GARMIN LTD
Form 10-K
February 18, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 27, 2014

or

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

For the transition period from _______ to ______

Commission file number 0-31983

GARMIN LTD.

(Exact name of registrant as specified in its charter)

Switzerland	**98-0229227**

(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Mühlentalstrasse 2	
8200 Schaffhausen	N/A
Switzerland	(Zip Code)
(Address of principal executive offices)	

Registrant's telephone number, including area code: **+41 52 630 1600**

Securities registered pursuant to Section 12(b) of the Act:

Registered Shares, CHF 10.00 Per Share Par Value	**NASDAQ Global Select Market**
(Title of each class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES þ NO ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ¨ NO þ

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES þ NO ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer þ	Accelerated Filer ¨
Non-accelerated Filer ¨	Smaller reporting company ¨
(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES ¨ NO þ

Aggregate market value of the common shares held by non-affiliates of the registrant as of June 28, 2014 (based on the closing price of the registrant's common shares on the Nasdaq Stock Market for that date) was $7,551,199,189.

Number of shares outstanding of the registrant's common shares as of February 13, 2015:

Registered Shares, CHF 10.00 par value – 208,077,418 (including treasury shares)

Documents incorporated by reference:

Portions of the following document are incorporated herein by reference into Part III of the Form 10-K as indicated:

Document	**Part of Form 10-K into which Incorporated**
Company's Definitive Proxy Statement for the 2015 Annual Meeting of Shareholders which will be filed no later than 120 days after December 27, 2014.	Part III

Garmin Ltd.

2014 Form 10-K Annual Report

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CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING COMMENTS

The discussions set forth in this Annual Report on Form 10-K contain statements concerning potential future events. Such forward-looking statements are based upon assumptions by the Company's management, as of the date of this Annual Report, including assumptions about risks and uncertainties faced by the Company. In addition, management may make forward-looking statements orally or in other writings, including, but not limited to, in press releases, in the annual report to shareholders and in the Company’s other filings with the Securities and Exchange Commission. Readers can identify these forward-looking statements by their use of such verbs as “expects,” “anticipates,” “believes” or similar verbs or conjugations of such verbs. Forward-looking statements include any discussion of the trends and other factors that drive our business and future results in “Item 7. Management’s Discussion and Analysis of Financial Conditions and Results of Operations.” Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their date. If any of management's assumptions prove incorrect or should unanticipated circumstances arise, the Company's actual results could materially differ from those anticipated by such forward-looking statements. The differences could be caused by a number of factors or combination of factors including, but not limited to, those factors identified under Item 1A “Risk Factors.” Readers are strongly encouraged to consider those factors when evaluating any forward-looking statements concerning the Company. The Company does not undertake to update any forward-looking statements in this Annual Report to reflect future events or developments.

Part I

Item 1. Business

This discussion of the business of Garmin Ltd. ("Garmin" or the "Company") should be read in conjunction with, and is qualified by reference to, “Management's Discussion and Analysis of Financial Condition and Results of Operations” under Item 7 herein and the information set forth in response to Item 101 of Regulation S-K in such Item 7 is incorporated herein by reference in partial response to this Item 1. Garmin 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 are 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. The segment and geographic information included in Item 8, “Financial Statements and Supplementary Data,” under Note 8 is incorporated herein by reference in partial response to this Item 1.

Garmin was incorporated in Switzerland on February 9, 2010 as successor to Garmin Ltd., a Cayman Islands company (“Garmin Cayman”). Garmin Cayman was incorporated on July 24, 2000 as a holding company for Garmin Corporation, a Taiwan corporation, in order to facilitate a public offering of Garmin Cayman shares in the United States. On June 27, 2010, Garmin became the ultimate parent holding company of the Garmin group of companies pursuant to a share exchange transaction effected for the purpose of changing the place of incorporation of the ultimate parent holding company of the Garmin group from the Cayman Islands to Switzerland (the "Redomestication"). Pursuant to the Redomestication, all issued and outstanding Garmin Cayman common shares were transferred to Garmin and each common share, par value U.S. $0.005 per share, of Garmin Cayman was exchanged for one registered share, par value 10 Swiss francs (CHF) per share, of Garmin. Garmin owns, directly or indirectly, all of the operating companies in the Garmin group.

Garmin's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statement and Forms 3, 4 and 5 filed by Garmin's directors and executive officers and all amendments to those reports will be made available free of charge through the Investor Relations section of Garmin's website (http://www.garmin.com) as soon as reasonably practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission (the "SEC"). The SEC maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

The reference to Garmin's website address does not constitute incorporation by reference of the information contained on this website, and such information should not be considered part of this report on Form 10-K.

Company Overview

For 25 years, Garmin Ltd. and subsidiaries (together, the "Company") has pioneered new Global Positioning System (GPS) navigation and wireless devices and applications that are designed for people who live an active lifestyle. Garmin serves five primary business units, including auto/mobile, aviation, fitness, marine, and outdoor recreation. Garmin designs, develops, manufactures, markets and distributes a diverse family of hand-held, wearable, portable and fixed-mount GPS-enabled products and other navigation, communications, sensor-based and information products.

Overview of the Global Positioning System

The Global Positioning System is a worldwide navigation system which enables the precise determination of geographic location using established satellite technology. The system consists of numerous constellations of orbiting satellites. Access to the systems is provided free of charge.

Garmin utilizes a variety of global navigation satellite systems (GNSS) including, but not limited to:

- The satellites and their ground control and monitoring stations maintained and operated by the United States Department of Defense, which maintains an ongoing satellite replenishment program to ensure continuous global system coverage.
- Japan's MTSAT-based Satellite Augmentation System (MSAS) which achieved initial operating capability for en route, terminal and approach navigation for aviation on September 27, 2007.
- The European Geostationary Navigation Overlay Service (EGNOS) aviation Safety of Life (SoL) service which achieved initial operating capability for en route, terminal, and approach navigation on March 2, 2011.
- The Global Navigation Satellite System (GLONASS), a space-based satellite navigation system operated by the Russian Federation, consisting of 24 satellites and providing world-wide coverage. In certain urban canyon or restricted sky visibility situations, the use of both GPS and GLONASS satellites to produce a navigation fix may result in improved accuracy.

The accuracy and utility of GPS can be enhanced through augmentation techniques which compute any remaining errors in the signal and broadcast these corrections to a GPS device. The Federal Aviation Administration ("FAA") has developed a Wide Area Augmentation System (WAAS) comprising ground reference stations and additional satellites that improve the accuracy of GPS positioning available in the United States and most of Canada and Mexico to approximately 3 meters. WAAS supports the use of GPS as the primary means of enroute, terminal and approach navigation for aviation in the United States. The increased accuracy offered by WAAS also enhances the utility of WAAS-enabled GPS receivers for consumer applications.

Recent Developments in the Company’s Business

Since the inception of its business, Garmin has delivered over 141 million products, which includes the delivery of more than 15 million products during 2014.

Automotive/Mobile Product Introductions

In January 2014 Garmin announced the 2014 line of nüvi® personal navigation devices. The nüvi2798 LMT combines a 7” display with a wireless backup camera allowing drivers to easily spot vehicles, pedestrians, and other obstructions as they back up their vehicle. In addition, the 2014 line of Essential nüvis features a 5-6” display as well as lifetime traffic avoidance.

In April 2014 Garmin announced the zūmo® 590LM, which features a 5” touch screen display that is glove-friendly, fuel-resistant, and sunlight-readable. The zūmo 590LM includes a MP3 player, advanced navigation features, and infotainment options to keep riders connected on the road.

In August 2014 Garmin announced the fleet™ 660 and 670, the first Android™-based fleet navigators allowing for unique customizations. The new devices connect to and control a wide range of external devices over Wi-Fi®, Bluetooth®, or serial cable. The fleet 660 and 670 are optimized for in-cab use with dust-proof design, high-sensitivity GPS, extra loud speaker, and a sunlight readable, 6” capacitive touch screen while providing the latest navigation technology from Garmin.

Outdoor Product Introductions

In January 2014 Garmin announced GPSMAP® 64, which brings a dual GPS and GLONASS receiver with a quad helix antenna for superior reception, preloaded geocaches and smartphone connectivity for LiveTrack and Smart Notification to a product line already popular with customers.

Garmin expanded its line of products for golfers in 2014 with the introduction of the Approach® G7 and G8 handhelds and the Approach S6 watch. The Approach G7 and G8 handhelds include new measurement features such as PlaysLike Distance, which shows adjusted range for uphill and downhill shots, Club Advice, which remembers how far users hit each club and makes recommendations based on shot distances, Big Numbers mode which allows for easy viewing, and offers Smart Notification technology allowing users to receive emails, texts, and call alerts. The Approach S6 watch comes with first-of-its-kind swing metrics and training tools right on a golfer’s wrist. SwingTempo, TempoTrainer and SwingStrength™ can be used to improve golfers’ swing consistency and synchronization, and the S6 is the first golf watch to offer full CourseView maps with GreenView, Touch Targeting, and PinPointer™ on a high-res color touchscreen. The S6 is the slimmest, lightest golf watch while still delivering 20 weeks of battery life in watch mode or 10 hours in GPS mode and is equipped with Smart Notification technology.

In February 2014, Garmin announced fēnix™ 2, the first Garmin wearable device to include advanced multi-sport features within the rugged form factor of an altimeter, barometer, compass (ABC) watch. Whether used for running, climbing, riding, hiking, paddling, skiing, or swimming the fēnix 2 allows the user to easily switch between feature sets and provides real-time feedback on their progress. The fēnix 2 provides advanced running dynamics, dedicated training modes, and an altimeter, barometer, and a 3-axis compass, providing navigation functionalities and guidance off the beaten path.

In June 2014 Garmin announced two new GPS-enabled collars, the TT 15 and T 5, for its industry-leading Astro® and Alpha® dog tracking and training systems. The new TT 15 dog device allows you to track and train sporting dogs up to nine miles away and is utilizing both GPS and GLONASS satellite technology. The TT 15 also adds a training option, to match individual dogs' temperament and has a battery life of 24 to 48 hours. The T 5 is a tracking-only version with the same GPS and GLONASS compatibility without the stimulation capability.

Fitness Product Introductions

In 2014 Garmin announced the vívo family of products with the introduction of the Garmin vívofit™ and vívoki™ expanding to the vívosmart™. The vívofit fitness band sets a personalized daily goal that automatically adjusts, shows steps, calories, goal countdown, distance, and time of day. Vívofit has over one year battery life, is water-resistant (50m), has interchangeable colored bands, and is compatible with ANT+™ heart rate monitors. Vívokí seamlessly integrates into corporate wellness and provides accountability for participants. The vívoki records steps, distance, calories and intensity of exercise. Five LED lights indicate the user's progress toward a personalized daily goal. The vívosmart adds connectivity to health and wellness goals. Vívosmart features a touchscreen curved band that remains discreet on users' wrists with a hidden OLED display that comes to life to show incoming notifications. It has a 5 ATM water rating and battery life of up to seven days. Vívosmart automatically syncs with the Garmin Connect™ Mobile app and provides notifications of incoming text, email, call, calendar reminders, and has an added vibration alert.

Garmin expanded its line of Forerunner® running watches in 2014 with the introduction of the Forerunner 920XT and Forerunner 15. The Forerunner 920XT provides a multisport watch with advanced running dynamics including VO2 max estimate, live tracking, and smart notifications while the Forerunner 15 is an affordable GPS running watch with daily activity tracking and heart rate compatibility.

Garmin also expanded its line of Edge® cycling computers during 2014 with the introduction Edge 1000®, a top of the line cycling computer for competing, connecting, and navigating. The Edge 1000 includes a large high-resolution color touch screen display, advanced smartphone connectivity, and automatic sync functionality. In August 2014 Garmin announced the availability of Vector™S, an affordable option for cyclists to receive the benefits of tracking power in a single-sensing power meter.

Marine Product Introductions

In April 2014 Garmin announced the GNX™ marine instruments GNX 20 and GNX 21. The GNX 20 and GNX 21 both have 4”, glass-bonded, monochrome displays that show over 50 marine and vessel parameters including depth, speed, wind, and navigational data. The GNX 20 and GNX 21 allow the screen layout to be configured to the user’s preferred settings and have optimized power consumption using only 350nW during the day and 400mW at night.

In June 2014 Garmin completed the acquisition of Fusion® Electronics bringing with it, the 700 Series, which allows boaters to connect and control their audio through select marine multifunction displays (MFDs), and select multi-zone audio configuration specific to their vessels.

In October 2014 Garmin announced the next generation of open-array digital radars with the GMR™ 424, 624/626 and 1224/1226 xHD2. The xHD2 series is significantly quieter and includes a dedicated Bird Mode allowing boaters to locate flocks of birds and a corresponding congregation of fish. In addition dual radar support is introduced creating more flexibility to view different ranges on independent multifunction displays (MFD), chartplotters and combination units. Also in October 2014 Garmin announced a new line of echoMAP™ combination chartplotters that integrates scanning sonar capabilities without the need of an additional sounder black box. The new echoMAP is equipped with a built-in, high sensitivity 5Hz GPS antenna, providing updated location and headings five times per second and has built-in SideVü technology, granting the ability to see what’s located on both sides of the boat.

Aviation Product Introductions and Program Certifications

In January 2014 Garmin introduced the GDL 39 3D, a portable ADS-B and GPS receiver which adds simultaneous display of aircraft attitude information (pitch and roll), alongside rich, interactive mapping, traffic, and weather within the Garmin Pilot™ application.

In March 2014 Garmin introduced a comprehensive radar altimeter solution that expands upon Garmin's high-performance, all-digital GRA 5500 radar altimeter to include the GRA 55, a best-in-class and cost-effective radar altimeter designed specifically for helicopters and general aviation aircraft.

Garmin announced the VIRB Elite Aviation Bundle and Aviator Action Pack in March 2014, bringing new pilot specific features and a propeller filter which reduces propeller distortion created while filming video in-flight.

In July 2014 Garmin introduced the Flight Stream 110/210 small wireless gateway that is easily installed in your aircraft, enabling Bluetooth connectivity between tablets/phones, and Garmin avionics products. The Flight Stream 110 offers GPS, attitude, weather and traffic streaming from the GDL 88/84 ADS-B datalink and GDL 69 SiriusXM™ datalink, while the Flight Stream 210 adds the capability for flight plan syncing with the GTN 750/650 series and GNS 430W/530W series navigators as well as the ability to display attitude information using an on-board AHRS.

In 2014 Garmin introduced a G3X™ Touch, a touchscreen, flight display system for installation in experimental amateur-built and light sport aircraft (LSA). The non-certified G3X Touch system offers pilots easy-to-read, easy-to-use, high-resolution 10.6-inch flight displays with split-screen functionality

Garmin introduced the Angle of Attack (AOA) system comprised of the GI 260 AOA indicator, GAP 26 angle of attack probe and GSU 25 air data computer, which combine to display safety-enhancing AOA and audible alerts throughout critical phases of flight.

Garmin announced a stand-alone ADS-B solution for the business jet market that significantly reduces the cost and complexity of complying with future FAA mandates. This solution is soon to be approved for the Citation V, the Beechjet 400A and the Learjet60.

Other notable 2014 program certifications:

- Citation X+ (G5000™) and Cessna CJ3+ (G3000™)
- EASA validation for Cessna M2 (G3000), Cessna Sovereign (G5000) and Bombardier Learjet 70/75 (G5000) opening up sales in Europe
- Gulfstream G150 certification for transponder equipment with dual link ADS-B solutions
- Beech 1900 for the G950 Integrated Flight Deck aftermarket upgrade
- Enstrom 480B (G1000H®)

Products

Garmin offers a broad range of solutions across its reportable segments as outlined below. In general, Garmin believes that its products are known for their value, high performance, ease of use, innovation, and ergonomics.

Automotive/Mobile

Garmin offers a broad range of automotive navigation products, as well as a variety of products and applications designed for the mobile GPS market. Garmin currently offers to consumers around the world:

Personal Navigation Devices (PND) –

PNDs combine a full-featured GPS navigator (with built-in maps) with Garmin’s uniquely simple user interface. PNDs are sold under the nüvi, zūmo, dēzl™, and fleet brand names. The zūmo series offers motorcycle-specific features, the dēzl series offers over-the-road trucking features while the fleet series delivers an integrated tracking and dispatch fleet system. Across the expansive product portfolio, Garmin offers features such as large screens, integrated traffic receivers for traffic avoidance (including some models with lifetime traffic updates), bundled lifetime map updates, spoken street names, voice activated navigation, speed limit indication, lane assist with PhotoReal junction views - thousands of high quality photos of actual upcoming junctions, 3-D building view, Bluetooth hands-free capability, DashCams, and backup cameras. In fiscal years 2014, 2013 and 2012, the nüvi class of products represented approximately 27%, 34% and 43% of Garmin’s total consolidated revenues, respectively.

Infotainment Solutions –

In addition to PNDs, Garmin has many relationships with original equipment manufacturers (OEMs) providing infotainment solutions ranging from portable solutions utilizing an integrated mount within the vehicle to software navigation solutions to fully embedded systems offering a broad range of functionality.

Mobile Applications –

Garmin offers mobile applications under the following brand names: Viago™, StreetPilot® and NAVIGON®. The applications are offered across a broad range of smartphones and tablets including iOS, Android and Windows enabled devices. These applications provide users turn-by-turn, voice-prompted directions and other advanced Garmin navigation features including Reality View Pro junction information and traffic information. Some are offered as onboard solutions in which mapping is downloaded to the user's device and always available while some are offboard solutions in which mapping is available via a server utilizing the mobile connectivity of the device.

Outdoor

Garmin offers a broad range of products designed for use in outdoor activities. Garmin currently offers to consumers around the world:

Outdoor Handhelds –

Outdoor handhelds range from basic waypoints navigation capabilities to advanced color touchscreen devices offering barometric altimeter, 3-axis compass, camera, microSD™ card slot for optional customized maps and other features. Outdoor handhelds are sold under the Dakota®, Oregon®, Rino®, Montana™, Monterra, eTrex®, and GPSMAP® brand names. Each series of products is designed to serve various price points and niche activity categories. The Rino series of handhelds additionally offers two-way Family Radio Service (FRS) and General Mobile Radio Service (GMRS) that integrate two-way voice communications. The Monterra is Garmin's first Wi-Fi enabled, Android-based outdoor handheld GPS.

Wearable Devices-

Garmin offers GPS wrist watches for outdoor activity. The fēnix 2 provides advanced multisport features, comprehensive navigation and tracking functionalities, as well as trip information, such as heading, elevation and weather changes. The tactix adds additional features inspired by the requirements of law enforcement and police special operations.

Golf Devices -

The Approach® series of golf-focused devices includes both handhelds and wrist-worn products with up to 30,000 preloaded worldwide golf courses. The offerings range from basic display of yardages to the front, back and middle of greens to advanced, touchscreen devices providing measurement of individual shot distances and display of the exact yardage to fairways, hazards and greens. A statistic-tracking feature allows users to track and analyze their golf statistics. Some devices include swing metrics, which gives audible tones to fine-tune swing tempo, manual pin positioning, which allows users to tap and drag the flag on the green for precise yardage to the flag, and the ability to display emails, text messages and alerts.

Dog Tracking and Training/Pet Obedience Devices -

Garmin offers a series of dog-focused products providing a range of functionality including GPS-enabled dog tracking, electronic dog training, and electronic bark correction. The products are offered under the Astro®, Alpha™, Bark Limiter™ and Delta™ brand names. The Astro series can pinpoint up to ten dogs' positions at one time through all-weather collars and a handheld system, which features many of our outdoor capabilities including: barometric altimeter, electronic compass, microSD slot, area calculator and a waterproof exterior. Alpha combines the tracking capabilities of Astro with electronic dog training. The Bark Limiter is an intuitive electronic bark correction device. The Delta series of training collars offers a remote training device without tracking capability.

Action Cameras -

Garmin offers VIRB™ and VIRB Elite, HD 1080p action cameras. VIRB has a 1.4 inch Chroma display, digital image stabilization and lens distortion correction, and it can take high quality still photographs while the video camera is recording. VIRB Elite incorporates all of these features and adds built-in Wi-Fi, data sensors and a high-sensitivity GPS receiver.

Fitness

Garmin offers a broad range of products designed for use in fitness and activity tracking. Garmin currently offers to consumers around the world:

Running/Multi-Sport Watches –

The Forerunner series offers compact, lightweight training assistants for athletes with integrated GPS sensor that provide time, speed, distance, pace and other data. Some models also offer a heart rate monitoring function and heart-rate based calorie computation. All models allow runners to upload their data to Garmin Connect, where they can store, analyze and share their workout data. Additional advanced features include: Virtual Racer™, which allows runners to race against their previous best times, recovery advisor, race predictor and VO2 max estimate. The Forerunner 310XT, 910XT and 920XT are designed specifically for triathletes. These all-in-one GPS-enabled devices provide detailed swim metrics and track distance, speed/pace, elevation and heart rate for running and cycling.

Cycling Computers -

The Edge series measures speed, distance, time, calories burned, climb and descent, and altitude offering an integrated personal training system designed for cyclists. In addition, Garmin offers devices geared toward performance-driven cyclists offering real-time connectivity through a smartphone, providing live tracking, social media sharing and real-time weather updates.

Cycling Power Meter -

Garmin offers Vector, which is a high-precision pedal-based power meter designed specifically for cyclists. It provides power data and measures and presents right and left leg power balance to ANT+™ compatible devices.

Activity Tracking Devices -

Garmin has introduced vívofit, vívoki, and vívosmart to address the growing activity tracking market. The vívofit fitness band provides a personalized daily goal, tracks progress and reminds users when it’s time to move. The device features a curved display that shows steps, goal countdown, calories, distance, time of day and heart rate when paired with a monitor. Vívoki provides similar tracking capabilities in a small form factor that lacks a display. This offering is designed to be a lower cost solution for corporate wellness programs. The vívosmart band provides the same functions as the vívofit but also provides smart notifications and a vibration alert.

Swimming Watch -

Garmin Swim™ is a watch designed for swimming pool use and allows users to track stroke type, stroke count, distance, pace and lengths. Users can also upload their swim data to Garmin Connect, where they can store, analyze and share the data.

Garmin Connect –

Garmin Connect is a web-based analytic tool where users can store, analyze and share fitness and wellness data. The companion mobile application also provides real-time weather data and allows users to wirelessly download courses to some devices.

