TRIMBLE NAVIGATION LTD /CA/
Form 10-Q
August 04, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

S QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 27, 2008

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: 0-18645

TRIMBLE NAVIGATION LIMITED
(Exact name of registrant as specified in its charter)

California	94-2802192
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

935 Stewart Drive, Sunnyvale, CA 94085
(Address of principal executive offices) (Zip Code)

Telephone Number (408) 481-8000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes S No £

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 definition of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	S		Accelerated Filer	£
Non-accelerated Filer	£	(Do not check if a smaller reporting company)	Smaller Reporting Company	£

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

Yes £ No S

As of July 31, 2008, there were 120,905,512 shares of Common Stock (no par value) outstanding.

TRIMBLE NAVIGATION LIMITED
FORM 10-Q for the Quarter Ended June 27, 2008
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PART I – FINANCIAL INFORMATION
ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TRIMBLE NAVIGATION LIMITED
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(In thousands)	June 27, 2008	December 28, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 79,823	$ 103,202
Accounts receivable, net	267,200	239,884
Other receivables	9,985	10,201
Inventories, net	153,369	143,018
Deferred income taxes	42,257	44,333
Other current assets	17,004	15,661
Total current assets	569,638	556,299
Property and equipment, net	51,615	51,444
Goodwill	713,010	675,850
Other purchased intangible assets, net	186,971	197,777
Other non-current assets	62,598	57,989
Total assets	$ 1,583,832	$ 1,539,359
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 137	$ 126
Accounts payable	73,581	67,589
Accrued compensation and benefits	56,149	55,133
Deferred revenue	59,077	49,416
Accrued warranty expense	11,942	10,806
Income taxes payable	14,060	14,802
Other current liabilities	36,333	51,980
Total current liabilities	251,279	249,852
Non-current portion of long-term debt	432	60,564
Non-current deferred revenue	10,719	15,872
Deferred income taxes	59,976	47,917
Other non-current liabilities	52,503	56,128
Total liabilities	374,909	430,333
Commitments and contingencies		
Shareholders' equity:		
Preferred stock no par value; 3,000 shares authorized; none outstanding	--	--
Common stock, no par value; 180,000 shares authorized; 121,652 and 121,596 shares issued and outstanding at June 27, 2008 and December 28, 2007, respectively	683,274	660,749
Retained earnings	447,806	388,557

Accumulated other comprehensive income	77,843	59,720
Total shareholders' equity	1,208,923	1,109,026
Total liabilities and shareholders' equity	$ 1,583,832	$ 1,539,359

See accompanying Notes to the Condensed Consolidated Financial Statements.

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TRIMBLE NAVIGATION LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(In thousands, except per share data)	Three Months Ended June 27, 2008	Three Months Ended June 29, 2007	Six Months Ended June 27, 2008	Six Months Ended June 29, 2007
Revenue (1)	$ 377,767	$ 327,732	$ 733,063	$ 613,464
Cost of sales (1)	190,668	160,563	371,588	303,165
Gross margin	187,099	167,169	361,475	310,299
Operating expenses				
Research and development	39,405	33,867	76,750	65,030
Sales and marketing	51,904	47,546	103,062	89,693
General and administrative	25,289	24,278	47,979	45,920
Restructuring charges	2,414	333	2,414	3,025
Amortization of purchased intangible assets	5,163	5,195	10,306	9,301
In-process research and development	--	--	--	2,112
Total operating expenses	124,175	111,219	240,511	215,081
Operating income	62,924	55,950	120,964	95,218
Non-operating income, net				
Interest income	508	593	965	1,837
Interest expense	(413)	(2,459)	(1,175)	(3,860)
Foreign currency transaction gain (loss), net	1,253	(430)	2,221	(73)
Income from joint ventures	2,618	2,080	4,633	4,502
Other income (expense), net	153	487	(754)	722
Total non-operating income, net	4,119	271	5,890	3,128
Income before taxes	67,043	56,221	126,854	98,346
Income tax provision	18,444	21,195	38,188	34,637
Net income	$ 48,599	$ 35,026	$ 88,666	$ 63,709
Basic earnings per share	$ 0.40	$ 0.29	$ 0.73	$ 0.54
Shares used in calculating basic earnings per share	121,523	119,621	121,495	117,535
Diluted earnings per share	$ 0.39	$ 0.28	$ 0.71	$ 0.52
Shares used in calculating diluted earnings per share	125,712	124,584	125,435	122,539

(1) Sales to related parties, Caterpillar Trimble Control Technologies Joint Venture (CTCT) and Nikon-Trimble Joint Venture (Nikon-Trimble), were $8.7 million and $6.3 million for the three months ended June 27, 2008 and June 29, 2007, respectively, with associated cost of sales of $7.2 million and $4.2 million, respectively. Sales to CTCT and Nikon-Trimble were $15.2 million and $11.4 million for the six months ended June 27, 2008 and June 29, 2007, respectively, with associated cost of sales of $11.8 million and $7.7 million, respectively. In addition, cost of sales associated with CTCT net inventory purchases was $7.4 million and $7.5 million for the three months ended June 27, 2008 and June 29, 2007, respectively, and $13.5 million and $14.2 million for the six months ended June 27, 2008 and June 29, 2007, respectively. See Note 5 regarding joint ventures for further information about related party transactions.

