FIRST BANCORP /NC/
Form 10-K
March 16, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2010

Commission File Number 0-15572

FIRST BANCORP

(Exact Name of Registrant as Specified in its Charter)

North Carolina (State of Incorporation)	56-1421916 (I.R.S. Employer Identification Number)
341 North Main Street, Troy, North Carolina (Address of Principal Executive Offices)	27371-0508 (Zip Code)
Registrant's telephone number, including area code:	(910) 576-6171

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, No Par Value	The Nasdaq Global Select Market

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. o YES x NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. o YES x NO

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

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

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

o Large Accelerated Filer	x Accelerated Filer	o Non-Accelerated Filer (Do not check if a smaller reporting company)	o Smaller Reporting Company

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

The aggregate market value of the Common Stock, no par value, held by non-affiliates of the registrant, based on the closing price of the Common Stock as of June 30, 2010 as reported by The NASDAQ Global Select Market, was approximately $217,318,832.

The number of shares of the registrant's Common Stock outstanding on February 28, 2011 was 16,822,271.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement to be filed pursuant to Regulation 14A are incorporated herein by reference into Part III.

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* Information called for by Part III (Items 10 through 14) is incorporated herein by reference to the Registrant's definitive Proxy Statement for the 2011 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission on or before April 30, 2011.

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FORWARD-LOOKING STATEMENTS

This report contains statements that could be deemed forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act, which statements are inherently subject to risks and uncertainties. Forward-looking statements are statements that include projections, predictions, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Further, forward-looking statements are intended to speak only as of the date made. Such statements are often characterized by the use of qualifying words (and their derivatives) such as “expect,” “believe,” “estimate,” “plan,” “project,” o other statements concerning our opinions or judgment about future events. Factors that could influence the accuracy of such forward-looking statements include, but are not limited to, the financial success or changing strategies of our customers, our level of success in integrating acquisitions, actions of government regulators, the level of market interest rates, and general economic conditions. For additional information that could affect the matters discussed in this paragraph, see the “Risk Factors” section in Item 1A of this report.

PART I

Item 1. Business

General Description

The Company

First Bancorp (the “Company”) is a bank holding company. Our principal activity is the ownership and operation of First Bank (the “Bank”), a state-chartered bank with its main office in Troy, North Carolina. The Company is also the parent to a series of statutory business trusts organized under the laws of the State of Delaware that were created for the purpose of issuing trust preferred debt securities. Our outstanding debt associated with these trusts was $46.4 million at December 31, 2010 and 2009.

The Company was incorporated in North Carolina on December 8, 1983, as Montgomery Bancorp, for the purpose of acquiring 100% of the outstanding common stock of the Bank through a stock-for-stock exchange. On December 31, 1986, the Company changed its name to First Bancorp to conform its name to the name of the Bank, which had changed its name from Bank of Montgomery to First Bank in 1985.

The Bank was organized in 1934 and began banking operations in 1935 as the Bank of Montgomery, named for the county in which it operated. Troy, population 3,500, is located in the center of Montgomery County, approximately 60 miles east of Charlotte, 50 miles south of Greensboro, and 80 miles southwest of Raleigh. As of December 31, 2010, we conducted business from 92 branches covering a geographical area from Little River, South Carolina to the southeast, to Wilmington, North Carolina to the east, to Kill Devil Hills, North Carolina to the northeast, to Radford, Virginia to the north, to Wytheville, Virginia to the northwest, and to Harmony, North Carolina to the west. We also have a loan production office in Blacksburg, which is located in southwestern Virginia and represents our furthest location to the north of Troy. Of the Bank’s 92 branches, 77 are in North Carolina, nine branches are in South Carolina and six branches are in Virginia (where we operate under the name “First Bank of Virginia”). Ranked by assets, the Bank was the fifth largest bank headquartered in North Carolina as of December 31, 2010.

On June 19, 2009, we acquired substantially all of the assets and liabilities of Cooperative Bank, which had been closed earlier that day by regulatory authorities. Cooperative Bank operated through twenty-four branches located primarily in the coastal region of North Carolina. In connection with the acquisition, we assumed assets with a book value of $959 million, including $829 million in loans and $706 million in deposits. The loans and

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foreclosed real estate purchased are covered by loss share agreements between the Federal Deposit Insurance Corporation (FDIC) and First Bank which affords the Bank significant loss protection. We recorded a gain of $67.9 million as a result of this acquisition. Additional information regarding this transaction is contained in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 2 to the audited consolidated financial statements.

On January 21, 2011, we entered into a purchase and assumption agreement with the FDIC to purchase substantially all of the assets and liabilities of The Bank of Asheville in Asheville, North Carolina. The Bank of Asheville had five branches with approximately $193 million in total assets, including $154 million in loans, and $196 million in liabilities, including $192 million in deposits. Substantially all of the loans and foreclosed real-estate are covered by loss share agreements with the FDIC.