Marine

Garmin offers a broad range of products designed for use in the recreational marine industry. Garmin currently offers to consumers around the world:

Chartplotters and Multi-Function Displays (MFDs) -

Garmin offers numerous chartplotters/MFDs under the GPSMAP® brand name. The offerings range from 4-inch helm-mounted products to 19-inch fully-integrated Glass Helm offerings. Cartography options range from US coastal and lake mapping to worldwide basemaps to highly detailed BlueChart® g2 Vision™ charts offering high-resolution satellite imagery, 3-D map perspective and aerial reference photos to LakeVü HD and LakeVü HD Ultra, Garmin's most detailed lake cartography ever created. Additional advanced features and connectivity available include: Garmin's G Motion technology, which delivers ultra-smooth map panning and zooming, optional wireless remote and a wireless mouse and expanded "plug-and-play" access to onboard sensors, with NMEA 2000 and Garmin Marine Network connectivity (the Garmin Marine Network is a system that combines GPS, radar, XM WX Satellite Weather, sonar, and other data).

Fishfinders –

Garmin offers two series of fishfinders. The echo™ series are standalone fishfinders ranging from grayscale displays to the highest-end echo 550C, which features a video-quality 640x480 pixel 5-inch VGA screen, a powerful 500-watt sonar transmitter, and offers fish arch display and bottom tracking as deep as 1,900 feet. The echoMap series provides charplotter and fishfinder capabilities in a single device.

Sounders –

Garmin offers “black-box” sounders which interface with Garmin MFDs to enhance their utility by providing the depth sounder and fish finder functions in a remote mounted package.

Autopilot Systems -

Garmin offers full-featured marine autopilot systems designed for sailboats and powerboats. The systems incorporate such features as: Garmin’s patented Shadow Drive™ technology, which automatically disengages the autopilot if the helm is turned, remote steering and speed control, and integration with the Volvo Penta IPS steering and propulsion system. Garmin has also introduced steer-by-wire autopilot capabilities for various steering systems.

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Radar -

Garmin offers both radomes and open array radar products with compatibility to any network-compatible Garmin chartplotter so that the chartplotter can double as the radar screen. The Garmin radar solutions have a nautical mile range of 36-72 nm.

Instruments -

Garmin offers NMEA 2000 and NMEA 0183 compliant instrument displays that show data from multiple remote sensors on one screen. Mariners can display instrument data such as depth, speed through the water, water temperature, fuel flow rate, engine data, fuel level, wind direction and more, depending upon what sensors are connected.

VHF Communication Tranceivers -

Garmin provides marine radios with differing feature sets for the radio needs of all types of mariners. The entry-level radio is NMEA 0183 compatible, while the premium radio is designed for 35+ foot boats, is NMEA 2000 and NMEA 0183 compatible, offers multi-station support, and monitors all AIS channels at the same time.

Handhelds and Wrist-worn Devices –

Garmin offers a marine-friendly GPS handheld featuring a 3-axis tilt-compensated electronic compass, wireless data transfer between compatible units and preloaded cartography for the coastal United States. Also offered for mariners is the quatix™, Garmin's first GPS watch designed for mariners, combining marine features and navigation and sailing capabilities while integrating Garmin's GPS technology and interface.

Sailing –

In September 2012, Garmin acquired Nexus Marine AB, a leading supplier of instrumentation for the sailing and yachting market. Nexus designs and manufactures sailing instrumentation systems, and it also supplies binoculars, accessories and Silva branded marine compasses.

Entertainment –

In June 2014, Garmin acquired Fusion Electronics, a leading supplier of integrated marine audio equipment. Fusion designs integrated audio products and accessories designed for the challenging marine environment allowing boaters to connect and control their audio through select MFDs.

Aviation

Garmin's aviation product line includes GPS-enabled navigation, VHF communications transmitters/receivers, multi-function displays, electronic flight instrumentation systems (EFIS), automatic flight control systems, traffic advisory systems and traffic collision avoidance systems, terrain awareness and warning systems, instrument landing system (ILS) receivers, surveillance products, audio panels, cockpit datalink systems and more. The list below includes a sampling of some of the aviation capabilities currently offered by Garmin:

Integrated Avionics Systems/Flight Decks -

Garmin offers a range of integrated glass avionics from the G3X for the experimental and light-sport aircraft market to the G5000 for the business jet market. Basic capabilities integrated include: navigation, communication, attitude, weather, terrain, traffic, surveillance and engine information on large high-resolution color displays. More advanced features include: Garmin’s 3-D synthetic vision technology (SVT™), weather, Garmin’s electronic stability and protection system (ESP), electronic flight charts and touchscreen controls, which utilize patent pending infrared touchscreen technology, audio and visual feedback, and animation to help pilots know exactly how the system is responding to their input.

Garmin offers similar integrated glass avionics for the helicopter market through the G500H, G1000H and G5000H®. Basic and advanced capabilities are similar to those offered to the aircraft market. The helicopter offerings have been optimized for rotorcraft and offer features like helicopter synthetic vision technology (HSVT™), helicopter-specific databases with over 7,000 heliports and nearly 30,000 additional low-altitude obstacles, XM WX Satellite Weather with NEXRAD, and the ability to display video from a forward looking infrared (FLIR) camera or other video sources.

Garmin also offers all-glass integrated avionics to the retrofit market through the G500 and G600. These solutions provide electronic flight displays that work with separate Garmin avionics to provide essential information such as attitude, air data, weather, terrain and traffic. In addition, upgraded systems also allow for the display and control of such data as altitude preselects and vertical speed, DME distance, analog radar altitude, and analog navigation data.

Panel-mount aviation products -

GPS/Navigation/Communication Solutions –

Garmin provides certified GPS navigation receivers, traditional VHF navigation receivers, instrument landing systems receivers and VHF communication transmitters/receivers. Features available in different GNC, GTR, GNS and GTN series models include 4-color map graphics, GPS, communication and navigation capabilities, touchscreen operation, graphical flight planning with vector airways and high-altitude jet routes, remote transponder, remote audio control, SafeTaxi® and electronic chart capabilities. Helicopter Terrain Awareness and Warning System (HTAWS) is an option providing graphical and audible alerts of potential terrain and obstacle conflicts along the flight path.

Traffic Solutions -

Garmin offers traffic avoidance products combining active and passive surveillance data to pinpoint specific traffic threats. These capabilities are part of our GTS™ series of systems. The systems use Garmin’s patent-pending CLEAR

CAS™ technology and correlate automatic dependent surveillance broadcast (ADS-B) with radar targets. The offerings include solutions for both the recreational and transport category of aircraft.

Audio Solutions -

The GMA series are audio panels ranging from offerings with basic capabilities for the recreational pilot to advanced capabilities including voice recognition, 3D spatial audio processing, advanced auto squelch, ambient noise based volume adjustment and independent pilot/co-pilot communications capabilities.

Transponder Solutions -

Garmin provides a range of transponder solutions in the GTX™ series. The FAA-certified transponders transmit altitude or flight identification to air traffic control radar systems or other aircraft's air traffic avoidance devices. Newer transponders offer data link capability, including local air traffic information at FAA radar sites equipped with Traffic Information Service (TIS) and a pathway to ADS-B compliance for the Next Generation airspace system, via transmission of traffic surveillance data such as aircraft flight ID, position, altitude, velocity, climb/descent, and heading information. Garmin offers solutions to both recreational and transport aircraft.

ADS-B Solutions -

Garmin offers an FAA certified ADS-B product within the GDL® series. Capabilities include GPS satellite navigation with datalink communications to deliver interactive traffic and hazard surveillance.

Weather Solutions -

Weather capabilities are delivered within our GDL, GSR and GWX™ series. The solutions range from offering XM WX satellite real-time weather information to the aircraft via panel-mounted devices from Garmin to on-demand global weather information, text/voice communications and near real-time position tracking through the Iridium satellite network (subscription required). Also available in the GWX series are all-in-one antenna/receiver/transmitters that bring real-time weather to Garmin's multi-function displays and Integrated Avionics Systems, as well as advanced Doppler-enabled features.

Portable and Wearable Solutions -

Garmin offers the aera® series and GPSMAP 695/696 as portable avionics solutions. The aera series combines an aviation portable with a full-featured automotive GPS. These touchscreen products come with automotive maps, a terrain/obstacles aviation database, and a patented instrument display. Advanced features include: a digital document viewer, a scratch pad, pre-loaded geo-referenced charts, and XM radio and weather. The GPSMAP series offers detailed electronic charts, airways and IFR map mode. Other features available include: XM radio and XM WX Satellite Weather. Garmin announced D2™ in October 2013, which is a premium watch designed specifically for aviators.

Mobile Application -

Garmin Pilot™ is a premium flight planning, flight plan filing, and pre-flight weather application for display on iOS and Android-based mobile devices. It provides instant access to comprehensive U.S. and Canada weather data, winds and temperature aloft, and lightning data.

Sales and Marketing

Garmin's non-aviation products are sold in approximately 100 countries through a worldwide network of approximately 4,000 independent dealers and distributors, who meet our sales and customer service qualifications. No single customer's purchases represented 10% or more of Garmin's consolidated revenues in the fiscal year ended December 27, 2014. Marketing support is provided geographically from Garmin's offices around the world. Garmin's distribution strategy is intended to increase Garmin's global penetration and presence while maintaining high quality standards to ensure end-user satisfaction.

Garmin's U.S. consumer product sales are handled through its network of dealers and distributors who are serviced by a staff of regional sales managers and in-house sales associates. Garmin's Europe, Middle East, Australia/New Zealand and Africa consumer product sales are handled through our in-country subsidiaries or local distributors who resell to dealers. Working closely with Garmin's in-house sales and marketing staff in the U.K. and U.S., these in-country subsidiaries or independent distributors are responsible for inventory levels and staff training requirements at each retail location. Garmin's Taiwan-based marketing team handles the Company's Asia sales and marketing effort. Some of Garmin's larger consumer products dealers and distributors include:

- *Amazon.com*—internet retailer;
- *Best Buy*—one of the largest U.S. and Canadian electronics retailers;
- *Costco*—an international chain of membership warehouses that carry quality, brand name merchandise;
- *Halford's*—a large European retailer specializing in car parts and accessories; and
- *Wal-Mart*—the world's largest mass retailer

Garmin's retrofit avionics and aviation portable products are sold through select aviation dealers around the world and, in the case of aviation portable products, also through catalogs and pilot shops. Garmin's largest aviation dealers include Aircraft Spruce & Specialty Co., Elliott Aviation, Gulf Coast Avionics Corp., Sarasota Avionics, and Sportsman's Market. Avionics dealers have the training, equipment and certified staff required for at-airport installation of Garmin's avionics equipment.

In addition to the traditional distribution channels mentioned, Garmin has many relationships with original equipment manufacturers (OEMs). In the automotive/mobile segment, Garmin's products are sold globally to automotive and motorcycle OEMs, either directly or through tier 2 sourcing. Some of Garmin's larger OEM relationships include Chrysler, Suzuki, Volkswagen, Harley-Davidson, BMW Motorrad, Mercedes Benz, Bombardier, and Polaris. In the marine segment, Garmin's products are standard equipment on various models of boats. Some of the larger OEM relationships include Ranger Tugs, Cutwater Boats (a Division of Fluid Motion, LLC), Bayliner Boats (a division of Brunswick Corporation), Bavaria Yacht, Chaparral Boats, Inc., Andros Boats, Inc., Edgewater Boats, LLC, Bennington Marine, LLC, Cigarette Racing Team, LLC, Cobalt Boats, LLC, G3 Boats (a division of Yamaha Motor Corp.), Gulf Craft, Inc., Fairline Boats, Ltd., Inha Works Ltd. and Regal Marine Industries, Inc. In the aviation market, Garmin's avionics are either standard equipment or options on various models of aircraft. Some of the larger OEM relationships include AgustaWestland, Bombardier, Bell Helicopter-A Textron Company, Cessna Aircraft Company, Cirrus Aircraft, Embraer SA, Eurocopter, an EADS Company, Beechcraft Corporation, Pilatus Aircraft Ltd, Piper Aircraft, Inc., Quest Aircraft Company, and Robinson Helicopter Company.

Competition

In general, we operate in highly competitive markets though competitive conditions do vary among our diverse products and geographies. Garmin believes the principal competitive factors impacting the market for its products are design, functionality, quality and reliability, customer service, brand, price, time-to-market and availability. Garmin believes that it generally competes favorably in each of these areas and as such, is generally a significant competitor in each of our major markets.

Garmin believes that its principal competitors for portable automotive products are TomTom N.V. and MiTAC Digital Corporation (MiTAC) (which distributes products under the brand names of Magellan, Mio, and Navman). Garmin believes that its principal competitors for infotainment solutions are Harman International Industries, Panasonic Corporation, and the Mitsubishi Group. Garmin believes that its principal competitors for outdoor product lines are Bushnell, Delorme, Lowrance Electronics, Inc., a subsidiary of Navico (“Lowrance”) Magellan, a subsidiary of MiTAC , SportDOG Brand and Suunto Oy. For mobile products Garmin believes that its principal competitors are Google Inc., Apple Inc. and Telenav Inc. Garmin believes that its principal competitors for fitness products are Bryton Corp., Fitbit Inc., AliphCom dba Jawbone, Polar Electro Oy, Sigma Sports, Suunto Oy and Timex Corp. For marine products, Garmin believes that its principal competitors are Furuno Electronic Company, the Humminbird division of Johnson Outdoors, Inc., Navico and Flir Systems, Inc. For Garmin’s aviation product lines, Garmin considers its principal competitors to be Aspen Avionics, Avidyne Corporation, Chelton Flight Systems, CMC Electronics, Free Flight Systems, Honeywell, Inc., L-3 Avionics Systems, Rockwell Collins, Inc., Sagem Avionics, Inc. and Universal Avionics Systems Corporation.

Research and Development

Garmin’s product innovations are driven by its strong emphasis on research and development and the close partnership between Garmin’s engineering and manufacturing teams. Garmin’s products are created by its engineering and development staff, which numbered 3,386 people worldwide as of December 27, 2014. Garmin’s manufacturing staff includes manufacturing process engineers who work closely with Garmin’s design engineers to ensure manufacturability and manufacturing cost control for its products. Garmin’s development staff includes industrial designers, as well as software engineers, electrical engineers, mechanical engineers and cartographic engineers. Garmin believes the industrial design of its products has played an important role in Garmin’s success. Once a development project is initiated and approved, a multi-disciplinary team is created to design the product and transition it into manufacturing.

Below is a table of Garmin’s expenditures on research and development over the last three fiscal years.

($'s in thousands)	December 27, 2014		December 28, 2013		December 29, 2012	
Research and development	$ 395,121		$ 364,923		$ 325,773	
Percent of net sales	13.8	%	13.9	%	12.0	%

Manufacturing and Operations

Garmin believes one of its core competencies and strengths is its vertically integrated manufacturing capabilities at its Taiwan facilities in Xizhi, Jhongli and LinKou, and at its U.S. facilities in Olathe, Kansas and Salem, Oregon. Garmin believes that its ownership and operation of its own manufacturing facilities and distribution networks provides significant capability and flexibility to address the breadth and depth of resources necessary to serve its diverse products and markets.

Specifically, Garmin believes that its vertical integration of it manufacturing capabilities provides advantages to product cost, quality and time to market.

Cost: Garmin’s manufacturing resources rapidly and iteratively prototype designs, concepts, products and processes, achieving higher efficiency, resulting in lower cost. Garmin’s vertical integration approach enables leveraging our manufacturing resources across high, mid and low volume products. Sharing of these resources across our product lines favorably affects Garmin’s costs to produce its range of products, with lower volume products realizing the economies of scale of the high volume products. The ownership and integration of our resources allows Garmin to optimize the design for manufacturing of our products, yielding improved cost.

Quality: Garmin’s automation and sophisticated production processes provide in-service robustness and consistent reliability standards that enables Garmin to maintain strict process and quality control of the products manufactured, thereby improving the overall quality of our products. Additionally, the immediate feedback throughout the manufacturing processes is provided to the development teams providing integrated continuous improvement throughout design and supply chain.

Time to Market: Garmin uses multi-disciplinary teams of design engineers, process engineers, and supply chain specialists to develop products, allowing them to quickly move from concept to manufacturing. This integrated ownership provides inherent flexibility to enable faster time to market.

Garmin’s design, manufacturing, distribution, and servicing processes in its US, Taiwan, and UK facilities are certified to ISO 9001, an international quality standard developed by the International Organization for Standardization. Garmin’s automotive operations in Taiwan and Olathe have achieved TS 16949 certification, a quality standard for automotive suppliers. Garmin’s Olathe and Salem aviation operations have achieved certification to AS9100, the quality standard for the aviation industry.

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Garmin International, Inc., Garmin (Europe) Ltd and Garmin Corporation have also achieved certification of their environmental management systems to the ISO 14001 standard, recognizing Garmin's systems and processes which minimize or prevent harmful effects on the environment and to strive continually to improve its environmental performance.

Materials

Although most components essential to Garmin's business are generally available from multiple sources, certain key components are currently obtained by the Company from single or limited sources, which subjects Garmin to supply and pricing risks. Many of these and other key components that are available from multiple sources, including, but not limited to, NAND flash memory, dynamic random access memory (DRAM), GPS chipsets and certain LCDs, are subject at times to industry-wide shortages and commodity pricing fluctuations.

Garmin and other participants in the personal computer, tablet, mobile communication, aviation electronics and consumer electronics industries also compete for various components with other industries that have experienced increased demand for their products. In addition, Garmin uses some custom components that are not common to the rest of the personal computer, tablet, mobile communication and consumer electronics industries, and new products introduced by the Company often utilize custom components available from only one source until Garmin has evaluated whether there is a need for, and subsequently qualifies, additional suppliers. When a component or product uses new technologies, initial capacity constraints may exist until the suppliers' yields have matured or manufacturing capacity has increased. Garmin makes efforts to manage risks in these areas through the use of supply agreements for strategically important components. Nevertheless, if Garmin's supply of a key single-sourced component for a new or existing product was delayed or constrained, if such components were available only at significantly higher prices, or if a key manufacturing vendor delayed shipments of completed products to Garmin, Garmin's financial condition and operating results could be materially adversely affected. Garmin's business and financial performance could also be adversely affected depending on the time required to obtain sufficient quantities from the original source, or to identify and obtain sufficient quantities from an alternative source. Continued availability of these components at acceptable prices, or at all, may be affected if those suppliers decided to concentrate on the production of common components instead of components customized to meet Garmin's requirements.

Seasonality

Our sales are subject to seasonal fluctuation. Sales of our consumer products are generally higher in the fourth quarter, due to increased demand during the holiday buying season, and, to a lesser extent, the second quarter, due to increased demand during the spring and summer season and the Mother's Day/Father's Day/graduation buying season. Sales of consumer products are also influenced by the timing of the release of new products. Our aviation products do not experience much seasonal variation, but are more influenced by the timing of the release of new products when the initial demand is typically the strongest.

Backlog

Our sales are generally of a consumer nature and there is a relatively short cycle between order and shipment. Therefore, we believe that backlog information is not material to the understanding of our business. We typically ship most orders within 72 hours of receipt.

Intellectual Property

Our success and ability to compete is dependent in part on our proprietary technology. We rely on a combination of patent, copyright, trademark and trade secret laws, as well as confidentiality agreements, to establish and protect our proprietary rights. In addition, Garmin often relies on licenses of intellectual property for use in its business. For example, Garmin obtains licenses for digital cartography technology for use in our products from various sources.

As of January 19, 2015, Garmin's worldwide IP portfolio includes over 880 patent and 610 trademark registrations issued worldwide. For the past seven years Garmin has been selected as a constituent of the Ocean Tomo® 300 Patent Index which recognizes companies with high intellectual property value. We believe that our continued success depends on the intellectual skills of our employees and their ability to continue to innovate. Garmin will continue to file and prosecute patent applications when appropriate to attempt to protect Garmin's rights in its proprietary technologies.

There is no assurance that our current patents, or patents which we may later acquire, may successfully withstand any challenge, in whole or in part. It is also possible that any patent issued to us may not provide us with any competitive advantages, or that the patents of others will preclude us from manufacturing and marketing certain products. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or to obtain and use information that we regard as proprietary. Litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity.

Regulations

The telecommunications industry is highly regulated, and the regulatory environment in which Garmin operates is subject to change. In accordance with the United States' Federal Communications Commission (FCC) rules and regulations, wireless transceiver products are required to be certified by the FCC and comparable authorities in foreign countries where they are sold. Garmin's products sold in Europe are required to comply with relevant directives of the European Commission. A delay in receiving required certifications for new products, or enhancements to Garmin's products, or losing certification for Garmin's existing products could adversely affect our business. In addition, aviation products that are intended for installation in "type certificated aircraft" are required to be certified by the FAA, its European counterpart, the European Aviation Safety Agency, and other comparable organizations before they can be used in an aircraft.

Because Garmin Corporation, one of the Company's principal subsidiaries, is located in Taiwan, foreign exchange control laws and regulations of Taiwan with respect to remittances into and out of Taiwan may have an impact on Garmin's operations. The Taiwan Foreign Exchange Control Statute, and regulations thereunder, provides that all foreign exchange transactions must be executed by banks designated to handle such business by the Ministry of Finance of Taiwan and by the Central Bank of the Republic of China (Taiwan), also referred to as the CBC. Current regulations favor trade-related foreign exchange transactions. Consequently, foreign currency earned from exports of merchandise and services may now be retained and used freely by exporters, while all foreign currency needed for the import of merchandise and services may be purchased freely from the designated foreign exchange banks. Aside from trade-related foreign exchange transactions, Taiwan companies and residents may, without foreign exchange approval, remit outside and into Taiwan foreign currencies of up to $50 million and $5 million respectively, or their equivalent, each calendar year. Currency conversions within the limits are processed by the designated banks and do not have to be reviewed and approved by the CBC. The above limits apply to remittances involving a conversion between New Taiwan Dollars and U.S. Dollars or other foreign currencies. The CBC typically approves foreign exchange in excess of the limits if a party applies with the CBC for review and presents legitimate business reasons justifying the currency conversion. A requirement is also imposed on all enterprises to register all medium and long-term foreign debt with the CBC.

Environmental Matters

Garmin's operations are subject to various environmental laws, including laws addressing air and water pollution and management of hazardous substances and wastes. Substantial noncompliance with applicable environmental laws could have a material adverse effect on our business. Capital expenditures for environmental controls are included in our normal capital budget.

Environmental regulation of Garmin's products is increasing. Many of Garmin's products are subject to laws relating to the chemical and material composition of our products and their energy efficiency. Garmin is also subject to laws requiring manufacturers to be financially responsible for collection, recovery and recycling of wastes from certain electronic products. Compliance with current environmental laws does not have a material impact on our business, but the impact of future enactment of environmental laws cannot yet be fully determined and could be substantial.

Garmin has implemented multiple Environmental Management System (EMS) policies in accordance with the International Organization for Standardization (ISO) 14001 standard for Environmental Health and Safety Management. Garmin's EMS policies set forth practices, standards, and procedures to ensure compliance with applicable environmental laws and regulations at Garmin's Kansas headquarters facility, Garmin's European headquarters facility, and Garmin's Taiwan manufacturing facility.

