GARMIN LTD
Form 10-Q
August 04, 2010

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

FORM 10-Q

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

For the quarterly period ended June 26, 2010

or

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

For the transition period from to

Commission file number 0-31983

GARMIN LTD.
(Exact name of Company as specified in its charter)

Switzerland (State or other jurisdiction of incorporation or organization)	98-0229227 (I.R.S. Employer identification no.)
Vorstadt 40/42 8200 Schaffhausen Switzerland (Address of principal executive offices)	N/A (Zip Code)

Company's telephone number, including area code: +41 52 620 1401

P.O. Box 10670, Grand Cayman KY1-1006, Suite 3206B, 45 Market Street, Gardenia Court, Camana Bay, Cayman Islands
(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation 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 whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act.
Large Accelerated Filer þ Accelerated Filer ¨ Non-accelerated Filer ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES ¨ NO þ

Number of shares outstanding of the Company's common shares as of August 2, 2010
Common Shares, $.005 par value: 194,596,361

Garmin Ltd.
Form 10-Q
Quarter Ended June 26, 2010

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Garmin Ltd.
Form 10-Q
Quarter Ended June 26, 2010

Part I – Financial Information

Item 1. Condensed Consolidated Financial Statements

Introductory Comments

The Condensed Consolidated Financial Statements of Garmin Ltd. ("Garmin" or the "Company") included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission. Certain information and note disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to enable a reasonable understanding of the information presented. These Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements and the notes thereto for the year ended December 26, 2009. Additionally, the Condensed Consolidated Financial Statements should be read in conjunction with Item 2 of Management's Discussion and Analysis of Financial Condition and Results of Operations, included in this Form 10-Q.

The results of operations for the 13-week and 26-week periods ended June 26, 2010 are not necessarily indicative of the results to be expected for the full year 2010.

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

	(Unaudited) June 26, 2010	December 26, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 1,173,169	$ 1,091,581
Marketable securities	18,622	19,583
Accounts receivable, net	499,324	874,110
Inventories, net	358,576	309,938
Deferred income taxes	57,068	59,189
Prepaid expenses and other current assets	52,758	39,470
Total current assets	2,159,517	2,393,871
Property and equipment, net	426,805	441,338
Marketable securities	636,184	746,464
Restricted cash	936	2,047
Licensing agreements, net	2,531	15,400
Noncurrent deferred income tax	20,498	20,498
Other intangible assets, net	184,888	206,256
Total assets	$ 3,431,359	$ 3,825,874
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 150,519	$ 203,388
Salaries and benefits payable	36,568	45,236
Accrued warranty costs	41,445	87,424
Accrued sales program costs	46,656	119,150
Deferred revenue	46,620	27,910
Accrued advertising expense	22,154	34,146
Other accrued expenses	81,162	143,568
Income taxes payable	11,312	22,846
Total current liabilities	436,436	683,668
Deferred income taxes	8,521	10,170
Non-current income taxes	275,876	255,748
Non-current deferred revenue	57,595	38,574
Other liabilities	1,317	1,267
Stockholders' equity:		
Common stock, $0.005 par value, 1,000,000,000 shares authorized:		
	987	1,001

Issued and outstanding shares - 197,554,000 as of June 26, 2010 and 200,274,000 as of December 26, 2009		
Additional paid-in capital	-	32,221
Retained earnings	2,648,589	2,816,607
Accumulated other comprehensive income/(loss)	2,038	(13,382)
Total stockholders' equity	2,651,614	2,836,447
Total liabilities and stockholders' equity	$ 3,431,359	$ 3,825,874

See accompanying notes.

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Garmin Ltd. And Subsidiaries

Condensed Consolidated Statements of Income (Unaudited)
(In thousands, except per share information)

	13-Weeks Ended		26-Weeks Ended	
	June 26, 2010	June 27, 2009	June 26, 2010	June 27, 2009
Net sales	$ 728,765	$ 669,104	$ 1,159,833	$ 1,105,803
Cost of goods sold	337,113	317,490	537,272	558,194
Gross profit	391,652	351,614	622,561	547,609
Advertising expense	42,440	34,023	59,841	57,248
Selling, general and administrative expense	73,832	62,186	141,509	121,963
Research and development expense	73,337	56,253	135,820	111,287
Total operating expense	189,609	152,462	337,170	290,498
Operating income	202,043	199,152	285,391	257,111
Interest income	5,791	5,190	12,669	10,286
Foreign currency	(43,605)	(4,836)	(90,141)	(7,274)
Other	180	335	2,013	(359)
Total other income (expense)	(37,634)	689	(75,459)	2,653
Income before income taxes	164,409	199,841	209,932	259,764
Income tax provision	29,593	37,970	37,788	49,355
Net income	$ 134,816	$ 161,871	$ 172,144	$ 210,409
Net income per share:				
Basic	$ 0.68	$ 0.81	$ 0.86	$ 1.05
Diluted	$ 0.67	$ 0.81	$ 0.86	$ 1.05
Weighted average common shares outstanding:				
Basic	198,948	200,296	199,437	200,364
Diluted	200,102	200,853	200,626	200,814
Cash dividends declared per common share	$ 1.50	$ 0.75	$ 1.50	$ 0.75

See accompanying notes.

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

	26-Weeks Ended	
	June 26, 2010	June 27, 2009
Operating Activities:		
Net income	$ 172,144	$ 210,409
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	26,746	26,335
Amortization	24,809	15,914
Gain on sale of property and equipment	(6)	(108)
Provision for doubtful accounts	(552)	(5,223)
Deferred income taxes	(30)	(718)
Foreign currency transaction gains/losses	47,880	(4,493)
Provision for obsolete and slow moving inventories	10,309	14,111
Stock compensation expense	19,099	21,029
Realized gains on marketable securities	(470)	(1,274)
Changes in operating assets and liabilities:		
Accounts receivable	364,401	233,166
Inventories	(64,272)	89,044
Other current assets	(1,468)	(2,415)
Accounts payable	(52,248)	(23,175)
Other current and non-current liabilities	(193,657)	(4,838)
Deferred revenue	37,425	-
Income taxes payable	(7,771)	(5,140)
Purchase of licenses	(472)	(6,936)
Net cash provided by operating activities	381,867	555,688
Investing activities:		
Purchases of property and equipment	(13,220)	(23,343)
Proceeds from sale of property and equipment	-	(7)
Purchase of intangible assets	(8,229)	(3,496)
Purchase of marketable securities	(169,062)	(341,423)
Redemption of marketable securities	294,350	68,173
Change in restricted cash	1,111	(125)
Net cash provided by/(used in) investing activities	104,950	(300,221)
Financing activities:		
Proceeds from issuance of common stock from exercise of stock options	5,452	310
Proceeds from issuance of common stock from stock purchase plan	-	3,712
Stock repurchase	(84,328)	(1,849)
Dividends paid	(299,103)	-
Tax benefit related to stock option exercise	1,898	65
Net cash provided by/(used in) financing activities	(376,081)	2,238
Effect of exchange rate changes on cash and cash equivalents	(29,148)	4,869

Net increase in cash and cash equivalents	81,588	262,574
Cash and cash equivalents at beginning of period	1,091,581	696,335
Cash and cash equivalents at end of period	$ 1,173,169	$ 958,909

See accompanying notes.

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Garmin Ltd. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

June 26, 2010
(In thousands, except share and per share information)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the 13-week and 26-week periods ended June 26, 2010 are not necessarily indicative of the results that may be expected for the year ending December 25, 2010.

The condensed consolidated balance sheet at December 26, 2009 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 26, 2009.

The Company's fiscal year is based on a 52-53 week period ending on the last Saturday of the calendar year. Therefore the financial results of certain fiscal years, and the associated 14-week quarters, will not be exactly comparable to the prior and subsequent 52-week fiscal years and the associated quarters having only 13-weeks. The quarters ended June 26, 2010 and June 27, 2009 both contain operating results for 13-weeks for both year-to-date periods.

2. Inventories

The components of inventories consist of the following:

	June 26, 2010	December 26, 2009
Raw Materials	$ 107,121	$ 80,963
Work-in-process	39,517	32,587
Finished goods	245,353	235,286
Inventory Reserves	(18,701)	(38,898)
Inventory, net of reserves	$ 373,290	$ 309,938

3. Share Repurchase Plan

The Board of Directors approved a share repurchase program on February 12, 2010, authorizing the Company to purchase up to $300,000 of its common shares as market and business conditions warrant on the open market or in negotiated transactions in compliance with the SEC's Rule 10b-18. The share repurchase authorization expires on December 31, 2010. As of June 26, 2010, the Company had repurchased 3,085,107 shares using cash of $99,586. Of this amount, approximately $15,491 of repurchase trades remained unsettled at June 26, 2010. After settlement of these trades, there remains approximately $200,414 available for repurchase under this authorization.

