80,746
Worldwide Sales	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	-	-
	88,500	-			12,764	
Total	325,852	127,059			70,426	

[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.

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 equity awards in Garmin Ltd. shares as of December 27, 2014 or December 28, 2013.

8. Risk Assessment

The Company's Board of Directors, which is ultimately responsible for the risk management of the Company, has delegated its execution to Executive 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 Executive Management. In addition, Executive 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 annually to the Board on regulatory risks and the Company's policies and procedures for regulatory compliance. The General Counsel also reports periodically to the Board on litigation risks. Further, the non-executive 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.

9. Impairment Loss on Investment in Affiliates

During 2014, Garmin Ltd. received a dividend of CHF 327,000 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 327,000 in the value of its 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.

10. Change to the Corporate Legal Structure

In the third quarter of 2014, the Company initiated an inter-company restructuring that realigned its corporate legal structure. As part of this restructuring, Garmin Ltd. acquired 100% of the shares of Garmin International, Inc. from one of its subsidiaries against an intercompany payable, the majority of which was subsequently returned to Garmin Ltd. as a return of capital.

As of December 27, 2014, there remains a loan payable to affiliates in the amount of CHF 398,570.

11. Subsequent events

No significant events occurred subsequent to the balance sheet date but prior to February 18, 2015 that would have a material impact on the financial statements.

Proposed Appropriation of Available Earnings

Balance brought forward	(48,190)
Net loss for the period	(175,401)
Total available to the general meeting	(223,591)

Proposal of the Board of Directors for the appropriation of retained earnings to the general meeting:	(223,591)
Balance to be carried forward	(223,591)

	General legal reserve from capital contribution	Reserve for treasury stock from capital contribution[1]	Dividend reserve from capital contribution
Balance as of December 27, 2014	5,337,512	651,222	56,361
Proposed release of general legal reserve from capital contribution to dividend reserve from capital contribution	(564,679)		564,679
Balance to be carried forward	4,772,833	651,222	621,040

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

The Board of Directors proposes to the Annual Meeting that Garmin Ltd. pay a cash dividend in the amount of USD 2.04[1] per outstanding share out of Garmin Ltd.'s general legal reserve from capital contribution 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[2] at least ten calendar days prior to the record date.

The cash dividend shall be made 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.

CHF 564,679,000[3] shall be allocated to dividend reserves from capital contribution (the "Dividend Reserve") from the general legal reserve from capital contribution in order to pay such dividend of USD 2.04 per outstanding share with a nominal value of CHF 10.00 each (assuming a total of 208,077,418 shares[4] eligible to receive the dividend). If the aggregate dividend payment is lower than the Dividend Reserve, the relevant difference will be allocated back to the general legal reserve from capital contribution. To the extent that any installment payment, when converted into Swiss francs, at a USD/CHF exchange rate prevailing at the relevant payment date for the relevant installment payment, would exceed the Dividend Reserve then remaining, the USD per share amount of that installment payment shall be reduced on a pro rata basis, provided, however, that the aggregate amount of that installment payment shall in no event exceed the then remaining Dividend Reserve.

[1] In no event will the dividend payment exceed a total of USD 2.04 per share.

[2] The announcements will not be published in the Swiss Official Gazette of Commerce.

[3] Based on the currency conversion rate as at December 27, 2014, with a total of 208,077,418 shares eligible for payout (based on the number of shares issued as at December 27, 2014), the aggregate dividend total would be CHF 564,679,000. The amount of the Dividend Reserve, calculated on the basis of the Company's issued shares as at December 27, 2014, includes a 35% margin to accommodate (i) unfavorable currency fluctuation and (ii) new share issuances (see footnote 4 below) that may occur between the time that the dividend is approved by shareholders and when the last installment payment is made. Unused dividend reserves will be returned to the general reserve from capital contribution after the last installment payment.

[4] This number is based on the registered share capital at December 27, 2014. The number of shares eligible for dividend payments may change due to the repurchase of shares, the sale of treasury shares or the issuance of new shares, including (without limitation) from the conditional share capital reserved for the employee profit sharing program.

STATUTORY CONSOLIDATED

FINANCIAL STATEMENTS

Garmin Ltd. (Switzerland)
Years Ended December 27, 2014 and December 28, 2013

Ernst & Young Ltd
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To the General Meeting of
Garmin Ltd., Schaffhausen

Zurich, February 18, 2015

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 27, 2014 and December 28, 2013 and the related consolidated statements of income, comprehensive income, stockholders' equity, cash flows, and notes thereto for each of the three years in the period ended December 27, 2014.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and fair presentation of these 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 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 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 from 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 27, 2014 and December 28, 2013, present fairly, in all material respects, the consolidated financial position of Garmin Ltd. and Subsidiaries at December 27, 2014 and December 28, 2013, and the consolidated results of operations and cash flows for the three years in the period ended December 27, 2014, 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/ Christian Schibler	/s/ Siro Bonetti
Christian Schibler	Siro Bonetti
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

Garmin Ltd. And Subsidiaries
Consolidated Balance Sheets
(In Thousands)