See accompanying Notes to the Condensed Consolidated Financial Statements.

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TRIMBLE NAVIGATION LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In thousands)	Six Months Ended June 27, 2008	Six Months Ended June 29, 2007
Cash flow from operating activities:		
Net income	$ 88,666	$ 63,709
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	9,274	8,426
Amortization expense	21,811	18,394
Provision for doubtful accounts	119	358
Amortization of debt issuance cost	113	105
Deferred income taxes	(2,791)	(8,636)
Non-cash restructuring charges	--	1,725
Stock-based compensation	7,777	7,145
In-process research and development	--	2,112
Equity gain from joint venture	(4,633)	(4,503)
Excess tax benefit for stock-based compensation	(5,249)	(5,929)
Provision for excess and obsolete inventories	3,283	1,941
Other non-cash items	1	140
Add decrease (increase) in assets:		
Accounts receivable	(26,832)	(41,832)
Other receivables	481	2,968
Inventories	(8,997)	(11,760)
Other current and non-current assets	(464)	9,414
Add increase (decrease) in liabilities:		
Accounts payable	4,637	(6,298)
Accrued compensation and benefits	(303)	80
Accrued liabilities	(597)	3,136
Deferred revenue	3,974	12,132
Income taxes payable	10,093	33,630
Net cash provided by operating activities	100,363	86,457
Cash flow from investing activities:		
Acquisitions of businesses, net of cash acquired	(45,082)	(277,743)
Acquisitions of property and equipment	(7,932)	(6,270)
Other	137	959
Net cash used in investing activities	(52,877)	(283,054)
Cash flow from financing activities:		
Issuances of common stock	15,425	15,761
Excess tax benefit for stock-based compensation	5,249	5,929
Repurchase and retirement of common stock	(36,293)	--
Proceeds from long-term debt and revolving credit lines	--	250,000
Payments on long-term debt and revolving credit lines	(60,314)	(127,517)

Net cash provided by (used in) financing activities	(75,933)	144,173
Effect of exchange rate changes on cash and cash equivalents	5,068	(3,437)
Net decrease in cash and cash equivalents	(23,379)	(55,861)
Cash and cash equivalents, beginning of period	103,202	129,621
Cash and cash equivalents, end of period	$ 79,823	$ 73,760

See accompanying Notes to the Condensed Consolidated Financial Statements.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

NOTE 1. OVERVIEW AND BASIS OF PRESENTATION

Trimble Navigation Limited (the Company), incorporated in California in 1981, provides positioning solutions to commercial and government users in a large number of markets. These markets include surveying, agriculture, construction, asset management, mapping and mobile resource management.

The Company has a 52-53 week fiscal year, ending on the Friday nearest to December 31, which for fiscal 2007 was December 28. The second quarters of fiscal 2008 and fiscal 2007 ended on June 27, 2008 and June 29, 2007, respectively. Fiscal 2008 is a 53-week year and fiscal 2007 is a 52-week year. Unless otherwise stated, all dates refer to the Company's fiscal year and fiscal periods.

The Condensed Consolidated Financial Statements include the results of the Company and its subsidiaries. Inter-company accounts and transactions have been eliminated. The Condensed Consolidated Balance Sheet is derived from the December 28, 2007 audited Consolidated Financial Statements included in the Annual Report on Form 10-K of Trimble Navigation Limited for fiscal year 2007. Certain amounts from prior periods have been reclassified to conform to the current period presentation.

The accompanying financial data as of June 27, 2008 and for the three and six months ended June 27, 2008 and June 29, 2007 has been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the U.S. have been condensed or omitted pursuant to such rules and regulations. The following discussion should be read in conjunction with the Company's 2007 Annual Report on Form 10-K.

In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present a fair statement of financial position as of June 27, 2008, results of operations for the three and six months ended June 27, 2008 and June 29, 2007 and cash flows for the six months ended June 27, 2008 and June 29, 2007, as applicable, have been made. The results of operations for the three and six months ended June 27, 2008 are not necessarily indicative of the operating results for the full fiscal year or any future periods. Individual segment revenue may be affected by seasonal buying patterns.

The preparation of financial statements in accordance with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the amounts reported in its Condensed Consolidated Financial Statements and accompanying notes. Management bases its estimates on historical experience and various other assumptions believed to be reasonable. Although these estimates are based on management's best knowledge of current events and actions that may impact the company in the future, actual results may be different from the estimates.