4. Earnings Per Share

The following table sets forth the computation of basic and diluted net income per share:

	13-Weeks Ended			
		June 26, 2010		June 27, 2009
Numerator:				
Numerator for basic and diluted net income per share - net income	$	134,816	$	161,871
Denominator:				
Denominator for basic net income per share – weighted-average common shares		198,948		200,296
Effect of dilutive securities – employee stock options		1,154		557
Denominator for diluted net income per share – adjusted weighted-average common shares		200,102		200,853
Basic net income per share	$	0.68	$	0.81
Diluted net income per share	$	0.67	$	0.81

	26-Weeks Ended			
		June 26, 2010		June 27, 2009
Numerator:				
Numerator for basic and diluted net income per share - net income	$	172,144	$	210,409
Denominator:				
Denominator for basic net income per share – weighted-average common shares		199,437		200,364
Effect of dilutive securities – employee stock options		1,189		450
Denominator for diluted net income per share – adjusted weighted-average common shares		200,626		200,814
Basic net income per share	$	0.86	$	1.05
Diluted net income per share	$	0.86	$	1.05

There were 6,186,519 anti-dilutive options for the 13-week period ended June 26, 2010. There were 7,948,978 anti-dilutive options for the 13-week period ended June 27, 2009.

There were 6,198,202 anti-dilutive options for the 26-week period ended June 26, 2010. There were 8,548,181 anti-dilutive options for the 26-week period ended June 27, 2009.

There were 73,574 shares issued as a result of exercises of stock appreciation rights and stock options for the 13-week period ended June 26, 2010. There were 12,622 shares issued as a result of exercises of stock appreciation rights and stock options for the 13-week period ended June 27, 2009.

There were 365,288 shares issued as a result of exercises of stock appreciation rights and stock options for the 26-week period ended June 26, 2010. There were 24,720 shares issued as a result of exercises of stock appreciation rights and stock options for the 26-week period ended June 27, 2009.

5. Comprehensive Income

Comprehensive income is comprised of the following:

	13-Weeks Ended	
	June 26, 2010	June 27, 2009
Net income	$ 134,816	$ 161,871
Translation adjustment	(7,821)	26,236
Change in fair value of available-for-sale marketable securities, net of deferred taxes	8,838	1,199
Comprehensive income	$ 135,833	$ 189,306

	26-Weeks Ended	
	June 26, 2010	June 27, 2009
Net income	$ 172,144	$ 210,409
Translation adjustment	218	7,473
Change in fair value of available-for-sale marketable securities, net of deferred taxes	15,201	(4,842)
Comprehensive income	$ 187,563	$ 213,040

6. Segment Information

Net sales, operating income, and income before taxes for each of the Company’s reportable segments are presented below:

	Reportable Segments				
	Outdoor/ Fitness	Marine	Auto/ Mobile	Aviation	Total
13-Weeks Ended June 26, 2010					
Net sales	$ 142,316	$ 74,310	$ 447,225	$ 64,914	$ 728,765
Operating income	$ 62,759	$ 32,146	$ 88,548	$ 18,590	$ 202,043
Income before taxes	$ 55,650	$ 28,616	$ 62,419	$ 17,724	$ 164,409
13-Weeks Ended June 27, 2009					
Net sales	$ 108,009	$ 60,198	$ 436,718	$ 64,179	$ 669,104
Operating income	$ 50,416	$ 21,342	$ 106,712	$ 20,682	$ 199,152
Income before taxes	$ 51,255	$ 21,722	$ 105,474	$ 21,390	$ 199,841
26-Weeks Ended June 26, 2010					
Net sales	$ 245,052	$ 115,625	$ 668,149	$ 131,007	$ 1,159,833
Operating income	$ 101,327	$ 41,075	$ 105,530	$ 37,459	$ 285,391
Income before taxes	$ 86,815	$ 35,244	$ 52,163	$ 35,710	$ 209,932
26-Weeks Ended June 27, 2009					
Net sales	$ 188,013	$ 98,215	$ 696,304	$ 123,271	$ 1,105,803
Operating income	$ 78,920	$ 31,914	$ 111,318	$ 34,959	$ 257,111
Income before taxes	$ 78,915	$ 31,444	$ 114,632	$ 34,773	$ 259,764

Allocation of certain research and development expenses, and selling, general, and administrative expenses are made to each segment on a percent of revenue basis.

Net sales and property and equipment, net by geographic area are as follows as of and for the 26-week periods ended June 26, 2010 and June 27, 2009:

	Americas	Asia	Europe	Total
June 26, 2010				
Net sales to external customers	$ 696,120	$ 91,681	$ 372,032	$ 1,159,833
Property and equipment, net	$ 231,064	$ 146,087	$ 49,654	$ 426,805
June 27, 2009				
Net sales to external customers	$ 701,603	$ 64,026	$ 340,174	$ 1,105,803
Property and equipment, net	$ 228,976	$ 159,931	$ 54,119	$ 443,026

7. Warranty Reserves

The Company’s products sold are generally covered by a warranty for periods ranging from one to two years. The Company’s estimate of costs to service its warranty obligations are based on historical experience and expectation of future conditions and are recorded as a liability on the balance sheet. The following reconciliation provides an illustration of changes in the aggregate warranty reserve.

	13-Weeks Ended			
		June 26, 2010		June 27, 2009
Balance - beginning of the period	$	58,814	$	68,847
Change in accrual for products sold in prior periods	$	(21,000)		-
Accrual for products sold during the period		15,705		31,106
Expenditures		(12,074)		(19,985)
Balance - end of the period	$	41,445	$	79,968

	26-Weeks Ended			
		June 26, 2010		June 27, 2009
Balance - beginning of the period	$	87,424	$	87,408
Change in accrual for products sold in prior periods	$	(42,776)		-
Accrual for products sold during the period		30,618		49,621
Expenditures		(33,821)		(57,061)
Balance - end of the period	$	41,445	$	79,968

The 13-weeks and 26-weeks ended June 26, 2010 include the effect of a refinement in the estimated warranty reserve which decreased the accrual for the periods by $21,000 and $42,776, respectively.

8. Commitments

We are a party to certain commitments, which includes raw materials, advertising and other indirect purchases in connection with conducting out business. Pursuant to these agreements, the Company is contractually committed to make purchases of approximately $70,142 over the next 5 years.

9. Income Taxes

Our earnings before taxes decreased 18% when compared to the same quarter in 2009, and our income tax expense decreased by $8,377 or 22%, to $29,593, for the 13-week period ended June 26, 2010, from $37,970 for the 13-week period ended June 27, 2009, due to our earnings before taxes decline. The effective tax rate was 18.0% for both the 13-weeks and 26-weeks ended June 26, 2010 and 19.0% for the 13-weeks and 26-weeks ended June 27, 2009. The slight decrease is due to the mix of income by tax jurisdiction. 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 parent company based on its intellectual property rights ownership of our consumer products along with substantial tax incentives offered by the Taiwanese government on certain high-technology capital investments have continued to generate a relatively low tax rate.

10. Fair Value Measurements

The Accounting Standards Code (ASC) 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 ASC 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 Unadjusted quoted prices in active markets for similar assets or liabilities

Level 3 Unobservable inputs for the asset or liability

The Company endeavors to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

For fair value measurements using significant unobservable inputs, an independent third party provided the valuation. The collateral composition was used to estimate Weighted Average Life based on historical and projected payment information. Cash flows were projected for the issuing trusts, taking into account underlying loan principal, bonds outstanding, and payout formulas. Taking this information into account, assumptions were made as to the yields likely to be required, based upon then current market conditions for comparable or similar term Asset Based Securities as well as other fixed income securities.

Assets and liabilities measured at estimated fair value on a recurring basis are summarized below:

		Fair Value Measurements as of June 26, 2010		
Description	Total	Level 1	Level 2	Level 3
Available for-sale securities	$ 590,260	$ 590,260	$ -	$ -
Failed Auction rate securities	64,546	-	-	64,546
Total	$ 654,806	$ 590,260	$ -	$ 64,546

		Fair Value Measurements as of December 26, 2009		
Description	Total	Level 1	Level 2	Level 3
Available for-sale securities	$ 695,795	$ 695,795	$ -	$ -
Failed Auction rate securities	70,252	-	-	70,252
Total	$ 766,047	$ 695,795	$ -	$ 70,252

All Level 3 investments have been in a continuous unrealized loss position for 12 months or longer. However, it is the Company's intent to hold these securities until they recover their value. For assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period, the ASC requires a reconciliation of the beginning and ending balances, separately for each major category of assets. The reconciliation is as follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	13-Weeks Ended June 26, 2010	26-Weeks Ended June 26, 2010
Beginning balance of auction rate securities	$ 70,558	$ 70,252
Total unrealized gains included in other comprehensive income	3,988	4,844

Sales out of Level 3		(10,000)		(10,550)
Transfers in and/or out of Level 3		-		-
Ending balance of auction rate securities	$	64,546	$	64,546

The following is a summary of the company's marketable securities classified as available-for-sale securities at June 26, 2010:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Other Than Temporary Impairment	Estimated Fair Value (Net Carrying Amount)
Mortgage-backed securities	$ 423,312	$ 7,866	$ (343)	$ -	$ 430,835
Auction Rate Securities	81,150	-	(16,604)	-	$ 64,546
Obligations of states and political subdivisions	95,981	1,407	(42)	-	$ 97,346
U.S. corporate bonds	38,597	1,001	(290)	(1,274)	$ 38,034
Other	23,810	372	(137)	-	$ 24,045
Total	$ 662,850	$ 10,646	$ (17,416)	$ (1,274)	$ 654,806