	December 27, 2014	December 28, 2013
Assets		
Current assets:		
Cash and cash equivalents	$1,196,268	$1,179,149
Marketable securities *(Note 3)*	167,989	149,862
Accounts receivable, less allowance for doubtful accounts of $18,330 in 2014 and $20,367 in 2013	570,191	564,586
Inventories, net	420,475	382,226
Deferred income taxes *(Note 6)*	56,102	69,823
Deferred costs	51,336	57,368
Loan receivable	-	137,379
Prepaid expenses and other current assets	48,615	55,243
Total current assets	2,510,976	2,595,636
Property and equipment, net		
Land and improvements	94,245	98,324
Building and improvements	324,710	300,820
Office furniture and equipment	188,847	156,731
Manufacturing equipment	128,441	123,346
Engineering equipment	102,692	96,180
Vehicles	20,661	20,879
	859,596	796,280
Accumulated depreciation	(428,709)	(381,432)
	430,887	414,848
Restricted cash *(Note 4)*	308	249
Marketable securities *(Note 3)*	1,407,344	1,502,106
Noncurrent deferred income tax *(Note 6)*	67,712	88,324
Noncurrent deferred costs	36,140	41,157
Intangible assets, net	218,083	219,494
Other assets	21,853	17,789
Total assets	$4,693,303	$4,879,603
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$149,094	$146,582
Salaries and benefits payable	62,764	59,794
Accrued warranty costs	27,609	26,767
Accrued sales program costs	58,934	50,903
Deferred revenue	203,598	256,908
Accrued royalty costs	51,889	64,538
Accrued advertising expense	26,334	19,448
Other accrued expenses	67,780	65,657
Deferred income taxes *(Note 6)*	17,673	989
Income taxes payable	182,260	38,043
Dividend payable	185,326	175,675
Total current liabilities	1,033,261	905,304
Deferred income taxes *(Note 6)*	39,497	1,758
Non-current income taxes	80,611	140,933
Non-current deferred revenue	135,130	171,012
Other liabilities	1,437	890
Stockholders' equity:		
Shares, CHF 10 par value, 208,077 shares authorized and issued; 191,815 shares outstanding at December 27, 2014; and 195,150 shares outstanding at December 28, 2013; *(Notes 9, 10, and 11):*	1,797,435	1,797,435
Additional paid-in capital	73,521	79,263
Treasury stock	(330,132)	(120,620)
Retained earnings	1,859,972	1,865,587
Accumulated other comprehensive income	2,571	38,041
Total stockholders' equity	3,403,367	3,659,706
Total liabilities and stockholders' equity	$4,693,303	$4,879,603

See accompanying notes.

Garmin Ltd. And Subsidiaries

Consolidated Statements of Income

(In Thousands, Except Per Share Information)

	Fiscal Year Ended		
	December 27, 2014	**December 28, 2013**	**December 29, 2012**
Net sales	$2,870,658	$2,631,851	$2,715,675
Cost of goods sold	1,266,246	1,224,551	1,277,195
Gross profit	1,604,412	1,407,300	1,438,480
Advertising expense	146,633	112,905	138,757
Selling, general and administrative expenses	372,032	355,440	369,790
Research and development expense	395,121	364,923	325,773
	913,786	833,268	834,320
Operating income	690,626	574,032	604,160
Other income (expense):			
Interest income	35,584	35,271	35,108
Foreign currency gains (losses)	(4,299)	35,538	(20,022)
Other	1,834	8,717	5,282
	33,119	79,526	20,368
Income before income taxes	723,745	653,558	624,528
Income tax provision (benefit): *(Note 6)*			
Current	274,107	27,771	114,013
Deferred	85,427	13,375	(31,888)
	359,534	41,146	82,125
Net income	$364,211	$612,412	$542,403
Basic net income per share *(Note 10)*	$1.89	$3.13	$2.78
Diluted net income per share *(Note 10)*	$1.88	$3.12	$2.76

See accompanying notes.

Garmin Ltd. And Subsidiaries

Consolidated Statements of Comprehensive Income

(In Thousands)

	Fiscal Year Ended		
	December 27, 2014	**December 28, 2013**	**December 29, 2012**
Net income	$364,211	$612,412	$542,403
Foreign currency translation adjustment	(64,489)	(43,609)	52,516
Change in fair value of available-for-sale marketable securities, net of deferred taxes	29,019	(56,904)	(1,155)
Comprehensive income	$328,741	$511,899	$593,764

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 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**
Net income	–	–	–	**$364,211**	–	**364,211**
Translation adjustment	–	–	–	–	**(64,489)**	**(64,489)**
Adjustment related to unrealized gains (losses) on available-for-sale securities net of income tax effects of $201	–	–	–	–	**29,019**	**29,019**
Comprehensive income						**328,741**
Dividends declared	–	–	–	**(369,826)**	–	**(369,826)**
Tax benefit from issuance of equity awards	–	**(84)**	–	–	–	**(84)**
Issuance of treasury stock related to equity awards	–	**(29,951)**	**50,704**	–	–	**20,753**
Stock compensation	–	**24,293**		–	–	**24,293**
Purchase of treasury stock related to equity awards	–	–	**(18,638)**	–	–	**(18,638)**
Purchase of treasury stock under share repurchase plan	–	–	**(241,578)**	–	–	**(241,578)**
Balance at December 27, 2014	**$1,797,435**	**$73,521**	**($330,132)**	**$1,859,972**	**$2,571**	**$3,403,367**

See accompanying notes.