On January 17, 2007, the Company's Board of Directors approved a 2-for-1 split of all outstanding shares of the Company's Common Stock, payable February 22, 2007 to stockholders of record on February 8, 2007. All shares and per share information presented have been adjusted to reflect the stock split on a retroactive basis for all periods presented.

NOTE 2. UPDATES TO SIGNIFICANT ACCOUNTING POLICIES

There have been no changes to the Company's significant accounting polices during the six months ended June 27, 2008 from those disclosed in the Company's 2007 Form 10-K.

Recent Accounting Pronouncements

Updates to recent accounting standards as disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2007 are as follows:

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which clarifies the definition of fair value, establishes a framework for measuring fair value within GAAP and expands the disclosures regarding fair value measurements. In February 2008, the FASB issued FASB Staff Position No. FAS 157-2 deferring the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. SFAS No. 157 became effective for the Company beginning in its first quarter of fiscal 2008. The adoption of SFAS No. 157 did not have a material impact on the Company's financial condition, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115." SFAS No. 159 allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities under an instrument-by-instrument election. Subsequent measurements for the financial assets and liabilities an entity elects to fair value will be recognized in earnings. SFAS No. 159 also establishes additional disclosure requirements. SFAS No. 159 became effective for the Company at the beginning of its first quarter of fiscal 2008. The Company did not elect the fair value option for any of its financial assets or liabilities. However, the Company may decide to elect the fair value option on new items in the future. The adoption did not have a material impact on the Company's financial position, results of operations or cash flows.

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In March 2008, the FASB issued SFAS No. 161, "Disclosures About Derivative Instruments and Hedging Activities - An Amendment of FASB Statement No. 133" which requires enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company does not expect the adoption of SFAS No. 161 will have a material impact on the Company's financial position, results of operations or cash flows.

NOTE 3. BUSINESS COMBINATIONS

@Road, Inc.

On December 10, 2006, the Company and @Road, Inc. (@Road) entered into a definitive merger agreement. The acquisition became effective on February 16, 2007. @Road is a global provider of solutions designed to automate the management of mobile resources and to optimize the service delivery process for customers across a variety of industries. The acquisition of @Road expands the Company's investment and reinforces the existing growth strategy for its Mobile Solutions segment. @Road's results of operations since February 17, 2007 have been included in the Company's Condensed Consolidated Statements of Income within the Mobile Solutions business segment.

Purchase Price

Under the terms of the agreement, the Company acquired all of the outstanding shares of @Road common stock for $7.50 per share. The Company elected to issue $2.50 per share of the consideration in the form of the Company's common stock (Common Stock) to be based upon the five-day average closing price of the Company's shares six trading days prior to the closing of the transaction and the remaining $5.00 per share consideration was paid in cash. Further, each share of Series A-1 and Series A-2 Redeemable Preferred Stock, par value $0.001 per share, of @Road was converted into the right to receive an amount in cash equal to $100.00 plus all declared or accumulated but unpaid dividends with respect to such shares as of immediately prior to the effective time of the merger and each share of Series B-1 Redeemable Preferred Stock, par value $0.001 per share, of @Road and each share of Series B-2 Redeemable Preferred Stock, par value $0.001 per share, of @Road was converted into the right to receive an amount in cash equal to $831.39 plus all declared or accumulated but unpaid dividends with respect to such shares as of immediately prior to the effective time of the merger. In addition, all @Road vested stock options were terminated and the holders of each such option were entitled to receive the excess, if any, of the aggregate consideration over the exercise price. At the effective time of the merger, all unvested @Road stock options with an exercise price in excess of $7.50 were terminated and all unvested stock options that had exercise prices of $7.50 or less were assumed by the Company.

Concurrent with the merger, the Company amended its existing $200 million unsecured revolving credit agreement with a syndicate of 11 banks with The Bank of Nova Scotia as the administrative agent (the 2007 Credit Facility) and incurred a five-year term loan under the 2007 Credit Facility. See Note 9 to the Condensed Consolidated Financial Statements for additional information.

The Company paid approximately $327.4 million in cash from debt and existing cash, and issued approximately 5.9 million shares of the Company's common stock based on an exchange ratio of 0.0893 shares of the Company's common stock for each outstanding share of @Road common stock as of February 16, 2007. The common stock issued had a fair value of $161.9 million and was valued using the average closing price of the Company's common stock of $27.69 over a range of two trading days (February 14, 2007 through February 15, 2007) prior to, and

including, the close date (February 16, 2007) of the transaction, which is also the date that the amount of the Company’s shares to be issued in accordance with the merger agreement was settled. The total purchase price is estimated as follows (in thousands):

Cash consideration	$ 327,370
Common stock consideration	161,947
Merger costs *	5,712
Total Purchase price	$ 495,029

* Merger costs consist of legal, advisory, accounting and administrative fees.