Regulatory and "Green Procurement" demands from our customers are also increasing; particularly in the areas of restricted substance use and environmentally-friendly design and manufacture initiatives. The overall impacts of these customer requirements cannot yet be established. Garmin is committed to improving our products and processes to meet our customer needs.

Employees

As of December 27, 2014, Garmin had 11,185 full and part-time employees worldwide, of whom 4,177 were in the United States, 80 were in Canada, 5,276 were in Taiwan, 1,168 were in Europe, and 484 were in other global locations. Except for some of Garmin's employees in Brazil and Sweden, none of Garmin's employees are represented by a labor union and none of Garmin's North American or Taiwan employees are covered by a collective bargaining agreement. Garmin considers its employee relations to be good.

Item 1A. Risk Factors

The risks described below are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also impair our business operations. If any of the following risks occur, our business, financial condition or operating results could be materially adversely affected.

Risks Related to the Company

If we are not successful in the continued development, introduction or timely manufacture of new products, demand for our products could decrease.

We expect that a significant portion of our future revenue will continue to be derived from sales of newly introduced products. The market for our products is characterized by rapidly changing technology, evolving industry standards and changes in customer needs. If we fail to introduce new products, or to modify or improve our existing products, in response to changes in technology, industry standards or customer needs, our products could rapidly become less competitive or obsolete. We must continue to make significant investments in research and development in order to continue to develop new products, enhance existing products and achieve market acceptance for such products. However, there can be no assurance that development stage products will be successfully completed or, if developed, will achieve significant customer acceptance.

If we are unable to successfully develop and introduce competitive new products, and enhance our existing products, our future results of operations would be adversely affected. Our pursuit of necessary technology may require substantial time and expense. We may need to license new technologies to respond to technological change. These licenses may not be available to us on terms that we can accept or may materially change the gross profits that we are able to obtain on our products. We may not succeed in adapting our products to new technologies as they emerge. Development and manufacturing schedules for technology products are difficult to predict, and there can be no assurance that we will achieve timely initial customer shipments of new products. The timely availability of these products in volume and their acceptance by customers are important to our future success. Any future challenges related to new products, whether due to product development delays, manufacturing delays, lack of market acceptance, delays in regulatory approval, or otherwise, could have a material adverse effect on our results of operations.

If we are unable to compete effectively with existing or new competitors, our resulting loss of competitive position could result in price reductions, fewer customer orders, reduced margins and loss of market share.

The markets for many of our products are highly competitive, and we expect competition to increase in the future. Some of our competitors have significantly greater financial, technical and marketing resources than we do. These competitors may be able to respond more rapidly to new or emerging technologies or changes in customer requirements. They may also be able to devote greater resources to the development, promotion and sale of their products or secure better product positioning with retailers. Increased competition could result in price reductions, fewer customer orders, reduced margins and loss of market share. Our failure to compete successfully against current or future competitors could seriously harm our business, financial condition and results of operations.

The demand for personal navigation devices (PNDs) has been and continues to be reduced by replacement technologies becoming available on mobile devices and factory-installed systems in new autos, as well as by market saturation.

GPS/navigation technologies have been incorporated into competing devices such as mobile handsets, tablets, and new automobiles through factory-installed systems. Many companies are now offering navigation software for these mobile devices. The acceptance of this technology by consumers has reduced sales in this segment and has reduced margins in some periods. Navigation systems are also becoming more prevalent as standard and/or optional equipment on new automobiles. Increased navigation penetration on mobile handsets and in new automobiles is expected to cause further declines in sales of our portable navigation devices and could further reduce margins.

Our financial results are dependent on the automotive/mobile segment, which represents approximately 43% of our revenues, and is expected to decline in 2015.

We experienced substantial growth through 2008 in the automotive/mobile segment of our business as the products became mass-market consumer electronics in both Europe and North America. This market is declining as competing technologies emerged and market saturation occurred. This has resulted in, and could continue to result in, periods of lower revenues for this segment and lower earnings per share.

Economic conditions and uncertainty could adversely affect our revenue and margins.

Our revenue and margins depend significantly on general economic conditions and the demand for products in the markets in which we compete. Economic weakness or constrained consumer and business spending has resulted in periods of decreased revenue and in the future, could result in decreased revenue and problems with our ability to manage inventory levels and collect customer receivables. In addition, financial difficulties experienced by our retailers and OEM customers have resulted, and could result in the future, in significant bad debt write-offs and additions to reserves in our receivables and could have an adverse affect on our results of operations.

If we do not correctly anticipate demand for our products, we may not be able to secure sufficient quantities or cost-effective production of our products or we could have costly excess production or inventories.

We have generally been able to increase or decrease production to meet fluctuations in demand. However, the demand for our products depends on many factors and may be difficult to forecast. We expect that it will become more difficult to forecast demand as we introduce and support a diverse product portfolio, as competition in the market for our products intensifies and as the markets for some of our products mature. Significant unanticipated fluctuations in demand could cause the following problems in our operations:

- If demand increases beyond what we forecast, we would have to rapidly increase production. We would depend on suppliers to provide additional volumes of components and those suppliers might not be able to increase production rapidly enough to meet unexpected demand.

- Rapid increases in production levels to meet unanticipated demand could result in higher costs for manufacturing and supply of components and other expenses. These higher costs could lower our profit margins. Further, if production is increased rapidly, manufacturing quality could decline, which may also lower our margins and reduce customer satisfaction.

- If forecasted demand does not develop, we could have excess inventories of finished products and components, which would use cash and could lead to write-offs of some or all of the excess inventories. Lower than forecasted demand could also result in excess manufacturing capacity or reduced manufacturing efficiencies at our facilities, which could result in lower margins.

We depend on our suppliers, some of which are the sole source for specific components, and our production would be seriously harmed if these suppliers are not able to meet our demand and alternative sources are not available, or if the costs of components rise.

We are dependent on third party suppliers for various components used in our current products. Some of the components that we procure from third party suppliers include semiconductors and electroluminescent panels, liquid crystal displays, memory chips, batteries and microprocessors. The cost, quality and availability of components are essential to the successful production and sale of our products. Some components we use are from sole source suppliers. Certain application-specific integrated circuits incorporating our proprietary designs are manufactured for us by sole source suppliers. Alternative sources may not be currently available for these sole source components.

In the past we have experienced shortages of certain components. In addition, if there are shortages in supply of components, the costs of such components may rise. If suppliers are unable to meet our demand for components on a timely basis and if we are unable to obtain an alternative source or if the price of the alternative source is prohibitive, or if the costs of components rise, our ability to maintain timely and cost-effective production of our products would be seriously harmed.

Gross margins for our products may fluctuate or erode.

Gross margins in some of our segments have declined in recent years and could further decline in the future due to competitive price reductions that are not fully offset by material cost reductions. In addition, our overall gross margin may fluctuate from period to period due to a number of factors, including product mix, competition and unit volumes. In particular, the average selling prices of a specific product tend to decrease over that product’s life. To offset such decreases, we intend to rely primarily on component cost reduction, obtaining yield improvements and corresponding cost reductions in the manufacturing of existing products and on introducing new products that incorporate advanced features and therefore can be sold at higher average selling prices. However, there can be no assurance that we will be able to obtain any such yield improvements or cost reductions or introduce any such new products in the future. To the extent that such cost reductions and new product introductions do not occur in a timely manner or our products do not achieve market acceptance, our business, financial condition and results of operations could be materially adversely affected.

Our quarterly financial statements will reflect fluctuations in foreign currency translation.

The operation of Garmin's subsidiaries in international markets results in exposure to movements in currency exchange rates. We have experienced significant foreign currency gains and losses due to the strengthening and weakening of the U.S. dollar. The potential of volatile foreign exchange rate fluctuations in the future could have a significant effect on our results of operations. The company has not historically hedged its foreign currency exchange rate risks.

The currencies that create a majority of the Company's exchange rate exposure are the Taiwan Dollar, Euro, and British Pound Sterling. The Taiwan Dollar is the functional currency of Garmin Corporation. The U.S. Dollar remains the functional currency of Garmin Europe. The Euro is the functional currency of most European subsidiaries. As these entities have grown, currency moves can generate material gains and losses. Additionally, Euro-based inter-company transactions in Garmin Ltd. can also generate currency gains and losses. Other legal entities primarily use the local currency as the functional currency. Due to the relative size of entities using a functional currency other than the Taiwan Dollar, the Euro and the British Pound Sterling, currency fluctuations within these entities are not expected to have a material impact on the Company's financial statements.

The Company translates all assets and liabilities at year-end exchange rates and income and expense accounts at average rates during the year. U.S. GAAP requires the Company at the end of each accounting period to translate into functional currency all U.S. Dollar denominated assets and liabilities. This U.S. GAAP-mandated translation will cause us to recognize gain or loss on our financial statements as the U.S. Dollar strengthens or weakens against the various functional currencies. Such gain or loss will create variations in our earnings per share. Because there is minimal cash impact caused by such exchange rate variations, management will continue to focus on the Company's operating performance before the impact of the foreign currency translation.

Changes in our United States federal income tax classification or in applicable tax laws could result in adverse tax consequences to our shareholders.

Legislative proposals have been considered in the United States within the past few years that could increase the United States tax burden of corporations with international operations and could broaden the circumstances under which foreign corporations could be considered resident in the United States. Legislative proposals are being considered in Switzerland that could make significant changes in the corporate tax regime and increase the taxes applicable to us in Switzerland. Our tax position could be adversely impacted by changes in Swiss, United States or foreign tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof by any tax authority. We cannot predict the outcome of any specific legislative proposals.

We do not believe that we, or any of our United States or non-United States subsidiaries, are currently a ‘‘passive foreign investment company’’ for United States federal income tax purposes. We do not expect to become a passive foreign investment company. However, because the passive foreign investment company determination is made annually based on whether the company’s income or assets meet certain thresholds as determined under United States federal tax principles which are based on facts and circumstances that may be beyond our control, we cannot assure that we will not become a passive foreign investment company in the future. If we are a passive foreign investment company in any year, then any of our shareholders that is a United States person could be liable to pay tax on their pro rata share of our income plus an interest charge upon some distributions by us or when that shareholder sells our common shares at a gain. Further, if we are classified as a passive foreign investment company in any year in which a United States person is a shareholder, we generally will continue to be treated as a passive foreign investment company with respect to such shareholder in all succeeding years, regardless of whether we continue to satisfy the income or asset tests mentioned above.

We do not believe that we, or any of our United States or non-United States subsidiaries, are currently a Controlled Foreign Corporation (CFC) for United States federal income tax purposes. We do not expect to become a CFC. The CFC determination is made daily based on whether the United States shareholders own more than fifty percent of the voting power or value of the Company. Only United States persons that own ten percent or more of the voting power of the Company's shares qualify as United States shareholders. If the Company were to be classified as a CFC for an uninterrupted thirty day period in any year, the Company's shareholders that qualify as United States shareholders could be liable to pay US income tax at ordinary income tax rates on their pro-rata share of certain categories of the Company's income for the period in which the Company is classified as a CFC. As the Company cannot control the ownership of the Company's stock nor can the Company control which shareholders participate in the Company's stock buyback program, ownership changes could result that create United States shareholders which increase the risk of Garmin being treated as a CFC.

We have benefited in the past from Taiwan government tax incentives offered on certain high technology capital investments that may not always be available.

Our effective tax rate has historically been lower than the U.S. federal statutory rate, in part because we have benefited from incentives offered in Taiwan related to our high technology investments in Taiwan. The loss of these tax benefits has begun to have a negative impact on our effective tax rate and reduced benefits will continue into the future.

We may experience unique economic and political risks associated with companies that operate in Taiwan.

Relations between Taiwan and the People's Republic of China, also referred to as the PRC, and other factors affecting the political or economic conditions of Taiwan in the future could materially affect our business, financial condition and results of operations and the market price and the liquidity of our shares. Our principal manufacturing facilities where we manufacture all of our products, except our panel-mounted aviation products, are located in Taiwan.

Taiwan has a unique international political status. The PRC asserts sovereignty over all of China, including Taiwan, certain other islands and all of mainland China. The PRC government does not recognize the legitimacy of the Taiwan government. Although significant economic and cultural relations have been established during recent years between Taiwan and the PRC, the PRC government has indicated that it may use military force to gain control over Taiwan in certain circumstances, such as the declaration of independence by Taiwan. Relations between Taiwan and the PRC have on occasion adversely affected the market value of Taiwanese companies and could negatively affect our operations in Taiwan in the future.

Our intellectual property rights are important to our operations, and we could suffer loss if they infringe upon other's rights or are infringed upon by others.

We rely on a combination of patents, copyrights, trademarks and trade secrets, confidentiality provisions and licensing arrangements to establish and protect our proprietary rights. To this end, we hold rights to a number of patents and registered trademarks and regularly file applications to attempt to protect our rights in new technology and trademarks. However, there is no guarantee that our patent applications will become issued patents, or that our trademark applications will become registered trademarks. Moreover, even if approved, our patents or trademarks may thereafter be successfully challenged by others or otherwise become invalidated for a variety of reasons. Thus, any patents or trademarks we currently have or may later acquire may not provide us a significant competitive advantage.

Third parties may claim that we are infringing their intellectual property rights. Such claims could have a material adverse effect on our business and financial condition. From time to time we receive letters alleging infringement of patents, trademarks or other intellectual property rights. Litigation concerning patents or other intellectual property is costly and time consuming. We may seek licenses from such parties, but they could refuse to grant us a license or demand commercially unreasonable terms. Such infringement claims could also cause us to incur substantial liabilities and to suspend or permanently cease the use of critical technologies or processes or the production or sale of major products.

We may become subject to significant product liability costs.

If our aviation products malfunction or contain errors or defects, airplane collisions or crashes could occur resulting in property damage, personal injury or death. Malfunctions or errors or defects in our marine navigational products could cause boats to run aground or cause other wreckage, personal injury or death. If our automotive or marine products contain defects or errors in the mapping supplied by third-party map providers or if our users do not heed our warnings about the proper use of these products, collisions or accidents could occur resulting in property damage, personal injury or death. If any of these events occurs, we could be subject to significant liability for personal injury and property damage and, under certain circumstances, could be subject to a judgment for punitive damages. We maintain insurance against accident-related risks involving our products. However, there can be no assurance that such insurance would be sufficient to cover the cost of damages to others or that such insurance will continue to be available at commercially reasonable rates. In addition, insurance coverage generally will not cover awards of punitive damages and may not cover the cost of associated legal fees and defense costs, which could result in lower margins. If we are unable to maintain sufficient insurance to cover product liability costs or if our insurance coverage does not cover the award, this could have a materially adverse impact on our business, financial condition and results of operations.

Privacy concerns relating to our technology could damage our reputation and deter current and potential users from using our products and applications.

Concerns about our practices with regard to the collection, use, disclosure, or security of personal information, user location information or other privacy related matters, even if unfounded, could damage our reputation and operating results. While we strive to comply with all applicable data protection laws and regulations, as well as our own posted privacy policies, any failure or perceived failure to comply may result in proceedings or actions against us by government entities or others, or could cause us to lose users and customers, which could potentially have an adverse effect on our business.

Regulatory authorities around the world are considering a number of legislative and regulatory proposals concerning data protection. In addition, the interpretation and application of consumer and data protection laws in the U.S., Europe and elsewhere are often uncertain and in flux. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our data practices. If so, in addition to the possibility of fines, this could result in an order requiring that we change our data practices, which could have an adverse effect on our business and results of operations. Complying with these various laws could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business.

Security breaches and other disruptions, including as a result of cyber attacks, may harm our reputation and adversely affect our business and results of operations.

In the ordinary course of our business, we electronically maintain sensitive data, including intellectual property, our proprietary business information and that of our customers and suppliers, and some personally identifiable information of our customers and employees, in our facilities and on our networks. The secure processing, maintenance and transmission of this information is important to our operations. A breach of our security systems and procedures or those of our vendors could result in significant data losses or theft of our customers' or our employees' intellectual property, proprietary business information or personally identifiable information. A cybersecurity breach could negatively affect our reputation as a trusted product and service provider by adversely affecting the market's perception of the security or reliability of our products or services.

We have a technology and processes in place to detect and respond to data security incidents. However, because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time, we may be unable to anticipate these techniques or implement adequate preventive measures. In addition, hardware, software or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to our systems or facilities through fraud, trickery or other forms of deceiving our customers and employees. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, or if such measures are implemented, and even with appropriate training conducted in support of such measures, human errors may still occur. It is virtually impossible for us to entirely mitigate this risk. A party, whether internal or external, who is able to circumvent our security measures could misappropriate information.

Actual or anticipated attacks and risks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, to train employees, and to engage third party security experts and consultants. Our technology errors and omissions insurance may not protect against all of the costs, liabilities, and other adverse effects arising from a security breach or system failure. If we fail to reasonably maintain the security of confidential information, we may suffer significant reputational and financial losses and our results of operations, cash flows, financial condition, and liquidity may be adversely affected. In addition, a system breach could result in other negative consequences, including disruption of internal operations, and may subject us to private litigation, government investigations, enforcement actions, and cause us to incur potentially significant liability, damages, or remediation costs.

We depend on third party licensors for the digital map data contained in our automotive/mobile products, and our business and/or gross margins could be harmed if we become unable to continue licensing such mapping data or if the royalty costs for such data rise.

We license digital mapping data for use in our products from various sources. There are only a limited number of suppliers of mapping data for each geographical region. The two largest digital map suppliers are HERE (formerly known as NAVTEQ) and TomTom N.V. HERE is owned by Nokia Oyj and TomTom N.V. is owned by TomTom N.V. Nokia and TomTom are both competitors of Garmin.

Although we do not foresee difficulty in continuing to license data at favorable pricing due to the long term license extension signed between Garmin and HERE in February 2015 extending our HERE license agreement through 2024, if we are unable to continue licensing such mapping data and are unable to obtain an alternative source, or if the nature of our relationships with HERE changes detrimentally, our ability to supply mapping data for use in our products would be seriously harmed.

We may have additional income tax liabilities.

We are subject to income taxes in Switzerland, the United States and numerous foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are regularly under audit by tax authorities. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from our historical income tax provisions and accruals. The results of an audit or litigation could have a material effect on our income tax provision, net income or cash flows in the period or periods for which that determination is made.

Failure to obtain required certifications of our products on a timely basis could harm our business.

We have certain products, especially in our aviation segment, that are subject to governmental and similar certifications before they can be sold. For example, FAA certification is required for all of our aviation products that are intended for installation in type-certificated aircraft. To the extent required, certification is an expensive and time-consuming process that requires significant focus and resources. An inability to obtain, or excessive delay in obtaining, such certifications could have an adverse effect on our ability to introduce new products and, for certain aviation OEM products, our customers' ability to sell airplanes. Delays in our obtaining certification for our aviation products have resulted, and may in the future result, in our being required to pay compensation to our customers. Therefore, such inabilities or delays could adversely affect our operating results. In addition, we cannot assure you that our certified products will not be decertified. Any such decertification could have an adverse effect on our operating results.

Our business may suffer if we are not able to hire and retain sufficient qualified personnel or if we lose our key personnel.

Our future success depends partly on the continued contribution of our key executive, engineering, sales, marketing, manufacturing and administrative personnel. We currently do not have employment agreements with any of our key executive officers. Swiss law prohibits us from paying severance payments to our senior executive officers, which may impair our ability to recruit for these positions. We do not have key man life insurance on any of our key executive officers and do not currently intend to obtain such insurance. The loss of the services of any of our senior level management, or other key employees, could harm our business. Recruiting and retaining the skilled personnel we require to maintain and grow our market position may be difficult. For example, in some recent years there has been a nationwide shortage of qualified engineers who are necessary for us to design and develop new products, and therefore, it has sometimes been challenging to recruit such personnel. If we fail to hire and retain qualified employees, we may not be able to maintain and expand our business.

Our quarterly operating results are subject to fluctuations and seasonality.

Our operating results are difficult to predict. Our future quarterly operating results may fluctuate significantly. If such operating results decline, the price of our stock could decline. As we have expanded our operations, our operating expenses, particularly our research and development costs, have increased as a percentage of our sales. If revenues decrease and we continue to increase research and development costs, our operating results would be negatively affected.

Historically, our revenues have been weaker in the first quarter of each fiscal year as our devices are highly consumer-oriented, and consumer buying is traditionally lower in this quarter. Sales of certain of our fitness, marine and automotive products tend to be higher in our second fiscal quarter due to increased consumer spending for such products in the spring season and travel season. Sales of many of our consumer products also have been higher in our fourth fiscal quarter due to increased consumer spending patterns on electronic devices during the holiday season. In addition, we attempt to time our new product releases to coincide with relatively higher consumer spending in the second and fourth fiscal quarters, which contributes to these seasonal variations.

We rely on independent dealers and distributors to sell our products, and disruption to these channels would harm our business.

Because we sell many of our products to independent dealers and distributors, we are subject to many risks, including risks related to their inventory levels and support for our products. In particular, our dealers and distributors maintain significant levels of our products in their inventories. If dealers and distributors attempt to reduce their levels of inventory or if they do not maintain sufficient levels to meet customer demand, our sales could be negatively impacted.

Many of our dealers and distributors also sell products offered by our competitors. If our competitors offer our dealers and distributors more favorable terms, those dealers and distributors may de-emphasize or decline to carry our products. In the future, we may not be able to retain or attract a sufficient number of qualified dealers and distributors. If we are unable to maintain successful relationships with dealers and distributors or to expand our distribution channels, our business will suffer.

We may pursue strategic acquisitions, investments, strategic partnerships or other ventures, and our business could be materially harmed if we fail to successfully identify, complete and integrate such transactions.

We intend to evaluate acquisition opportunities and opportunities to make investments in complementary businesses, technologies, services or products, or to enter into strategic partnerships with parties who can provide access to those assets, additional product or services offerings, additional distribution or marketing synergies or additional industry expertise. We may not be able to identify suitable acquisition, investment or strategic partnership candidates, or if we do identify suitable candidates in the future, we may not be able to complete those transactions on commercially favorable terms, or at all.

Any past or future acquisitions could also result in difficulties assimilating acquired employees, operations, and products and diversion of capital and management's attention away from other business issues and opportunities. Integration of acquired companies may result in problems related to integration of technology and inexperienced management teams. In addition, the key personnel of the acquired company may decide not to work for us. We may not successfully integrate internal controls, compliance under the Sarbanes-Oxley Act of 2002 and other corporate governance matters, operations, personnel or products related to acquisitions we have made in previous years or may make in the future. If we fail to successfully integrate such transactions, our business could be materially harmed.

There is uncertainty as to our shareholders' ability to enforce certain foreign civil liabilities in Switzerland and Taiwan.

We are a Swiss company and a substantial portion of our assets are located outside the United States, particularly in Taiwan. As a result, it may be difficult to effect service of process within the United States upon us. In addition, there is uncertainty as to whether the courts of Switzerland or Taiwan would recognize or enforce judgments of United States courts obtained against us predicated upon the civil liability provisions of the securities laws of the United States or any state thereof, or be competent to hear original actions brought in Switzerland or Taiwan against us predicated upon the securities laws of the United States or any state thereof.