Garmin Ltd. And Subsidiaries

Consolidated Statements of Cash Flows

(In Thousands)

	Fiscal Year Ended		
	December 27, 2014	**December 28, 2013**	**December 29, 2012**
Operating Activities:			
Net income	364,211	$612,412	$542,403
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	48,433	48,476	52,632
Amortization	28,582	30,328	37,835
Gain on sale of property and equipment	(306)	(724)	(367)
Provision for doubtful accounts	66	1,553	2,947
Provision for obsolete and slow-moving inventories	25,903	20,891	11,003
Unrealized foreign currency (gains)/losses	573	(40,120)	40,042
Deferred income taxes	89,828	7,931	(32,080)
Stock compensation	24,293	22,592	29,274
Realized gains on marketable securities	(505)	(5,877)	(2,980)
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(27,398)	38,589	10,808
Inventories	(76,491)	(17,593)	3,997
Other current and non-current assets	627	(22,013)	39,717
Accounts payable	8,981	18,043	(38,929)
Other current and non-current liabilities	16,467	(31,775)	(33,235)
Deferred revenue	(87,543)	(16,150)	67,931
Deferred costs	11,029	(2,204)	(15,441)
Income taxes payable	95,961	(34,275)	(30,812)
Net cash provided by operating activities	522,711	630,084	684,745
Investing activities:			
Purchases of property and equipment	(73,339)	(56,083)	(38,445)
Proceeds from sale of property and equipment	748	885	757
Purchase of intangible assets	(4,720)	(1,122)	(6,783)
Purchase of marketable securities	(1,006,482)	(909,151)	(1,429,593)
Redemption of marketable securities	1,096,676	833,491	985,598
Proceeds from repayment (advances) on loan receivable	137,379	(137,369)	-
Acquisitions, net of cash acquired	(18,871)	(5,680)	(7,697)
Change in restricted cash	(59)	587	(65)
Net cash provided by (used in) investing activities	131,332	(274,442)	(496,228)
Financing activities:			
Dividends	(360,075)	(351,707)	(253,386)
Tax benefit from issuance of equity awards	(84)	4,584	(516)
Proceeds from issuance of treasury stock related to equity awards	20,753	22,770	22,798
Purchase of treasury stock related to equity awards	(18,638)	(24,063)	(18,745)
Purchase of treasury stock under share repurchase plan	(241,578)	(58,422)	-
Net cash used in financing activities	(599,622)	(406,838)	(249,849)
Effect of exchange rate changes on cash and cash equivalents	(37,302)	(835)	5,352
Net increase(decrease) in cash and cash equivalents	17,119	(52,031)	(55,980)
Cash and cash equivalents at beginning of year	1,179,149	1,231,180	1,287,160
Cash and cash equivalents at end of year	$1,196,268	$1,179,149	$1,231,180

See accompanying notes.

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

	Fiscal Year Ended		
	December 27, 2014	December 28, 2013	December 29, 2012
Supplemental disclosures of cash flow information			
Cash paid during the year for income taxes	$175,465	$73,372	$127,509
Cash received during the year from income tax refunds	$5,260	$3,584	$5,237
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)	29,220	($59,087)	($1,109)
Fair value of assets acquired	$22,735	$11,486	$11,156
Liabilities assumed	($3,718)	(4,955)	(2,740)
Less: cash acquired	($146)	(851)	(719)
Cash paid for acquisitions, net of cash acquired	$18,871	$5,680	$7,697

See accompanying notes.

GARMIN LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Thousands, Except Share and Per Share Information)

December 27, 2014 and December 28, 2013

1. Description of the Business

Garmin Ltd. and subsidiaries (together, the "Company") design, develop, manufacture, market, and distribute a diverse family of hand-held, wrist-based, portable and fixed-mount Global Positioning System (GPS)-enabled products and other navigation, communications, information and sensor-based 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) Ltd. (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 2014, 2013 and 2012 included 52 weeks.

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.

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 $20,874 and $85,363 as of December 27, 2014 and December 28, 2013, 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 ($4,299), $35,538, and ($20,022) for the years ended December 27, 2014, December 28, 2013, and December 29, 2012, respectively. The loss in fiscal 2014 was due primarily to the USD strengthening against the Euro and the British Pound Sterling which was largely offset by the USD strengthening against the Taiwan Dollar. 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.

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. The Company maintains trade credit insurance to provide security against large losses.

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 22% and 26% of net sales since 2012. None of the Company's customers accounted for more than 10% of consolidated net sales in the years ended December 27, 2014, December 28, 2013, and December 29, 2012.

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 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 repaid 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 27, 2014, the Company had a loan receivable balance of $0 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. Garmin writes down its inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required. Inventories consisted of the following:

	December 27, 2014	December 28, 2013
Raw Materials	$161,444	$131,408
Work-in-process	$53,824	$50,110
Finished goods	$244,282	$229,089
Inventory Reserves	($39,075)	($28,381)
Inventory, net of reserves	$420,475	$382,226

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 2014, 2013, or 2012. 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 6, 2014, the shareholders approved a dividend of $1.92 per share (of which, $0.96 was paid in the Company's 2014 fiscal year) payable in four equal installments on dates determined by the Board of Directors. The dates determined by the Board were as follows:

Dividend Date	Record Date	$s per share
June 30, 2014	June 17, 2014	$0.48
September 30, 2014	September 15, 2014	$0.48
December 31, 2014	December 15, 2014	$0.48
March 31, 2015	March 16, 2015	$0.48

The Company paid dividends in 2014 in the amount of $360,075. Both the dividend paid and the remaining dividend payable were reported as a reduction of retained earnings.

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:

Dividend Date	Record Date	$s per share
June 28, 2013	June 18, 2013	$0.45
September 30, 2013	September 16, 2013	$0.45
December 31, 2013	December 16, 2013	$0.45
March 31, 2014	March 17, 2014	$0.45

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:

Dividend Date	Record Date	$s per share
June 29, 2012	June 15, 2012	$0.45
September 28, 2012	September 14, 2012	$0.45
December 31, 2012	December 14, 2012	$0.45
March 29, 2013	March 15, 2013	$0.45

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.