Purchase Price Allocation

In accordance with SFAS 141, "Business Combinations,” the total purchase price was allocated to @Road net tangible assets, identifiable intangible assets and in-process research and development based upon their estimated fair values as of February 16, 2007. The excess purchase price over the net tangible, identifiable intangible assets and in-process research and development was recorded as goodwill. The fair values assigned to tangible and identifiable intangible assets acquired and liabilities assumed are based on estimates and assumptions provided by management.

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The total purchase price has been allocated as follows (in thousands):

Value to be allocated to assets, based upon merger consideration	$ 495,029
Less: value of @Road's assets acquired:	
Net tangible assets acquired	138,132
Amortizable intangibles assets:	
Developed product technology	66,600
Customer relationships	75,300
Trademarks and tradenames	5,200
Subtotal	147,100
In-process research and development	2,100
Deferred tax liability	(56,855)
Goodwill	$ 264,552

Net Tangible Assets

(in thousands)	As of February 16, 2007
Cash and cash equivalents	$ 74,729
Accounts receivable, net	14,255
Other receivables	8,774
Inventories, net	15,272
Other current assets	12,627
Property and equipment, net	5,854
Deferred income taxes	42,147
Other non-current assets	7,935
Total assets acquired	$ 181,593
Accounts payable	19,285
Deferred revenue	7,365
Other current liabilities	16,811
Total liabilities assumed	$ 43,461
Total net assets acquired	$ 138,132

The Company reviewed and adjusted @Road's net tangible assets and liabilities to fair value, as necessary, as of February 16, 2007, including the following adjustments:

Fixed assets – the Company decreased @Road's historical value of fixed assets by $2.1 million to adjust fixed assets to an amount equivalent to fair value.

Deferred revenue and cost of sales – the Company reduced @Road's historical value of deferred revenue by $39.6 million to adjust deferred revenue to the fair value of the direct cost associated with servicing the underlying obligation plus a reasonable margin. @Road's deferred revenue balance consists of upfront payments of its hosted

product, licensed product, extended warranty and maintenance. The Company reduced @Road's historical value of deferred product cost by $47.1 million to adjust deferred product cost to the asset's underlying fair value. The deferred product costs adjustment to fair value related to deferral of cost of sales of hardware that have shipped, resulting in no fair value relating to the associated deferred product costs.

Other receivables and non-current assets – Other receivables and non-current assets were increased by $15.4 million to adjust for the fair value of future cash collections from customer contracts assumed for products delivered prior to the acquisition date. As the products were delivered prior to the acquisition date, revenue is not recognizable in the Company’s Condensed Consolidated Statements of Income.

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Intangible Assets

Developed product technology, which is comprised of products that have reached technological feasibility, includes products in @Road's current product offerings. @Road's technology includes hardware, software and services that serve the mobile resource management market internationally. The Company expects to amortize the developed and core technology over a weighted average estimated life of seven years.

Customer relationships represent the value placed on @Road’s distribution channels and end users. The Company expects to amortize the fair value of these assets over a weighted average estimated life of seven years.

Trademarks and trade names represent the value placed on the @Road brand and recognition in the mobile resource management market. The Company expects to amortize the fair value of these assets over a weighted average estimated life of eight years.

In-process Research and Development

The Company recorded an expense of $2.1 million relating to in-process research and development projects in @Road’s license business. In-process research and development represents incomplete @Road research and development projects that had not reached technological feasibility and had no alternative future use as of the consummation of the merger.

Goodwill

The excess purchase price over the net tangible, identifiable intangible assets and in-process research and development was recorded as goodwill. The goodwill was attributed to the premium paid for the opportunity to expand and better serve the global mobile resource management market and achieve greater long-term growth opportunities than either company had operating alone. The Company believes these opportunities could include accelerating the rate at which products are brought to market and increasing the diversity and global reach of those products. In addition, the Company expects that the combined companies may be able to obtain greater operating leverage by reducing costs in areas of redundancy. Of the total $264.6 million assigned to goodwill, approximately $4.4 million is expected to be deductible for tax purposes.

Restructuring

Liabilities related to restructuring @Road's operations that meet the requirements of EITF 95-3, “Recognition of Liabilities in Connection with a Purchase Business Combination,” have been recorded as adjustments to the purchase price and an increase in goodwill. Liabilities related to restructuring the Company's operations have been recorded as expenses in the Company's Condensed Consolidated Statements of Income in the period that the costs are incurred.

Deferred Tax Assets/Liabilities

The Company recognized $56.9 million in net deferred tax liabilities for the tax effects of differences between assigned values in the purchase price and the tax bases of assets acquired and liabilities assumed.

@Road Stock Options Assumed

In accordance with the merger agreement, the Company assumed all @Road unvested stock options that had exercise prices of $7.50 or less. The Company issued approximately 795,000 stock options based on an exchange ratio of 0.268 shares of the Company’s common stock for each unvested stock option with exercise prices of $7.50 or less as of

February 16, 2007. The fair value of these assumed options was determined to be $10.1 million which will be expensed over the remaining vesting terms of the assumed options which is approximately three to four years. The assumed options were valued using the binomial model similar to previously granted Trimble stock options as discussed in the Company's fiscal 2007 Form 10-K.