As of December 31, 2010, the Bank had two wholly owned subsidiaries, First Bank Insurance Services, Inc. ("First Bank Insurance") and First Troy SPE, LLC. First Bank Insurance was acquired as an active insurance agency in 1994 in connection with the Company's acquisition of a bank that had an insurance subsidiary. On December 29, 1995, the insurance agency operations of First Bank Insurance were divested. From December 1995 until October 1999, First Bank Insurance was inactive. In October 1999, First Bank Insurance began operations again as a provider of non-FDIC insured investments and insurance products. Currently, First Bank Insurance's primary business activity is the placement of property and casualty insurance coverage. First Troy SPE, LLC, which was organized in December 2009, is a holding entity for certain foreclosed properties.

Our principal executive offices are located at 341 North Main Street, Troy, North Carolina 27371-0508, and our telephone number is (910) 576-6171. Unless the context requires otherwise, references to the "Company" in this annual report on Form 10-K shall mean collectively First Bancorp and its consolidated subsidiaries.

General Business

We engage in a full range of banking activities, with the acceptance of deposits and the making of loans being its most basic activities. We offer deposit products such as checking, savings, NOW and money market accounts, as well as time deposits, including various types of certificates of deposits (CDs) and individual retirement accounts (IRAs). For business customers, we offer repurchase agreements (also called securities sold under agreement to repurchase), which are similar to interest-bearing deposits and allow us to pay interest to business customers without statutory limitations on the number of withdrawals that these customers can make. We provide loans for a wide range of consumer and commercial purposes, including loans for business, agriculture, real estate, personal uses, home improvement and automobiles. We also offers credit cards, debit cards, letters of credit, safe deposit box rentals, bank money orders and electronic funds transfer services, including wire transfers. In addition, we offer internet banking, mobile banking, cash management and bank-by-phone capabilities to our customers, and are affiliated with ATM networks that give our customers access to 61,000 ATMs, with no surcharge fee. In 2007, we introduced remote deposit capture, which provides business customers with a method to electronically transmit checks received from customers into their bank account without having to visit a branch. In 2008, we joined the Certificate of Deposit Account Registry Service (CDARS), which gives our customers the ability to obtain FDIC insurance on deposits of up to $50 million, while continuing to work directly with their local First Bank branch.

Because the majority of our customers are individuals and small to medium-sized businesses located in the counties we serve, management does not believe that the loss of a single customer or group of customers would have a material adverse impact on the Bank. There are no seasonal factors that tend to have any material effect on the Bank's business, and we do not rely on foreign sources of funds or income. Because we operate primarily within the coastal and central Piedmont regions of North Carolina, the economic conditions of those areas could have a material impact on the Company. See additional discussion below in the section entitled "Territory Served and Competition."

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Beginning in 1999, First Bank Insurance began offering non-FDIC insured investment and insurance products, including mutual funds, annuities, long-term care insurance, life insurance, and company retirement plans, as well as financial planning services (the "investments division"). In May 2001, First Bank Insurance added to its product line when it acquired two insurance agencies that specialized in the placement of property and casualty insurance. In October 2003, the "investments division" of First Bank Insurance became a part of the Bank. The primary activity of First Bank Insurance is now the placement of property and casualty insurance products. In February 2010, First Bank Insurance acquired The Insurance Center, Inc., a Troy-based property and casualty insurance agency with approximately 500 customers.

Until April 2010, the Company owned and operated another subsidiary, Montgomery Data Services, Inc. Montgomery Data provided electronic data processing services for the Bank and to other area financial institutions for a fee. In January 2010, Montgomery Data's last external customer terminated its service agreement. Due to the demands of providing service to the Bank, we decided to discontinue servicing third parties and merged the operations of Montgomery Data into the Bank in April 2010. For the years ended December 31, 2010, 2009 and 2008, external customers provided gross revenues of $32,000, $139,000 and $167,000, respectively.

First Bancorp Capital Trust I was organized in October 2002 for the purpose of issuing $20.6 million in debt securities. These debt securities were called by the Company at par on November 7, 2007 and First Bancorp Capital Trust I was dissolved.

First Bancorp Capital Trust II and First Bancorp Capital Trust III were organized in December 2003 for the purpose of issuing $20.6 million in debt securities ($10.3 million was issued from each trust). These borrowings are due on January 23, 2034 and are also structured as trust preferred capital securities in order to qualify as regulatory capital. These debt securities are callable by the Company at par on any quarterly interest payment date beginning on January 23, 2009. The interest rate on these debt securities adjusts on a quarterly basis at a weighted average rate of three-month LIBOR plus 2.70%.

First Bancorp Capital Trust IV was organized in April 2006 for the purpose of issuing $25.8 million in debt securities. These borrowings are due on June 15, 2036 and are structured as trust preferred capital securities, which qualify as capital for regulatory capital adequacy requirements. These debt securities are callable by the Company at par on any quarterly interest payment date beginning on June 15, 2011. The interest rate on these debt securities adjusts on a quarterly basis at a rate of three-month LIBOR plus 1.39%.

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Territory Served and Competition

Our headquarters are located in Troy, Montgomery County, North Carolina. At the end of 2010, we served primarily the south central area of the Piedmont and the eastern coastal regions of North Carolina, with additional operations in northeastern South Carolina and southwestern Virginia. As previously discussed, in January 2011, we acquired a failed bank that operated in Buncombe County, which is in the western part of North Carolina. The following table presents, for each county where we operated as of December 31, 2010; the number of bank branches operated by the Company within the county, the approximate amount of deposits with the Company in the county as of December 31, 2010, our approximate deposit market share at June 30, 2010, and the number of bank competitors located in the county at June 30, 2010.