Approximately $290,955 and $265,880 of retained earnings are indefinitely restricted from distribution to stockholders pursuant to the laws of Taiwan at December 27, 2014 and December 28, 2013, respectively.

Intangible Assets

At December 27, 2014 and December 28, 2013, the Company had patents, customer related intangibles and other identifiable finite-lived intangible assets recorded at a cost of $191,034 and $183,431, 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 $151,589 and $143,227 at December 27, 2014 and December 28, respectively. Amortization expense on these intangible assets was $8,362, $17,847,and $21,437 for the years ended December 27, 2014, December 28, 2013, and December 29, 2012, respectively. In the next five years, the amortization expense is estimated to be $20,038, $7,481, $4,799, $4,122, and $2,811, respectively.

The Company’s excess purchase cost over fair value of net assets acquired (goodwill) was $178,638 at December 27, 2014 and $179,290 at December 28, 2013.

	December 27, 2014	December 28, 2013
Goodwill balance at beginning of year	$ 179,290	$ 176,059
Acquisitions	2,517	2,726
Finalization of purchase price allocations and effect of foreign currency translation	(3,169)	505
Goodwill balance at end of year	$ 178,638	$ 179,290

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 27, 2014. 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 27, 2014 and December 28, 2013, cumulative unrealized gains and losses, net of tax of ($18,303) and ($47,322), respectively, were reported in accumulated other comprehensive income, net of related taxes.

Investments are reviewed periodically to determine if they have suffered an impairment of value that is considered other than temporary. If investments are determined to be impaired, a loss is recognized at the date of determination.

Testing for impairment of investments requires significant management judgment. The identification of potentially impaired investments, the determination of their fair value and the assessment of whether any decline in value is other than temporary are the key judgment elements. The discovery of new information and the passage of time can significantly change these judgments. Revisions of impairment judgments are made when new information becomes known, and any resulting impairment adjustments are made at that time. The economic environment and volatility of securities markets increase the difficulty of determining fair value and assessing investment impairment.

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.

Investments are discussed in detail in Note 3 of the Notes to Consolidated Financial Statements.

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.

Income taxes are discussed in detail in Note 6 of the Notes to Consolidated Financial Statements.

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 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 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 for the useful life of their PND. In addition, Garmin offers PNDs with traffic service bundled in the original purchase price. The Company has identified multiple deliverables contained in arrangements involving the sale of PNDs which include the LMU and/or 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 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 traffic service are deferred and recognized on a straight-line basis over the estimated 36-month life of the products.

As the sales of nüMaps Lifetime and 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 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. The Company determined that the price differential between bundled and unbundled products and the royalty cost of the LMU or traffic subscription plus an approximate margin were both additional indicators of estimated selling price. These estimates were also reflective of how the Company established product pricing based in part on customer perception of value of the added LMU or traffic service capability. As such, during 2012 and 2013, the Company estimated selling price of the undelivered element 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. In 2014, the Company determined that stand-alone and unbundled unit sales no longer occurred on more than a limited basis, and the royalty or subscription cost plus a normal margin is therefore now used as the primary indicator in calculating relative selling price of the undelivered element.

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 27, 2014 and December 28, 2013, the Company had deferred revenues totaling $338,728 and $427,920, respectively, and related deferred costs totaling $87,476 and $98,525, 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 $152,262, $71,801, and $27,189, 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. To the extent Garmin experiences increased warranty claim activity or increased costs associated with servicing those claims, its warranty accrual will increase, resulting in decreased gross profit. The following reconciliation provides an illustration of changes in the aggregate warranty reserve:

	Fiscal Year Ended		
	December 27, 2014	December 28, 2013	December 29, 2012
Balance - beginning of period	$26,767	$37,301	$46,773
Change in accrual for products sold in prior periods(1)	-	(8,709)	-
Accrual for products sold(2)	44,423	41,309	38,421
Expenditures	(43,581)	(43,134)	(47,893)
Balance - end of period	$27,609	$26,767	$37,301

(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 $146,633, $112,905 and $138,757, for the years ended December 27, 2014, December 28, 2013 and December 29, 2012, 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 $395,121, $364,923 and $325,773, for the years ended December 27, 2014, December 28, 2013 and December 29, 2012, 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. Garmin awards stock options, stock appreciation rights (SARs), restricted stock units (RSUs) and/or performance shares each year as part of Garmin's compensation package for employees. Certain employees within Garmin are eligible for stock options, SAR grants, RSU grants and/or performance shares but the granting of options, SARs, RSUs and/or performance shares is at the discretion of the Compensation Committee of the Board of Directors and is not a contractual obligation. 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.

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.

Determining the fair value of stock-based awards at the grant date requires judgment, including estimating expected life, forfeitures and dividends. If forfeitures differ significantly from these estimates, stock-based compensation expense could be impacted. Forfeitures were estimated based on historical experience and management's estimates.

Stock compensation plans are discussed in detail in Note 9 of the Notes to Consolidated Financial Statements.

Recently Issued Accounting Pronouncements

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. The implementation of the amended accounting guidance did not have a material impact on the Company's financial statements.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 "Revenue from Contracts with Customers" (ASU 2014-09), which supersedes previous revenue recognition guidance. ASU 2014-09 requires that a company will recognize revenue at an amount that reflects the consideration to which the company expects to be entitled in exchange or transferring goods or services to a customer. In applying the new guidance, a company will (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the contract's performance obligations; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The provisions of this new guidance are effective for reporting periods beginning after December 15, 2016 and can be adopted using either a full retrospective or modified approach. The Company is currently evaluating the impact of adopting this new guidance on the Company's financial statements.