A shut down of Federal Aviation Administration operations would harm our business.

Any failure of Congress to appropriate funds for FAA operations that results in any shut down of FAA operations or furloughing of FAA employees could result in delays in the required FAA certification of our avionics products and in the production, sale and registration of aircraft that use our avionics products. Such delays could have a material adverse effect on our business and financial results.

Many of our products rely on the Global Positioning System.

The Global Positioning System (GPS) is a satellite-based navigation and positioning system consisting of a constellation of orbiting satellites. The satellites and their ground control and monitoring stations are maintained and operated by the United States Department of Defense. The Department of Defense does not currently charge users for access to the satellite signals. These satellites and their ground support systems are complex electronic systems subject to electronic and mechanical failures and possible sabotage. The satellites were originally designed to have lives of 7.5 years and are subject to damage by the hostile space environment in which they operate. However, of the current deployment of satellites in place, some have been operating for more than 20 years.

To repair damaged or malfunctioning satellites is currently not economically feasible. If a significant number of satellites were to become inoperable, there could be a substantial delay before they are replaced with new satellites. A reduction in the number of operating satellites may impair the current utility of the GPS system and the growth of current and additional market opportunities. GPS satellites and ground control segments are being modernized. GPS modernization software updates can cause problems. We depend on public access to open technical specifications in advance of GPS updates.

GPS is operated by the U. S. Government, which is committed to maintenance and improvement of GPS; however if the policy were to change, and GPS were no longer supported by the U. S. Government, or if user fees were imposed, it could have a material adverse effect on our business, results of operations, and financial condition.

Some of our products also use signals from Satellite Based Augmentation Systems (SBAS) that augment GPS, such as the U.S. Wide Area Augmentation System (WAAS), Japanese MTSAT-based Satellite Augmentation System (MSAS), and European Geostationary Navigation Overlay Service (EGNOS). Any curtailment of SBAS operating capability could result in decreased user capability for many of our aviation products, thereby impacting our markets.

Any of the foregoing factors could affect the willingness of buyers of our products to select Global Positioning System-based products instead of products based on competing technologies.

Our business is subject to disruptions and uncertainties caused by geopolitical instability, war or terrorism.

Acts of war or acts of terrorism, especially any directed at the GPS signals, could have a material adverse impact on our business, operating results, and financial condition. The threat of terrorism and war and heightened security and military response to this threat, or any future acts of terrorism, may cause a redeployment of the satellites used in GPS or interruptions of the system. To the extent that such interruptions have an effect on sales of our products, this could have a material adverse effect on our business, results of operations, and financial condition.

A shut down of airspace or imposition of restrictions on general aviation would harm our business. The shutdown of airspace could cause reduced sales of our general aviation products and delays in the shipment of our products manufactured in our Taiwan manufacturing facilities to our global distribution facilities, thereby adversely affecting our ability to supply new and existing products to our dealers and distributors.

Any reallocation or repurposing of radio frequency spectrum could cause harmful interference with the reception of Global Positioning System signals. This interference could harm our business.

Our Global Positioning System technology is dependent on the use of the Standard Positioning Service (SPS) provided by the U.S. Government’s Global Positioning System satellites. The Global Positioning System operates in radio frequency bands that are globally allocated for radio navigation satellite services. International allocations of radio frequency are made by the International Telecommunications Union (ITU), a specialized technical agency of the United Nations. These allocations are further governed by radio regulations that have treaty status and which may be subject to modification every two to three years by the World Radio Communication Conference. Each country also has regulatory authority on how each band is used. In the United States, the Federal Communications Commission (FCC) and the National Telecommunications and Information Administration (NTIA) share responsibility for radio frequency allocations and spectrum usage regulations.

Any ITU or national reallocation of radio frequency spectrum, including frequency band segmentation or sharing of spectrum, or other modifications of the permitted uses of relevant frequency bands, may materially and adversely affect the utility and reliability of our products and have significant negative impacts on our business and our customers.

We may be exposed to certain regulatory and financial risks related to climate change.

Climate change is receiving increasing attention worldwide. Some scientists, legislators and others attribute global warming to increased levels of greenhouse gases, including carbon dioxide, which has led to significant legislative and regulatory efforts to limit greenhouse gas emissions.

Various regulatory and legislative measures to address greenhouse gas emissions are in different phases of implementation or discussion. In the aftermath of its 2009 “endangerment finding” that greenhouse gas emissions pose a threat to human health and welfare, the Environmental Protection Agency has begun to regulate greenhouse gas emissions under the authority granted to it under the Clean Air Act. At the federal legislative level, Congressional passage of legislation adopting some form of federal mandatory greenhouse gas emission reduction, such as a nationwide cap-and-trade program, does not appear likely at this time, although it could be adopted at a future date. It is also possible that Congress may pass alternative climate change bills that do not mandate a nationwide cap-and-trade program and instead focus on promoting renewable energy and energy efficiency, which could increase the cost of doing business.

Because it is uncertain what laws and regulations will be enacted, we cannot predict the potential impact of such laws and regulations on our future consolidated financial condition, results of operations or cash flows.

Risks Relating to Our Shares

The volatility of our stock price could adversely affect investment in our common shares.

The market price of our common shares has been, and may continue to be, highly volatile. During 2014, the closing price of our common shares ranged from a low of $43.63 to a high of $61.69. A variety of factors could cause the price of our common shares to fluctuate, perhaps substantially, including:

- new products or product enhancements by us or our competitors;
- general conditions in the worldwide economy, including fluctuations in interest rates and global currency exchange rates;
- announcements of technological innovations;
- product obsolescence and our ability to manage product transitions;
- developments in our relationships with our customers and suppliers;
- the availability, pricing and timeliness of delivery of components, such as flash memory and liquid crystal displays, used in our products;
- quarterly fluctuations in our actual or anticipated operating results;
- changes in applicable tax laws and tax rates;
- developments in patents or other intellectual property rights and litigation;
- announcements and rumors of developments related to our business, our competitors, our suppliers or the markets in which we compete;
- research reports or opinions issued by securities analysts or brokerage houses related to Garmin, our competitors, our suppliers or our customers;
- any significant acts of terrorism against the United States, Taiwan or significant markets where we sell our products; and
- other factors as discussed in the previously listed risks.

In addition, in recent years the stock market in general and the markets for shares of technology companies in particular, have experienced extreme price fluctuations which have often been unrelated to the operating performance of affected companies. Any such fluctuations in the future could adversely affect the market price of our common shares.

Our officers and directors exert substantial influence over us.

As of January 25, 2015, current members and former members of our Board of Directors and our executive officers, together with members of their families and entities that may be deemed affiliates of or related to such persons or entities, beneficially owned approximately 40.62% of our outstanding common shares. Accordingly, these shareholders may be able to determine the outcome of corporate actions requiring shareholder approval, such as mergers and acquisitions and shareholder proposals. This level of ownership may have a significant effect in delaying, deferring or preventing a change in control of Garmin and may adversely affect the voting and other rights of other holders of our common shares.

The rights of our shareholders are governed by Swiss law.

The rights of our shareholders are governed by Swiss law and Garmin Ltd.'s articles of association. The rights of shareholders under Swiss law differ from the rights of shareholders of companies incorporated in other jurisdictions. For example, Swiss law allows our shareholders acting at a shareholders' meeting to authorize share capital that can be issued by the board of directors without approval of a shareholders' meeting, but this authorization is limited to 50% of the existing registered share capital and must be renewed at a shareholders' meeting at least every two years for it to continue to be available. Additionally, subject to specified exceptions, including the exceptions described in our articles of association, Swiss law grants preemptive rights to existing shareholders to subscribe for new issuances of shares and other securities. Swiss law also does not provide as much flexibility in the various terms that can attach to different classes of shares as the laws of some other jurisdictions. Swiss law also reserves for approval by shareholders certain corporate actions over which a board of directors would have authority in some other jurisdictions. For example, Swiss law provides that dividends and other distributions must be approved by shareholders at the general meeting of shareholders. These Swiss law requirements relating to our capital management may limit our flexibility, and situations may arise where greater flexibility would have provided substantial benefits to our shareholders.

We may not be able to make distributions or repurchase shares without subjecting you to Swiss withholding tax.

If we are unable to make distributions, if any, through a reduction of par value or to pay dividends, if any, out of qualifying capital contribution reserves, then any dividends paid by us will generally be subject to a Swiss federal withholding tax at a rate of 35%. The withholding tax must be withheld from the gross distribution and paid to the Swiss Federal Tax Administration. A U.S. holder that qualifies for benefits under the Convention between the United States of America and the Swiss Confederation for the Avoidance of Double Taxation with Respect to Taxes on Income may apply for a refund of the tax withheld in excess of the 15% treaty rate (or in excess of the 5% reduced treaty rate for qualifying corporate shareholders with at least 10% participation in our voting stock, or for a full refund in case of qualified pension funds). Payment of a capital distribution in the form of a par value reduction or a dividend out of qualifying capital contribution reserves is not subject to Swiss withholding tax. However, there can be no assurance that our shareholders will approve a reduction in par value or a dividend out of qualifying capital contribution reserves, that we will be able to meet the other legal requirements for a reduction in par value, or that Swiss withholding rules will not be changed in the future or that a change in Swiss law will not adversely affect us or our shareholders, in particular as a result of distributions out of qualifying capital contribution reserves becoming subject to additional corporate law or other restrictions. There are currently legislative projects pending in Swiss Parliament and the Swiss federal administration that – depending on their final form – may limit the distribution of qualifying capital contribution reserves. In addition, over the long term, the amount of par value and qualifying capital contribution reserves available for us to use for par value reductions or dividends will be limited. If we are unable to make a distribution through a reduction in par value or to pay a dividend out of qualifying capital contribution reserves, we may not be able to make distributions without subjecting you to Swiss withholding taxes.

Under current Swiss tax law, repurchases of shares for the purposes of capital reduction are treated as a partial liquidation subject to 35% Swiss withholding tax on the difference between the par value and the repurchase price. However, the portion of the repurchase price that is attributed to qualifying capital contribution reserves of the shares repurchased will not be subject to the Swiss withholding tax. No partial liquidation treatment applies and no withholding tax is triggered if the shares are not repurchased for cancellation but held by us as treasury shares. However, should we not resell such treasury shares within six years, the withholding tax becomes due at the end of the six year period.

We may follow a share repurchase process for future share repurchases, if any, similar to a "second trading line" on the SIX Swiss Exchange in which Swiss institutional investors buy shares on the open market and sell these shares to us and are generally able to receive a refund of the Swiss withholding tax. However, if we are unable to use this process successfully, we may not be able to repurchase shares for the purposes of capital reduction without subjecting you to Swiss withholding taxes if and to the extent that the repurchase of shares is made out of retained earnings or other taxable reserves. No withholding tax would be applicable if and to the extent that qualifying capital contribution reserves are attributable to the share repurchase.

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Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The following are the principal properties owned or leased by the Company and its subsidiaries:

Garmin International, Inc. and Garmin USA, Inc. occupy a facility of approximately 1,177,400 square feet on 55 acres in Olathe, Kansas, where the majority of product design and development work is conducted, the majority of aviation panel-mount products are manufactured and products are warehoused, distributed, and supported for North, Central and South America. Garmin's subsidiary, Garmin Realty, LLC also owns an additional 34 acres of land on the Olathe site for future expansion. In connection with the bond financings for the facility in Olathe and the previous expansion of that facility, the City of Olathe holds the legal title to the Olathe facility which is leased to Garmin's subsidiaries by the City. Upon the payment in full of the outstanding bonds, the City of Olathe is obligated to transfer title to Garmin's subsidiaries for the aggregate sum of $200. Garmin International, Inc. has purchased all the outstanding bonds and continues to hold the bonds until maturity in order to benefit from property tax abatement.

Garmin Corporation owns and occupies a 249,326 square foot facility in Xizhi Dist., New Taipei City, Taiwan, a 223,469 square foot facility in Jhongli, Tao-Yang County, Taiwan, and an approximately 580,000 square foot facility in LinKou, Tao-Yang County, Taiwan. In these three facilities, Garmin Corporation manufactures all of Garmin's consumer and portable aviation products and warehouses, markets and supports products for the Pacific Rim countries.

Garmin AT, Inc. leases approximately 18 acres of land in Salem, Oregon under a ground lease. This ground lease expires in 2030, but Garmin AT, Inc. has the option to extend the ground lease until 2050. Garmin AT, Inc. owns and occupies a 115,000 square foot facility for office, development and manufacturing use and a 33,000 square foot aircraft hangar, flight test and certification facility on this land. Garmin AT, Inc. also leases 43,870 square feet of office space in a separate Salem, OR building for Garmin's newly-opened West Coast customer support call center. Garmin AT, Inc. is currently in the construction phase of an additional 66,000 square foot facility on the same property as its current headquarters in Salem, Oregon. Garmin AT, Inc. plans to move the West Coast customer support call center from its current location to this new facility, and expects to also use the new facility for research and development activities.

Garmin International, Inc. owns and occupies an approximate 60,000 square foot facility in Chandler, Arizona, used as office space. Garmin International, Inc. leases 148,320 square feet of land at New Century Airport in Gardner, Kansas under a ground lease which expires in 2026. Garmin International, Inc. owns and occupies a 47,254 square foot aircraft hangar, flight test and certification facility on this land which is used in development and certification of aviation products. Garmin International, Inc. owns a leasehold interest in an additional 52,794 square foot aircraft hangar, flight test and certification facility at New Century Airport in Gardner which is also used in development and certification of aviation products.

Garmin Würzburg GmbH leases 43,290 square feet in Würzburg, Germany for office and research and development activities. Garmin Cluj S.R.L. leases 27,800 square feet in Cluj, Romania for research and development activities.

Various Garmin subsidiaries lease an additional: (i) 48,625 square feet of office space in Olathe, Kansas for a call center operation; and (ii) approximately 33,000 square feet of office space in Tucson, Arizona, used as offices and for research and development.

Garmin (Europe) Ltd. owns and occupies a 155,000 square foot building located in Totton, Southampton, England, used as offices and a distribution facility.

Item 3. Legal Proceedings

American Vehicular Sciences LLC, v. Garmin International, Inc., Garmin USA, Inc., and Garmin Ltd.

On March 7, 2014, American Vehicular Sciences LLC (AVS) filed suit in the United States District Court for the Eastern District of Texas against Garmin International, Inc., Garmin USA, Inc., and Garmin Ltd. (collectively "Garmin"), alleging infringement of U.S. Patent No. 8,630,795 (the "'795 patent"). On April 9, 2014, Garmin filed its answer asserting that each asserted claim of the '795 patent is invalid and/or not infringed. The parties have negotiated a settlement and it is expected that this lawsuit will be dismissed shortly.

Azure Networks LLC, v. Garmin International, Inc.

On January 13, 2015 Azure Networks LLC filed suit in the United States District Court for the Eastern District of Texas, Tyler Division against Garmin International, Inc, alleging infringement of U.S. Patent No. 8,582,570, U.S. Patent No. 8,582,571, U.S. Patent No. 8,588,196, U.S. Patent No. 8,588,231, U.S. Patent No. 8,589,599, U.S: Patent No. 8,675,590, U.S. Patent No. 8,683,092 and U.S. Patent No. 8,732, 347. Although there can be no assurance that an unfavorable outcome of this litigation would not have a material adverse effect on our operating results, liquidity or financial position, Garmin believes that each asserted claim of the asserted patents is invalid and/or not infringed and intends to vigorously defend this action.

Dynamic Hosting Company LLC v. ASUS Computer International, Garmin International, Inc., and Garmin USA, Inc.

On December 18, 2014, Dynamic Hosting Company LLC filed suit in the United States District Court for the Eastern District of Texas against Garmin International, Inc. and Garmin USA, Inc. alleging infringement of U.S. Patent No. 5,826,026 ("the '026 patent") and U.S. Patent No. 6,216,156 ("the '156 patent"). On January 13, 2015, Garmin filed its answer asserting that each asserted claim of the '026 and '156 patents is invalid and/or not infringed. Although there can be no assurance that an unfavorable outcome of this litigation would not have a material adverse effect on our operating results, liquidity or financial position, Garmin believes that the claims in this lawsuit are without merit and Garmin intends to vigorously defend this action.

Harbinger Capital Partners LLC et al v. Deere & Company et al; LightSquared Inc. et al. v. Deere & Company et al.

On August 9, 2013, Harbinger Capital Partners LLC and ten related entities ("Harbinger") filed a lawsuit (the "Harbinger Lawsuit") in the United States District Court for the Southern District of New York against Deere & Company ("Deere"), Garmin International, Inc. ("Garmin"), Trimble Navigation Ltd. ("Trimble"), The U.S. GPS Industry Council (the "Council"), and the Coalition to Save Our GPS. The Coalition to Save Our GPS is no longer a defendant. Plaintiffs filed a first amended complaint on August 16, 2013, a second amended complaint on January 21, 2014, and a third amended complaint on March 18, 2014. The third amended complaint seeks damages of at least $1.9 billion based on allegations of violation of Rule 10b5-1 of the Securities Exchange Act of 1934 (the "1934 Act"), violation of Section 20(a) of the 1934 Act, fraud, negligent misrepresentation, constructive fraud, equitable estoppel, breach of contract, and violation of Section 349 of the New York General Business Law. Plaintiffs allege that they invested in a company now called LightSquared in the belief that LightSquared would be able to operate a new terrestrial, mobile telecommunications network (the "Terrestrial Plan") on certain satellite radio frequencies. Plaintiffs also allege that LightSquared was not able to obtain approval from the Federal Communications Commission (FCC) to operate the proposed Terrestrial Plan because of interference it would cause to Global Positioning System (GPS) receivers operating in an adjacent frequency band. Plaintiffs further allege that defendants concealed the likelihood of such interference and breached an earlier alleged agreement with a predecessor of LightSquared regarding a different technical issue. Plaintiffs allege they were third-party beneficiaries of the agreement.

On November 1, 2013, LightSquared, Inc. and two related entities (collectively, “LightSquared”) filed an adversary proceeding (the “LightSquared Lawsuit”) in the United States Bankruptcy Court for the Southern District of New York (where a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code filed by LightSquared and certain related entities is pending) against Deere, Garmin, Trimble, the Council, and the Coalition to Save Our GPS. LightSquared filed a first amended complaint on March 18, 2014. LightSquared’s amended complaint seeks damages based on claims of promissory estoppel, quantum meruit, breach of contract, breach of implied covenant of good faith, unjust enrichment, negligent misrepresentation, constructive fraud, civil conspiracy, and tortious interference with contractual or business relationships. Like the allegations in the Harbinger Lawsuit, LightSquared alleges that it was not able to obtain approval from the FCC to operate its proposed Terrestrial Plan because of interference it would cause to GPS receivers. LightSquared also alleges that the inability to obtain FCC approval caused LightSquared damages, including the loss of third-party contracts. LightSquared further alleges that defendants concealed the likelihood of such interference and/or represented to LightSquared that any interference issues had been resolved and that defendants breached earlier alleged agreements with LightSquared regarding a different technical issue. On November 15, 2013, Garmin, Deere, Trimble, and the Council filed a motion to withdraw the reference of the LightSquared adversary proceeding from the Bankruptcy Court to the United States District Court for the Southern District of New York (the “District Court”). On January 31, 2014 the District Court granted the defendants’ motion to withdraw the reference.

The defendants filed joint motions to dismiss all counts of both the Harbinger and LightSquared Lawsuits on May 29, 2014. On February 5, 2015 the District Court issued an order dismissing with prejudice all counts of the Harbinger Lawsuit and all counts of the LightSquared Lawsuit except for the claims alleging negligent misrepresentation and constructive fraud. On February 11, 2015 Harbinger filed a notice of appeal against the dismissal of the Harbinger lawsuit. Although there can be no assurance that an unfavorable outcome of this litigation would not have a material adverse effect on our operating results, liquidity or financial position, Garmin believes that the claims in the Harbinger and LightSquared Lawsuits are without merit and intends to vigorously defend these actions.

ICON Health & Fitness, Inc. v. Garmin Ltd., Garmin International, Inc., and Garmin USA, Inc.

On November 18, 2011, ICON Health & Fitness, Inc. filed suit in the United States District Court for the District of Utah against Garmin Ltd., Garmin International, Inc., and Garmin USA, Inc. (collectively “Garmin”), alleging infringement of U.S. Patent Nos. 7,789,800 (the ‘800 patent”) and 6,701,271 (“the ‘271 patent”). On June 8, 2012, ICON filed an amended complaint alleging infringement of U.S. Patent Nos. 6,626,799 and 6,921,351. On June 25, 2012, Garmin filed its answer asserting that each asserted claim of these additional patents-in-suit is invalid and/or not infringed. On April 11, 2013, the Court dismissed ICON’s allegations of infringement of the ‘800 and ‘271 patents against Garmin without prejudice pursuant to a motion filed by ICON. A claim construction hearing was held by the court on October 23, 2013 and the parties await the court’s claim construction order. Although there can be no assurance that an unfavorable outcome of this litigation would not have a material adverse effect on our operating results, liquidity, or financial position, Garmin believes that the claims in this lawsuit are without merit and intends to vigorously defend this action.

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In the Matter of Certain Marine Sonar Imaging Systems, Products Containing the Same and Components Thereof

On July 18, 2014, Johnson Outdoors Inc. and Johnson Outdoors Marine Electronics Inc. filed a complaint with the United States International Trade Commission ("ITC") against Garmin International, Inc., Garmin North America, Inc., Garmin USA, Inc. and Garmin Corporation (collectively "Garmin") alleging a violation of Section 337 of the Tariff Act of 1930, as amended, through alleged infringement by Garmin of U.S. Patents 7,652,952 ("the '952 patent"); 7,710,825 ("the '825 patent"); and 7,755,974 ("the '974 patent"). On August 15, 2014 the ITC instituted an investigation pursuant to the complaint. Although there can be no assurance that an unfavorable outcome of this litigation would not have a material adverse effect on our operating results, liquidity, or financial position, Garmin believes that each asserted claim of the '952 patent, the '825 patent, and the '974 patent is invalid and/or not infringed and, in addition, that the '952, '825, and '974 patents are unenforceable under the doctrine of inequitable conduct and that Johnson Outdoors' claims are barred in whole or in part by the doctrines of prosecution history estoppel and/or prosecution disclaimer. The ITC Administrative Law Judge has scheduled a trial hearing commencing on April 3, 2015. Garmin intends to vigorously defend the complaint.