County	Number of Branches	Deposits (in millions)	Market Share		Number of Competitors		
Anson, NC	1	$ 11	3.9	%	5		
Beaufort, NC	3	35	3.6	%	6		
Bladen, NC	1	24	10.5	%	5		
Brunswick, NC	4	89	6.5	%	12		
Cabarrus, NC	2	37	1.7	%	11		
Carteret, NC	2	31	3.6	%	8		
Chatham, NC	2	53	13.8	%	10		
Chesterfield, SC	3	60	17.3	%	7		
Columbus, NC	2	31	5.0	%	6		
Dare, NC	1	10	1.3	%	11		
Davidson, NC	3	104	3.9	%	10		
Dillon, SC							
Net sales	$ 72,815	$ 130,994	$ 64,297		$ 219,226	$98,062	$585,394
Gross profit	$ 49,064	$ 83,075	$ 35,513		$ 104,959	$71,511	$344,122
Operating income	$ 23,770	$ 34,638	$ 4,566		$ 22,544	$26,180	$111,698

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 13-week periods ended March 26, 2016 and March 28, 2015. Note that APAC includes Asia Pacific and EMEA includes Europe, the Middle East and Africa:

	Americas	APAC	EMEA	Total
March 26, 2016				
Net sales to external customers	$317,957	$80,355	$225,728	$624,040
Property and equipment, net	$297,033	$112,115	$39,819	$448,967
March 28, 2015				
Net sales to external customers	$305,261	$71,782	$208,351	$585,394

Property and equipment, net	$276,605	$111,544	$47,955	$436,104

5. 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	
	March 26, 2016	March 28, 2015
Balance - beginning of the period	$30,449	$27,609
Accrual for products sold	12,452	6,742
Expenditures	(11,494)	(10,485)
Balance - end of the period	$31,407	$23,866

6. Commitments and Contingencies

The Company is party to certain commitments, which include purchases of raw materials, advertising expenditures, investments in certain low income housing tax credit projects, and other indirect purchases in connection with conducting our business. The aggregate amount of purchase orders and other commitments open as of March 26, 2016 was approximately $273,124. We cannot determine the aggregate amount of such purchase orders that represent contractual obligations because purchase orders may represent authorizations to purchase rather than binding agreements. Our purchase orders are based on our current needs and are typically fulfilled within short periods of time.

In the normal course of business, the Company and its subsidiaries are parties to various legal claims, investigations and complaints, including matters alleging patent infringement and other intellectual property claims. The Company evaluates, on a quarterly basis, developments in legal proceedings, investigations or claims that could affect the amount of any accrual or disclosure. The assessment regarding whether a loss is probable or a reasonable possibility, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events.

Management of the Company currently does not believe there is at least a reasonable possibility the Company may have incurred a material loss, or a material loss in excess of recorded accruals, with respect to loss contingencies individually and in the aggregate, for the fiscal quarter ended March 26, 2016. The results of legal proceedings, investigations and claims, however, cannot be predicted with certainty. Although management considers the likelihood to be remote, an adverse resolution of one or more of such matters in excess of management's expectations could have a material adverse effect on the Company's results of operations in a particular quarter or fiscal year.

The Company settled or resolved certain matters during the fiscal quarter ended March 26, 2016 that did not individually or in the aggregate have a material impact on the Company's financial condition or results of operations.

7. Income Taxes

The Company's income tax expense increased from $9,403 to $19,455 for the 13-week period ended March 26, 2016, compared to the 13-week period ended March 28, 2015. The effective tax rate was 18.1% in the first quarter of 2016, compared to 12.3% in the first quarter of 2015. The increase in effective tax rate compared to the first quarter 2015 resulted from the reduced income projection for 2016, which negatively impacts our income mix by jurisdiction. Additionally, the favorable release of uncertain tax position reserves due to expiration of certain statutes of limitations or completion of tax audits decreased by $1,514 compared to the first quarter of 2015. The increase in the effective tax rate was partially offset as a result of the permanent extension of the U.S. research and development tax credit legislation, which had not yet been extended in the first quarter of 2015.

8. Marketable Securities

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

Level 1 Unadjusted quoted prices in active markets for the identical asset or liability

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

The Company endeavors to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Valuation is based on prices obtained from an independent pricing vendor using both market and income approaches. The primary inputs to the valuation include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields, and credit spreads.