3. Marketable Securities

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

Level 1	Unadjusted quoted prices in active markets for identical assets or liability
Level 2	Observable inputs for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability
Level 3	Unobservable inputs for the asset or liability

The Company endeavors to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The valuation methods used by the Company for each significant class of investments are summarized below.

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

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

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

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

	Fair Value Measurements as of December 27, 2014			
	Total	**Level 1**	**Level 2**	**Level 3**
Mortgage-backed securities	$ 452,686	$ -	$ 452,686	$ -
Obligations of states and political subdivisions	470,397	-	470,397	-
Corporate bonds	602,040	-	602,040	-
Common stocks	-	-	-	-
Other	50,210	-	50,210	-
Total	$ 1,575,333	$ -	$ 1,575,333	$ -

	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	$ -

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

	Available-For-Sale Securities as of December 27, 2014				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses-OTTI (1)	Gross Unrealized Losses-Other (2)	Estimated Fair Value (Net Carrying Amount)
Mortgage-backed securities	$ 460,185	$ 599	$ (4,585)	$ (3,513)	$ 452,686
Obligations of states and political subdivisions	476,036	682	(5,521)	(800)	470,397
U.S. corporate bonds	608,320	690	(2,914)	(4,056)	602,040
Common stocks	-	-	-	-	-
Other	50,223	49	(11)	(51)	50,210
Total	$ 1,594,764	$ 2,020	$ (13,031)	$ (8,420)	$ 1,575,333

	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

(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 2014 and 2013, 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 and $4,377 of gross other-than-temporary impairment and 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 was 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.

The 10 Year Treasury Bond Yield decreased in 2014, resulting in a balance of $13,031 and $8,420 of gross other-than-temporary impairment and other unrealized losses on marketable securities at December 27, 2014. The amortized cost and estimated fair value of the securities at an unrealized loss position at December 27, 2014 were $1,276,404 and $1,254,953, respectively. Approximately 59% of securities in our portfolio were at an unrealized loss position at December 27, 2014. 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 following table displays additional information regarding gross unrealized losses and fair value by major security type for available-for-sale securities in an unrealized loss position as of December 27, 2014. There was an immaterial amount of unrealized losses related to securities that had been in a continuous unrealized loss position for 12 months or longer as of December 28, 2013.

	As of December 27, 2014			
	Less than 12 Consecutive Months		12 Consecutive Months or Longer	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Mortgage-backed securities	$ (2,164)	$ 210,413	$ (5,934)	$ 184,955
Obligations of states and political subdivisions	(800)	92,306	(5,521)	249,676
Corporate bonds	(4,026)	383,631	(2,944)	113,700
Common Stocks	-	-	-	-
Other	(52)	18,078	(10)	2,194
Total	**$ (7,042)**	**$ 704,428**	**$ (14,409)**	**$ 550,525**

The amortized cost and estimated fair value of marketable securities at December 27, 2014, 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 (2015)	$ 167,737		$ 167,994
Due after one year through five years (2016-2020)	719,435		715,031
Due after five years through ten years (2021-2025)	271,201		266,004
Due after ten years (2026 and thereafter)	436,391		426,304
	$ 1,594,764		$ 1,575,333

4. Commitments and Contingencies

Rental expense related to office, equipment, warehouse space and real estate amounted to $19,559, $18,721 and $17,470 for the years ended December 27, 2014, December 28, 2013, and December 29, 2012, respectively. The Company recognizes rental expense on a straight-line basis over the lease term.

Future minimum lease payments are as follows:

Year	**Amount**
2015	16,422
2016	13,781
2017	10,469
2018	8,693
2019	7,098
Thereafter	14,840
Total	**71,303**

Certain cash balances of GEL and GC are held as collateral by banks securing payment of local value-added tax requirements. The total amount of restricted cash balances were $308 and $249 at December 27, 2014 and December 28, 2013, 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 $268,075 over the next five years.

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

5. Employee Benefit Plans

GII and the Company's other U.S.-based subsidiaries sponsor a defined contribution employee retirement plan under which their employees may contribute up to 50% of their annual compensation subject to Internal

Revenue Code maximum limitations and to which the subsidiaries contribute a specified percentage of each participant's annual compensation up to certain limits as defined in the retirement plan. Additionally, GEL has a defined contribution plan under which its employees may contribute up to 7.5% of their annual compensation. In both the plans described above, the subsidiaries contribute an amount determined annually at the discretion of the Board of Directors. During the years ended December 27, 2014, December 28, 2013 and December 29, 2012, expense related to these plans of $29,267, $26,839 and $22,159, 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 27, 2014, December 28, 2013 and December 29, 2012, were significant.

6. Income Taxes

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

	Fiscal Year Ended		
	December 27, 2014	**December 28, 2013**	**December 29, 2012**
Federal:			
Current	($18,665)	($11,907)	$83,185
Deferred	58,164	1,913	(22,988)
	39,499	(9,994)	60,197
State:			
Current	5,575	2,584	8,532
Deferred	4,368	(408)	(5,327)
	9,943	2,176	3,205
Foreign:			
Current	287,197	37,094	22,296
Deferred	22,895	11,870	(3,573)
	310,092	48,964	18,723
Total	$359,534	$41,146	$82,125

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:

	Fiscal Year Ended		
	December 27, 2014	December 28, 2013	December 29, 2012
Federal income tax expense at U.S. statutory rate	$253,260	$229,420	$218,585
State income tax expense, net of federal tax effect	6,463	1,414	2,083
Foreign tax rate differential	(154,338)	(121,279)	(141,456)
Taiwan tax holiday benefit	(3,147)	(4,944)	(6,418)
Other foreign taxes less incentives and credits	5,947	(2,032)	(6,214)
Withholding Tax	21,039	7,073	3,927
Intercompany Restructuring	307,635	-	-
Net change in uncertain tax positions	(67,231)	(50,700)	19,850
U.S. federal domestic production activities deduction	(3,606)	(3,550)	(6,276)
U.S. federal research and development credit	(8,373)	(14,876)	-
Other, net	1,885	620	(1,956)
Income tax expense	$359,534	$41,146	$82,125

In the third quarter of 2014, the Company initiated an inter-company restructuring that realigned our corporate entity structure. This change in corporate structure provides access to historical earnings that were previously permanently reinvested and allows us to efficiently repatriate future earnings. As a direct and indirect result of the change in corporate structure, Garmin recorded tax expense of $307,635. The first cash tax payment of $78,137 associated with the restructuring was made in the third quarter of 2014. We anticipate paying approximately $185,000 in the second quarter of 2015. The remainder of the accrued tax is expected to be paid incrementally as the cash is repatriated.

The holding company statutory federal income tax rate in Switzerland, the Company's place of incorporation since its redomestication to Switzerland effective June 27, 2010, is 7.83%. If the Company reconciled taxes at the Swiss holding company federal statutory tax rate to the reported income tax for 2014 as presented above, the amounts related to tax at the statutory rate would be approximately $197,000 lower, or $57,000, and the foreign tax rate differential would be adjusted by a similar amount to $44,000. For 2013, the amounts related to tax at the statutory rate would be approximately $178,000 lower, or $51,000, and the foreign tax rate differential would be adjusted by a similar amount to approximately $64,000. For 2012, the amount related to tax at the statutory rate would be approximately $170,000 lower, or $49,000, and the foreign tax differential would be reduced by a similar amount to approximately $31,000. All other amounts would remain substantially unchanged.

The Company’s income before income taxes attributable to non-U.S. operations was $546,790, $502,423, and $495,908, for the years ended December 27, 2014, December 28, 2013, and December 29, 2012, respectively. The Taiwan tax holiday benefits included in the table above reflect $0.02, $0.03, and $0.03 per weighted-average common share outstanding for the years ended December 27, 2014, December 28, 2013, and December 29, 2012, respectively. The Company currently expects to benefit from these Taiwan tax holidays through 2017, at which time these tax benefits will likely expire.

Income taxes of $20,606, $307,990, and $252,452 at December 27, 2014, December 28, 2013, and December 29, 2012, respectively, have not been accrued by the Company for the unremitted earnings of several of its foreign subsidiaries. These balances decreased in 2014 as a result of the intercompany restructuring which reduced the amount of earnings 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 27, 2014	December 28, 2013
Deferred tax assets:		
Product warranty accruals	$3,560	$3,000
Allowance for doubtful accounts	9,111	11,394
Inventory reserves	8,161	5,491
Sales program allowances	1,081	525
Other accruals	11,058	8,927
Stock option compensation	38,265	47,954
Tax credit carryforwards	2,726	55,435
Amortization	21,595	23,900
Deferred revenue	43,644	62,079
Net operating losses of subsidiaries	12,456	11,561
Benefit related to uncertain tax positions	4,246	9,904
Other	3,485	4,064
Valuation allowance related to loss carryforward and tax credits	(11,358)	(63,361)
	148,030	180,873
Deferred tax liabilities:		
Depreciation	16,192	16,202
Reserve for sales returns	419	733
Prepaid expenses	3,283	4,766
Book basis in excess of tax basis for acquired entities	2,099	2,343
Unrealized investment loss	6,384	1,429
Withholding tax	50,561	-
Other	2,448	-
	81,386	25,473
Net deferred tax assets	$66,644	$155,400

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 27, 2014, the Company had $2,726 of tax credit carryover compared to $55,435 at December 28, 2013, of which $52,618 was Taiwan surtax credit offset with a full valuation allowance. The surtax credit carryover from 2013 of $52,618 was adjusted and subsequently fully utilized in 2014 upon the execution of the inter-company restructuring. In turn, the entire valuation allowance regarding the surtax credit was released.

At December 27, 2014, the Company had a deferred tax asset of $12,456 related to the future tax benefit on net operating loss (NOL) carryforwards of $87,388. Included in the NOL carryforwards is $8,125 that relates to Spain and expires in varying amounts between 2022 and 2027, $59,697 that relates to Switzerland and expires in 2020, $11,958 related to the Netherlands that expires in varying amounts between 2014 and 2022, $1,299 that relates to Finland and expires in 2024 and $6,309 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 gross unrecognized tax benefits as of December 27, 2014 was $77,495. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits for years ended December 27, 2014, December 28, 2013, and December 27, 2012 is as follows:

	December 27, 2014	**December 28, 2013**	**December 29, 2012**
Balance at beginning of year	$133,015	$182,870	$156,354
Additions based on tax positions related to prior years	2,889	2,668	3,263
Reductions based on tax positions related to prior years	(60,967)	(8,195)	(897)
Additions based on tax positions related to current period	39,115	30,262	33,232
Reductions related to settlements with tax authorities	(401)	(416)	(665)
Expiration of statute of limitations	(36,156)	(74,174)	(8,417)
Balance at end of year	**$77,495**	**$133,015**	**$182,870**

The December 27, 2014 balance of $74,205 of net 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 $74,205, $125,918 and $173,532 are required to be classified as non-current at December 27, 2014, December 28, 2013, and December 29, 2012, respectively.