Pro-Forma Results

The following table presents pro-forma results of operations of the Company and @Road, as if the companies had been combined as of December 31, 2005. The unaudited pro-forma results of operations are not necessarily indicative of results that would have occurred had the acquisition taken place on December 31, 2005 or of future results. Included in the pro-forma results are fair value adjustments based on the fair values of assets acquired and liabilities assumed as of the acquisition date of February 16, 2007 and adjustments for interest expense related to debt and stock options assumed as part of the merger consideration.

The Company excluded the effect of non-recurring items as the impact is short-term in nature. The pro-forma information is as follows:

(in thousands, except per share data)	Six Months Ended June 29, 2007 (a)
Pro-forma revenue	$ 627,582
Pro-forma net income	60,964
Pro-forma basic net income per share	$ 0.51
Pro-forma diluted net income per share	$ 0.51

(a) The pro-forma results of operations represent the Company's results for the six months ended June 29, 2007 together with @Road's historical results through the acquisition date of February 16, 2007 as though they had been combined as of December 31, 2005. Pro-forma adjustments have been made based on the fair values of assets acquired and liabilities assumed as of February 16, 2007. Pro-forma revenue includes a $0.1 million decrease due to the timing of recognizing deferred revenue write-downs and customer contracts where the product was delivered prior to the acquisition date. Pro-forma net income includes a $0.3 million increase due to the timing of recognizing revenue write-downs and related deferred cost of sales write-downs, amortization of intangible assets related to the acquisition of $2.2 million, and interest expense for debt used to purchase @Road of $1.4 million. The pro-forma amounts provided herein include adjustments to previously filed pro-forma numbers in the Company's 10-Q's.

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NOTE 4. SHAREHOLDERS' EQUITY

Stock Repurchase Activities

In January 2008, the Company's Board authorized a stock repurchase program ("2008 Stock Repurchase Program"), authorizing the Company to repurchase up to $250 million of Trimble's common stock under this program. During the six months ended June 27, 2008, the Company repurchased approximately 1,255,000 shares of common stock in open market purchases at an average price of $28.90 per share. The total purchase price of $36.3 million was reflected as a decrease to common stock based on the average stated value per share with the remainder to retained earnings. Common stock repurchases under the program were recorded based upon the settlement date of the applicable trade for accounting purposes. All common shares repurchased under this program have been retired. As of June 27, 2008, the 2008 Stock Repurchase Program had remaining authorized funds of $213.7 million. The timing and actual number of future shares repurchased will depend on a variety of factors including price, regulatory requirements, capital availability, and other market conditions. The program does not require the purchase of any minimum number of shares and may be suspended or discontinued at any time without public notice.

Stock-Based Compensation

The Company accounts for its employee stock options and rights to purchase shares under its stock participation plans at fair value, in accordance with SFAS 123(R), "Share-Based Payment." SFAS 123(R) requires stock-based compensation to be estimated using the fair value on the date of grant using an option-pricing model. The value of the portion of the award that is expected to vest is recognized as expense over the related employees' requisite service periods in the Company's Condensed Consolidated Statements of Income.

The following table summarizes stock-based compensation expense, net of tax, related to employee stock-based compensation included in the Consolidated Condensed Statements of Income in accordance with SFAS 123(R) for the three and six months ended June 27, 2008 and June 29, 2007.

	Three Months Ended		Six Months Ended	
	June 27, 2008	June 29, 2007	June 27, 2008	June 29, 2007
(in thousands)				
Cost of sales	$ 487	$ 429	$ 980	$ 771
Research and development	916	1,022	1,833	1,751
Sales and marketing	931	974	1,961	1,741
General and administrative	1,461	1,367	3,003	2,882
Total operating expenses	3,308	3,363	6,797	6,374
Total stock-based compensation expense	3,795	3,792	7,777	7,145
Tax benefit (1)	(458)	(520)	(552)	(868)
Total stock-based compensation expense, net of tax	$ 3,337	$ 3,272	$ 7,225	$ 6,277

(1) Tax benefit related to U.S. non-qualified options and restricted stock units, applying a Federal statutory and State (Federal effected) tax rate for the respective periods.

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Options

Stock option expense recognized during the period is based on the value of the portion of the stock option that is expected to vest during the period. The fair value of each stock option is estimated on the date of grant using a binomial valuation model. The Black-Scholes model was used to value those options granted prior to the fourth quarter of fiscal 2005. Similar to the Black-Scholes model, the binomial model takes into account variables such as volatility, dividend yield rate, and risk free interest rate. For options granted for the three and six months ended June 27, 2008 and June 29, 2007, the following assumptions were used:

	Three Months Ended		Six Months Ended	
	June 27, 2008	June 29, 2007	June 27, 2008	June 29, 2007
Expected dividend yield	--	--	--	--
Expected stock price volatility	39.8%	36.9%	39.7%	37.2%
Risk free interest rate	2.7%	4.5%	2.7%	4.5%
Expected life of option	4.1 years	3.9 years	4.1 years	3.9 years

Expected Dividend Yield – The dividend yield assumption is based on the Company's history and expectation of dividend payouts.