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

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

	Fair Value Measurements as of March 26, 2016			
	Total	Level 1	Level 2	Level 3
U.S. Treasury securities	$26,688	$ -	$26,688	$ -
Agency securities	166,716	-	166,716	-
Mortgage-backed securities	299,413	-	299,413	-
Corporate securities	687,534	-	687,534	-
Municipal securities	218,589	-	218,589	-
Other	79,006		79,006	
Total	$1,477,946	$ -	$1,477,946	$ -

	Fair Value Measurements as of December 26, 2015			
	Total	Level 1	Level 2	Level 3
U.S. Treasury securities	$27,731	-	$27,731	$ -
Agency securities	208,631	-	208,631	-
Mortgage-backed securities	370,232	-	370,232	-
Corporate securities	648,590	-	648,590	-
Municipal securities	223,562	-	223,562	-
Other	79,802		79,802	
Total	$1,558,548	$ -	$1,558,548	$ -

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

	Available-For-Sale Securities as of March 26, 2016				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses- OTTI[1]	Gross Unrealized Losses- Other [2]	Estimated Fair Value (Net Carrying Amount)
U.S. Treasury securities	$26,491	$ 200	$ -	$ (3)	$ 26,688
Agency securities	167,604	95	(914)	(69)	166,716
Mortgage-backed securities	302,047	261	(726)	(2,169)	299,413
Corporate securities	692,034	1,008	(1,032)	(4,476)	687,534
Municipal securities	218,079	990	(1)	(479)	218,589
Other	79,047	4	(12)	(33)	79,006
Total	$1,485,302	$ 2,558	$ (2,685)	$ (7,229)	$ 1,477,946

	Available-For-Sale Securities as of December 26, 2015				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses- OTTI[1]	Gross Unrealized Losses- Other[2]	Estimated Fair Value (Net Carrying Amount)
U.S. Treasury securities	$27,772	$ 27	$ -	$ (68)	$ 27,731
Agency securities	211,248	105	(2,409)	(313)	208,631
Mortgage-backed securities	376,801	191	(1,210)	(5,550)	370,232
Corporate securities	656,447	179	(1,635)	(6,401)	648,590
Municipal securities	223,991	636	(9)	(1,056)	223,562
Other	79,853	4	(14)	(41)	79,802
Total	$1,576,112	$ 1,142	$ (5,277)	$ (13,429)	$ 1,558,548

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

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

The Company's investment policy requires investments to be rated A or better with the objective of minimizing the potential risk of principal loss. The fair value of the securities varies from period to period due to changes in interest rates, in the performance of the underlying collateral and in the credit performance of the underlying issuer, among other factors. The Company does not intend to sell the securities that have an unrealized loss shown in the table above and it is not more likely than not that the Company will be required to sell the investment before recovery of their amortized costs bases, which may be maturity.

The Company recognizes the credit component of other-than-temporary impairments of debt securities in "Other Income" and the noncredit component in "Other comprehensive income (loss)" for those securities that we do not intend to sell and for which it is not more likely than not that we will be required to sell before recovery. During 2015 and the 13-week period ending March 26, 2016, the Company did not record any material impairment charges on its outstanding securities.

The amortized cost and estimated fair value of the securities at an unrealized loss position at March 26, 2016 were $977,633 and $967,719, respectively. Approximately 48.8% of securities in the Company’s portfolio were at an unrealized loss position at March 26, 2016. We have the ability to hold these securities until maturity or their value is recovered. We do not consider these unrealized losses to be other-than-temporary credit losses because there has been no deterioration in credit quality and no change in the cash flows of the underlying securities. The Company does not intend to sell the securities and it is not more likely than not that the Company will be required to sell the securities; therefore, no impairment has been recorded in the accompanying condensed consolidated statement of income.

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

The following table displays additional information regarding gross unrealized losses and fair value by major security type for available-for-sale securities in an unrealized loss position:

	As of March 26, 2016			
	Less than 12 Consecutive Months		12 Consecutive Months or Longer	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$(3)	$6,506	$ -	$ -
Agency securities	(209)	81,728	(774)	46,326
Mortgage-backed securities	(1,242)	153,245	(1,653)	97,584
Corporate securities	(3,635)	420,492	(1,873)	73,627
Municipal securities	(334)	49,812	(146)	11,454
Other	(23)	12,221	(22)	14,724
Total	(5,446)	$724,004	$ (4,468)	$ 243,715

	As of December 26, 2015			
	Less than 12 Consecutive Months		12 Consecutive Months or Longer	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$(68)	$22,184	$ -	$ -
Agency securities	(691)	117,803	(2,031)	69,418
Mortgage-backed securities	(4,571)	263,735	(2,189)	83,722
Corporate securities	(6,719)	521,731	(1,317)	50,374
Municipal securities	(1,035)	116,033	(30)	6,557
Other	(29)	14,666	(26)	14,927
Total	$(13,113)	$1,056,152	$ (5,593)	$ 224,998

The amortized cost and estimated fair value of marketable securities at March 26, 2016, 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	$198,169	$198,147
Due after one year through five years	1,103,644	1,098,731
Due after five years through ten years	136,298	134,646
Due after ten years	47,191	46,422

	$1,485,302	$1,477,946

9. Share Repurchase Plan

On February 13, 2015, the Board of Directors approved a share repurchase program authorizing the Company to repurchase up to $300,000 of the common shares of Garmin Ltd. The repurchases may be made from time to time as market and business conditions warrant on the open market or in negotiated transactions in compliance with the SEC's Rule 10b-18. The timing and amounts of any repurchases will be determined by the Company's management depending on business and market conditions and other factors including price, regulatory requirements and capital availability. The program does not require the purchase of any minimum number of shares and may be suspended or discontinued at any time. The share repurchase authorization expires on December 31, 2016. As of March 26, 2016, the Company had repurchased 3,679 shares using cash of $151,209. There remains approximately $148,791 available to repurchase additional shares under this authorization.