The following is a summary of the company's marketable securities classified as available-for-sale securities at December 26, 2009:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Other Than Temporary Impairment	Estimated Fair Value (Net Carrying Amount)
Mortgage-backed securities	$ 515,200	$ 2,682	$ (4,674)	$ -	$ 513,208
Auction Rate Securities	91,700	-	(21,448)	-	$ 70,252
Obligations of states and political subdivisions	112,419	908	(181)	-	$ 113,146
U.S. corporate bonds	35,883	768	(701)	(1,274)	$ 34,676
Other	33,903	1,070	(208)	-	$ 34,765
Total	$ 789,105	$ 5,428	$ (27,212)	$ (1,274)	$ 766,047

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

The amortized cost and estimated fair value of marketable securities at June 26, 2010, 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 (2010)	$ 18,535	$ 18,622
Due after one year through five years (2011-2015)	182,853	183,659
Due after five years through ten years (2016-2020)	181,957	184,147
Due after ten years (2021 and thereafter)	263,811	252,320
Other (No contractual maturity dates)	15,694	16,058
	$ 662,850	$ 654,806

11. Recently Issued Accounting Pronouncements

In January 2010, the FASB issued ASU No. 2010-06, "Improving Disclosures about Fair Value Measurements" ("ASU 2010-06"), which is included in the ASC Topic 820 (Fair Value Measurements and Disclosures). ASU 2010-06 requires new disclosures on the amount and reason for transfers in and out of Level 1 and 2 fair value

measurements. ASU 2010-06 also requires disclosure of activities, including purchases, sales, issuances, and settlements within the Level 3 fair value measurements and clarifies existing disclosure requirements on levels of disaggregation and disclosures about inputs and valuation techniques. ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009. The adoption of this standard did not have a material effect on our financial statements.

In February 2010, the FASB issued ASU No. 2010-09, "Amendments to Certain Recognition and Disclosure Requirements" ("ASU 2010-09"), which is included in the FASB Accounting Standards Codification (the "ASC") Topic 855 (Subsequent Events). ASU 2010-09 clarifies that an SEC filer is required to evaluate subsequent events through the date that the financial statements are issued. ASU 2010-09 is effective upon the issuance of the final update and did not have a significant impact on the Company's financial statements.

12. Subsequent Events

Subsequent to quarter end, the Company completed the redomestication of its headquarters to Switzerland from the Cayman Islands. The redomestication is not expected to have a significant impact on the Company’s financial statements.

Subsequent to quarter end, the Company repurchased 3,000,000 shares pursuant to the Rule 10b5-1 plan adopted on March 24, 2010. There remains approximately $111,637 available for repurchase under the authorization.

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

The discussion set forth below, as well as other portions of this Quarterly Report, contains statements concerning potential future events. Such forward-looking statements are based upon assumptions by our management, as of the date of this Quarterly Report, including assumptions about risks and uncertainties faced by the Company. Readers can identify these forward-looking statements by their use of such verbs as expects, anticipates, believes or similar verbs or conjugations of such verbs. If any of our assumptions prove incorrect or should unanticipated circumstances arise, our actual results could materially differ from those anticipated by such forward-looking statements. The differences could be caused by a number of factors or combination of factors including, but not limited to, those factors identified in the Company's Annual Report on Form 10-K for the year ended December 26, 2009. This report has been filed with the Securities and Exchange Commission (the "SEC" or the "Commission") in Washington, D.C. and can be obtained by contacting the SEC's public reference operations or obtaining it through the SEC's web site on the World Wide Web at http://www.sec.gov. Readers are strongly encouraged to consider those factors when evaluating any forward-looking statement concerning the Company. The Company will not update any forward-looking statements in this Quarterly Report to reflect future events or developments.

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Condensed Consolidated Financial Statements and Notes thereto included in this Form 10-Q and the audited financial statements and notes thereto in the Company's Annual Report on Form 10-K for the year ended December 26, 2009.

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

Results of Operations

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

	13-Weeks Ended	
	June 26, 2010	June 27, 2009
Net sales	100.0%	100.0%
Cost of goods sold	46.3%	47.4%
Gross profit	53.7%	52.6%
Advertising	5.8%	5.1%
Selling, general and administrative	10.1%	9.3%
Research and development	10.1%	8.4%
Total operating expenses	26.0%	22.8%
Operating income	27.7%	29.8%
Other income (expense), net	-5.2%	0.1%
Income before income taxes	22.5%	29.9%
Provision for income taxes	4.0%	5.7%
Net income	18.5%	24.2%

	26-Weeks Ended	
	June 26, 2010	June 27, 2009
Net sales	100.0%	100.0%
Cost of goods sold	46.3%	50.5%
Gross profit	53.7%	49.5%
Advertising	5.2%	5.2%
Selling, general and administrative	12.2%	11.0%
Research and development	11.7%	10.1%
Total operating expenses	29.1%	26.3%
Operating income	24.6%	23.2%
Other income (expense), net	-6.5%	0.2%
Income before income taxes	18.1%	23.4%
Provision for income taxes	3.3%	4.4%
Net income	14.8%	19.0%

The Company manages its operations in four segments: outdoor/fitness, marine, automotive/mobile, and aviation, and each of its segments employs the same accounting policies. Allocation of certain research and development expenses, and selling, general, and administrative expenses are made to each segment on a percent of revenue basis. The following table sets forth our results of operations (in thousands) including revenue (net sales), operating income, and income before taxes for each of our four segments during the periods shown. For each line item in the table, the total of the outdoor/fitness, marine, automotive/mobile, and aviation segments' amounts equals the amount in the condensed consolidated statements of income included in Item 1.

	Reportable Segments				
	Outdoor/ Fitness	Marine	Auto/ Mobile	Aviation	Total
13-Weeks Ended June 26, 2010					
Net sales	$ 142,316	$ 74,310	$ 447,225	$ 64,914	$ 728,765
Operating income	$ 62,759	$ 32,146	$ 88,548	$ 18,590	$ 202,043
Income before taxes	$ 55,650	$ 28,616	$ 62,419	$ 17,724	$ 164,409
13-Weeks Ended June 27, 2009					
Net sales	$ 108,009	$ 60,198	$ 436,718	$ 64,179	$ 669,104
Operating income	$ 50,416	$ 21,342	$ 106,712	$ 20,682	$ 199,152
Income before taxes	$ 51,255	$ 21,722	$ 105,474	$ 21,390	$ 199,841
26-Weeks Ended June 26, 2010					
Net sales	$ 245,052	$ 115,625	$ 668,149	$ 131,007	$ 1,159,833
Operating income	$ 101,327	$ 41,075	$ 105,530	$ 37,459	$ 285,391
Income before taxes	$ 86,815	$ 35,244	$ 52,163	$ 35,710	$ 209,932
26-Weeks Ended June 27, 2009					
Net sales	$ 188,013	$ 98,215	$ 696,304	$ 123,271	$ 1,105,803
Operating income	$ 78,920	$ 31,914	$ 111,318	$ 34,959	$ 257,111
Income before taxes	$ 78,915	$ 31,444	$ 114,632	$ 34,773	$ 259,764

Comparison of 13-Weeks Ended June 26, 2010 and June 27, 2009
(Amounts included in the following discussion are stated in thousands unless otherwise indicated)

Net Sales

	13-weeks ended June 26, 2010		13-weeks ended June 27, 2009		Quarter over Quarter	
	Net Sales	% of Revenues	Net Sales	% of Revenues	$ Change	% Change
Outdoor/Fitness	$ 142,316	19.5%	$ 108,009	16.1%	$ 34,307	31.8%
Marine	74,310	10.2%	60,198	9.0%	14,112	23.4%
Automotive/Mobile	447,225	61.4%	436,718	65.3%	10,507	2.4%
Aviation	64,914	8.9%	64,179	9.6%	735	1.1%
Total	$ 728,765	100.0%	$ 669,104	100.0%	$ 59,661	8.9%

Net sales increased 8.9% for the 13-week period ended June 26, 2010 when compared to the year-ago quarter. The increase occurred across all segments with the greatest increase in the outdoor/fitness segment, as well as marine. Automotive/mobile revenue remains the largest portion of our revenue mix, but declined from 65.3% in the second quarter of 2009 to 61.4% in the second quarter of 2010.

Total unit sales increased 8% to 4,001,000 in the second quarter of 2010 from 3,715,000 in the same period of 2009. The improved unit sales volume in the second quarter of fiscal 2010 was attributable to increasing volumes across all segments with the greatest percentage increases occurring in outdoor/fitness and aviation.

Automotive/mobile segment revenue increased 2.4% from the year-ago quarter, as volumes increased 4% and the average selling price declined 1%. Volume gains in the segment were due primarily to growth in our mobile handset and OEM business. Revenues in our outdoor/fitness segment increased 31.8% from the year-ago quarter on the strength of recent product introductions and ongoing penetration in the segment. Marine revenues increased 23.4% from the year-ago quarter as the industry has begun to recover and the Company has gained market share. Aviation revenues increased 1.1% from the year-ago quarter due to gains in retrofit and portable products.