Expected Stock Price Volatility – The Company's computation of expected volatility is based on a combination of implied volatilities from traded options on the Company's stock and historical volatility, commensurate with the expected life of the stock options.

Expected Risk Free Interest Rate – The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for the expected life of the stock options.

Expected Life Of Option – The Company's expected life represents the period that the Company's stock options are expected to be outstanding and was determined based on historical experience of similar stock options with consideration to the contractual terms of the stock options, vesting schedules and expectations of future employee behavior.

NOTE 5. JOINT VENTURES

Caterpillar Trimble Control Technologies Joint Venture

On April 1, 2002, Caterpillar Trimble Control Technologies LLC (CTCT), a joint venture formed by the Company and Caterpillar began operations. CTCT develops advanced electronic guidance and control products for earth moving machines in the construction and mining industries. The joint venture is 50% owned by the Company and 50% owned by Caterpillar, with equal voting rights. The joint venture is accounted for under the equity method of accounting. Under the equity method, the Company's share of profits and losses are included in Income from joint ventures in the Non-operating income, net section of the Condensed Consolidated Statements of Income. During the three and six months ended June 27, 2008, the Company recorded $2.9 million and $4.7 million, respectively, as its proportionate share of CTCT net income. During the comparable period of 2007 the Company recorded $2.3 million and $4.5 million, respectively, as its proportionate share of CTCT net income. During the fiscal quarters ended June 27, 2008 and June 29, 2007, there were no dividends received from CTCT. The carrying amount of the investment in CTCT

was $14.3 million at June 27, 2008 and $9.6 million at December 28, 2007, and is included in Other non-current assets on the Condensed Consolidated Balance Sheets.

The Company acts as a contract manufacturer for CTCT. Products are manufactured based on orders received from CTCT and are sold at direct cost plus a mark-up for the Company's overhead costs to CTCT. CTCT then resells products at cost plus a mark-up in consideration for CTCT's research and development efforts to both Caterpillar and to the Company for sales through their respective distribution channels. Generally, the Company sells products through its after-market dealer channel, and Caterpillar sells products for factory and dealer installation. CTCT does not have net inventory on its balance sheet in that the resale of products to Caterpillar and the Company occur simultaneously when the products are purchased from the Company. During the three and six months ended June 27, 2008, the Company recorded $3.5 million and $6.2 million of revenue, respectively, and $3.1 million and $5.4 million of cost of sales, respectively, for the manufacturing of products sold by the Company to CTCT and then sold through the Caterpillar distribution channel. During the comparable three and six months ended June 29, 2007, the Company recorded $2.7 million and $4.9 million of revenue, respectively, and $2.4 million and $4.4 million of cost of sales, respectively. In addition, during the three and six months ended June 27, 2008, the Company recorded $7.4 million and $13.5 million in net cost of sales for the manufacturing of products sold by the Company to CTCT and then repurchased by the Company upon sale through the Company's distribution channel. The comparable net cost of sales recorded by the Company for the three and six months ended June 29, 2007 were $7.5 million and $14.2 million, respectively.

In addition, the Company received reimbursement of employee-related costs from CTCT for company employees dedicated to CTCT or performance of work for CTCT totaling $3.5 million and $7.5 million for the three and six months ended June 27, 2008, respectively, and totaling $3.0 million and $6.3 million for the three and six months ended June 29, 2007, respectively. The reimbursements were offset against operating expenses.

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At June 27, 2008 and December 28, 2007, the Company had amounts due to and from CTCT. Receivables and payables to CTCT are settled individually with terms comparable to other non-related parties. The amounts due to and from CTCT are presented on a gross basis in the Condensed Consolidated Balance Sheets. At June 27, 2008 and December 28, 2007, the receivables from CTCT were $5.9 million and $5.6 million, respectively, and are included within Accounts receivable, net, on the Condensed Consolidated Balance Sheets. As of the same dates, the payables due to CTCT were $5.9 million and $5.2 million, respectively, and are included within Accounts payable on the Condensed Consolidated Balance Sheets.

Nikon-Trimble Joint Venture

On March 28, 2003, Nikon-Trimble Co., Ltd (Nikon-Trimble), a joint venture was formed by the Company and Nikon Corporation. The joint venture began operations in July 2003 and is 50% owned by the Company and 50% owned by Nikon, with equal voting rights. It focuses on the design and manufacture of surveying instruments including mechanical total stations and related products.