10. Accumulated Other Comprehensive Income

The following provides required disclosure of changes in accumulated other comprehensive income (AOCI) balances by component for the 13-week period ended March 26, 2016:

	13-Weeks Ended March 26, 2016			
	Foreign Currency Translation Adjustment	**Gross unrealized losses on available-for-sale securities-OTTI[3]**	**Net unrealized gains (losses) on available-for-sale securities-Other[4]**	Total
Balance - beginning of period	$(14,107)	$ (5,277)	$ (11,044)	$(30,428)
Other comprehensive income before reclassification	6,266	2,592	7,017	15,875
Amounts reclassified from accumulated other comprehensive income	-	-	(311)	(311)
Net current-period other comprehensive income	6,266	2,592	6,706	15,564
Balance - end of period	$(7,841)	$ (2,685)	$ (4,338)	$(14,864)

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

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

The following provides required disclosure of reporting reclassifications out of AOCI for the 13-week period ended March 26, 2016:

Reclassifications Out of Accumulated Other Comprehensive Income

13-Weeks Ended March 28, 2016

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income	Affected Line Item in the Statement Where Net Income is Presented

Unrealized gains (losses) on available-for-sale securities	$	452	Other income (expense)
		(141)	Income tax (provision) benefit
	$	311	Net of tax

11. Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"), which supersedes previous revenue recognition guidance. ASU 2014-09 requires that a company will recognize revenue at an amount that reflects the consideration to which the company expects to be entitled in exchange for transferring goods or services to a customer. The new standard may be applied retrospectively to each prior period presented or in a modified retrospective approach in which the cumulative effect will be recognized as of the date of adoption. In August 2015, the FASB issued Accounting Standards Update No. 2015-14 ("ASU 2015-14"), which defers the effective date of the new guidance such that the new provisions will now be required for fiscal years, and interim periods within those years, beginning after December 15, 2017. In March 2016, the FASB issued Accounting Standards Update No. 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations ("ASU 2016-08"), which clarifies the implementation guidance on principal versus agent considerations (reporting revenue gross versus net) in the new revenue recognition standard. The Company is currently evaluating the impact of adopting the new revenue standards on its consolidated financial statements.

In January 2016, the FASB issued Accounting Standards Update No. 2016-01, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities (“ASU 2016-01”). The standard addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. ASU 2016-01 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. The Company is currently evaluating the impact of adopting the new standard on its consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases (Topic 842) (“ASU 2016-02”), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. ASU 2016-02 requires lessees to present a right-of-use asset and a corresponding lease liability on the balance sheet. Lessor accounting is substantially unchanged compared to the current accounting guidance. ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the impact of adopting the new standard on its consolidated financial statements.

In March 2016, the FASB issued Accounting Standards Update No. 2016-09, Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting (“ASU 2016-09”), which is intended to simplify the accounting for share-based payment awards. The standard includes provisions addressing income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is permitted. The Company is currently evaluating the impact of adopting the new standard on its consolidated financial statements.

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 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 the Company’s assumptions prove incorrect or should unanticipated circumstances arise, 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, 2015. 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 website 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, 2015.

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 five business segments, the outdoor, fitness, marine, auto and aviation markets. The Company's segments offer products through its network of independent dealers and distributors. However, the nature of products and types of customers for the five segments may vary significantly. As such, the segments are managed separately.

Results of Operations

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

	13-Weeks Ended			
	March 26, 2016		March 28, 2015	
Net sales	100	%	100	%
Cost of goods sold	46	%	41	%
Gross profit	54	%	59	%
Advertising	5	%	5	%
Selling, general and administrative	15	%	17	%
Research and development	17	%	18	%
Total operating expenses	38	%	40	%
Operating income	17	%	19	%
Other income (expense), net	1	%	-6	%
Income before income taxes	17	%	13	%
Provision for income taxes	3	%	2	%
Net income	14	%	11	%

The Company manages its operations in five segments: outdoor, fitness, marine, auto, 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 segment table located in Note 4 sets forth the Company’s results of operations (in thousands) including net sales, gross profit, and operating income for each of the Company’s five segments during the periods shown. For each line item in the table, the total of the outdoor, fitness, marine, auto, and aviation segments' amounts equals the amount in the condensed consolidated statements of income included in Item 1.

In 2016 the Company moved action camera related revenue and expenses from the Outdoor segment to the Auto segment, allowing for alignment and synergies with other camera-based efforts occurring within the Auto segment. The overall impact of the move was immaterial. However, action camera related operating results for the 13-weeks ended March 28, 2015 have been recast to conform to the current year presentation.