In the Matter of Certain Marine Sonar Imaging Devices, Including Downscan and Sidescan Devices, Products Containing the Same , and Components Thereof

On June 9, 2014 Navico Inc. and Navico Holding AS filed a complaint with the United States International Trade Commission ("ITC") against Garmin International, Inc., Garmin North America, Inc., Garmin USA, Inc. and Garmin (Asia) Corporation (collectively "Garmin") alleging a violation of Section 337 of the Tariff Act of 1930, as amended, through alleged infringement by Garmin of U.S. Patents 8,300,499 ("the '499 patent"); 8,305,840 ("the '840 patent"); and 8,605,550 ("the '550 patent"). On July 9, 2014 the ITC instituted an investigation pursuant to the complaint. Although there can be no assurance that an unfavorable outcome of this litigation would not have a material adverse effect on our operating results, liquidity, or financial position, Garmin believes that each asserted claim of the '499 patent, the '840 patent, and the '550 patent is invalid and/or not infringed. The ITC Administrative Law Judge has scheduled a trial hearing commencing on March 18, 2015. Garmin intends to vigorously defend the complaint.

Johnson Outdoors Inc. and Johnson Outdoors Marine Electronics, Inc. v. Garmin International, Inc., Garmin North America, Inc. and Garmin USA, Inc.

On July 17, 2014, Johnson Outdoors Inc and Johnson Outdoors Marine Electronics Inc. filed suit in the United States District Court for the Middle District of Alabama, Northern Division, against Garmin International, Inc., Garmin North America, Inc. and Garmin USA, Inc. (collectively, "Garmin ") alleging infringement of U.S. Patents 7,652,952 ("the '952 patent"); 7,710,825 ("the '825 patent"); and 7,755,974 ("the '974 patent"). On August 15, 2014, Garmin filed an answer. On October 17, 2014, Garmin filed an amended answer. In its amended answer Garmin asserts that each asserted claim of the '952 patent, the '825 patent and the '974 patent is invalid and/or not infringed and, in addition, that the '952, '825, and '974 patents are unenforceable under the doctrine of inequitable conduct, and that Johnson Outdoors' claims are barred in whole or in part by the doctrines of prosecution history estoppel and/or prosecution disclaimer and Garmin seeks treble damages against Johnson Outdoors for antitrust violations under Section 2 of the Sherman Act, 15 U.S.C. § 2. Garmin intends to vigorously defend this action. Although there can be no assurance that an unfavorable outcome of this litigation would not have a material adverse effect on our operating results, liquidity or financial position, Garmin believes that the claims in this lawsuit are without merit and intends to vigorously defend this action.

Andrea Katz, on behalf of herself and all others similarly situated, v. Garmin Ltd. and Garmin International, Inc.

On December 18, 2013, a purported class action lawsuit was filed against Garmin International, Inc. and Garmin Ltd. in the U.S. District Court for the Northern District of Illinois. The lead plaintiff was Andrea Katz, on behalf of herself and all others similarly situated. The class of plaintiffs that Andrea Katz purported to represent includes all individuals who purchased any model of Forerunner watch in the State of Illinois and the United States. Plaintiff asserted claims for breach of contract, breach of express warranty, breach of implied warranties, negligence, negligent misrepresentation, and violations of Illinois statutory law. Plaintiff alleged that Forerunner watch bands have an unacceptable rate of failure in that they detach from the watch. Plaintiff sought compensatory and punitive damages, prejudgment interest, costs, and attorneys' fees, and injunctive relief. On January 29, 2014 the court dismissed the lawsuit without prejudice. On January 30, 2014, the plaintiff re-filed the lawsuit with the same claims for relief as the earlier action and adding an additional claim for unjust enrichment. On February 4, 2014, the court ordered the case to be transferred to the United States District Court for the District of Utah. The plaintiff voluntarily dismissed the case filed in Illinois and, on March 6, 2014, she refiled the lawsuit in the District Court for the District of Utah with the same claims, but with additional claims for violations of the Utah Consumers Sales Practice Act, Lanham Act, and Utah Truth in Advertising Act. The relief she requested is the same. On March 31, 2014, Garmin filed a motion to transfer the venue of the Utah action back to the Northern District of Illinois. On October 21, 2014, the United States District Court for the District of Utah denied Garmin's motion to transfer venue. On December 26, 2014, Garmin filed a motion to dismiss certain counts of the complaint. The court has scheduled a hearing on this motion on April 16, 2015. No class has been certified at this time. Although there can be no assurance that an unfavorable outcome of this litigation would not have a material adverse effect on our operating results, liquidity, or financial position, Garmin believes that the claims in this lawsuit are without merit and intends to vigorously defend this action.

Brian Meyers, on behalf of himself and all others similarly situated, v. Garmin International, Inc. Garmin USA, Inc. and Garmin Ltd.

On August 13, 2013, Brian Meyers filed a putative class action complaint against Garmin International, Inc., Garmin USA, Inc. and Garmin Ltd. in the United States District Court for the District of Kansas. Meyers alleges that lithium-ion batteries in certain Garmin products are defective and alleges violations of the Kansas Consumer Protection Act, breach of an implied warranty of merchantability, breach of contract, unjust enrichment, breach of express warranty and also requests declaratory relief that the batteries are defective and must be covered by Garmin's warranties. The complaint seeks an order for class certification, a declaration that the batteries are defective, an order of injunctive relief, payment of damages in an unspecified amount on behalf of a putative class of all purchasers of certain Garmin products, and an award of attorneys' fees. On September 18, 2013 the plaintiff voluntarily dismissed Garmin Ltd. as a defendant without prejudice. On October 18, 2013 the plaintiff filed an amended class action complaint. On November 1, 2013 the remaining Garmin defendants filed a motion to dismiss all counts of the complaint for failure to state a claim on which relief can be granted. On January 24, 2014, the Court granted the motion to dismiss in part and denied it in part, dismissing the count for declaratory relief and the prayer for a declaration that the batteries are defective, but allowing the case to proceed on other substantive counts. No class has been certified at this time. Although there can be no assurance that an unfavorable outcome of this litigation would not have a material adverse effect on our operating results, liquidity, or financial position, Garmin believes that the claims in this lawsuit are without merit and intends to vigorously defend this action.

MSPBO, LLC v. Garmin International, Inc.

On December 16, 2013, MSPBO, LLC filed suit in the United States District Court for the District of Colorado against Garmin International, Inc. ("Garmin") alleging infringement of U.S. Patent No. 6,744,375 ("the '375 patent"). On January 9, 2014, Garmin filed a motion to dismiss the complaint alleging that the claims are subject to arbitration pending in Kansas and alternatively asked the Colorado federal court to stay the suit until the arbitration in Kansas is resolved. On September 11, 2014, the Colorado federal court denied the motion to dismiss or stay the suit. On September 25, 2014, Garmin filed its answer asserting that each asserted claim of the '375 patent is invalid and/or not infringed. Garmin filed a petition on January 8, 2014 with the District Court of Johnson County, Kansas to compel arbitration with Phatrat Technology, Inc. and Phatrat Technology, LLC, alleging Garmin's prior license agreement with Phatrat (the "Phatrat License Agreement") covers MSPBO's current claims as MSPBO is an affiliate of Phatrat under the license agreement with Garmin. On April 28, 2014, the District Court of Johnson County, Kansas granted Garmin's motion to compel arbitration. Phatrat filed a counterclaim for damages in this arbitration claiming that Garmin breached the Phatrat License Agreement by selling certain products that were excluded from the definition of licensed products in the Phatrat License Agreement. A hearing in this arbitration was held on December 14 to December 17, 2014. Post-hearing briefs in the arbitration were filed on January 28, 2015, and the arbitrator has scheduled oral argument on the post-hearing briefs on February 18, 2015. Although there can be no assurance that an unfavorable outcome of this litigation would not have a material adverse effect on our operating results, liquidity or financial position, Garmin believes that the claims in the MSPBO lawsuit are without merit and intends to vigorously defend these actions.

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Navico Inc. and Navico Holding AS v. Garmin International, Inc .and Garmin USA, Inc.

On June 4, 2014 Navico Inc. and Navico Holding AS filed suit in the United States District Court for the Northern District of Oklahoma against Garmin International, Inc. and Garmin USA, Inc. alleging infringement of U.S. Patents 8,300,499 (“the ’499 patent”); 8,305,840 (“the ’840 patent”); and 8,605,550 (“the ’550 patent”). On October 21, 2014, Garmin filed its answer asserting that each asserted claim of the ‘499, ‘840, and ‘550 patents is invalid and/or not infringed. Although there can be no assurance that an unfavorable outcome of this litigation would not have a material adverse effect on our operating results, liquidity or financial position, Garmin believes that the claims in this lawsuit are without merit and intends to vigorously defend this lawsuit.

Pacing Technologies, LLC v. Garmin International, Inc., Garmin USA, Inc. and Garmin Ltd.

On May 1, 2012, Pacing Technologies, LLC (“Pacing Technologies”) filed suit in the United States District Court for the Southern District of California against Garmin International, Inc., Garmin USA, Inc. and Garmin Ltd alleging infringement of U.S. Patent No. 8,101,843. On July 6, 2012, Garmin filed its answer asserting that each asserted claim of the patent-in-suit is invalid and/or not infringed. On March 11, 2014, the court granted Garmin’s motion for summary judgment of non-infringement and found that Garmin’s products could not infringe Pacing Technologies’ patent as a matter of law. Pacing Technologies has appealed the court’s summary judgment order to the Court of Appeals for the Federal Circuit which heard oral argument on the appeal December 3, 2014. Although there can be no assurance that an unfavorable outcome of this litigation would not have a material adverse effect on our operating results, liquidity, or financial position, Garmin believes that the claims in this lawsuit are without merit and intends to vigorously defend this action.

Pioneer Corporation v. Iiyonet Inc.

On October 2, 2014, Pioneer Corporation filed suit in the Tokyo District Court in Japan against Iiyonet Inc. alleging certain Garmin consumer products infringe Japanese Patent No. 3,442,138 (the ‘138 patent). Iiyonet Inc. is the distributor in Japan for Garmin’s consumer products. Garmin intervened in this action on December 19, 2014, and has filed an answer asserting that the asserted claim of the ‘138 patent is invalid and/or not infringed. The Tokyo court has scheduled preparatory oral arguments on March 9, 2015. Although there can be no assurance that an unfavorable outcome of this litigation would not have a material adverse effect on our operating results, liquidity, or financial position, Garmin believes that the claims in this lawsuit are without merit and intends to vigorously defend this action.

Silver State Intellectual Technologies, Inc. v. Garmin International, Inc. and Garmin USA, Inc.

On September 29, 2011, Silver State Intellectual Technologies, Inc. filed suit in the United States District Court for the District of Nevada against Garmin International, Inc. and Garmin USA, Inc. (collectively "Garmin"), alleging infringement of U.S. Patent Nos. 6,525,768; 6,529,824; 6,542,812; 7,343,165; 7,522,992; 7,593,812; 7,650,234; 7,702,455 and 7,739,039. On December 8, 2011, Garmin filed its answer asserting that each asserted claim of the patents-in-suit is invalid and/or not infringed. On April 5, 2013, the Court held a claim construction hearing and on August 15, 2013 the Court issued an order construing the clams of the patents in suit. On March 21, 2014, Garmin filed a motion for partial summary judgment. On July 24, 2014, the court denied the motion for partial summary judgment. On March 6, 2014, Garmin filed a request for ex parte reexamination of certain claims of the '992 patent. On May 5, 2014, Garmin filed a request for ex parte reexamination of certain claims of the '812 patent. On October 24, 2014, the U.S. Patent Office issued a non-final rejection of the identified claims of the '992 patent. On September 24, 2014, the U.S. Patent Office issued a non-final rejection of the identified claims of the '812 patent. The court has scheduled a trial commencing on May 11, 2015. Although there can be no assurance that an unfavorable outcome of this litigation would not have a material adverse effect on our operating results, liquidity, or financial position, Garmin believes that the claims in this lawsuit are without merit and intends to vigorously defend this action.

Technology Properties Limited, LLC et al v. Garmin Ltd., Garmin International, Inc. and Garmin USA, Inc.

On July 24, 2012 Technology Properties Limited LLC, Phoenix Digital Solutions LLC, and Patriot Scientific Corporation filed suit in the U.S. District Court for the Northern District of California against Garmin Ltd., Garmin International, Inc., and Garmin USA, Inc. (collectively "Garmin") alleging infringement by Garmin of one or more of the following patents: U.S. Patent No. 5,809,336, U.S. Patent 5,440,749 and U.S. Patent No. 5,530,890. By agreement of the parties, on October 29, 2012 this lawsuit was stayed pending the resolution of the investigation by the International Trade Commission in *In the Matter of Certain Wireless Consumer Electronics Devices and Components Thereof.* Such Investigation was terminated with a finding of no violation by Garmin. On March 21, 2012, Technology Properties Limited LLC filed a petition for reorganization under Chapter 11 of the federal bankruptcy laws. On September 24, 2014, the court related the Garmin case with other cases brought by TPL, effectively lifting the stay. On December 18, 2014, Garmin filed its answer asserting that each asserted claim of the '336, '749, and '890 patents is invalid and/or not infringed. Although there can be no assurance that an unfavorable outcome of this litigation would not have a material adverse effect on our operating results, liquidity, or financial position, Garmin believes that the claims in this action are without merit and intends to vigorously defend this action.

Visteon Global Technologies, Inc. and Visteon Technologies LLC v. Garmin International, Inc.

On February 10, 2010, Visteon Global Technologies, Inc. and Visteon Technologies LLC filed suit in the United States District Court for the Eastern District of Michigan, Southern Division, against Garmin International, Inc. alleging infringement of U.S. Patent No. 5,544,060 ("the '060 patent"), U.S. Patent No. 5,654,892 ("the '892 patent"), U.S. Patent No. 5,832,408 ("the '408 patent"), U.S. Patent No 5,987,375 ("the '375 patent") and U.S. Patent No 6,097,316 ("the '316 patent"). On May 17, 2010, Garmin filed its answer asserting that each claim of the '060 patent, the '892 patent, the '408 patent and the '375 patent is invalid and/or not infringed. On April 12, 2011, the special master appointed by the court held a claim construction hearing. On December 12, 2011, the court issued an order adopting the special master's report construing the claims of the patents-in-suit. On September 14, 2012, Garmin filed with the U.S. Patent and Trademark Office petitions for *ex parte* reexamination of the '408 patent and the '060 patent as being anticipated and obvious in view of the prior art. The U.S. Patent and Trademark Office subsequently granted Garmin's requests for *ex parte* reexaminations and initially rejected all identified claims. On April 15, 2013, the U.S. Patent and Trademark Office issued a reexamination certificate confirming the patentability of the challenged claims of the '060 patent. On November 30, 2012, Garmin filed motions for summary judgment of non-infringement and/or invalidity for the '892, '316, and '375 patents. Visteon filed its own motions for summary judgment of infringement of the '408 patent and validity, under section 112, of the '375 and '060 patents. On February 4, 2013, the summary judgment motions were referred to the special master for consideration. On May 23, 2014 the special master held a hearing on the summary judgment motions. Prior to the hearing Visteon dropped its claim that Garmin infringes the '316 patent. On September 17, 2014, the special master issued a report recommending that Garmin's motion for summary judgment of non-infringement of the '375 patent be granted, Visteon's motion for summary judgment of validity under section 112 of the '375 and '060 patents be granted, and that all other motions for summary judgment be denied. On October 16, 2014, Garmin filed objections to the special master's report and the parties await an order from the court. Although there can be no assurance that an unfavorable outcome of this litigation would not have a material adverse effect on our operating results, liquidity or financial position, Garmin believes that the claims in this lawsuit are without merit and intends to vigorously defend this action.

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

Item 4. Mine Safety Disclosure

None.

Executive Officers of the Registrant

Pursuant to General Instruction G(3) of Form 10-K and instruction 3 to paragraph (b) of Item 401 of Regulation S-K, the following list is included as an unnumbered Item in Part I of this Annual Report on Form 10-K in lieu of being included in the Company's Definitive Proxy Statement in connection with its annual meeting of shareholders scheduled for June 5, 2015.

Dr. Min H. Kao, age 66, has served as Executive Chairman of Garmin Ltd. since January 2013 and was previously Chairman of Garmin Ltd. from August 2004 to December 2012 and Co-Chairman of Garmin Ltd. from August 2000 to August 2004. He served as Chief Executive Officer of Garmin Ltd. from August 2002 to December 2012 and previously served as Co-Chief Executive Officer from August 2000 to August 2002. Dr. Kao served as a director and officer of various subsidiaries of the Company from August 1990 until January 2013. Dr. Kao holds Ph.D. and MS degrees in Electrical Engineering from the University of Tennessee and a BS degree in Electrical Engineering from National Taiwan University.

Clifton A. Pemble, age 49, has served as a director of Garmin Ltd. since August 2004. He has served as President and Chief Executive Officer of Garmin Ltd. since January 2013. Previously, he served as President and Chief Operating Officer of Garmin Ltd. from October 2007 to December 2012. Previously, he was Vice President, Engineering of Garmin International, Inc. from 2005 to October 2007, Director of Engineering of Garmin International, Inc. from 2003 to 2005, and Software Engineering Manager of Garmin International, Inc. from 1995 to 2002 and a Software Engineer with Garmin International, Inc. from 1989 to 1995. Mr. Pemble has served as a director and officer of various Garmin subsidiaries since August 2003. Mr. Pemble holds BA degrees in Mathematics and Computer Science from MidAmerica Nazarene University.

Douglas G. Boessen, age 52, has served as Chief Financial Officer and Treasurer of Garmin Ltd. since July 2014. He previously served as Chief Financial Officer of EiKO Global, LLC from September 2013 to May 2014, as well as Collective Brands, Inc. from November 1997 to November 2012. Mr. Boessen has served as a director and officer of various Garmin subsidiaries since July 2014. Mr. Boessen is a certified public accountant and holds a BS degree in Business from the University of Central Missouri and is a graduate of the executive development program at Northwestern University's Kellogg Graduate School of Management.

Andrew R. Etkind, age 59, has served as Vice President, General Counsel and Secretary of Garmin Ltd. since June 2009. He was previously General Counsel and Secretary of Garmin Ltd. from August 2000 to June 2009. He has been Vice President and General Counsel of Garmin International, Inc. since July 2007, General Counsel since February 1998, and Secretary since October 1998. Mr. Etkind has served as a director and officer of various Garmin subsidiaries since December 2001. Mr. Etkind holds BA, MA and LLM degrees from Cambridge University, England and a JD degree from the University of Michigan Law School.

All executive officers are elected by and serve at the discretion of the Company's Board of Directors. None of the executive officers have an employment agreement with the Company. There are no arrangements or understandings between the executive officers and any other person pursuant to which he or she was or is to be selected as an officer. There is no family relationship among any of the executive officers. Dr. Min H. Kao is the brother of Ruey-Jeng Kao, who is a supervisor of Garmin Corporation, Garmin's Taiwan subsidiary, who serves as an ex-officio member of Garmin Corporation's Board of Directors.

PART II

Item 5. Market for the Company's Common Shares, Related Shareholder Matters and Issuer Purchases of Equity Securities

Garmin's common shares have traded on the Nasdaq Stock Market LLC under the symbol "GRMN" since its initial public offering on December 8, 2000 (the "IPO"). As of January 25, 2015, there were 196 shareholders of record.

The high and low sales prices of Garmin's common shares as reported on the Nasdaq Stock Market for each fiscal quarter of fiscal years 2014 and 2013 was as follows:

	Year Ended December 27, 2014		December 28, 2013	
	High	Low	High	Low
First Quarter	$56.02	$43.63	$ 42.25	$ 32.97
Second Quarter	$61.24	$54.24	$ 36.88	$ 32.60
Third Quarter	$61.69	$50.75	$ 45.42	$ 34.96
Fourth Quarter	$59.63	$49.35	$ 49.33	$ 45.70

On June 6, 2014 the shareholders approved a cash dividend in the amount of $1.92 per share out of Garmin's general reserves from capital contribution payable in four equal installments. The board anticipated the scheduling of the dividend 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 the 2014 dividends in accordance with the schedule above and expects to pay the March 31, 2015 dividend. In addition, Garmin currently expects to pay a quarterly cash dividend in the remaining three quarters of 2015. The decision of whether to pay a dividend and the amount of the dividend will be voted on by the Company's shareholders as required by Swiss law.

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 Board of Directors approved a share repurchase program on February 12, 2010, authorizing the Company to repurchase up to $300 million of the Company’s shares as market and business conditions warrant. This share repurchase authorization expired on December 29, 2012.

The Board of Directors approved a share repurchase program on February 15, 2013, authorizing the Company to repurchase up to $300 million of the Company’s shares as market and business conditions warrant. The share repurchase authorization expired on December 31, 2014. See Footnote 11 for additional information regarding the share repurchase plan.

We refer you to Item 12 of this report under the caption “Equity Compensation Plan Information” for certain equity plan information required to be disclosed by Item 201(d) of Regulation S-K.

Item 6. Selected Financial Data

The following table sets forth selected consolidated financial data of the Company. The selected consolidated balance sheet data as of December 27, 2014 and December 28, 2013 and the selected consolidated statement of income data for the years ended December 27, 2014, December 28, 2013, and December 29, 2012 were derived from the Company’s audited consolidated financial statements and the related notes thereto which are included in Item 8 of this annual report on Form 10-K. The selected consolidated balance sheet data as of December 29, 2012, December 31, 2011, and December 25, 2010 and the selected consolidated statement of income data for the years ended December 31, 2011 and December 25, 2010 were derived from the Company’s audited consolidated financial statements, not included herein.

The information set forth below is not necessarily indicative of the results of future operations and should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes to those statements included in Items 7 and 8 in Part II of this Form 10-K.

	Years ended (1) Dec. 27, 2014	Dec. 28, 2013	Dec. 29, 2012	Dec. 31, 2011 (2)	Dec. 25, 2010
		(in thousands, except per share data)			
Consolidated Statements of Income Data:					
Net sales	$2,870,658	$2,631,851	$ 2,715,675	$ 2,758,569	$ 2,689,911
Cost of goods sold	1,266,246	1,224,551	1,277,195	1,419,977	1,343,537
Gross profit	1,604,412	1,407,300	1,438,480	1,338,592	1,346,374
Operating expenses:					
Advertising expense	146,633	112,905	138,757	145,024	144,613
Selling, general and administrative	372,032	355,440	369,790	341,217	287,824
Research and development	395,121	364,923	325,773	298,584	277,261
Total operating expenses	913,786	833,268	834,320	784,825	709,698
Operating income	690,626	574,032	604,160	553,767	636,676
Other income(expense), net (3)(4)	33,119	79,526	20,368	30,394	(59,404)
Income before income taxes	723,745	653,558	624,528	584,161	577,272
Income tax provision(benefit) (5)(6)	359,534	41,146	82,125	63,265	(7,331)
Net income	$364,211	$612,412	$ 542,403	$ 520,896	$ 584,603
Net income per share:					
Basic	$1.89	$3.13	$ 2.78	$ 2.68	$ 2.97
Diluted	$1.88	$3.12	$ 2.76	$ 2.67	$ 2.95
Weighted average common shares outstanding:					
Basic	193,106	195,411	194,909	194,105	196,979
Diluted	194,165	196,341	196,213	194,894	198,009
Dividends declared per share	$1.92	$1.80	$ 1.80	$ 1.60	$ 1.50
Balance Sheet Data (at end of Period):					
Cash and cash equivalents	$1,196,268	$1,179,149	$ 1,231,180	$ 1,287,160	$ 1,260,936
Marketable securities	1,575,333	1,651,968	1,641,395	1,208,155	801,819
Total assets	4,693,303	4,879,603	4,819,124	4,471,338	3,988,688
Total debt	-	-	-	-	-
Total stockholders' equity	3,403,367	3,659,706	3,531,796	3,256,581	3,049,562

(1) Our fiscal year-end is the last Saturday of the calendar year and does not always fall on December 31. All years presented contain 52 weeks excluding Fiscal 2011 which includes 53 weeks.