Gross Profit

	13-weeks ended June 26, 2010		13-weeks ended June 27, 2009		Quarter over Quarter	
	Gross Profit	% of Revenues	Gross Profit	% of Revenues	$ Change	% Change
Outdoor/Fitness	$ 91,763	64.5%	$ 73,215	67.8%	$ 18,548	25.3%
Marine	49,108	66.1%	35,780	59.4%	13,328	37.2%
Automotive/Mobile	205,336	45.9%	195,075	44.7%	10,261	5.3%
Aviation	45,445	70.0%	47,544	74.1%	(2,099)	-4.4%
Total	$ 391,652	53.7%	$ 351,614	52.6%	$ 40,038	11.4%

Gross profit dollars in the second quarter of 2010 increased 11.4% while gross profit margin increased 110 basis points compared to the second quarter of 2009. Gross margins were positively impacted by 290 basis points due to a $21.0 million warranty adjustment related to further refinement in the estimated warranty reserve. This adjustment impacted all segments with the consumer segments including automotive/mobile, outdoor/fitness and marine having the largest benefits.

The automotive/mobile segment's margin increased 120 basis points as a decrease in per unit cost including the warranty benefit was only partially offset by a slight average selling price reduction. The impact to total company gross margin of the automotive/mobile segment declined to 52.4% of total gross margin from 55.5% in the year-ago quarter. The Company also benefited from increased margins in the marine segment due the product mix shifting

toward higher margin units including chartplotters and networked solutions. Aviation and outdoor/fitness gross margins decreased 410 basis points and 330 basis points, respectively, from the year-ago quarter.

Advertising Expense

	13-weeks ended June 26, 2010		13-weeks ended June 27, 2009		Quarter over Quarter	
	Advertising	% of Revenues	Advertising	% of Revenues	$ Change	% Change
Outdoor/Fitness	$ 7,483	5.3%	$ 6,133	5.7%	$ 1,350	22.0%
Marine	3,349	4.5%	3,253	5.4%	96	2.9%
Automotive/Mobile	30,658	6.9%	23,520	5.4%	7,138	30.4%
Aviation	950	1.5%	1,117	1.7%	(167)	-14.9%
Total	$ 42,440	5.8%	$ 34,023	5.1%	$ 8,417	24.7%

Advertising expense increased both as a percentage of sales and in absolute dollars when compared with the year-ago period. As a percent of sales, advertising expenses increased to 5.8% in the second quarter of 2010 compared to 5.1% in second quarter of 2009. The increase was driven by mobile handset specific advertising in the automotive/mobile segment. Advertising as a percentage of sales decreased in all other segments with revenue growth outpacing expense growth in outdoor/fitness and marine while absolute spending decreased in aviation.

Selling, General and Administrative Expense

	13-weeks ended June 26, 2010		13-weeks ended June 27, 2009		Quarter over Quarter	
	Selling, General & Admin. Expenses	% of Revenues	Selling, General & Admin. Expenses	% of Revenues	$ Change	% Change
Outdoor/Fitness	$ 14,190	10.0%	$ 10,834	10.0%	$ 3,356	31.0%
Marine	7,674	10.3%	5,797	9.6%	1,877	32.4%
Automotive/Mobile	48,429	10.8%	40,016	9.2%	8,413	21.0%
Aviation	3,539	5.5%	5,539	8.6%	(2,000)	-36.1%
Total	$ 73,832	10.1%	$ 62,186	9.3%	$ 11,646	18.7%

Selling, general and administrative expense increased both in absolute dollars and as a percentage of sales compared to the year-ago quarter. As a percent of sales, selling, general and administrative expenses increased from 9.3% of sales in the second quarter of 2009 to 10.1% of sales in the second quarter of 2010. The expense increase was primarily driven by fees associated with the Swiss redomestication, as well as growth in product support and information technology.

Research and Development Expense

	13-weeks ended June 26, 2010		13-weeks ended June 27, 2009		Quarter over Quarter	
	Research & Development	% of Revenues	Research & Development	% of Revenues	$ Change	% Change
Outdoor/Fitness	$ 7,331	5.2%	$ 5,832	5.4%	$ 1,499	25.7%
Marine	5,939	8.0%	5,388	9.0%	551	10.2%
Automotive/Mobile	37,701	8.4%	24,827	5.7%	12,874	51.9%
Aviation	22,366	34.5%	20,206	31.5%	2,160	10.7%
Total	$ 73,337	10.1%	$ 56,253	8.4%	$ 17,084	30.4%

Research and development expense increased 30.4% due to ongoing development activities for new products and the addition of over 500 new engineering personnel to our staff since the year-ago quarter as a result of our continued emphasis on product innovation including the mobile handset initiative. Research and development costs increased $17.1 million when compared with the year-ago quarter representing a 170 basis point increase as a percent of revenue as research and development growth outpaced revenue growth.

Operating Income

	13-weeks ended June 26, 2010		13-weeks ended June 27, 2009		Quarter over Quarter	
	Operating Income	% of Revenues	Operating Income	% of Revenues	$ Change	% Change
Outdoor/Fitness	$ 62,759	44.1%	$ 50,416	46.7%	$ 12,343	24.5%
Marine	32,146	43.3%	21,342	35.5%	10,804	50.6%
Automotive/Mobile	88,548	19.8%	106,712	24.4%	(18,164)	-17.0%
Aviation	18,590	28.6%	20,682	32.2%	(2,092)	-10.1%
Total	$ 202,043	27.7%	$ 199,152	29.8%	$ 2,891	1.5%

Operating income increased 1.5% in absolute dollars but declined 210 basis points as a percent of revenue when compared to the second quarter of 2009. Revenue growth and improved gross margins were substantially offset by growth in all operating expense categories.

Other Income (Expense)

	13-weeks ended June 26, 2010	13-weeks ended June 27, 2009
Interest Income	$ 5,791	$ 5,190
Foreign Currency Exchange	(43,605)	(4,836)
Other	180	335
Total	$ (37,634)	$ 689

The average interest rate return on cash and investments during the second quarter of 2010 was 1.2% compared to 1.5% during the same quarter of 2009. The increase in interest income is attributable to increasing cash balances offset by decreasing interest rates.

Foreign currency gains and losses for the Company are primarily tied to movements by the Taiwan Dollar, the Euro, and the British Pound Sterling. The U.S. Dollar remains the functional currency of Garmin (Europe) Ltd. The Euro is the functional currency of all other European subsidiaries excluding Garmin Danmark, Garmin Sweden and Garmin Polska. As these entities have grown, Euro currency moves generate material gains and losses. Additionally, Euro-based inter-company transactions in Garmin Ltd. can also generate currency gains and losses. The Canadian Dollar, Danish Krone, Swedish Krona, Australian Dollar and Polish Zloty are the functional currency of Dynastream Innovations, Inc., Garmin Danmark, Garmin Sweden, Garmin Australasia and Garmin Polska respectively; due to these entities' relative size, currency moves are not expected to have a material impact on the Company's financial statements.

The majority of the $43.6 million currency loss in the second quarter of 2010 was due to the strengthening of the U.S. Dollar compared to the Euro. The strengthening of the U.S. Dollar compared to the Taiwan Dollar contributed a slight gain. The currency movement of the Euro and Taiwan Dollar generate gains and losses due to the revaluation of EUR denominated assets (cash and receivables) in Garmin Ltd. and Garmin Europe, and also the revaluation of the USD denominated assets/liabilities (cash, receivables and payables) in Garmin Corp. (Taiwan). During the second quarter of 2010, the U.S. Dollar strengthened 7.9% and weakened 0.6%, respectively, compared to the Euro and the British Pound Sterling, resulting in a loss of $46.6 million. In addition, the U.S. Dollar strengthened 0.5% against the Taiwan Dollar, resulting in a $3.4 million gain. The remaining net currency loss of $0.4 million related to other currencies and timing of transactions.

The majority of the $4.8 million currency loss in the second quarter of 2009 was due to the weakening of the U.S. Dollar compared to the Euro, the British Pound Sterling, and the Taiwan Dollar. The relative strength of the Taiwan Dollar and Euro have offsetting impacts due to the use of the Taiwan Dollar for manufacturing costs while the Euro transactions relate to revenue. During the second quarter of 2009, the U.S. Dollar weakened 4.4% and 14.3%, respectively, compared to the Euro and the British Pound Sterling, resulting in a gain of $12.9 million. Offsetting this gain was a loss of $16.4 million due to the U.S. Dollar weakening 2.6% against the Taiwan Dollar. The remaining net currency loss of $1.3 million related to other currencies and timing of transactions.

Income Tax Provision

Our earnings before taxes decreased 18% when compared to the same quarter in 2009, and our income tax expense decreased similarly by $8.4 million or 22%, to $29.6 million, for the 13-week period ended June 26, 2010, from $38.0

million for the 13-week period ended June 27, 2009. The effective tax rate was 18.0% in the second quarter of 2010 and 19.0% in the second quarter of 2009. The slight decrease is due to the mix of income by tax jurisdiction.

Net Income

As a result of the above, net income decreased 17% for the 13-week period ended June 26, 2010 to $134.8 million compared to $161.9 million for the 13-week period ended June 27, 2009.