Comparison of 13-Weeks Ended March 26, 2016 and March 28, 2015

(Amounts included in the following discussion are stated in thousands unless otherwise indicated)

Net Sales

	13-weeks ended March 26, 2016		13-weeks ended March 28, 2015		Year over Year	
	Net Sales	% of Revenues	Net Sales	% of Revenues	$ Change	% Change
Outdoor	$ 96,827	16 %	$ 72,815	12 %	$ 24,012	33 %
Fitness	142,418	23 %	130,994	22 %	11,423	9 %
Marine	82,880	13 %	64,297	11 %	18,583	29 %
Auto	195,599	31 %	219,226	37 %	(23,627)	-11 %
Aviation	106,316	17 %	98,062	17 %	8,254	8 %
Total	$ 624,040	100 %	$ 585,394	100 %	$ 38,645	7 %

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Net sales increased 7% for the 13-week period ended March 26, 2016 when compared to the year-ago quarter. All segments, excluding auto, grew in the quarter. Auto revenue remains the largest portion of our revenue mix at 31% in the first quarter of 2016 compared to 37% in the first quarter of 2015.

Total unit sales increased to 3,316 in the first quarter of 2016 from 3,044 in the same period of 2015.

Auto segment revenue decreased 11% from the year-ago quarter, as personal navigation device (PND) volumes continued to decline and due to the reduced contribution of amortization of previously deferred revenue in the first quarter of 2016 compared to first quarter 2015. Revenue in our outdoor segment experienced robust growth of 33% driven by growth in wearable and dog categories. Revenue in our marine segment increased 29% as new products, which garner higher average selling prices (ASPs), led to improved demand and market share gains. Fitness revenue grew 9% due to strong growth of newly introduced products. Aviation revenue increased 8% from the year-ago quarter due to contributions in both OEM and aftermarket.

Cost of Goods Sold

	13-weeks ended March 26, 2016		13-weeks ended March 28, 2015		Year over Year	
	Cost of Goods	% of Revenues	Cost of Goods	% of Revenues	$ Change	% Change
Outdoor	$ 37,895	39 %	$ 23,751	33 %	$ 14,143	60 %
Fitness	70,124	49 %	47,919	37 %	22,205	46 %
Marine	38,731	47 %	28,784	45 %	9,947	35 %
Auto	109,455	56 %	114,267	52 %	(4,812)	-4 %
Aviation	27,985	26 %	26,551	27 %	1,434	5 %
Total	$ 284,190	46 %	$ 241,272	41 %	$ 42,919	18 %

Cost of goods sold increased 500 basis points as a percentage of revenue from the year ago quarter with increases in all segments that posted revenue growth with a slightly offsetting decline in auto, while increasing 18% in absolute dollars.

In the auto segment, the 400 basis point cost of goods sold increase reflects lower PND shipments and product mix shift toward lower margin software-focused OEM solutions. Cost of goods as a percentage of revenue for fitness was negatively impacted by product mix shifts to high volume, lower ASP activity trackers. In the outdoor segment, the increase in cost of goods sold reflects product mix shift toward higher cost per unit products. In the marine segment, the cost of goods sold increase reflects the product mix shift toward higher cost per unit products while in the aviation segment product mix resulted in decreased cost of goods sold as a percent of revenue.

Gross Profit

	13-weeks ended March 26, 2016		13-weeks ended March 28, 2015		Year over Year	
	Gross Profit	% of Revenues	Gross Profit	% of Revenues	$ Change	% Change
Outdoor	$ 58,932	61 %	$ 49,064	67 %	$ 9,868	20 %
Fitness	72,294	51 %	83,075	63 %	(10,781)	-13 %
Marine	44,149	53 %	35,513	55 %	8,635	24 %
Auto	86,144	44 %	104,959	48 %	(18,815)	-18 %
Aviation	78,331	74 %	71,511	73 %	6,819	10 %
Total	$ 339,850	54 %	$ 344,122	59 %	$ (4,271)	-1 %

Gross profit dollars in the first quarter of 2016 decreased 1% while gross profit margin decreased 400 basis points compared to the first quarter of 2015. Fitness, outdoor, marine and auto suffered gross margin decline, as discussed above. Aviation margins increased slightly, as discussed above.

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Advertising Expense

	13-weeks ended March 26, 2016			13-weeks ended March 28, 2015					
	Advertising Expense	% of Revenues		Advertising Expense	% of Revenues		Year over Year $ Change	% Change	
Outdoor	$ 5,158	5	%	$ 4,151	6	%	$1,008	24	%
Fitness	14,852	10	%	11,170	9	%	3,682	33	%
Marine	4,603	6	%	3,763	6	%	839	22	%
Auto	6,165	3	%	7,225	3	%	(1,060)	-15	%
Aviation	1,455	1	%	1,363	1	%	92	7	%
Total	$ 32,233	5	%	$ 27,672	5	%	$4,560	16	%

Advertising expense increased 16% in absolute dollars and were flat year-over-year as a percent of revenue. The increase in absolute dollars primarily occurred in fitness and outdoor with increased media spend and cooperative advertising. This increase was partially offset by decreased spending in auto due to reduced cooperative advertising associated with lower volumes.