Interest and penalties, if any, accrued on the unrecognized tax benefits are reflected in income tax expense. At December 27, 2014, December 28, 2013, and December 29, 2012, the Company had accrued approximately $2,159, $5,111, and $8,222, respectively, for interest. The interest component of the reserve increased (decreased) income tax expense for the years ending December 27, 2014, December 28, 2013, and

December 29, 2012 by ($2,953), ($3,111), and ($4,705), 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. With few exceptions, the Company is no longer subject to U.S. federal, state, or local tax examinations by tax authorities for years 2012 and prior. The Company is no longer subject to Taiwan income tax examinations by tax authorities for years 2008 and prior. The Company is no longer subject to United Kingdom tax examinations by tax authorities for years 2011 and prior. The Company is subject to Switzerland income tax examinations by tax authorities for years 2010 through 2014.

The Company recognized a reduction of income tax expense of $83,006, $74,217, and $9,027 in fiscal years ended December 27, 2014, December 28, 2013, and December 29, 2012, respectively, to reflect the expiration of statutes of limitations and releases due to audit settlement in various jurisdictions.

The Company believes that it is reasonably possible that approximately $5,000 to $10,000 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.

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 27, 2014		December 28, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$1,196,268	$1,196,268	$1,179,149	$1,179,149
Restricted cash	308	308	249	249
Marketable securities	1,575,333	1,575,333	1,651,968	1,651,968

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 reportable 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 27, 2014					
	Aviation	Outdoor	Fitness	Marine	Auto/ Mobile	Total
Net sales to external customers	$385,915	$427,555	$568,440	$248,371	$1,240,377	$2,870,658
Allocated interest income	2,689	5,282	7,739	3,841	16,033	35,584
Income before income taxes	107,867	152,946	196,771	30,117	236,044	723,745

	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

Net sales, long-lived assets (property and equipment), and net assets by geographic area are as shown below for the years ended December 27, 2014, December 28, 2013 and December 29, 2012. Note that APAC refers to the Asia Pacific region, and EMEA includes Europe, the Middle East and Africa.

	Americas	APAC	EMEA	Total
December 27, 2014				
Net sales to external customers [1]	$ 1,538,322	$ 278,092	$ 1,054,244	$ 2,870,658
Property and equipment, net	$ 269,858	$ 111,464	$ 49,565	$ 430,887
Net assets [2]	$ 2,142,624	$ 939,852	$ 320,891	$ 3,403,367
December 28, 2013				
Net sales to external customers [1]	$ 1,432,895	$ 243,056	$ 955,900	$ 2,631,851
Property and equipment, net	239,528	121,012	54,308	414,848
Net assets [2]	1,338,401	2,048,903	272,402	3,659,706
December 29, 2012				
Net sales to external customers [1]	$ 1,513,457	$ 256,882	$ 945,336	$ 2,715,675
Property and equipment, net	222,310	134,257	53,184	409,751
Net assets [2]	1,262,498	2,028,984	240,314	3,531,796

[1] The U.S. is the only country which constitutes greater than 10% of net sales to external customers.
[2] 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 option/SAR exercises, RSU releases and ESPP purchases.

2011 Non-employee Directors' Equity Incentive Plan

In June 2011, the stockholders adopted an equity incentive plan for non-employee directors (the 2011 Directors Plan) providing for grants of stock options, 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 2014, 2013, and 2012, 7,120, 11,484, and 9,616 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. Option and SAR 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. RSUs granted prior to December 10, 2012, vested or are vesting evenly over a period of five years, while RSUs granted on and after that date vest evenly over a period of three years. RSU grants do not expire. During 2014, 2013 and 2012, 425,347, 413,978, and 495,814 restricted stock units were granted under the 2005 Plan. In addition, in 2014 and 2013, 47,095 and 52,673 stock appreciation rights were granted under the 2005 plan and in 2012, 61,235 stock options were granted under the 2005 Plan. No performance shares were granted under the 2005 Plan in 2014, 2013, or 2012. In 2013, the stockholders approved an additional 3,000,000 shares to the 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 2014, 2013, or 2012.

2000 Non-employee Directors' Option Plan

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

Stock-Based Compensation Activity

A summary of the Company's stock-based compensation activity and related information under the 2011 Directors Plan, the 2005 Plan and the 2000 Plan for the years ended December 27, 2014, December 28, 2013, and December 29, 2012:

Stock Options and SARs

	Weighted-Average Exercise Price	Number of Shares *(In Thousands)*
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
Granted	**$52.44**	**47**
Exercised	**$40.60**	**(1,430)**
Forfeited/Expired	**$80.49**	**(125)**
Outstanding at December 27, 2014	**$63.19**	**4,731**
Exercisable at December 27, 2014	**$63.73**	**4,580**
Expected to vest after December 27, 2014	**$47.36**	**125**

Stock Options and SARs as of December 27, 2014

Exercise Price	Awards Outstanding *(In Thousands)*	Remaining Life (Years)	Awards Exercisable *(In Thousands)*
$18.00 -$40.00	502	1.48	477
$40.01 - $60.00	2,108	2.90	1,982
$60.01 - $80.00	1,033	2.44	1,033
$80.01 - $100.00	3	2.95	3
$100.01 - $120.00	1,083	2.92	1,083
$120.01 - $140.00	2	2.75	2
	4,731	2.57	4,580