Comparison of 26-Weeks Ended June 26, 2010 and June 27, 2009
(Amounts included in the following discussion are stated in thousands unless otherwise indicated)

Net Sales

	26-weeks ended June 26, 2010		26-weeks ended June 27, 2009		Quarter over Quarter	
	Net Sales	% of Revenues	Net Sales	% of Revenues	$ Change	% Change
Outdoor/Fitness	$ 245,052	21.1%	$ 188,013	17.0%	$ 57,039	30.3%
Marine	115,625	10.0%	98,215	8.9%	17,410	17.7%
Automotive/Mobile	668,149	57.6%	696,304	63.0%	(28,155)	-4.0%
Aviation	131,007	11.3%	123,271	11.1%	7,736	6.3%
Total	$ 1,159,833	100.0%	$ 1,105,803	100.0%	$ 54,030	4.9%

Net sales increased 4.9% for the 26-week period ended June 26, 2010 when compared to the year-ago period. The increase occurred across all segments excluding automotive/mobile with the greatest increase in the outdoor/fitness segment, as well as marine. Automotive/mobile revenue remains the largest portion of our revenue mix, but declined from 63.0% in the first half of 2009 to 57.6% in the first half of 2010.

Total unit sales were flat at 6,138,000 in the first half of 2010 compared to 6,132,000 in the same period of 2009. The flat unit sales volume in the first half of fiscal 2010 was attributable to increasing volumes in the outdoor/fitness, marine and aviation segments offset by a first quarter decline in automotive/mobile units as excess retail inventory cleared the channel.

Automotive/mobile segment revenue declined 4.0% from the year-ago period, as the average selling price increased slightly but volumes declined 6%. Outdoor/fitness segment revenue increased 30.3% on the strength of recent product introductions and ongoing global penetration. Marine revenues increased 17.7% due to industry recovery and market share gains. Aviation revenues increased 6.3% as the industry has begun to recover from the weak macroeconomic conditions of 2009.

Gross Profit

	26-weeks ended June 26, 2010		26-weeks ended June 27, 2009		Quarter over Quarter	
	Gross Profit	% of Revenues	Gross Profit	% of Revenues	$ Change	% Change
Outdoor/Fitness	$ 157,325	64.2%	$ 121,639	64.7%	$ 35,686	29.3%
Marine	73,338	63.4%	58,658	59.7%	14,680	25.0%
Automotive/Mobile	300,110	44.9%	279,258	40.1%	20,852	7.5%
Aviation	91,788	70.1%	88,054	71.4%	3,734	4.2%
Total	$ 622,561	53.7%	$ 547,609	49.5%	$ 74,952	13.7%

Gross profit dollars in the first half of 2010 increased 13.7% while gross profit margin percentage increased 420 basis points over the same period of the previous year. First half gross profit margins increased in the automotive/mobile and marine segments while decreasing slightly in the outdoor/fitness and aviation segments, when compared to the same period in 2009. Gross margins were positively impacted by 370 basis points due to a $42.8 million warranty adjustment related to further refinement in the estimated warranty reserve. This adjustment impacted all segments

with automotive/mobile, outdoor/fitness and marine having the largest benefits.

The automotive/mobile segment gross profit margin percentage increase of 480 basis points was driven by a decrease in per unit costs including the warranty benefit and a slight increase in the average selling price. The impact to total company gross margin of the automotive/mobile segment declined to 48.2% of total gross margin from 51.0% in the first half of 2009. Gross profit margin percentage for marine increased 370 basis points compared to the first half of 2009 due to product mix shifting toward higher margin units. Gross profit dollars for outdoor/fitness increased by 29.3% to $157.3 million due to strong revenue growth in the segment.

Advertising Expense

	26-weeks ended June 26, 2010 Advertising	% of Revenues	26-weeks ended June 27, 2009 Advertising	% of Revenues	Quarter over Quarter $ Change	% Change
Outdoor/Fitness	$ 11,290	4.6%	$ 8,830	4.7%	$ 2,460	27.9%
Marine	5,774	5.0%	4,999	5.1%	775	15.5%
Automotive/Mobile	40,570	6.1%	41,182	5.9%	(612)	-1.5%
Aviation	2,207	1.7%	2,237	1.8%	(30)	-1.3%
Total	$ 59,841	5.2%	$ 57,248	5.2%	$ 2,593	4.5%

Advertising expense increased 4.5% in absolute dollars while holding flat as a percentage of sales when compared with the year-ago period. As a percent of sales, advertising expenses were steady at 5.2% in the first half of 2009 and 2010. The increase in advertising was driven by the outdoor/fitness and marine segments where we continue to invest for growth and are seeing comparable increases in sales. The automotive/mobile segment advertising decline represents reduced cooperative advertising paid to our retail partners offset by mobile handset specific advertising.

Selling, General and Administrative Expenses

	26-weeks ended June 26, 2010 Selling, General & Admin. Expenses	% of Revenues	26-weeks ended June 27, 2009 Selling, General & Admin. Expenses	% of Revenues	Quarter over Quarter $ Change	% Change
Outdoor/Fitness	$ 30,405	12.4%	$ 22,232	11.8%	$ 8,173	36.8%
Marine	14,662	12.7%	11,178	11.4%	3,484	31.2%
Automotive/Mobile	87,651	13.1%	77,051	11.1%	10,600	13.8%
Aviation	8,791	6.7%	11,502	9.3%	(2,711)	-23.6%
Total	$ 141,509	12.2%	$ 121,963	11.0%	$ 19,546	16.0%

Selling, general and administrative expense increased in both absolute dollars and as a percentage of sales compared to the year-ago. As a percent of sales, selling, general and administrative expenses increased from 11.0% of sales in the first half of 2009 to 12.2% of sales in the first half of 2010. The expense increase was primarily driven by fees associated with the Swiss redomestication, as well as growth in product support and information technology.

Research and Development Expense

	26-weeks ended June 26, 2010 Research & Development	% of Revenues	26-weeks ended June 27, 2009 Research & Development	% of Revenues	Quarter over Quarter $ Change	% Change
Outdoor/Fitness	$ 14,303	5.8%	$ 11,657	6.2%	$ 2,646	22.7%
Marine	11,827	10.2%	10,567	10.8%	1,260	11.9%
Automotive/Mobile	66,359	9.9%	49,707	7.1%	16,652	33.5%
Aviation	43,331	33.1%	39,356	31.9%	3,975	10.1%
Total	$ 135,820	11.7%	$ 111,287	10.1%	$ 24,533	22.0%

Research and development expense increased 22.0% due to ongoing development activities for new products, and the addition of over 500 new engineering personnel to our staff during the period as a result of our continued emphasis on product innovation including the mobile handset initiative. Research and development costs increased $24.5 million when compared with the year-ago period and increased 160 basis points as a percent of revenue as research and development growth outpaced revenue growth.

Operating Income

	26-weeks ended June 26, 2010		26-weeks ended June 27, 2009		Quarter over Quarter	
	Operating Income	% of Revenues	Operating Income	% of Revenues	$ Change	% Change
Outdoor/Fitness	$ 101,327	41.3%	$ 78,920	42.0%	$ 22,407	28.4%
Marine	41,075	35.5%	31,914	32.5%	9,161	28.7%
Automotive/Mobile	105,530	15.8%	111,318	16.0%	(5,788)	-5.2%
Aviation	37,459	28.6%	34,959	28.4%	2,500	7.2%
Total	$ 285,391	24.6%	$ 257,111	23.3%	$ 28,280	11.0%

Operating income increased 130 basis points as a percent of revenue and 11.0% in absolute dollars when compared to the year-ago period as revenue growth and gross margin improvements were partially offset by increased operating expenses.

Other Income (Expense)

	26-weeks ended June 26, 2010	26-weeks ended June 27, 2009
Interest Income	$ 12,669	$ 10,286
Foreign Currency Exchange	$ (90,141)	(7,274)
Other	$ 2,013	(359)
Total	$ (75,459)	$ 2,653

The average taxable equivalent interest rate return on invested cash during the first half of 2010 was 1.4% compared to 1.6% during the same period of 2009. The increase in interest income is attributable to increasing cash balances offset by decreasing interest rates.

The majority of the $90.1 million currency loss in the first half of 2010 was due to the strengthening of the U.S. Dollar compared to the Euro. The weakening of the U.S. Dollar compared to the Taiwan Dollar contributed a loss as well. The currency movement of the Euro and Taiwan Dollar generate gains and losses due to the revaluation of EUR denominated assets (cash and receivables) in Garmin Ltd. and Garmin Europe, and also the revaluation of the USD denominated assets/liabilities (cash, receivables and payables) in Garmin Corp. (Taiwan). During the first half of 2010, the U.S. Dollar strengthened 14.3% and 6.3%, respectively, compared to the Euro and the British Pound Sterling, resulting in a loss of $85.7 million. In addition, the U.S. Dollar weakened 0.7% against the Taiwan Dollar, resulting in a $5.7 million loss. The remaining net currency gain of $1.3 million related to other currencies and timing of transactions.