Selling, General and Administrative Expense

	13-weeks ended March 26, 2016			13-weeks ended March 28, 2015					
	Selling, General & Admin. Expenses	% of Revenues		Selling, General & Admin. Expenses	% of Revenues		Year over Year $ Change	% Change	
Outdoor	$15,971	16	%	$12,665	17	%	$ 3,306	26	%
Fitness	26,051	18	%	25,082	19	%	968	4	%
Marine	16,082	19	%	13,979	22	%	2,103	15	%
Auto	30,790	16	%	40,746	19	%	(9,956)	-24	%
Aviation	6,716	6	%	6,278	6	%	438	7	%
Total	$95,610	15	%	$98,750	17	%	($3,139)	-3	%

Selling, general and administrative expense decreased 3% in absolute dollars and 200 basis points as a percent of revenues compared to the year-ago quarter. The absolute dollar decrease is related to less litigation related costs compared to the year ago period. Variances by segment are primarily due to the allocation of certain selling, general and administrative expenses based on percentage of total revenues.

Research and Development Expense

	13-weeks ended March 26, 2016		13-weeks ended March 28, 2015		Year over Year	
	Research & Development	% of Revenues	Research & Development	% of Revenues	$ Change	% Change
Outdoor	$9,918	10 %	$8,478	12 %	$1,440	17 %
Fitness	14,818	10 %	12,185	9 %	2,632	22 %
Marine	13,171	16 %	13,205	21 %	(35)	0 %
Auto	30,623	16 %	34,444	16 %	(3,822)	-11 %
Aviation	39,674	37 %	37,690	38 %	1,984	5 %
Total	$108,204	17 %	$106,002	18 %	$2,202	2 %

Research and development expense increased 2% due to ongoing development activities for new products. In absolute dollars, research and development costs increased $2.2 million when compared with the year-ago quarter but decreased as a percent of revenue by 100 basis points. Our research and development spending is focused on creating new products, new product categories, and new markets through innovation and clear differentiators from our competition.

Operating Income

	13-weeks ended March 26, 2016		13-weeks ended March 28, 2015		Year over Year	
	Operating Income	% of Revenues	Operating Income	% of Revenues	$ Change	% Change
Outdoor	$ 27,885	29 %	$ 23,770	33 %	$4,114	17 %
Fitness	16,573	12 %	34,638	26 %	(18,064)	-52 %
Marine	10,293	12 %	4,566	7 %	5,728	125 %
Auto	18,566	9 %	22,544	10 %	(3,976)	-18 %
Aviation	30,486	29 %	26,180	27 %	4,304	16 %
Total	$ 103,803	17 %	$ 111,698	19 %	$(7,896)	-7 %

Operating income decreased 7% in absolute dollars and 200 basis points as a percent of revenue when compared to the first quarter of 2015. Revenue growth, declines in the gross margin percentage, as discussed above, coupled with increases in advertising and research and development, contributed to the decline.

Other Income (Expense)

	13-weeks ended March 26, 2016	13-weeks ended March 28, 2015
Interest Income	$ 7,428	$ 8,024
Foreign Currency gains (losses)	$ (4,839)	(44,264)
Other	$ 1,155	738
Total	$ 3,744	$ (35,502)

The average return on cash and investments during the first quarter of 2016 was 1.3% compared to 1.2% during the same quarter of 2015. Lower interest income in the first quarter of 2016, as compared to the same period of 2015, is due to reduced cash balances in the current period.

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

The $4.8 million currency loss in the first quarter of 2016 was primarily due to the weakening of the U.S. Dollar against the Taiwan Dollar. During the first quarter of 2016, the U.S. Dollar weakened 1.0% against the Taiwan Dollar, resulting in a loss of $6.6 million. This was partially offset by the U.S. Dollar also weakening 1.7% against the Euro, resulting in a gain of $1.1 million. The remaining net currency gain of $0.7 million is related to other currencies and timing of transactions.

The majority of the $44.3 million currency loss in the first quarter of 2015 was due to the strengthening of the U.S. Dollar against the Euro in congruence with the U.S. Dollar weakening against the Taiwan Dollar. During the first quarter of 2015, the U.S. Dollar strengthened 10.8% compared to the Euro resulting in a loss of $31.0 million while the U.S. Dollar weakened against the Taiwan Dollar 1.9% resulting in a loss of $14.0 million. The remaining net currency gain of $0.7 million is related to other currencies and timing of transactions.

Income Tax Provision

The Company’s income tax expense increased from $9.4 million to $19.5 million for the 13-week period ended March 26, 2016, compared to the 13-week period ended March 28, 2015. The effective tax rate was 18.1% in the first quarter of 2016, compared to 12.3% in the first quarter of 2015. The increase in effective tax rate compared to the first quarter 2015 resulted from the reduced income projection for 2016, which negatively impacts our income mix by jurisdiction. Additionally, the favorable release of uncertain tax position reserves due to expiration of certain statutes of limitations or completion of tax audits decreased by $1.5 million compared to the first quarter of 2015. The increase in the effective tax rate was partially offset as a result of the permanent extension of the U.S. research and development tax credit legislation, which had not yet been extended in the first quarter of 2015.

Net Income

As a result of the above, net income increased by $21.3 million for the 13-week period ended March 26, 2016 to $88.1 million compared to $66.8 million for the 13-week period ended March 28, 2015.