Restricted Stock Units

	Weighted-Average Grant Date Fair Value	Number of Shares *(In Thousands)*
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
Granted	**$48.73**	**432**
Released/Vested	**$36.00**	**(522)**
Cancelled	**$37.02**	**(47)**
Outstanding at December 27, 2014	**$42.55**	**1,088**

The weighted-average remaining contract life for stock options and SARs outstanding and exercisable at December 27, 2014 is 2.57 and 2.42 years, respectively. The weighted-average remaining contract life of restricted stock units at December 27, 2014 was 1.54 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 2014, 2013, and 2012:

	2014	2013	2012
Weighted average grant date fair value of options granted	$12.42	$12.82	$9.98
Expected volatility	0.3342	0.3746	0.3906
Dividend yield	3.57%	3.86%	4.50%
Expected life of options in years	6.8	6.8	6.6
Risk-free interest rate	1.9%	2.1%	1.0%

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

The total fair value of awards vested during 2014, 2013, and 2012 $19,127, $20,956, and $32,612, respectively. The aggregate intrinsic values of options and SARs outstanding and exercisable at December 27, 2014 were $21,592 and $20,542, respectively. The aggregate intrinsic values of options and SARs exercised during 2014, 2013, and 2012 were $18,885, $13,114, and $12,548 respectively. The aggregate intrinsic value of RSUs outstanding at December 27, 2014 was $58,521. The aggregate intrinsic values of RSUs released during 2014, 2013, and 2012, were $28,119, $27,007, and $17,390 respectively. Aggregate intrinsic value of options and SARS represents the applicable number of awards multiplied by the positive difference between the exercise price and the Company's closing stock price on the last trading day of the relevant fiscal period. Aggregate intrinsic value of RSUs represents the applicable number of awards multiplied by the Company's closing stock price on the last trading day of the relevant fiscal period. The Company's closing stock price was $53.81 on December 27, 2014. As of December 27, 2014, there was $44,654 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 2014, 2013, and 2012, 349,982, 395,220, and 326,483, shares, respectively were purchased under the plan for a total purchase price of $14,634, $12,181, and $10,629, respectively. During 2014, 2013 and 2012, the purchases were issued from treasury shares. At December 27, 2014, approximately 489,381 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 27, 2014	December 28, 2013	December 29, 2012
Numerator:			
Numerator for basic and diluted net income per share - net income	$364,211	$612,412	$542,403
Denominator:			
Denominator for basic net income per share – weighted-average common shares	193,106	195,411	194,909
Effect of dilutive securities – employee stock options and stock appreciation rights	1,059	928	1,304
Denominator for diluted net income per share – adjusted weighted-average common shares	194,165	196,339	196,213
Basic net income per share	$1.89	$3.13	$2.78
Diluted net income per share	$1.88	$3.12	$2.76

Options to purchase 2,240,005, 5,475,000, and 5,640,615 common shares were outstanding during 2014, 2013 and 2012, but were not included in the computation of diluted earnings per share because the effect was antidilutive.

11. Share Repurchase Plan

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 through December 31, 2014. Under the plan, the Company repurchased 1,376,500 shares using cash of $58,422 in fiscal 2013 and 4,369,360 shares using cash of $241,578 in fiscal 2014.

12. 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 27, 2014:

	Foreign Currency Translation Adjustment	Gross unrealized losses on available-for-sale securities-OTTI (1)	Net unrealized gains(losses) on available-for-sale securities-Other(2)	Total
Balance - beginning of period	$ 85,363	$ (57,356)	$ 10,034	$ 38,041
Other comprehensive income before reclassification	(64,489)	44,325	(15,172)	(35,336)
Amounts reclassified from accumulated other comprehensive income	-	-	(134)	(134)
Net current-period other comprehensive income	(64,489)	44,325	(15,306)	(35,470)
Balance - end of period	$ 20,874	$ (13,031)	$ (5,272)	$ 2,571

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

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

The following provides required disclosure of reporting reclassifications out of AOCI for the year ended December 27, 2014:

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	$ 505	Other income (expense)
	(370)	Income tax provision
	$ 135	Net of tax

13. Selected Quarterly Information (Unaudited)

	Fiscal Year Ended December 27, 2014			
	Quarter Ending			
	March 29	June 28	September 27	December 27
Net sales	**$583,221**	**$777,848**	**$706,283**	**$803,306**
Gross profit	**330,834**	**444,485**	**398,246**	**430,848**
Net income	**118,818**	**181,983**	**(146,834)**	**210,245**
Basic net income per share	**$0.61**	**$0.94**	**($0.76)**	**$1.10**

	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

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 (the table may not foot due to rounding).

14. Subsequent Events

On February 13, 2015, the Board of Directors approved a share repurchase program authorizing the Company to repurchase up to $300 million of the common shares of Garmin Ltd. The repurchases may be made from time to time as market and business conditions warrant on the open market or in negotiated transactions in compliance with the SEC's Rule 10b-18. The timing and amounts of any repurchases will be determined by the Company's management depending on market conditions and other factors including price, regulatory requirements and capital availability. The program does not require the purchase of any minimum number of shares and may be suspended or discontinued at any time. The share repurchase authorization expires on December 31, 2016.

Other disclosures required by Swiss law:

	2014	2013	2012
Personnel expenses (CHF in Thousands)	596,491	559,037	521,799

The detailed disclosures regarding significant shareholders as well as the board and executive share ownership that are required by Swiss law are included in Notes 6 and 7 to the Garmin Ltd. (Switzerland) statutory financial statements.

As of December 27, 2014, 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.

Garmin Ltd.'s risk assessment is presented in Note 8 – Risk Assessment of the Garmin Ltd. (Switzerland) statutory financial statements.