The majority of the $7.3 million currency loss in the first half of 2009 was due to the weakening of the U.S. Dollar compared to the British Pound Sterling and the Taiwan Dollar. During the first half of 2009, the U.S. Dollar weakened 11.7% compared to the British Pound Sterling, resulting in a loss of $0.7 million. A loss of $5.3 million resulted due to the U.S. Dollar weakening 0.5% against the Taiwan Dollar. The remaining net currency loss of $1.3 million related to other currencies and timing of transactions.

Income Tax Provision

Our earnings before taxes decreased 19.2% when compared to the same period in 2009, and our income tax expense decreased similarly by $11.6 million or 23.4%, to $37.8 million, for the 26-week period ended June 26, 2010, from $49.4 million for the 26-week period ended June 27, 2009. The effective tax rate was 18.0% in the first half of 2010 and 19.0% in the first half of 2009. The slight decrease is due to the mix of income by tax jurisdiction.

Net Income

As a result of the above, net income decreased 18.2% for the 26-week period ended June 26, 2010 to $172.1 million compared to $210.4 million for the 26-week period ended June 27, 2009.

Liquidity and Capital Resources

Net cash generated by operating activities was $381.9 million for the 26-week period ended June 26, 2010 compared to $555.7 million for the 26-week period ended June 27, 2009. Primary drivers of the cash generation included $172.1 million of net income with non-cash adjustments for depreciation/amortization of $51.6 million, foreign currency losses of $47.9 million and stock compensation expense of $19.1 million, $364.4 million related to accounts receivable collections due to seasonality and $37.4 million of revenue recorded but deferred due to revenue recognition policies. This cash generation was offset by uses of cash including $52.2 million reduction in accounts payable due to seasonality, $193.7 million reduction in other current and noncurrent liabilities related primarily to the timing of royalty payments and a $64.3 million increase in inventories following a low inventory level exiting 2009.

Cash flow provided by investing activities during the 26-week period ending June 26, 2010 was $104.9 million. Cash flow provided by investing activities principally related to the net redemption of $125.3 million of fixed income securities associated with the investment of our on-hand cash balances offset by $13.2 million in capital expenditures primarily related to business operation and maintenance activities, and the purchase of intangible assets for $8.2 million. It is management's goal to invest the on-hand cash consistent with the Company's investment policy, which has been approved by the Board of Directors. The investment policy's primary purpose is to preserve capital, maintain an acceptable degree of liquidity, and maximize yield within the constraint of maximum safety. The average interest rate return on cash and investments during the first half of 2010 was 1.4%

Net cash used in financing activities during the period was $376.1 million resulting from the use of $299.1 million for payment of our declared dividend and $84.3 million for stock repurchased under our stock repurchase plan, offset by $7.3 million from the issuance of common stock related to our Company stock option plan and stock based compensation tax benefits.

In the second half of 2010, we will use cash flow from operations to fund our capital expenditures and to support our working capital requirements. We expect that future cash requirements will principally be for capital expenditures, working capital requirements, repurchase of shares, and payment of dividends declared.

We believe that our existing cash balances and cash flow from operations will be sufficient to meet our projected capital expenditures, working capital, repurchase of shares, and other cash requirements at least through the end of fiscal 2010.

Contractual Obligations and Commercial Commitments

We are a party to certain commitments, which includes raw materials, advertising and other indirect purchases in connection with conducting out business. Pursuant to these agreements, the Company is contractually committed to make purchases of approximately $70.1 million over the next 5 years.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Sensitivity

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

Inflation

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

Foreign Currency Exchange Rate Risk

The operation of the Company's subsidiaries in international markets results in exposure to movements in currency exchange rates. The potential of volatile foreign exchange rate fluctuations in the future could have a significant effect on our results of operations. In accordance with the Accounting Standards Code, the financial statements of all Company entities with functional currencies that are not United States dollars (USD) are translated for consolidation purposes into USD, the reporting currency of Garmin Ltd. Sales, costs, and expenses are translated at rates prevailing during the reporting periods and at end-of-period rates for all assets and liabilities. The effect of this translation is recorded in a separate component of stockholders' equity and have been included in accumulated other comprehensive income/(loss) in the accompanying condensed consolidated balance sheets.

Foreign currency gains and losses for the Company are primarily tied to movements by the Taiwan Dollar (TD), the Euro, and the British Pound Sterling. The U.S. Dollar (USD) remains the functional currency of Garmin (Europe) Ltd. The Euro is the functional currency of all European subsidiaries excluding Garmin Danmark, Garmin Sweden and Garmin Polska. As these entities have grown, Euro currency moves generated material gains and losses. Additionally, Euro-based inter-company transactions in Garmin Ltd. can also generate currency gains and losses. The Canadian Dollar, Danish Krone, Swedish Krona, Australian Dollar and Polish Zloty are the functional currency of Dynastream Innovations, Inc., Garmin Danmark, Garmin Sweden, Garmin Australasia and Garmin Polska respectively; due to these entities' relative size, currency moves are not expected to have a material impact on the Company's financial statements.

Interest Rate Risk

As of June 26, 2010, 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. As we have no outstanding long term debt, we have no meaningful debt-related interest rate risk.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures. The Company maintains a system of disclosure controls and procedures that are designed to provide reasonable assurance that information, which is required to be timely disclosed, is accumulated and communicated to management in a timely fashion. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. As of June 26, 2010, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded as of June 26, 2010 that our disclosure controls and procedures were effective such that the information relating to the Company, required to be disclosed in our Securities and Exchange Commission ("SEC") reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to the Company's management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting. There has been no change in the Company's internal controls over financial reporting that occurred during the Company's fiscal quarter ended June 26, 2010 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

Ambato Media, LLC v. Clarion Co., Ltd., Clarion Corporation of America, Delphi Corporation, Fujitsu Limited, Fujitsu Ten Corporation of America, Garmin Ltd., Garmin International, Inc., Victor Company of Japan Ltd., JVC Americas Corporation, JVC Kenwood Holdings, Inc., J&K Car Electronics Corporation, LG Electronics, Inc., LG Electronics USA, Inc., MiTAC International Corporation, MiTAC Digital Corporation, Mio Technology USA Ltd., Navigon, Inc. Nextar Inc., Panasonic Corporation, Panasonic Corporation of North America, Pioneer Corporation, Pioneer Electronics (USA) Inc., Sanyo Electric Co., Ltd., Sanyo North America Corporation, Sanyo Electronic Device (U.S.A.) Corporation, TomTom N.V., TomTom International B.V., and TomTom, Inc.

On August 14, 2009, Ambato Media, LLC filed suit in the United States District Court for the Eastern District of Texas against Garmin Ltd. and Garmin International, Inc. along with several codefendants alleging infringement of U.S. Patent No. 5,432,542 (“the ’542 patent”). On September 28, 2009, Garmin filed its Answer and Counterclaims asserting the ’542 patent is invalid and 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 are without merit and intends to vigorously defend this action.

Pioneer Corporation v. Garmin Deutschland GmbH, Garmin Ltd., Garmin International, Inc., Garmin (Europe Ltd. and Garmin Corporation

On October 9, 2009, Pioneer Corporation filed suit in the District Court in Düsseldorf, Germany against Garmin Deutschland GmbH, Garmin Ltd., Garmin International, Inc., Garmin Corporation and Garmin (Europe) Ltd. alleging infringement of European Patent No. 775 892 (“the ‘892 Patent”) and European Patent No. 508 681 (“the‘681 Patent”). Garmin believes that none of Garmin’s products infringe either of these patents. Garmin has filed separate lawsuits in the German Federal Patent Court in Munich seeking declaratory judgments of invalidity of the ‘892 Patent and the ‘681 Patent. Garmin has also moved the District Court in Düsseldorf to stay Pioneer’s infringement proceedings until the German Federal Patent Court in Munich resolves Garmin’s invalidity proceedings. 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 are without merit and intends to vigorously defend this action.

In the Matter of Certain Multimedia Display and Navigation Devices and Systems, Components Thereof, and Products Containing the Same.

On November 13, 2009, Pioneer Corporation filed a complaint with the United States International Trade Commission against Garmin International, Inc., Garmin Corporation, and Honeywell International Inc. alleging infringement of U.S. Patent No. 5,365,448 (“the ’448 patent”), U.S. Patent No. 6,122,592 (“the ’592 patent”), and U.S. Patent No. 5,424,951 (“the ’951 patent”). On January 12, 2010, Garmin filed its Answer asserting the ’448 patent, the ’592 patent, and the ’951 patent are invalid and 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 these claims are without merit and intends to vigorously defend this action.

Vehicle IP, LLC v. AT&T Mobility LLC, Cellco Partnership, Garmin International, Inc., Garmin USA, Inc., Networks in Motion, Inc., Telecommunication Systems, Inc., Telenav Inc., United Parcel Service, Inc., and UPS Logistics Technologies, Inc.

On December 31, 2009, Vehicle IP, LLC filed suit in the United States District Court for the District of Delaware against Garmin International, Inc. and Garmin USA, Inc. along with several codefendants alleging infringement of U.S. Patent No. 5,987,377 ("the '377 patent"). On March 11, 2010, Garmin filed its Answer and Counterclaims asserting the '377 patent is invalid and 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 these claims are without merit and intends to vigorously defend this action.