Liquidity and Capital Resources

Operating Activities

	13-Weeks Ended	
	Mar 26,	Mar 28,
(In thousands)	2016	2015
Net cash provided by operating activities	$129,387	$81,655

The $47.7 million increase in cash provided by operating activities in the first quarter of 2016 compared to first quarter of 2015 was primarily due to the following:

- other current and noncurrent liabilities providing $41.8 million more cash primarily due to the timing of payments for royalties
- inventories and related provisions for obsolete and slow moving inventories providing $41.7 million more cash primarily due to reduced purchases of raw materials and
- net income increasing $21.3 million as discussed in the Results of Operations above

Partially offset by:

- the $53.3 million impact of decreasing unrealized foreign currency losses due primarily to foreign currency rate fluctuations as discussed in the Results of Operations section above
- accounts payable providing $19.5 million less cash due to the timing of disbursements and
- the impact of income tax payable providing $11.5 million less cash due to the timing of disbursements

Investing Activities

	13-Weeks Ended	
	Mar 26,	Mar 28,
(In thousands)	2016	2015
Net cash provided by investing activities	$8,631	$23,177

The $14.6 million decrease in cash provided by investing activities in first quarter of 2016 compared to first quarter of 2015 was primarily due to the following:

· increased cash payments for acquisitions of $49.5 million

Partially offset by:

· increased net redemptions of marketable securities of $32.4 million

It is management's goal to invest the on-hand cash consistent with Garmin's investment policy, which has been approved by the Board of Directors. The investment policy's primary purpose is to preserve capital, maintain an acceptable degree of liquidity, and maximize yield within the constraint of low credit risk. Garmin's average interest rate returns on cash and investments during first quarter of 2016 and 2015 were approximately 1.3% and 1.2%, respectively.

Financing Activities

	13-Weeks Ended	
	Mar 26,	Mar 28,
(In thousands)	2016	2015
Net cash used in financing activities	$(116,273)	$(107,668)

The $8.6 million increase in cash used in financing activities in first quarter of 2016 compared to first quarter of 2015 was primarily due to the following:

- increased dividend payments of $4.6 million due to the increase of our year-over-year dividend rate and
- increased purchases of treasury stock of $3.5 million under a share repurchase authorization

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

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There are numerous market risks that can affect our future business, financial condition and results of operations. In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part II, "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the fiscal year ended December 26, 2015. There have been no material changes during the 13-week period ended March 26, 2016 in the risks described in our Annual Report on Form 10-K related to market sensitivity, inflation, foreign currency exchange rate risk and 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 March 26, 2016, 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 March 26, 2016 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 March 26, 2016 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

The following information supplements and amends the discussion set forth under Part I, Item 3 "Legal Proceedings" in the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 2015.

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

On March 30, 2016, the court denied the plaintiff's motion for class certification, granted summary judgment in favor of Garmin and dismissed the lawsuit.

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

On March 4, 2016 Navico Inc. and Navico Holding AS filed suit in the United States District Court for the Eastern District of Texas, Marshall Division, against Garmin International, Inc. and Garmin USA, Inc. (collectively, "Garmin") alleging infringement of U.S. Patents 9,223,022 ("the '022 patent") and 9,244,168 ("the '168 patent"). On April 1, 2016 Garmin filed its answer asserting that each asserted claim of the '022 and '168 patents is invalid and/or not infringed and that the '022 and '168 patents are unenforceable due to inequitable conduct by Navico's representatives during the prosecution of these patents. On April 1, 2016 Garmin also filed a motion to transfer this action to the United States District Court for the Northern District of Oklahoma. Although there can be no assurance that an unfavorable outcome of this litigation would not have a material adverse effect on our operating results, liquidity or financial position, Garmin believes that the claims in this lawsuit are without merit and intends to vigorously defend this lawsuit.

Pioneer Corporation v. Iiyonet Inc.

On February 16, 2016 the eighth round of oral arguments was held before the Tokyo District Court. The court has scheduled a ninth and final round of oral arguments to take place on May 12, 2016. On April 8, 2016, the Japanese Patent Office issued a Trial Decision finding that Pioneer's asserted claims, as amended, are valid.

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

Item 1A. Risk Factors

There are many risks and uncertainties that can affect our future business, financial performance or share price. In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 26, 2015. There have been no material changes during the 13-week period ended March 26, 2016 in the risks described in our Annual Report on Form 10-K. These risks, however, are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

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 13, 2015, authorizing the Company to purchase up to $300 million of its common shares as market and business conditions warrant. The share repurchase authorization expires on December 31, 2016. The following table lists the Company's share purchases during the first quarter of fiscal 2016:

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 Program
December 27, 2015 - January 23, 2016	135,007	$ 34.08	135,007	$ 163,986
January 24, 2016- February 20, 2016	121,589	$ 35.00	121,589	$ 159,731
February 21, 2016 - March 26, 2016	273,759	$ 39.96	273,759	$ 148,791
Total	530,355	$ 37.33	530,355	$ 148,791

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

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

Dated: April 27, 2016

INDEX TO EXHIBITS

Exhibit No.	Description
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