(2)

Includes a change in estimate for per unit revenue and cost deferrals. The increase to net sales, gross profit, net income, basic net income per share and diluted net income per share was $77.8 million, $66.5 million, $59.3 million, $0.31, and $0.30, respectively.

(3) Other income/(expense), net mainly consists of gain and/or loss on sale of equity securities, interest income, interest expense, and foreign currency gain (loss)

(4) Includes $4.3 million, $20.0 million, $12.1 million, and $88.4 million foreign currency losses in 2014, 2012, 2011 and 2010, respectively, and $35.5 million foreign currency gain in 2013.

(5) 2014 – $72.9 million material income tax reserve release due to expiration of certain statutes of limitations or completion of tax audits partially offset by Swiss withholding tax expense due to the release of reserves; 2013 - $68.7 million material income tax reserve release due to expiration of certain statutes of limitations or completion of tax audits partially offset by Taiwan surtax expense due to the release of reserves; and 2010 - $98.7 million material income tax reserve release due to expiration of certain statutes of limitations or completion of tax audits partially offset by an audit settlement in the US and Taiwan surtax expense due to the release of reserves.

(6) Includes a $307.6 million income tax expense in 2014 associated with our inter-company restructuring. See Note 6 to the Consolidated Financial Statements for further discussion.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations focuses on and is intended to clarify the results of our operations, certain changes in our financial position, liquidity, capital structure and business developments for the periods covered by the consolidated financial statements included in this Form 10-K. This discussion should be read in conjunction with, and is qualified by reference to, the other related information including, but not limited to, the audited consolidated financial statements (including the notes thereto), the description of our business, all as set forth in this Form 10-K, as well as the risk factors discussed above in Item 1A.

As previously noted, the discussion set forth below, as well as other portions of this Form 10-K, contain statements concerning potential future events. Readers can identify these forward-looking statements by their use of such verbs as "expects," "anticipates," "believes" or similar verbs or conjugations of such verbs. If any of our assumptions on which the statements are based prove incorrect or should unanticipated circumstances arise, our actual results could materially differ from those anticipated by such forward-looking statements. The differences could be caused by a number of factors or combination of factors including, but not limited to, those discussed above in Item 1A. Readers are strongly encouraged to consider those factors when evaluating any such forward-looking statement. We do not undertake to update any forward-looking statements in this Form 10-K.

Garmin's fiscal year is a 52-53 week period ending on the last Saturday of the calendar year. Fiscal years 2014, 2013 and 2012 contained 52 weeks. Unless otherwise stated, all years and dates refer to the Company's fiscal year and fiscal periods. Unless the context otherwise requires, references in this document to "we," "us," "our" and similar terms refer to Garmin Ltd. and its subsidiaries.

Unless otherwise indicated, dollar amounts set forth in the tables are in thousands, except per share data.

Overview

We are a leading worldwide provider of navigation, communications and information devices, most of which are enabled by Global Positioning System, or GPS, technology. We operate in five business segments, which serve the marine, outdoor, fitness, automotive/mobile, and aviation markets. Our segments offer products through our network of subsidiary distributors and independent dealers and distributors. However, the nature of products and types of customers for the five segments can vary significantly. As such, the segments are managed separately.

Since our first products were delivered in 1991, we have generated positive income from operations each year and have funded our growth from these profits.

Critical Accounting Policies and Estimates

General

Garmin's discussion and analysis of its financial condition and results of operations are based upon Garmin's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The presentation of these financial statements requires Garmin to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, Garmin evaluates its estimates, including those related to customer sales programs and incentives, product returns, bad debts, inventories, investments, intangible assets, income taxes, warranty obligations, and contingencies and litigation. Garmin bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

For information on each of the following critical accounting policies and/or estimates, refer to the discussion in the Notes to the Consolidated Financial Statements as indicated in the table below:

Revenue Recognition	Note 2 - Summary of Significant Accounting Policies
Trade Accounts Receivable	Note 2 - Summary of Significant Accounting Policies
Loan Receivable	Note 2 - Summary of Significant Accounting Policies
Warranties	Note 2 - Summary of Significant Accounting Policies
Inventory	Note 2 - Summary of Significant Accounting Policies
Investments	Note 2 - Summary of Significant Accounting Policies & Note 3 - Marketable Securities
Income Taxes	Note 2 - Summary of Significant Accounting Policies & Note 6 - Income Taxes
Stock Based Compensation	Note 2 - Summary of Significant Accounting Policies & Note 9 - Stock Compensation Plans

Accounting Terms and Characteristics

Net Sales

Our net sales are primarily generated through sales to our retail partners, dealer and distributor network and to original equipment manufacturers. Refer to the Revenue Recognition discussion in Note 2 to the Consolidated Financial Statements. Our sales are largely of a consumer nature; therefore, backlog levels are not necessarily indicative of our future sales results. We aim to achieve a quick turnaround on orders we receive, and we typically ship most orders within 72 hours.

Net sales are subject to seasonal fluctuation. Typically, sales of our consumer products are highest in the second quarter, due to increased demand during the spring and summer season, and in the fourth quarter, due to increased demand during the holiday buying season. Our aviation products do not experience much seasonal variation, but are more influenced by the timing of aircraft certifications and the release of new products when the initial demand is typically the strongest.

Cost of Sales/Gross Profit

Raw material costs are our most significant component of cost of goods sold. Our existing practice of performing the design and manufacture of our products in-house has enabled us to source components from different suppliers and, where possible, to redesign our products to leverage lower cost components. We believe that our flexible production model allows our Xizhi, Jhongli, and LinKou manufacturing plants in Taiwan, our Olathe, Kansas, and Salem, Oregon manufacturing plants to experience relatively low costs of manufacturing. In general, products manufactured in Taiwan have been our highest volume products. Our manufacturing labor costs historically have been lower in Taiwan than in Olathe and Salem.

Sales price variability has had and can be expected to have an effect on our gross profit. In the past, prices of our devices sold into the automotive/mobile market have declined due to market pressures and introduction of new products sold at lower price points. In recent years, pricing has stabilized in automotive/mobile allowing for stable to improving gross margins. The average selling prices of our aviation, outdoor, fitness, and marine products have historically been stable due to product mix and the introduction of more advanced products sold at higher prices. In 2014, fitness pricing declined due to high volumes of lower-priced activity trackers. The effect of the sales price differences inherent within the mix of products sold could have a significant impact on our gross profit.

Advertising Expense

Our advertising expenses consist of costs for media advertising, cooperative advertising with our retail partners, point of sale displays, and sponsorships.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses consist primarily of:

- salaries for sales and marketing personnel;
- salaries and related costs for executives and administrative personnel;
- marketing, and other brand building costs;
- accounting and legal costs;
- information systems and infrastructure costs;
- travel and related costs; and
- occupancy and other overhead costs.

Research and Development

The majority of our research and development costs represent salaries for our engineers, costs for high technology components and costs of test equipment used in product and prototype development. Approximately 82% of the research and development of our products is performed in North America.

We are committed to increasing the level of innovative design and development of new products as we strive for expanded ability to serve our existing consumer and aviation markets as well as new markets for active lifestyle products.

Income Taxes

We have experienced a relatively low effective corporate tax rate due to the proportion of our revenue generated by entities in tax jurisdictions with low statutory rates. In particular, the profit entitlement afforded our Swiss-based companies based on their intellectual property rights ownership of our consumer products along with tax incentives offered by the Taiwanese government on certain high-technology capital investments have continued to reduce our tax rate. We have taken advantage of the tax benefit in Taiwan since our inception and we expect to continue to benefit from lower effective tax rates at least through 2015.

Results of Operations

The following table sets forth our results of operations as a percentage of net sales during the periods shown (the table may not foot due to rounding):

	Fiscal Years Ended		
	Dec. 27, 2014	Dec. 28, 2013	Dec. 29, 2012
Net sales	100 %	100 %	100 %
Cost of goods sold	44 %	47 %	47 %
Gross profit	56 %	53 %	53 %
Operating expenses:			
Advertising	5 %	4 %	5 %
Selling, general and administrative	13 %	14 %	14 %
Research and development	14 %	14 %	12 %
Total operating expenses	32 %	32 %	31 %
Operating income	24 %	22 %	22 %
Other income / (expense) , net	1 %	3 %	1 %
Income before income taxes	25 %	25 %	23 %
Provision for income taxes	13 %	2 %	3 %
Net income	13 %	23 %	20 %

The following table sets forth our results of operations through income before income taxes for each of our five segments during the period shown. For each line item in the table the total of the segments' amounts equals the amount in the consolidated statements of income data included in Item 6.

Fiscal year ended December 27, 2014	Outdoor	Fitness	Marine	Automotive/ Mobile	Aviation
Net sales	$427,555	$568,440	$248,371	$1,240,377	$385,915
Cost of goods sold	161,005	210,153	118,661	670,925	105,502
Gross profit	266,550	358,287	129,710	569,452	280,413
Advertising expense	28,650	52,606	12,353	46,245	6,779
Selling, general and administrative expenses	57,098	75,747	42,975	172,754	23,458
Research and development expense	29,747	39,252	48,150	134,774	143,198
Total operating expenses	115,495	167,605	103,478	353,773	173,435
Operating income	151,055	190,682	26,232	215,679	106,978
Other income(expense), net	1,891	6,089	3,885	20,365	889
Income before income taxes	$152,946	$196,771	$30,117	$236,044	$107,867

Fiscal year ended December 28, 2013	Outdoor	Fitness	Marine	Automotive/ Mobile	Aviation
Net sales	$410,989	$356,283	$222,928	$1,302,314	$339,337
Cost of goods sold	148,460	133,358	107,837	737,231	97,665
Gross profit	262,529	222,925	115,091	565,083	241,672
Advertising expense	19,805	24,153	11,435	52,478	5,034
Selling, general and administrative expenses	59,058	50,765	38,578	187,449	19,590
Research and development expense	24,469	27,757	46,585	136,639	129,473
Total operating expenses	103,332	102,675	96,598	376,566	154,097
Operating income	159,197	120,250	18,493	188,517	87,575
Other income(expense), net	9,352	11,161	7,500	46,005	5,508
Income before income taxes	$168,549	$131,411	$25,993	$234,522	$93,083

Fiscal year ended December 29, 2012	Outdoor	Fitness	Marine	Automotive/ Mobile	Aviation
Net sales	$401,747	$321,788	$208,136	$1,492,440	$291,564
Cost of goods sold	141,183	117,173	82,935	849,527	86,377
Gross profit	260,564	204,615	125,201	642,913	205,187
Advertising expense	20,812	25,322	14,804	72,817	5,002
Selling, general and administrative expenses	54,535	43,943	33,540	220,669	17,103
Research and development expense	20,606	23,543	42,857	128,661	110,106
Total operating expenses	95,953	92,808	91,201	422,147	132,211

Operating income	164,611	111,807	34,000	220,766	72,976
Other income(expense), net	3,123	2,467	1,725	10,852	2,201
Income before income taxes	$167,734	$114,274	$35,725	$231,618	$75,177

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Comparison of 52-Weeks Ended December 27, 2014 and December 28, 2013

Net Sales

	52-weeks ended Dec 27, 2014		52-weeks ended Dec 28, 2013		Year over Year	
	Net Sales	% of Revenues	Net Sales	% of Revenues	$ Change	% Change
Outdoor	$ 427,555	15 %	$ 410,989	16 %	$ 16,566	4 %
Fitness	568,440	20 %	356,283	14 %	212,157	60 %
Marine	248,371	9 %	222,928	8 %	25,443	11 %
Automotive/Mobile	1,240,377	43 %	1,302,314	49 %	(61,937)	-5 %
Aviation	385,915	13 %	339,337	13 %	46,578	14 %
Total	$ 2,870,658	100 %	$ 2,631,851	100 %	$ 238,807	9 %

Net sales increased 9% in 2014 when compared to the year-ago period. All segments, excluding automotive/mobile, grew in the fiscal year 2014. Automotive/mobile revenue remains the largest portion of our revenue mix at 43% in the fiscal year 2014 compared to 49% in the fiscal year 2013.

Total unit sales increased 9% to 15.1 million units in 2014 from 13.9 million units in 2013. The increase in unit sales volume was attributable to growth in all segments except automotive/mobile which had volume decline due to penetration rates and competing technologies.

Automotive/mobile segment revenue decreased 5% from fiscal year 2013, as a 10% volume decline and slight average selling price (ASP) decline, were partially offset by amortization of previously deferred revenue exceeding current period revenue deferrals and increased auto OEM contributions. Revenues in our fitness segment increased 60% from fiscal year 2013 on the strength of wellness products first introduced in 2014, and recent biking and running product introductions. Aviation revenues increased 14% from fiscal year 2013 as both OEM market share gains and aftermarket strength contributed to growth. Outdoor revenues increased 4% from fiscal year 2013 primarily due to strong sales of fēnix 2 and our lineup of dog tracking and training products, offset by declining sales of our handheld products which serve a mature industry. Revenues in our marine segment increased 11% due to both the recent acquisition of Fusion Electronics as well as new product introductions. This growth was partially offset by a competitive pricing environment in the global marine electronics industry.

The Company anticipates revenue of $2.9 billion in 2015 driven by growth in the fitness, aviation and marine segments offset by ongoing declines in the automotive/mobile segment. In general, management believes that continuous innovation and the introduction of new products are essential for future revenue growth.

Cost of Goods Sold

	52-weeks ended Dec 27, 2014		52-weeks ended Dec 28, 2013		Year over Year	
	Cost of Goods	% of Revenues	Cost of Goods	% of Revenues	$ Change	% Change
Outdoor	$ 161,005	38 %	$ 148,460	36 %	$ 12,545	8 %
Fitness	210,153	37 %	133,358	37 %	76,795	58 %
Marine	118,661	48 %	107,837	48 %	10,824	10 %
Automotive/Mobile	670,925	54 %	737,231	57 %	(66,306)	-9 %
Aviation	105,502	27 %	97,665	29 %	7,837	8 %
Total	$ 1,266,246	44 %	$ 1,224,551	47 %	$ 41,695	3 %

Cost of goods sold increased 3% in absolute dollars for fiscal year 2014 when compared to fiscal year 2013. The increase was driven by growth in all segments excluding automotive/mobile. Fitness and marine cost of goods increased in-line with sales growth as described above with gross margins stable year-over-year. Outdoor cost of goods increased due to sales growth with gross margin contraction driven by product mix.

As a percentage of revenue, cost of goods sold decreased 240 basis points from fiscal year 2013 with improvement or stability in each segment, excluding outdoor as mentioned above. The automotive/mobile cost of goods improvement as a percent of revenues was primarily due to benefit from the amortization of previously deferred revenue and costs exceeding new deferrals on current period sales in 2014. Aviation margin improvement was primarily due to increased contribution of software sales which carry a higher margin.

Management believes that cost of goods sold as a percentage of sales will be relatively stable in 2015 given the growth in segments with higher margin profiles than corporate average, product mix within those segments and current component pricing.

Gross Profit

	52-weeks ended Dec 27, 2014			52-weeks ended Dec 28, 2013			Year over Year		
	Gross Profit	% of Revenues		Gross Profit	% of Revenues		$ Change	% Change	
Outdoor	$ 266,550	62	%	$ 262,529	64	%	$ 4,021	2	%
Fitness	358,287	63	%	222,925	63	%	135,362	61	%
Marine	129,710	52	%	115,091	52	%	14,619	13	%
Automotive/Mobile	569,452	46	%	565,083	43	%	4,369	1	%
Aviation	280,413	73	%	241,672	71	%	38,741	16	%
Total	$ 1,604,412	56	%	$ 1,407,300	53	%	$ 197,112	14	%

Gross profit dollars in fiscal year 2014 increased 14% while gross profit margin increased 240 basis points compared to fiscal year 2013 with all segments stable or improving, excluding outdoor. The automotive/mobile, fitness, marine and aviation segments recorded improved gross margins, as discussed above. Outdoor gross profit margins declined, as discussed above.

Management believes that total company gross margins will be relatively stable in 2015 as discussed above.

Advertising Expenses

52-weeks ended Dec 27, 2014		52-weeks ended Dec 28, 2013			
Advertising		Advertising		Year over Year	
Expense	% of Revenues	Expense	% of Revenues	$ Change	% Change

Outdoor	$ 28,650	7	%	$ 19,805	5	%	$ 8,845	45 %
Fitness	52,606	9	%	24,153	7	%	28,453	118 %
Marine	12,353	5	%	11,435	5	%	918	8 %
Automotive/Mobile	46,245	4	%	52,478	4	%	(6,233)	-12 %
Aviation	6,779	2	%	5,034	1	%	1,745	35 %
Total	$ 146,633	5	%	$ 112,905	4	%	$ 33,728	30 %

Advertising expense increased 30% in absolute dollars while increasing 80 basis points as a percent of revenues. The increase in absolute dollars occurred primarily in outdoor and fitness to support new product introductions and was partially offset by decreased spending in automotive/mobile due to reduced cooperative advertising associated with lower volumes. Aviation advertising increased materially due to increased cooperative advertising efforts with our dealers.

Management expects to decrease advertising as a percentage of sales in 2015 due to continued benefit from the 2014 advertising increase.

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Selling, General and Administrative Expenses

	52-weeks ended Dec 27, 2014		52-weeks ended Dec 28, 2013		Year over Year	
	Selling, General & Admin. Expenses	% of Revenues	Selling, General & Admin. Expenses	% of Revenues	$ Change	% Change
Outdoor	$ 57,098	13 %	$ 59,058	14 %	$ (1,960)	-3 %
Fitness	75,747	13 %	50,765	14 %	24,982	49 %
Marine	42,975	17 %	38,578	17 %	4,397	11 %
Automotive/Mobile	172,754	14 %	187,449	14 %	(14,695)	-8 %
Aviation	23,458	6 %	19,590	6 %	3,868	20 %
Total	$ 372,032	13 %	$ 355,440	14 %	$ 16,592	5 %

Selling, general and administrative expense increased 5% in absolute dollars and declined 50 basis points as a percent of revenues compared to fiscal year 2013. The absolute dollar increase is primarily related to product support, information technology costs and legal costs specific to marine litigation. The aviation increase was primarily driven by product support costs. Other variances by segment, excluding aviation, are primarily due to the allocation of certain selling, general and administrative expenses based on percentage of total revenues.

Management expects selling, general and administrative expenses to increase slightly as a percentage of sales in 2015.

Research and Development Expense

	52-weeks ended Dec 27, 2014		52-weeks ended Dec 28, 2013		Year over Year	
	Research & Development	% of Revenues	Research & Development	% of Revenues	$ Change	% Change
Outdoor	$ 29,747	7 %	$ 24,469	6 %	$ 5,278	22 %
Fitness	39,252	7 %	27,757	8 %	11,495	41 %
Marine	48,150	19 %	46,585	21 %	1,565	3 %
Automotive/Mobile	134,774	11 %	136,639	10 %	(1,865)	-1 %
Aviation	143,198	37 %	129,473	38 %	13,725	11 %
Total	$ 395,121	14 %	$ 364,923	14 %	$ 30,198	8 %

Research and development expense increased 8% due to ongoing development activities for new products and the addition of over 200 new engineering personnel to our staff since the fiscal year 2013. In absolute dollars, research and development costs increased $30.2 million when compared with fiscal year 2013 and decreased 10 basis points as a percent of revenue. Fitness, outdoor and aviation increased to support new product initiatives. Automotive/mobile investment declined due to efforts to allocate research and development spending to areas with the highest growth potential.

Management believes that one of the key strategic initiatives for future growth and success of Garmin is continuous innovation, development, and introduction of new products. Management expects that its research and development expenses will increase during fiscal 2015 on an absolute dollar basis and as a percent of revenue in order to deliver innovative new products and technologies.

Operating Income

	52-weeks ended Dec 27, 2014		52-weeks ended Dec 28, 2013		Year over Year	
	Operating Income	% of Revenues	Operating Income	% of Revenues	$ Change	% Change
Outdoor	$ 151,055	35 %	$ 159,197	39 %	$ (8,142)	-5 %
Fitness	190,682	34 %	120,250	34 %	70,432	59 %
Marine	26,232	11 %	18,493	8 %	7,739	42 %
Automotive/Mobile	215,679	17 %	188,517	14 %	27,162	14 %
Aviation	106,978	28 %	87,575	26 %	19,403	22 %
Total	$ 690,626	24 %	$ 574,032	22 %	$ 116,594	20 %

As a result of the above, operating income increased 20% in absolute dollars and 220 basis points as a percent of revenue when compared to the fiscal year 2013. Revenue growth and an improving gross margin percentage, as discussed above, contributed to the growth. By segment results are discussed above.

Other Income (Expense)

	52-weeks ended December 27, 2014	52-weeks ended December 28, 2013
Interest Income	$ 35,584	35,271
Foreign Currency gains(losses)	(4,299)	35,538
Other	1,834	8,717
Total	$ 33,119	$ 79,526

The average return on cash and investments during the fiscal years of 2014 and 2013 were 1.3% and 1.4%, respectively. The slight increase in interest income was offset by fewer capital gains on investments in 2014, which is recorded as Other income.

Foreign currency gains and losses for the Company are primarily tied to movements by the Taiwan Dollar, the Euro, and the British Pound Sterling in relation to the U.S. Dollar. The Taiwan Dollar is the functional currency of Garmin Corporation. The U.S. Dollar remains the functional currency of Garmin (Europe) Ltd. The Euro is the functional currency of most European subsidiaries. As these entities have grown, currency fluctuations can generate material gains and losses. Additionally, Euro-based inter-company transactions can also generate currency gains and losses. Due to the relative size of the entities using a functional currency other than the Taiwan Dollar, the Euro and the British Pound Sterling, currency fluctuations related to these entities are not expected to have a material impact on the Company’s financial statements.