Nazomi Communications, Inc. v. Nokia Corporation, Nokia Inc., Microsoft Corporation, Amazon.com, Inc., Western Digital Corporation, Western Digital Technologies, Inc., Garmin Ltd., Garmin Corporation, Garmin International, Inc., Garmin USA, Inc., Sling Media, Inc., VIZIO, Inc., and Iomega Corporation.

On February 8, 2010, Nazomi Communications, Inc. filed suit in the United States District Court for the Central District of California against Garmin Ltd., Garmin Corporation, Garmin International, Inc., and Garmin USA, Inc. along with several codefendants alleging infringement of U.S. Patent No. 7,080,362 ("the '362 patent") and U.S. Patent No. 7,225,436 ("the '436 patent"). Garmin believes the '362 patent and the '436 patent are not infringed. On April 27, 2010, ARM Ltd., the designer of the accused hardware, filed a Motion to Intervene and a Motion to Transfer the case to the Northern District of California. On June 21, 2010, the court granted ARM Ltd.'s motion to intervene and denied its motion to transfer without prejudice. 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 these claims 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 not infringed and/or invalid. 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.

WebMap Technologies LLC v. City Accomodations Network, Inc., Citysearch, LLC, Expedia, Inc., IAC/Interactivecorp, Google, Inc., The Washington Post Company, Travelocity.com, LP, Tripadvisor LLC, Yahoo! Inc., Yelp! Inc., Zagat Survey, LLC, Garmin International, Inc., Garmin Ltd., Garmin USA, Inc., Globalmotion Media Inc., Gusto, LLC, Gusto.com, Inc., Gusto.com, LLC, Mapmyfitness, Inc., Mashup Technologies, LLC, The New York Times Company, Nike, Inc., TomTom International BV, TomTom, Inc. a/k/a TomTom Navigation, Inc., TomTom NV, and Youmu, Inc.

On June 10, 2010, in its Fourth Amended Complaint, WebMap Technologies LLC added Garmin International, Inc., Garmin Ltd., and Garmin USA, Inc. along with several codefendants, to a suit it previously filed in the United States District Court for the Eastern District of Texas alleging infringement of U.S. Patent No. 6,772,142 ("the '142 patent"). 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 claim of the '142 patent is not infringed and/or invalid and intends to vigorously defend this action.

Bandspeed, Inc. v. Acer, Inc., Acer American Corporation, Belkin International, Inc., Belkin,Inc., Casio Computer Co., Ltd., Xasio Hitachi Mobile CommunicationsCo. Ltd., Xasio America, Inc., Dell Inc., Garmin International, Inc., Garmin USA, Inc., GN Netcom A/S, GN U.S. Inc. a/k/a GN Netcom Inc., Hewlett-Packard Company, Hewlett-Packard Development Company, L.P., HTC Corporation, HTC America, Inc., Huawei Technologies Co. Ltd., Kyocera Corporation, Kyocera International, Inc., Kyocera Communications, Inc., Kyocera Wireless Corporation, Lenovo (United States), Inc., LG Electronics, Inc., LG Electronics U.S.A. Inc., LG Electronics Mobilecomm U.S.A. Inc., Motorola, Inc., Nokia Corporation, Nokia Inc., Pantech Wireless, Inc. Plantronics, inc., Research in Motion Ltd., Research in Motion Corporation, Samsung Telecommunications America, LLC, TomTom International B.V., TomTom, Inc., Toshiba Corporation, Toshiba America information Systems, Inc., and Toshiba America, Inc.

On June 30, 2010, Bandspeed, Inc. filed suit in the United States District Court for the Eastern District of Texas against 38 companies, including Garmin International, Inc. and Garmin USA, Inc. alleging infringement of U.S. Patent No 7,027,418 ("the '418 patent") and U.S. Patent No 7,670,614 ("the '614 patent"). Garmin believes that each claim of the '418 patent and the '614 patent is not infringed and/or invalid. 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 the claims in this lawsuit are without merit and intends to vigorously defend this action.

Washington Research Foundation v. Silicon Laboratories Inc., Apple Inc., Garmin Ltd., Garmin International, Inc., iRiver, Ltd., iRiver Inc., Sandisk Corporation, Avnet, Inc., Pantech Co., Ltd., Pantech & Curitel Communications, Inc., and Pantech Wireless, Inc.

On July 23, 2010, in its Amended Complaint, Washington Research Foundation added Garmin Ltd. and Garmin International, Inc. along with several codefendants, to a suit it previously filed in the United States District Court for the District of Washington alleging infringement of U.S. Patent No. 5,937,341 ("the '341 patent") and U.S. Patent No. 7,606,542 ("the '542 patent"). Garmin's chip supplier, Silicon Laboratories Inc. is also a named defendant and has agreed to indemnify Garmin for these claims. Garmin believes that each of the asserted claims of the '341 patent and the '542 patent is not infringed and/or invalid. 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 the claims in this lawsuit are without merit and intends to vigorously defend this action.

From time to time Garmin is involved in other legal actions arising in the ordinary course of our business. We believe that the ultimate outcome of these actions will not have a material adverse effect on our business, financial condition and results of operations.

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

The demand for personal navigation devices (PNDs) may be eroded by replacement technologies becoming available on mobile handsets and factory-installed systems in new autos.

We have experienced substantial growth in the automotive/mobile segment which has resulted in GPS/navigation technologies being incorporated into competing devices such as mobile handsets and new automobiles through factory-installed systems. Mobile handsets are frequently GPS-enabled and many companies are now offering navigation software for mobile devices. The acceptance of this technology by consumers could slow our growth and further reduce margins. Navigation systems are also becoming more prevalent as optional equipment on new automobiles. Increased navigation penetration on new automobiles could slow our growth and further reduce margins.

Our financial results are highly dependent on the automotive/mobile segment, which represented approximately 70% of our revenues in 2009 and may be maturing leading to lesser growth than we have experienced in the past.

We have experienced substantial growth in the automotive/mobile segment of our business in recent years as the products have become mass-market consumer electronics in both Europe and North America. This market growth may now be slowing as penetration rates increase and competing technologies emerge. Slowing growth, along with the significant price reductions that have occurred during the past three years, could result in lower revenues. As margins have also declined in this segment, slowing growth may also result in 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. The current economic weakness and constrained consumer and business spending has resulted in decreased revenue and may in the future result in decreased revenue and problems with our ability to manage inventory levels and collect customer receivables. In addition, financial difficulties experienced by our retailer 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.

Gross margins for our products may fluctuate or erode.

Gross margins on our automotive/mobile products were declining prior to 2009 and are expected to continue to decline during 2010 due to price reductions in the increasingly competitive market for personal navigation devices (PNDs) that are not 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

manufacture 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.

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

We do not believe that we (or any of our 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 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.

Best Buy is a significant customer, representing over 10% of net sales. Accordingly, our revenues and profitability will be adversely impacted if Best Buy’s business declines or if Best Buy is unable to pay us amounts owed timely.

Best Buy is our largest customer and accounted for 13.4% and 12.0% of our total net sales in 2009 and 2008, respectively. If Best Buy’s business declines due to the economic conditions, market share losses or other factors, our revenues and profitability will be adversely impacted. In addition, if Best Buy’s liquidity erodes for any of the reasons discussed above or a tightening in the credit markets and they are unwilling or unable to pay us amounts owed timely, our profitability will be adversely impacted.

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.

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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. From time to time we have experienced delays in shipping certain of our new products and any future delays, 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 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. 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.

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

Because we sell a majority 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.

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 would likely decline. As we expand our operations, our operating expenses, particularly our advertising and research and development costs, may increase as a percentage of our sales. If revenues decrease and we are unable to reduce those costs rapidly, our operating results would be negatively affected.

Historically, our revenues have been weaker in the first quarter of each fiscal year and have recently been lower than the preceding fourth quarter. Our devices are highly consumer-oriented, and consumer buying is traditionally lower in these quarters. Sales of certain of our marine and automotive products tend to be higher in our second fiscal quarter

due to increased consumer spending for such products during the recreational marine, fishing, and travel season. Sales of our automotive/mobile 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.

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 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 Shijr, Taiwan, uses the local currency as the functional currency. The Company translates all assets and liabilities at year-end exchange rates and income and expense accounts at average rates during the year. In order to minimize the effect of the currency exchange fluctuations on our net assets, we have elected to retain most of our Taiwan subsidiary's cash and investments in marketable securities denominated in U.S. dollars.

Nonetheless, U.S. GAAP requires the Company at the end of each accounting period to translate into Taiwan Dollars all such U.S. Dollar denominated assets held by our Taiwan subsidiary. This translation is required because the Taiwan Dollar is the functional currency of the subsidiary. This U.S. GAAP-mandated translation will cause us to recognize gain or loss on our financial statements as the Taiwan Dollar/U.S. Dollar exchange rate varies. 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.

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 production to meet this increasing demand. However, the demand for our products depends on many factors and will be difficult to forecast. We expect that it will become more difficult to forecast demand as we introduce and support multiple products, as competition in the market for our products intensifies and as the markets for some of our products mature to the mass market category. 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 production resulting in higher 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 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 is lower than the U.S. federal statutory rate, because we have benefited from incentives offered in Taiwan related to our high technology investments in Taiwan. The loss of these tax benefits could have a significant effect on our financial results in 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 adversely 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. We might not have sufficient resources to pay for the licenses. 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.