The joint venture is accounted for under the equity method of accounting. Under the equity method, the Company's share of profits and losses are included in Income from joint ventures in the Non-operating income, net section of the Condensed Consolidated Statements of Income. During the three and six months ended June 27, 2008, the Company recorded a loss of $0.3 million and a loss of $0.1 million, respectively, and during the three and six months ended June 29, 2007, the Company recorded a loss of $0.3 million and a profit of $4,000, respectively, as its proportionate share of Nikon-Trimble net income. During the six months ended June 27, 2008 and June 29, 2007, dividends received from Nikon-Trimble, amounted to $0.2 million and $0.6 million, and were recorded against Other non-current assets on the Condensed Consolidated Balance Sheets. The carrying amount of the investment in Nikon-Trimble was $13.8 million at June 27, 2008 and $13.4 million at December 28, 2007, and is included in Other non-current assets on the Condensed Consolidated Balance Sheets.

Nikon-Trimble is the distributor in Japan for Nikon and the Company's products. The Company is the exclusive distributor outside of Japan for Nikon branded survey products. For products sold by the Company to Nikon-Trimble, revenue is recognized by the Company on a sell-through basis from Nikon-Trimble to the end customer.

The terms and conditions of the sales of products from the Company to Nikon-Trimble are comparable with those of the standard distribution agreements which the Company maintains with its dealer channel and margins earned are similar to those from third party dealers. Similarly, the purchases of product by the Company from Nikon-Trimble are made on terms comparable with the arrangements which Nikon maintained with its international distribution channel prior to the formation of the joint venture with the Company. During the three and six months ended June 27, 2008, the Company recorded $5.1 million and $9.0 million of revenue and $4.1 million and $6.4 million of cost of sales for the manufacturing of products sold by the Company to Nikon-Trimble. During the three and six months ended June 29, 2007, the Company recorded $3.6 million and $6.5 million of revenue and $1.8 million and $3.3 million of cost of sales for the manufacturing of products sold by the Company to Nikon-Trimble. The Company also purchases product from Nikon-Trimble for future sales to third party customers. Purchases of inventory from Nikon-Trimble were $4.1 million and $7.0 million during the three and six months ended June 27, 2008; and $6.0 million and $12.9 million during the three and six months ended June 29, 2007, respectively.

At June 27, 2008 and December 28, 2007, the Company had amounts due to and from Nikon-Trimble. Receivables and payables to Nikon-Trimble are settled individually with terms comparable to other non-related parties. The amounts due to and from Nikon-Trimble are presented on a gross basis in the Condensed Consolidated Balance Sheets. At June 27, 2008 and December 28, 2007, the amounts due from Nikon-Trimble were $3.5 million and $3.3 million, respectively, and are included within Accounts receivable, net on the Condensed Consolidated Balance Sheets. As of the same dates, the amounts due to Nikon-Trimble were $5.6 million and $5.7 million, respectively, and

are included within Accounts payable on the Condensed Consolidated Balance Sheets.

NOTE 6. GOODWILL AND INTANGIBLE ASSETS

Intangible Assets

Intangible Assets consisted of the following:

	June 27, 2008		
(in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed product technology	$ 165,246	$ (72,074)	$ 93,172
Trade names and trademarks	19,486	(12,839)	6,647
Customer relationships and other intellectual properties	129,358	(42,206)	87,152
	$ 314,090	$ (127,119)	$ 186,971

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	December 28, 2007		
(in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed product technology	$ 157,394	$ (58,273)	$ 99,121
Trade names and trademarks	19,192	(12,490)	6,702
Customer relationships and other intellectual properties	124,281	(32,327)	91,954
	$ 300,867	$ (103,090)	$ 197,777

The estimated future amortization expense of intangible assets as of June 27, 2008, is as follows:

(in thousands)	Amortization Expense
2008 (Remaining)	$ 21,704
2009	40,134
2010	37,887
2011	33,033
2012	25,010
Thereafter	29,203
Total	$ 186,971

Goodwill

The changes in the carrying amount of goodwill for the six months ended June 27, 2008, are as follows:

(in thousands)	Engineering and Construction	Field Solutions	Mobile Solutions	Advanced Devices	Total
Balance as of December 28, 2007	$ 317,886	$ 5,224	$ 337,661	$ 15,079	$ 675,850
Additions due to acquisitions	14,963	--	--	--	14,963
Purchase price adjustments	5,578	2,046	1,218	--	8,842
Foreign currency translation adjustments	13,612	--	(77)	(180)	13,355
Balance as of June 27, 2008	$ 352,039	$ 7,270	$ 338,802	$ 14,899	$ 713,010

The purchase price adjustments relate entirely to previous business acquisitions. The total purchase price adjustments of $8.8 million recorded during the six months ended June 27, 2008 is comprised of earn-out payments of $3.1 million, tax adjustments of $5.6 million and $0.1 million for changes in purchase price allocation estimates.