The majority of the $4.3 million currency loss in the fiscal year 2014 was due to the strengthening of the U.S. Dollar compared to the Euro and the British Pound Sterling. The strengthening of the U.S. Dollar compared to the Taiwan Dollar contributed an offsetting gain. The movements of the Taiwan Dollar and Euro/British Pound Sterling have offsetting impacts when the currencies move congruently against the U.S. Dollar due to the use of the Taiwan Dollar for manufacturing costs and cash held in non-functional currency while the Euro and British Pound Sterling transactions relate primarily to revenue. During fiscal year 2014, the U.S. Dollar strengthened 11.4% compared to the Euro and 5.5% compared to the British Pound Sterling resulting in a net loss of $43.7 million. This was more than offset as the U.S. Dollar strengthened 5.5% compared to the Taiwan Dollar resulting in a gain of $44.8 million. The remaining net currency loss of $5.4 million is related to other currencies and timing of transactions.

The majority of the $35.5 million currency gain in 2013 was due to the strengthening of the U.S. Dollar compared to the Taiwan Dollar. The weakening of the U.S. Dollar compared to the Euro and British Pound Sterling contributed additional gains. During 2013, the U.S. Dollar weakened 4.1% and 2.2%, respectively, relative to the Euro and British Pound Sterling resulting in a foreign currency gain of $7.5 million in Garmin Ltd. and our European subsidiaries. The U.S. Dollar strengthened 3.3% against the Taiwan Dollar resulting in a $30.2 million foreign currency gain due to the fluctuation of asset balances throughout the year. The net result of these currency moves combined with other losses of $2.1 million, and the timing of transactions during the year was a net gain of $35.5 million for the Company.

Income Tax Provision

Our income tax expense increased by $318.4 million, to $359.5 million for the fiscal year 2014, from $41.1 million for the fiscal year 2013. Contributing to the significant increase were:

- tax expense of $307.6 million associated with the inter-company restructuring discussed below,
- expiration of certain Taiwan tax holidays and
- research and development tax credits of $6.3 million related to 2012 which were recognized when the related legislation was enacted in January 2013.

Partially offset by favorable impacts including:

- release of uncertain tax position reserves due to expiration of certain statutes of limitations or completion of tax audits of $83.9 million in fiscal year 2014 compared to releases of $79.9 million in fiscal year 2013.

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 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 will be paid incrementally as the cash is repatriated.

The Company expects the effective income tax rate to be between 16-17% in 2015.

Net Income (Loss)

As a result of the various factors noted above, net income decreased 41% to $364.2 million for the fiscal year 2014 compared to $612.4 million for fiscal year 2013.

Comparison of 52-Weeks Ended December 28, 2013 and December 29, 2012

Net Sales

	52-weeks ended December 28, 2013			52-weeks ended December 29, 2012			Year over Year		
	Net Sales	% of Revenues		Net Sales	% of Revenues		$ Change	% Change	
Outdoor	$ 410,989	16	%	$ 401,747	15	%	$9,242	2	%
Fitness	356,283	14	%	321,788	12	%	34,495	11	%
Marine	222,928	8	%	208,136	7	%	14,792	7	%
Automotive/Mobile	1,302,314	49	%	1,492,440	55	%	(190,126)	-13	%
Aviation	339,337	13	%	291,564	11	%	47,773	16	%
Total	$ 2,631,851	100	%	$ 2,715,675	100	%	$(83,824)	-3	%

Net sales decreased 3% in 2013 when compared to the year-ago period. The decrease was driven by the automotive/mobile segment which posted a 13% decline with offsetting growth in outdoor, fitness, marine and aviation. Automotive/mobile revenue remains the largest portion of our revenue mix at 49% in 2013, compared to 55% in 2012.

Total unit sales decreased 10% to 13.9 million units in 2013 from 15.4 million units in 2012. The decrease in unit sales volume was attributable to reduced automotive/mobile volumes due to penetration rates and competing technologies. This decline was partially offset by growth in each of the other segments.

Automotive/mobile segment revenue decreased 13% from the year-ago period, as volumes decreased 17% partially offset by average selling price (ASP) improvement due to the amortization of previously deferred revenue exceeding current year revenue deferrals in 2013 and increased auto OEM contribution with a higher ASP.

Aviation revenues increased 16% from the year-ago period as the OEM market improved in some aircraft categories, as well as contribution from recent share gains and aftermarket products. Fitness revenues increased 11% on the strength of our cycling products, power meter, and the Forerunner 10 with strong volume growth partially offset by reduced ASPs associated with the Forerunner 10. Revenues in our marine segment increased 7% as new product introductions were partially offset by a weak first quarter when we discounted many products in advance of new products and a global marine electronics industry that continues to be weak due to macroeconomic instability.

Cost of Goods Sold

	52-weeks ended December 28, 2013		52-weeks ended December 29, 2012		Year over Year	
	Cost of Goods	% of Revenues	Cost of Goods	% of Revenues	$ Change	% Change
Outdoor	$ 148,460	36 %	$ 141,183	35 %	$7,277	5 %
Fitness	133,358	37 %	117,173	36 %	16,185	14 %
Marine	107,837	48 %	82,935	40 %	24,902	30 %
Automotive/Mobile	737,231	57 %	849,527	57 %	(112,296)	-13 %
Aviation	97,665	29 %	86,377	30 %	11,288	13 %
Total	$ 1,224,551	47 %	$ 1,277,195	47 %	$(52,644)	-4 %

Cost of goods sold decreased 4% when compared to the year ago period. As a percentage of revenue, cost of goods sold decreased 50 basis points from the year ago period. Cost of goods as a percentage of revenue for outdoor and fitness were negatively impacted by product mix and slight ASP declines. Cost of goods as a percentage of revenues increased by 850 basis points in marine due to significant pricing discounts on legacy inventory in the first half of 2013, competitive pricing dynamics on new products and rising component costs. The automotive/mobile segment recorded a 13% decline in cost of goods in absolute dollars as revenues declined 13%. Cost of goods as a percentage of revenues for the automotive/mobile segment decreased by 30 basis points as the effect of a $21 million one-time royalty fee benefit related to license fee overpayments recorded in the second quarter of 2012 was offset by the benefit from the amortization of previously deferred high margin revenue and the associated costs exceeding new deferrals on current period sales in 2013. The aviation segment experienced an absolute dollar cost of goods sold increase generally commensurate with the sales increase discussed above.

Gross Profit

	52-weeks ended December 28, 2013		52-weeks ended December 29, 2012		Year over Year	
	Gross Profit	% of Revenues	Gross Profit	% of Revenues	$ Change	% Change
Outdoor	$ 262,529	64 %	$ 260,564	65 %	$ 1,965	1 %
Fitness	222,925	63 %	204,615	64 %	18,310	9 %
Marine	115,091	52 %	125,201	60 %	(10,110)	-8 %
Automotive/Mobile	565,083	43 %	642,913	43 %	(77,830)	-12 %
Aviation	241,672	71 %	205,187	70 %	36,485	18 %
Total	$ 1,407,300	53 %	$ 1,438,480	53 %	$ (31,180)	-2 %

Gross profit dollars in 2013 decreased 2% while gross profit margin increased 50 basis points compared to 2012 driven primarily by the automotive/mobile and aviation segments. The automotive/mobile gross margin was stable at 43% as the royalty benefit recorded in the second quarter of 2012 was offset by increased amortization of previously deferred high margin revenues in 2013, as discussed above. The gross profit margin percentage for the marine segment declined by 850 basis points as discussed above.

Advertising Expenses

	52-weeks ended December 28, 2013			52-weeks ended December 29, 2012			Year over Year		
	Advertising Expense	% of Revenues		Advertising Expense	% of Revenues		$ Change	% Change	
Outdoor	$ 19,805	5	%	$ 20,812	5	%	$ (1,007)	-5	%
Fitness	24,153	7	%	25,322	8	%	(1,169)	-5	%
Marine	11,435	5	%	14,804	7	%	(3,369)	-23	%
Automotive/Mobile	52,478	4	%	72,817	5	%	(20,339)	-28	%
Aviation	5,034	1	%	5,002	2	%	32	1	%
Total	$ 112,905	4	%	$ 138,757	5	%	$ (25,852)	-19	%

Advertising expense decreased 19% in absolute dollars and 80 basis points as a percent of revenue compared to the year-ago period. The decrease occurred primarily in the automotive/mobile and marine segments due to reduced cooperative advertising associated with lower volumes in automotive/mobile and a newer product line in marine requiring less promotional activity.

Selling, General and Administrative Expenses

	52-weeks ended December 28, 2013			52-weeks ended December 29, 2012			Year over Year		
	Selling, General & Admin. Expenses	% of Revenues		Selling, General & Admin. Expenses	% of Revenues		$ Change	% Change	
Outdoor	$ 59,058	14	%	$ 54,535	14	%	$ 4,523	8	%
Fitness	50,765	14	%	43,943	14	%	6,822	16	%
Marine	38,578	17	%	33,540	16	%	5,038	15	%
Automotive/Mobile	187,449	14	%	220,669	15	%	(33,220)	-15	%
Aviation	19,590	6	%	17,103	6	%	2,487	15	%
Total	$ 355,440	14	%	$ 369,790	14	%	$ (14,350)	-4	%

Selling, general and administrative expense decreased 4% in absolute dollars and 10 basis points as a percent of revenues compared to the year-ago period. The absolute dollar decrease is primarily related to reduced legal settlements and legal fees in the automotive/mobile segment. The increase in aviation is partially related to an increase in bad debt expense. Variances by segment are primarily due to the allocation of certain selling, general and administrative expenses based on percentage of total revenues.

Research and Development Expense

	52-weeks ended December 28, 2013		52-weeks ended December 29, 2012		Year over Year	
	Research & Development	% of Revenues	Research & Development	% of Revenues	$ Change	% Change
Outdoor	$ 24,469	6 %	$ 20,606	5 %	$ 3,863	19 %
Fitness	27,757	8 %	23,543	7 %	4,214	18 %
Marine	46,585	21 %	42,857	21 %	3,728	9 %
Automotive/Mobile	136,639	10 %	128,661	9 %	7,978	6 %
Aviation	129,473	38 %	110,106	38 %	19,367	18 %
Total	$ 364,923	14 %	$ 325,773	12 %	$ 39,150	12 %

Research and development expense increased 12% due to ongoing development activities for new products and the addition of over 200 new engineering personnel to our staff since 2012. In absolute dollars, research and development costs increased $39.2 million when compared with 2012 representing a 190 basis point increase as a percent of revenue. Aviation had the largest increase in absolute dollars as we are investing heavily in OEM opportunities. Marine and automotive/mobile investment is focused on marine product enhancements and automotive OEM opportunities, respectively. Within outdoor and fitness, we launched a number of new product categories in 2013. We are also exploring new categories within these segments.

Operating Income

	52-weeks ended December 28, 2013			52-weeks ended December 29, 2012			Year over Year		
	Operating Income	% of Revenues		Operating Income	% of Revenues		$ Change	% Change	
Outdoor	$ 159,197	39	%	$ 164,611	41	%	$(5,414)	-3	%
Fitness	120,250	34	%	111,807	35	%	8,443	8	%
Marine	18,493	8	%	34,000	16	%	(15,507)	-46	%
Automotive/Mobile	188,517	14	%	220,766	15	%	(32,249)	-15	%
Aviation	87,575	26	%	72,976	25	%	14,599	20	%
Total	$ 574,032	22	%	$ 604,160	22	%	$(30,128)	-5	%

Operating income decreased 5% in absolute dollars and 40 basis points as a percent of revenue when compared to 2012 due to declining revenues and increased research and development expense offset by a slight improvement in gross margins and cost reductions in advertising and selling, general and administrative expenses, as discussed above.

Other Income (Expense)

	52-weeks ended December 28, 2013	52-weeks ended December 29, 2012	
Interest Income	$ 35,271	$ 35,108	
Foreign Currency gain(losses)	35,538	(20,022	)
Other	8,717	5,282	
Total	$ 79,526	$ 20,368	

Other income (expense) principally consists of interest income and foreign currency exchange gains and losses. Interest income for fiscal 2013 increased slightly due to increasing cash and marketable securities balances during the year.

The majority of the $35.5 million currency gain in 2013 was due to the strengthening of the U.S. Dollar compared to the Taiwan Dollar. The weakening of the U.S. Dollar compared to the Euro and British Pound Sterling contributed additional gains. The movements of the Taiwan Dollar and Euro/British Pound Sterling have offsetting impacts due to the use of the Taiwan Dollar for manufacturing costs and cash held in non-functional currency while the Euro and British Pound Sterling transactions relate to revenue. During 2013, the U.S. Dollar weakened 4.1% and 2.2%, respectively, relative to the Euro and British Pound Sterling resulting in a foreign currency gain of $7.5 million in Garmin Ltd. and our European subsidiaries. The U.S. Dollar strengthened 3.3% against the Taiwan Dollar resulting in a $30.2 million foreign currency gain due to the fluctuation of asset balances throughout the year. The net result of these currency moves combined with other losses of $2.1 million, and the timing of transactions during the year was a net gain of $35.5 million for the Company.

The $20.0 million currency loss in 2012 was due primarily to weakening of the U.S. Dollar compared to the Taiwan Dollar. During 2012, the U.S. Dollar weakened 3.8% compared to the Taiwan Dollar resulting in a loss of $31.3 million. This was partially offset by the U.S. Dollar weakening 2.1% and 4.3%, respectively, compared to the Euro and the British Pound Sterling, resulting in a $10.4 million gain. The remaining net currency gain of $0.8 million is related to other currencies and timing of transactions.

Income Tax Provision

Our income tax expense decreased by $41.0 million, to $41.1 million for the fiscal year 2013, from $82.1 million for the fiscal year 2012. Contributing to the significant decrease were:

· release of uncertain tax position reserves due to expiration of certain statutes of limitations or completion of tax audits of $79.9 million in fiscal year 2013 compared to releases of $13.0 million in fiscal year 2012 and

· research and development tax credits of $6.3 million related to 2012 which were recognized when the related legislation was enacted in January 2013

Partially offset by unfavorable impacts including:

· unfavorable income mix across tax jurisdictions and

· expiration of certain Taiwan tax holidays.

Net Income

As a result of the various factors noted above, net income increased 13% to $612.4 million for fiscal year 2013 compared to $542.4 million for fiscal year 2012.

Liquidity and Capital Resources

Operating Activities

	Fiscal Year Ended		
	Dec 27,	Dec 28,	Dec 29,
(In thousands)	2014	2013	2012
Net cash provided by operating activities	$522,711	$630,084	$684,745

The $107.4 million decrease in cash provided by operating activities in fiscal year 2014 compared to fiscal year 2013 was primarily due to the following:

· net income decreasing by $248.2 million, including the $307.6 million tax expense related to the inter-company restructuring, as discussed in the Results of Operations section above

· accounts receivable providing $66.0 million less cash primarily due to the increasing sales in fourth quarter 2014 and timing of collections

- deferred revenue/costs providing $58.2 million less working capital benefit due to the increased amortization of previously deferred revenue/cost as discussed in the Results of Operations section above and
- inventories, net providing $53.9 million less cash primarily due to new product categories and increasing product demand partially offset by increased reserves for obsolete and slow moving inventories

Partially offset by:

- income taxes payable providing $130.2 million more cash due to the timing of disbursements primarily related to the inter-company restructuring offset by the release of uncertain tax position reserves due to expiration of certain statutes of limitations or completion of tax audits
- the impact of deferred income taxes providing $81.9 million more cash due primarily to timing of disbursements partially related to the inter-company restructuring in addition to the reclassification of withholding taxes from current taxes payable.

- other current and non-current liabilities providing $48.2 million more cash due to timing of payments related to royalties and advertising
- the impact of increasing unrealized foreign currency losses providing $40.7 million more cash due primarily to foreign currency rate fluctuations related to our Taiwan operations which utilize the Taiwan Dollar as their functional currency and specific European operations which utilize the Euro as their functional currency resulting in translation of assets and liabilities to U.S. Dollar
- other current and noncurrent assets providing $22.6 million more cash primarily due to timing of payments associated with advertising and sponsorships

The $54.7 million decrease in cash provided by operating activities in fiscal year 2013 compared to fiscal year 2012 was primarily due to the following:

- the impact of increasing unrealized foreign currency gains providing $80.2 million less cash due primarily to foreign currency rate fluctuations related to our Taiwan operations which utilize the Taiwan Dollar as their functional currency resulting in translation of assets and liabilities to U.S. Dollar
- deferred revenue/costs providing $70.8 million less working capital benefit due to the increased amortization of previously deferred revenue/cost exceeding current period revenue deferrals as discussed in the Results of Operations section above
- other current and noncurrent assets providing $61.7 million less cash primarily due to the reimbursement of tax withholdings of $51.4 million from the Swiss Federal Tax Authority in 2012
- inventories and related provisions for obsolete and slow moving inventories providing $11.7 million less cash due to valuation fluctuations related to inventories held in foreign currencies
- the impact of decreasing depreciation and amortization providing $11.7 million less non-cash adjustment to net income and
- the impact of decreasing stock compensation expense providing $6.7 million less non-cash adjustment to net income

Partially offset by:

- net income increasing by $70.0 million as discussed in the Results of Operations section above
- accounts payable providing $57.0 million more cash primarily due to the impact of lower revenues and associated expenses in 2013
- deferred income taxes providing $40.0 million more cash due primarily to the impact of decreased deferred revenue/costs and
- accounts receivable and related provision for doubtful accounts providing $26.4 million more cash primarily due to the impact of lower revenues and the associated decline in receivables

We expect to generate $610 million of cash flow from operations in 2015 with ongoing net income.

Investing Activities

	Fiscal Year Ended		
(In thousands)	Dec 27, 2014	Dec 28, 2013	Dec 29, 2012
Net cash provided by (used in) investing activities	$131,332	$(274,442)	$(496,228)

The $405.8 million increase in cash provided by investing activities in fiscal year 2014 compared to fiscal year 2013 was primarily due to the following:

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- collection of cash advanced under a loan receivable commitment with Bombardier of $137.4 million in the current year period compared to a cash advance of the same amount in the prior year period and
- increased net redemptions of marketable securities of $165.9 million

Partially offset by:

- increased purchases of property and equipment of $17.3 million
- increased cash payments for acquisitions of $13.2 million and
- increased cash payments for intangible assets of $3.6 million

The $221.8 million decrease in cash used in investing activities in fiscal year 2013 compared to fiscal year 2012 was primarily due to the following:

- decreased net investments in marketable securities providing cash of $368.3 million

Partially offset by:

- increased cash advanced under a loan receivable commitment with Bombardier of $137.4 million, and
- increased purchases of property and equipment of $17.6 million

We have budgeted approximately $85 million of capital expenditures during fiscal 2015 to include some facility expansion, along with normal ongoing capital expenditures and maintenance activities. It is management's goal to invest the on-hand cash consistent with Garmin's investment policy, which has been approved by the Board of Directors. The investment policy's primary purpose is to preserve capital, maintain an acceptable degree of liquidity, and maximize yield within the constraint of low credit risk. Garmin's average return on cash and investments during fiscal 2014, 2013, and 2012 were approximately 1.3%, 1.4% and 1.4%, respectively.

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.

Financing Activities

	Fiscal Year Ended		
(In thousands)	Dec 27, 2014	Dec 28, 2013	Dec 29, 2012
Net cash used in financing activities	$(599,622)	$(406,838)	$(249,849)

The $192.8 million increase in cash used in financing activities in fiscal year 2014 compared to fiscal year 2013 was primarily due to the following:

- increased purchase of treasury stock of $183.2 million under a share repurchase authorization and
- increased dividend payments of $8.4 million due to the increased dividend per share that was effective beginning in the second calendar quarter of 2014

The $157.0 million increase in cash used in financing activities in fiscal year 2013 compared to fiscal year 2012 was primarily due to the following:

- increased dividend payments of $98.3 million due to the timing of our calendar fourth quarter 2012 dividend occurring after the close of our fiscal year and the increase in our year-over-year dividend rate and
- increased purchase of treasury stock of $58.4 million under a share repurchase authorization

Our dividend has progressively increased from $0.40 per share for the four calendar quarters beginning in June 2011 to $0.45 per share for the eight calendar quarters beginning in June 2012 to $0.48 per share for the four calendar quarters beginning in June 2014.

We currently use cash flow from operations to fund our capital expenditures, to support our working capital requirements, and to pay dividends. We expect that future cash requirements will principally be for capital expenditures, working capital, payment of dividends declared, share repurchases and the funding of strategic acquisitions. We believe that our existing cash balances and cash flow from operations will be sufficient to meet our long-term projected capital expenditures, working capital and other cash requirements.

Contractual Obligations and Commercial Commitments

Future commitments of Garmin, as of December 27, 2014, aggregated by type of contractual obligation, are:

	Payments due by period				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating Leases	$71.3	$ 16.4	$ 24.2	$ 15.8	$ 14.8

The Company is a 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 $268.1 million over the next five years.

We may be required to make significant cash outlays related to unrecognized tax benefits. However, due to the uncertainty of the timing of future cash flows associated with our unrecognized tax benefits, we are unable to make reasonably reliable estimates of the period of cash settlement, if any, with the respective taxing authorities. Accordingly, unrecognized tax benefits of $77.5 million as of December 27, 2014, have been excluded from the contractual obligations table above. For further information related to unrecognized tax benefits, see Note 2, “Income Taxes,” to the consolidated financial statements included in this Report.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market Sensitivity

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

Inflation

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

Foreign Currency Exchange Rate Risk

The operation of Garmin’s subsidiaries in international markets results in exposure to movements in currency exchange rates. We have experienced significant foreign currency gains and losses due to the strengthening and weakening of the U.S. dollar. The potential of volatile foreign exchange rate fluctuations in the future could have a significant effect on our results of operations. The company has not historically hedged its foreign currency exchange rate risks.

The currencies that create a majority of the Company’s exchange rate exposure are the Taiwan Dollar, Euro, and British Pound Sterling. Garmin Corporation, headquartered in Sijhih, Taiwan, uses the local currency as the functional currency. The Company translates all assets and liabilities at year-end exchange rates and income and expense accounts at average rates during the year. In order to minimize the effect of the currency exchange fluctuations on our net assets, we have elected to retain most of our Taiwan subsidiary's cash and investments in marketable securities denominated in U.S. dollars.

Most European subsidiaries use the Euro as the functional currency**.** The functional currency of our largest European subsidiary, Garmin (Europe) Ltd. remains the U.S. dollar, and as some transactions occurred in British Pounds Sterling or Euros, foreign currency gains or losses have been realized historically related to the movements of those currencies relative to the U.S. dollar. The Company believes that gains and losses will become more material in the future as our European presence grows. In 2014, the U.S. Dollar strengthened 11.4% and 5.5%, respectively, relative to the Euro and British Pound Sterling resulting in a foreign currency loss of $43.7 million in Garmin Ltd. and our European subsidiaries. The U.S. Dollar strengthened 5.5% against the Taiwan Dollar resulting in a $44.8 million foreign currency gain due to the fluctuation of asset balances throughout the year. The net result of these currency moves combined with other losses of $5.4 million, and the timing of transactions during the year was a net loss of $4.3 million for the Company and a cumulative translation adjustment of $64.5 million during the fiscal year 2014.