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 liquid crystal displays and other 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.

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 NAVTEQ Corporation and Tele Atlas N.V. NAVTEQ Corporation is owned by Nokia Oyj and Tele Atlas 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 NAVTEQ in November 2007 (extending our NAVTEQ license agreement through 2015 with an option to extend through 2019), 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 NAVTEQ changes detrimentally, our ability to supply mapping data for use in our products would be seriously harmed.

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 (including cultural differences with foreign acquisitions), 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.

We may have additional tax liabilities.

We are subject to income taxes in both 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. 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. 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 electrical engineers and software 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.

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 U.S. airspace or imposition of restrictions on general aviation would harm our business.

Following the September 11, 2001 terrorist attacks, the FAA ordered all aircraft operating in the U.S. to be grounded for several days. In addition to this shut down of U.S. airspace, the general aviation industry was further impacted by the additional restrictions implemented by the FAA on those flights that fly utilizing Visual Flight Rules (VFR). The FAA restricted VFR flight inside 30 enhanced Class B (a 20-25 mile radius around the 30 largest metropolitan areas in the USA) airspace areas. The Aircraft Owners and Pilots Association (AOPA) estimated that these restrictions affected approximately 41,800 general aviation aircraft based at 282 airports inside the 30 enhanced Class B airspace areas. The AOPA estimates that approximately 90% of all general aviation flights are conducted VFR, and that only 15% of general aviation pilots are current to fly utilizing Instrument Flight Rules (IFR).

The shutdown of U.S. airspace following September 11, 2001 caused reduced sales of our general aviation products and delays in the shipment of our products manufactured in our Taiwan manufacturing facility to our distribution facility in Olathe, Kansas, thereby adversely affecting our ability to supply new and existing products to our dealers and distributors.

Any future shut down of U.S. airspace or imposition of restrictions on general aviation 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 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 12 years.

If a significant number of satellites were to become inoperable, unavailable or are not replaced, it would impair the current utility of our Global Positioning System products and would have a material negative effect on our business. In addition, there can be no assurance that the U.S. government will remain committed to the operation and maintenance of Global Positioning System satellites over a long period, or that the policies of the U.S. government that provide for the use of the Global Positioning System without charge and without accuracy degradation will remain unchanged. Because of the increasing commercial applications of the Global Positioning System, other U.S. government agencies may become involved in the administration or the regulation of the use of Global Positioning System signals. However, in a presidential policy statement issued in December 2004, the Bush administration indicated that the U.S. is committed to supporting and improving the Global Positioning System and will continue providing it free from direct user fees.

Some of our products also use signals from systems that augment GPS, such as the Wide Area Augmentation System (WAAS). WAAS is operated by the FAA. Any curtailment of the operating capability of WAAS 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.

Any reallocation of radio frequency spectrum could cause 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. The assignment of spectrum is controlled by an international organization known as the International Telecommunications Union (''ITU''). The Federal Communications Commission (''FCC'') is responsible for the assignment of spectrum for non-government use in the United States in accordance with ITU regulations. Any ITU or FCC reallocation of radio frequency spectrum, including frequency band segmentation or sharing of spectrum, could cause interference with the reception of Global Positioning System signals and may materially and adversely affect the utility and reliability of our products, which would, in turn, have a material adverse effect on our operating results. In addition, emissions from mobile satellite service and other equipment operating in adjacent frequency bands or inband may materially and adversely affect the utility and reliability of our products, which could result in a material adverse effect on our operating results. The FCC continually receives proposals for new technologies and services, such as ultra-wideband technologies, which may seek to operate in, or across, the radio frequency bands currently used by the GPS SPS. Adverse decisions by the FCC that result in harmful interference to the delivery of the GPS SPS may materially and adversely affect the utility and reliability of our products, which could result in a material adverse effect on our business and financial condition.

Our business is subject to disruptions and uncertainties caused by 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.

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.

There are a number of pending legislative and regulatory proposals to address greenhouse gas emissions. For example, in June 2009 the U.S. House of Representatives passed the American Clean Energy and Security Act that would phase-in significant reductions in greenhouse gas emissions if enacted into law. The U.S. Senate is considering a different bill, and it is uncertain whether, when and in what form a federal mandatory carbon dioxide emissions reduction program may be adopted. Similarly, certain countries have adopted the Kyoto Protocol. These actions could increase costs associated with our operations, including costs for components used in the manufacture of our products and freight costs.

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 2009, the price of our common shares ranged from a low of $15.17 to a high of $39.58. A variety of factors could cause the price of our common shares to fluctuate, perhaps substantially, including:

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

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, and the market price of our common shares may decline.

Our officers and directors exert substantial influence over us.

As of January 25, 2010 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 43.3% 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. 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.

On June 27, 2010 we completed the redomestication of the place of our incorporation from the Cayman Islands to Switzerland (the "Redomestication"). As a result of increased shareholder approval requirements under Swiss law, we have less flexibility than we previously had as a Cayman Islands company with respect to certain aspects of capital management.

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 by a shareholders' meeting every two years. 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 does not provide as much flexibility as Cayman Islands law in the various terms that can attach to different classes of shares

either. For example, while the board of directors of a Cayman Islands company can authorize the issuance of preferred stock without shareholder approval, we will not be able to issue preferred stock without the approval of 66 2/3% of the votes represented and a majority of the par value of the shares represented at a general meeting of our shareholders. Swiss law also reserves for approval by shareholders many corporate actions over which our board of directors previously had authority under Cayman Islands law. For example, dividends must be approved by shareholders at the general meeting of our shareholders.

The par value of our shares is higher following the Redomestication. As a result, we have less flexibility than we previously had as a Cayman Islands company with respect to certain aspects of capital management.

The par value of our shares is 10 Swiss francs per share, compared to a par value of $0.005 per share when we were a Cayman Islands company. Under Swiss law, we may not issue shares below par value. In the event we need to raise equity capital at a time when the trading price of our shares is below the par value of the shares, we will be unable to issue shares. In addition, we will not be able to issue options under our benefits plans with an exercise price below the par value, which would limit the flexibility of our compensation arrangements.

We are subject to various Swiss taxes following the Redomestication.

Although we do not expect Swiss taxes to materially affect our worldwide effective corporate tax rate, we are subject to additional corporate taxes in Switzerland following the Redomestication. Switzerland imposes a corporate federal income tax for holding companies at an effective tax rate of 7.83%, although we should be entitled to a "participation relief" that in most cases will effectively eliminate any Swiss taxation on the profits of our subsidiaries paid by them to us as dividends as well as on capital gains related to the sale of participations. We also are subject to a Swiss issuance stamp tax levied on our share issuances, other than in connection with qualifying restructurings, or increases of our equity at a rate of 1% of the fair market value of the issuance or increase. In addition, we are subject to some other Swiss indirect taxes (e.g., VAT, Swiss issuance stamp tax on certain debt instruments and Swiss securities transfer stamp tax).

As a Swiss company, we are required to declare dividends in Swiss francs and any currency fluctuations between the U.S. dollar and Swiss francs will affect the dollar value of the dividends we pay.

Under Swiss corporate law, we are required to declare dividends, including distributions through a reduction in par value, in Swiss Francs. Dividend payments will be made by our transfer agent in U.S. dollars converted at the applicable exchange rate shortly before the payment date. As a result, shareholders will be exposed to fluctuations in the exchange rate between the date used for purposes of calculating the Swiss Franc amount of any proposed dividend or par value reduction and the relevant payment date, which will be determined by the shareholders' meeting.

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, after January 1, 2011, subject to the adoption of implementing regulations, 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 is not subject to Swiss withholding tax. However, there can be no assurance that our shareholders will approve a reduction in par value, 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. In addition, over the long term, the amount of par value available for us to use for par value reductions will be limited. If we unable to make a distribution through a reduction in par value or, after January 1, 2011, subject to the adoption of implementing regulations, 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.

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Under present 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. Beginning on January 1, 2011, subject to the adoption of implementing regulations, the portion of the repurchase price that is attributed to the qualifying capital contribution reserves of the shares repurchased will not be subject to the Swiss withholding tax either. We may follow a share repurchase process for future share repurchases, if any, similar to a "second trading line" on the Swiss Stock 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.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Items (a) and (b) are not applicable.

(c) Issuer Purchases of Equity Securities

The Board of Directors approved a share repurchase program on February 12, 2010, authorizing the Company to purchase up to $300,000 of its common shares as market and business conditions warrant. The share repurchase authorization expires on December 31, 2010. The following table lists the Company's share purchases during the second quarter of fiscal 2010:

Period	Total # of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares (or approx. Dollar Value of Shares in Thousands) That May Yet Be Purchased Under the Plans or Programs
13-weeks ended June 26, 2010	1,647,306	$ 31.87	1,647,306	$ 200,414
Total	1,647,306	$ 31.87	1,647,306	$ 200,414

Item 3. Defaults Upon Senior Securities

None

Item 5. Other Information

Not applicable

Item 6. Exhibits

Exhibit 31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a).
Exhibit 31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a).
Exhibit 32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted 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

SIGNATURES

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

GARMIN LTD.

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

Dated: August 4, 2010

INDEX TO EXHIBITS

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