We assessed the Company's exposure to movements in currency exchange rates by performing a sensitivity analysis of adverse changes in exchange rates and the corresponding impact to our results of operations. Based on total monetary assets and liabilities denominated in currencies other than respective functional currencies as of December 27, 2014, a hypothetical and reasonably possible adverse change of 10% for the Taiwan Dollar, Euro, and British Pound Sterling would have resulted in an adverse impact on income before income taxes of approximately $118 million at December 27, 2014.

Interest Rate Risk

We have no outstanding long-term debt as of December 27, 2014. We, therefore, have no meaningful debt-related interest rate risk.

We are exposed to interest rate risk in connection with our investments in marketable securities. As interest rates change, the unrealized gains and losses associated with those securities will fluctuate accordingly.

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 securities in an unrealized loss position and it is not more likely than not that the Company will be required to sell such investments before recovery of their amortized costs bases, which may be maturity. During 2014 and 2013, the Company did not record any material impairment charges on its outstanding securities.

We assessed the Company’s exposure to interest rate risk by performing a sensitivity analysis of a parallel shift in the yield curve and the corresponding impact to the Company’s portfolio of marketable securities. Based on balance sheet positions as of December 27, 2014, a hypothetical and reasonably possible 100 basis point increase in interest rates across all maturities would result in an approximate $52 million decline in the fair market value of the portfolio. Such losses would only be realized if the Company sold the investments prior to maturity.

Item 8. Financial Statements and Supplementary Data

CONSOLIDATED FINANCIAL STATEMENTS

Garmin Ltd. and Subsidiaries

Years Ended December 27, 2014, December 28, 2013, and December 29, 2012

Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Garmin Ltd.

We have audited the accompanying consolidated balance sheets of Garmin Ltd. and subsidiaries as of December 27, 2014 and December 28, 2013, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 27, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above 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 their operations and their cash flows for each of the three years in the period ended December 27, 2014, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Garmin Ltd.'s internal control over financial reporting as of December 27, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 18, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Ernst & Young LLP

Kansas City, Missouri

February 18, 2015

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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.

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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.

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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	–	–	–	–	29,019	29,019

securities net of income tax effects of $201						
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.

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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.

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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
	Unobservable inputs for the asset or liability

Level
3

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

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	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	Remaining Life (Years)	Awards Exercisable
	(In Thousands)	(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:

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	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

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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.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a) Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on the evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

(b) Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's assessment of and conclusion on the effectiveness of internal control over financial reporting are included as Exhibits 31.1, 31.2, 32.1 and 32.2.

Management of the Company assessed the effectiveness of the Company's internal control over financial reporting as of December 27, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control-Integrated Framework" (2013 framework).

Based on such assessment and those criteria, management believes that the Company maintained effective internal control over financial reporting as of December 27, 2014.

Ernst & Young LLP, the independent registered public accounting firm that audited the Company's consolidated financial statements, issued an attestation report on management's effectiveness of the Company's internal control over financial reporting as of December 27, 2014, as stated in their report which is included herein. That attestation report appears below.

(c) Attestation Report of the Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Garmin Ltd. and Subsidiaries

We have audited Garmin Ltd. and Subsidiaries' internal control over financial reporting as of December 27, 2014, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Garmin Ltd.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Garmin Ltd. and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 27, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Garmin Ltd. and Subsidiaries as of December 27, 2014 and December 28, 2013, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 27, 2014 of Garmin Ltd. and Subsidiaries and our report dated February 18, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Kansas City, Missouri
February 18, 2015

(d) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 27, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Garmin has incorporated by reference certain information in response or partial response to the Items under this Part III of this Annual Report on Form 10-K pursuant to General Instruction G(3) of this Form 10-K and Rule 12b-23 under the Exchange Act. Garmin's definitive proxy statement in connection with its annual meeting of shareholders scheduled for June 5, 2015 (the "Proxy Statement") will be filed with the Securities and Exchange Commission no later than 120 days after December 27, 2014.

(a) Directors of the Company

The information set forth in response to Item 401 of Regulation S-K under the headings "Proposal 1 - Election of Two Directors" and "The Board of Directors" in the Proxy Statement is hereby incorporated herein by reference in partial response to this Item 10.

(b) Executive Officers of the Company

The information set forth in response to Item 401 of Regulation S-K under the heading "Executive Officers of the Registrant" in Part I of this Form 10-K is incorporated herein by reference in partial response to this Item 10.

(c) Compliance with Section 16(a) of the Exchange Act

The information set forth in response to Item 405 of Regulation S-K under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement is hereby incorporated herein by reference in partial response to this Item 10.

(d) Audit Committee and Audit Committee Financial Expert

The information set forth in response to Item 402 of Regulation S-K under the heading “The Board of Directors — Audit Committee” in the Proxy Statement is hereby incorporated herein by reference in partial response to this Item 10.

The Audit Committee consists of Joseph J. Hartnett, Charles W. Peffer and Thomas P. Poberezny. Mr. Peffer serves as the Chairman of the Audit Committee. All members of the Audit Committee are “independent” within the meaning of the rules of the SEC and the NASDAQ Marketplace Rules. Garmin’s Board of Directors has determined that Mr. Hartnett and Mr. Peffer are “audit committee financial experts” as defined by the SEC regulations implementing Section 407 of the Sarbanes-Oxley Act of 2002.

(e) Code of Ethics

Garmin’s Board of Directors has adopted the Code of Conduct of Garmin Ltd. and Subsidiaries (the “Code”). The Code is applicable to all Garmin employees including the President and Chief Executive Officer, the Chief Financial Officer, the Controller and other officers. A copy of the Code is available on Garmin’s website at: http://www8.garmin.com/aboutGarmin/invRelations/documents/Code_of_Conduct.pdf. If any amendments to the Code are made, or any waivers with respect to the Code are granted to the President and Chief Executive Officer, the Chief Financial Officer or Controller, or any person performing a similar function, such amendment or waiver will be disclosed on Garmin’s website at:
http://www8.garmin.com/aboutGarmin/invRelations/documents/Code_of_Conduct.pdf.

Item 11. Executive Compensation

The information set forth in response to Item 402 of Regulation S-K under the headings "Executive Compensation Matters" and "The Board of Directors – Non-Management Director Compensation" in the Proxy Statement is hereby incorporated herein by reference in partial response to this Item 11.

The information set forth in response to Item 407(e)(4) of Regulation S-K under the heading "The Board of Directors — Compensation Committee Interlocks and Insider Participation; Certain Relationships" in the Proxy Statement is hereby incorporated herein by reference in partial response to this Item 11.

The information set forth in response to Item 407(e)(5) of Regulation S-K under the heading "Executive Compensation Matters – Report of Compensation Committee" in the Proxy Statement is hereby incorporated herein by reference in partial response to this Item 11.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information set forth in response to Item 403 of Regulation S-K under the heading "Stock Ownership of Certain Beneficial Owners and Management" in the Proxy Statement is hereby incorporated herein by reference in partial response to this Item 12.

Equity Compensation Plan Information

The following table gives information as of December 27, 2014 about the Garmin common shares that may be issued under all of the Company's existing equity compensation plans, as adjusted for stock splits.

	A	**B**	**C** **Number of securities remaining available for future issuance under**

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	equity compensation plans (excluding securities reflected in column A)
Equity compensation plans approved by shareholders	5,818,753	$ 63.19	5,443,447
Equity compensation plans not approved by shareholders	—	—	—
Total	5,818,753	$ 63.19	5,443,447

Table consists of the Garmin Ltd. 2005 Equity Incentive Plan (as Amended and Restated Effective June 5, 2010), the Garmin Ltd. 2000 Equity Incentive Plan, the Garmin Ltd. Amended and Restated 2000 Non-Employee Directors' Option Plan, effective June 5, 2010, the Garmin Ltd. Amended and Restated Employee Stock Purchase Plan, effective January 1, 2010 and the Garmin Ltd. 2011 Non-Employee Directors Equity Incentive Plan, effective June 3, 2011. The weighted-average exercise price does not reflect the shares that will be issued upon the payment of outstanding awards of RSUs.

The Company has no knowledge of any arrangement, the operation of which may at a subsequent date result in a change in control of the Company.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information set forth in response to Item 404 of Regulation S-K under the heading "Compensation Committee Interlocks and Insider Participation; Certain Relationships" in the Proxy Statement is incorporated herein by reference in partial response to this Item 13.

The information set forth in response to Item 407(a) of Regulation S-K under the headings "Proposal One— Election of Two Directors" and "The Board of Directors" in the Proxy Statement is hereby incorporated herein by reference in partial response to this Item 13.

Item 14. Principal Accounting Fees and Services

The information set forth under the headings "Audit Matters — Independent Registered Public Accounting Firm Fees" and "Pre-Approval of Services Provided by the Independent Auditor" in the Proxy Statement is hereby incorporated by reference in response to this Item 14.

PART IV

Item 15. Exhibits, and Financial Statement Schedules

(a) List of Documents filed as part of this Report

(1) Consolidated Financial Statements

The consolidated financial statements and related notes, together with the reports of Ernst & Young LLP, appear in Part II, Item 8 “Financial Statements and Supplementary Data” of this Form 10-K.

(2) Schedule II Valuation and Qualifying Accounts

All other schedules have been omitted because they are not applicable, are insignificant or the required information is shown in the consolidated financial statements or notes thereto.

(3) Exhibits — The following exhibits are filed as part of, or incorporated by reference into, this Annual Report on Form 10-K:

EXHIBIT NUMBER	DESCRIPTION
3.1	Articles of Association of Garmin Ltd., as amended on April 25, 2014 (incorporated by reference to Exhibit 3.1 of the Registrant’s Quarterly Report on Form 10-Q filed on April 30, 2014).
3.2	Organizational Regulations of Garmin Ltd., as amended on February 14, 2014(incorporated by reference to Exhibit 3.2 of the Registrant’s Annual Report on Form 10-K filed on February 19, 2014).
10.1	Garmin Ltd. 2000 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 of the Registrant’s Registration Statement on Form S-1 filed December 6, 2000 (Commission File No. 333-45514)).
10.2	Form of Stock Option Agreement pursuant to the Garmin Ltd. 2000 Equity Incentive Plan for Employees of Garmin International, Inc. (incorporated by reference to Exhibit 10.1 of the Registrant’s Current Report on Form 8-K filed on September 7, 2004).
10.3	Form of Stock Option Agreement pursuant to the Garmin Ltd. 2000 Equity Incentive Plan for Employees of Garmin Corporation (incorporated by reference to Exhibit 10.3 of the Registrant’s Current Report on

	Form 8-K filed on September 7, 2004).
10.4	Form of Stock Option Agreement pursuant to the Garmin Ltd. 2000 Equity Incentive Plan for UK-Approved Stock Options for Employees of Garmin (Europe) Ltd. (incorporated by reference to Exhibit 10.4 of the Registrant’s Current Report on Form 8-K filed on September 7, 2004).
10.5	Form of Stock Option Agreement pursuant to the Garmin Ltd. 2000 Equity Incentive Plan for Non UK-Approved Stock Options for Employees of Garmin (Europe) Ltd. (incorporated by reference to Exhibit 10.5 of the Registrant’s Current Report on Form 8- K filed on September 7, 2004).

10.6	Garmin Ltd. 2000 Non-Employee Directors' Option Plan (incorporated by reference to Exhibit 10.2 of the Registrant's Registration Statement on Form S-1 filed December 6, 2000 (Commission File No. 333-45514)).
10.7	Form of Stock Option Agreement pursuant to the Garmin Ltd. Non-Employee Directors' Option Plan for Non-Employee Directors of Garmin Ltd. (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed on September 7, 2004).
10.8	Garmin Ltd. Amended and Restated Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q filed August 9, 2006).
10.9	First Amendment to Garmin Ltd. Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.4 of the Registrant's Annual Report on Form 10-K filed on March 27, 2002).
10.10	Second Amendment to Garmin Ltd. Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q filed on August 13, 2003).
10.11	Garmin Ltd. 2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed on June 7, 2005).
10.12	Form of Stock Option Agreement pursuant to the Garmin Ltd. 2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed on June 7, 2005).
10.13	Form of Stock Appreciation Rights Agreement pursuant to the Garmin Ltd. 2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q filed on May 8, 2007).
10.14	Form of Stock Appreciation Rights Agreement pursuant to the Garmin Ltd. 2000 Equity Incentive Plan (incorporated by reference to Exhibit 10.4 of the Registrant's Current Report on Form 8-K filed on June 7, 2005).
10.15	Amended and Restated Garmin Ltd. Employee Stock Purchase Plan effective January 1, 2008 (incorporated by reference to Exhibit 10.15 of the Registrant's Annual Report on Form 10-K filed on February 26, 2008).
10.16	Form of Time Vested Restricted Stock Unit Award Agreement under the Garmin Ltd. 2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed on December 17, 2008).
10.17	Form of Performance Shares Award Agreement under the Garmin Ltd. 2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed on December 17, 2008).
10.18	Garmin Ltd. 2009 Cash Incentive Bonus Plan (incorporated by reference to Exhibit 10.18 of the Registrant's Annual Report on Form 10-K filed on February 25, 2009

10.19	Amended and Restated Garmin Ltd. Employee Stock Purchase Plan, effective January 1, 2010 (incorporated by reference to Exhibit 10.22 of the Registrant's Annual Report on Form 10-K filed on February 24, 2010).
10.20	Form of Time Vested Restricted Stock Unit Award Agreement under the Garmin Ltd. 2005 Equity Incentive Plan, as revised by the Registrant's Board of Directors on December 11, 2009 (incorporated by reference to Exhibit 10.23 of the Registrant's Annual Report on Form 10-K filed on February 24, 2010).
10.21	Form of Performance Shares Award Agreement under the Garmin Ltd. 2005 Equity Incentive Plan, as revised by the Registrant's Board of Directors on December 11, 2009 (incorporated by reference to Exhibit 10.24 of the Registrant's Annual Report on Form 10-K filed on February 24, 2010).
10.22	Garmin Ltd. 2005 Equity Incentive Plan (as Amended and Restated Effective June 5, 2009) (incorporated by reference to Schedule 1 of the Registrant's Proxy Statement on Schedule 14A filed on April 21, 2009).
10.23	Garmin Ltd. Amended and Restated 2000 Non-Employee Directors' Option Plan, Effective June 5, 2010 (incorporated by reference to Schedule 2 of the Registrant's Proxy Statement on Schedule 14A filed on April 21, 2010).
10.24	Garmin Ltd. Amended and Restated 2000 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed on June 28, 2010).
10.25	Garmin Ltd. Amended and Restated 2000 Non-Employee Directors' Option Plan (incorporated by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K filed on June 28, 2010).
10.26	Garmin Ltd. Amended and Restated Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.4 of the Registrant's Current Report on Form 8-K filed on June 28, 2010).
10.27	Garmin Ltd. Amended and Restated 2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 of the Registrant's Current Report on Form 8-K filed on June 28, 2010).
10.28	Form of Stock Option Agreement pursuant to the Garmin Ltd. Amended and Restated 2000 Non-Employee Directors' Option Plan (incorporated by reference to Exhibit 10.6 of the Registrant's Current Report on Form 8-K filed on June 28, 2010).
10.29	Form of Performance Shares Award Agreement pursuant to the Garmin Ltd. 2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.7 of the Registrant's Current Report on Form 8-K filed on June 28, 2010).
10.30	Form of Restricted Stock Unit Award Agreement pursuant to the Garmin Ltd. 2005 Equity Incentive Plan, for Swiss residents (incorporated by reference to Exhibit 10.8 of the Registrant's Current Report on Form 8-K filed on June 28, 2010).

10.31	Form of Restricted Stock Unit Award Agreement pursuant to the Garmin Ltd. 2005 Equity Incentive Plan, for non-Swiss residents (incorporated by reference to Exhibit 10.9 of the Registrant’s Current Report on Form 8-K filed on June 28, 2010).
10.32	Transaction Agreement between Garmin Ltd., a Cayman Islands company, and the Registrant, dated as of May 21, 2010 (incorporated by reference to Exhibit 10.1 of the Registrant’s Current Report on Form 8-K filed on June 28, 2010).
10.33	Form of Non-Qualified Stock Option Agreement pursuant to the Garmin Ltd. 2005 Equity Incentive Plan, as amended and restated on June 27, 2010 (incorporated by reference to Exhibit 10.1 of the Registrant’s Current Report on Form 8-K filed on December 29, 2011).
10.34	Garmin Ltd. 2011 Non-Employee Directors’ Equity Incentive Plan (incorporated by reference to Schedule 1 of the Registrant’s Definitive Proxy Statement on Form 14A filed on April 21, 2011).
10.35	Form of Restricted Stock Unit Award Agreement pursuant to the Garmin Ltd. 2011 Non-Employee Directors’ Equity Incentive Plan (incorporated by reference to Exhibit 10.2 of the Registrant’s Current Report on Form 8-K filed on June 6, 2011).
10.36	Form of Restricted Stock Unit Award Agreement pursuant to the Garmin Ltd. 2005 Equity Incentive Plan, for Swiss grantees (incorporated by reference to Exhibit 10.1 of the Registrant’s Current Report on Form 8-K filed on December 10, 2012).
10.37	Form of Restricted Stock Unit Award Agreement pursuant to the Garmin Ltd. 2005 Equity Incentive Plan, for Canadian grantees (incorporated by reference to Exhibit 10.2 of the Registrant’s Current Report on Form 8-K filed on December 10, 2012).
10.38	Form of Restricted Stock Unit Award Agreement pursuant to the Garmin Ltd. 2005 Equity Incentive Plan, for non-Swiss and non-Canadian grantees (incorporated by reference to Exhibit 10.3 of the Registrant’s Current Report on Form 8-K filed on December 10, 2012).
10.39	Memorandum of Agreement dated March 14, 2013 between Garmin International, Inc. and Bombardier , Inc. (incorporated by reference to Exhibit 10.1 of the Registrant’s Quarterly Report on Form 10-Q filed on May 8, 2013).
10.40	Amendment dated December 6, 2013 to Memorandum of Agreement between Garmin International, Inc. and Bombardier, Inc. (incorporated by reference to Exhibit 10.40 of the Registrant’s Annual Report on Form 10-K filed on February 19, 2014).
10.41	Garmin Ltd. 2005 Equity Incentive Plan (as Amended and Restated Effective June 7, 2013) (incorporated by reference to Schedule 1 of the Registrant's Proxy Statement on Schedule 14A filed on April 22, 2013).
10.42	Director and Officer Indemnification Agreement dated August 4, 2014 between Garmin Ltd. and each of Douglas G. Boessen, Dr. Donald H. Eller, Andrew R. Etkind, Joseph J. Hartnett, Charles W. Peffer, Dr. Min H. Kao, Clifton A. Pemble and Thomas P. Poberezny (incorporated by reference to Exhibit 10.1 of the Registrant’s Current Report on Form 8-K filed on August 8, 2014).

10.43	Form of Restricted Stock Unit Award Agreement pursuant to the Garmin Ltd. 2005 Equity Incentive Plan, for awards of performance-based and time-based restricted stock unit awards to grantees who are executive officers (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed on February 16, 2014).
10.44	Form of Restricted Stock Unit Award Agreement pursuant to the Garmin Ltd. 2005 Equity Incentive Plan, for awards of performance-based and time-based restricted stock unit awards to grantees who are not executive officers (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed on February 16, 2014).
10.45	Form of Restricted Stock Unit Award Agreement pursuant to the Garmin Ltd. 2011 Non-Employee Directors' Equity Incentive Plan (incorporated by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K filed on February 16, 2014).
21.1	List of subsidiaries
23.1	Consent of Ernst & Young LLP
24.1	Power of Attorney (included in signature page)
31.1	Chief Executive Officer's Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Chief Financial Officer's Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Chief Executive Officer's Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Chief Financial Officer's Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase

(b) **Exhibits**.

The exhibits listed on the accompanying Exhibit Index in Item 15(a)(3) are filed as part of, or are incorporated by reference into, this Annual Report on Form 10-K.

(c) **Financial Statement Schedules**.

Reference is made to Item 15(a)(2) above.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Garmin Ltd. and Subsidiaries

(*In thousands*)

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Year Ended December 27, 2014:					
Deducted from asset accounts					
Allowance for doubtful accounts	$ 20,367	$ 66	-	$ (2,103)	$ 18,330
Inventory reserve	28,381	25,903	-	(17,149)	37,135
Deferred tax asset valuation allowance	63,361	2,930	-	(54,933)	11,358
Total	$ 112,109	$ 28,899	-	$ (74,185)	$ 66,823
Year Ended December 28, 2013:					
Deducted from asset accounts					
Allowance for doubtful accounts	$ 20,582	$ 1,553	-	$ (1,768)	$ 20,367
Inventory reserve	26,105	20,891	-	(18,615)	28,381
Deferred tax asset valuation allowance	51,393	19,480	-	(7,512)	63,361
Total	$ 98,080	$ 41,924	-	$ (27,895)	$ 112,109
Year Ended December 29, 2012:					
Deducted from asset accounts					
Allowance for doubtful accounts	$ 20,291	$ 2,947	-	$ (2,656)	$ 20,582
Inventory reserve	29,370	11,003	-	(14,268)	26,105
Deferred tax asset valuation allowance	37,173	14,595	-	(375)	51,393
Total	$ 86,834	$ 28,545	-	$ (17,299)	$ 98,080

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GARMIN LTD.

By /s/ Clifton A. Pemble
Clifton A. Pemble
President and Chief Executive Officer

Dated: February 18, 2015

POWER OF ATTORNEY

Know all persons by these presents, that each person whose signature appears below constitutes and appoints Clifton A. Pemble and Douglas G. Boessen and Andrew R. Etkind, and each of them, as his attorney-in-fact, with the power of substitution, for him in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 18, 2015.

/s/ Clifton A. Pemble.
Clifton A Pemble
Director, President and Chief Executive Officer
(Principal Executive Officer)

/s/ Douglas G. Boessen.
Douglas G. Boessen
Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)

/s/ Min H. Kao
Min H. Kao

/s/ Joseph J. Hartnett
Joseph J. Hartnett

Executive Chairman

/s/Donald H. Eller
Donald H. Eller
Director

/s/ Charles W. Peffer
Charles W. Peffer
Director

Director

/s/ Thomas P. Poberezny
Thomas P. Poberezny
Director

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Garmin Ltd.

2014 Form 10-K Annual Report

Exhibit Index

The following exhibits are attached hereto. See Part IV of this Annual Report on Form 10-K for a complete list of exhibits.

Exhibit Number	**Document**
21.1	List of subsidiaries
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