NOTE 7. CERTAIN BALANCE SHEET COMPONENTS

Inventories, net consisted of the following:

As of	June 27, 2008	December 28, 2007

(in thousands)		
Raw materials	$ 66,743	$ 63,465
Work-in-process	7,739	9,267
Finished goods	78,887	70,286
Total inventories, net	$ 153,369	$ 143,018

Deferred costs of revenue are included within finished goods and were $15.9 million at June 27, 2008 and $11.0 million at December 28, 2007.

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Other non-current liabilities consisted of the following:

As of (in thousands)	June 27, 2008	December 28, 2007
Deferred compensation	$ 8,240	$ 8,646
Unrecognized tax benefits	28,103	25,774
Other non-current liabilities	16,160	21,708
Total other non-current liabilities	$ 52,503	$ 56,128

As of June 27, 2008 and December 28, 2007, the Company has $28.1 million and $25.8 million, respectively, of unrecognized tax benefits included in Other non-current liabilities that, if recognized, would favorably affect the effective income tax rate in future periods and interest and/or penalties related to income tax matters.

NOTE 8. THE COMPANY AND SEGMENT INFORMATION

The Company is a designer and distributor of positioning solutions enabled by GPS, optical, laser, and wireless communications technology. The Company provides products for diverse applications in its targeted markets.

To achieve distribution, marketing, production, and technology advantages, the Company manages its operations in the following four segments:

- Engineering and Construction — Consists of products currently used by survey and construction professionals in the field for positioning, data collection, field computing, data management, and machine guidance and control. The applications served include surveying, road, runway, construction, site preparation and building construction.

- Field Solutions — Consists of products that provide solutions in a variety of agriculture and geographic information systems (GIS) applications. In agriculture these include precise land leveling and machine guidance systems. In GIS these include handheld devices and software that enable the collection of data on assets for a variety of governmental and private entities.

- Mobile Solutions — Consists of products that enable end users to monitor and manage their mobile assets by communicating location and activity-relevant information from the field to the office. The Company offers a range of products that address a number of sectors of this market including truck fleets, security, and public safety vehicles.

- Advanced Devices — The various operations that comprise this segment were aggregated on the basis that no single operation accounted for more than 10% of the Company’s total revenue, operating income and assets. This segment is comprised of the Component Technologies, Military and Advanced Systems, Applanix and Trimble Outdoors businesses.

The Company evaluates each of its segment's performance and allocates resources based on segment operating income from operations before income taxes, and some corporate allocations. The Company and each of its segments employ consistent accounting policies.

The following table presents revenue, operating income, and identifiable assets for the four segments. Operating income is revenue less cost of sales and operating expenses, excluding general corporate expenses, amortization of

purchase intangibles, in-process research and development expenses and restructuring charges. The identifiable assets that the Company's Chief Operating Decision Maker views by segment are accounts receivable and inventory.

	Reporting Segments				
(In thousands)	Engineering and Construction	Field Solutions	Mobile Solutions	Advanced Devices	Total
Three Months Ended June 27, 2008					
Segment revenue	$ 213,019	$ 90,070	$ 42,285	$ 32,393	$ 377,767
Operating income	45,161	34,808	1,942	6,578	88,489
Three Months Ended June 29, 2007					
Segment revenue	$ 198,853	$ 55,273	$ 40,927	$ 32,679	$ 327,732
Operating income	52,371	18,398	2,906	5,384	79,059
Six Months Ended June 27, 2008					
Segment revenue	$ 407,199	$ 178,107	$ 86,296	$ 61,461	$ 733,063
Operating income	82,115	69,903	4,395	11,270	167,683
Six Months Ended June 29, 2007					
Segment revenue	$ 374,457	$ 106,235	$ 70,784	$ 61,988	$ 613,464
Operating income	94,535	35,026	3,923	8,727	142,211
As of June 27, 2008					
Accounts receivable (1)	$ 170,728	$ 48,471	$ 27,812	$ 20,189	$ 267,200
Inventories	99,725	18,618	17,829	17,197	153,369
As of December 28, 2007					
Accounts receivable (1)	$ 158,913	$ 37,294	$ 25,469	$ 18,208	$ 239,884
Inventories	89,780	15,745	18,781	18,712	143,018

(1) As presented, accounts receivable represents trade receivables, net, which are specified between segments.

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A reconciliation of our consolidated segment operating income to consolidated income before income taxes is as follows:

(In thousands)	Three Months Ended June 27, 2008	Three Months Ended June 29 2007	Six Months Ended June 27, 2008	Six Months Ended June 29 2007
Consolidated segment operating income	$ 88,489	$ 79,059	$ 167,683	$ 142,211
Unallocated corporate expense	(11,303)	(12,344)	(21,653)	(23,529)
Amortization of purchased intangible assets	(10,918)	(10,432)	(21,722)	(18,327)
In-process research and development expense	--	--	--	(2,112)
Restructuring charges	(3,344)	(333)	(3,344)	(3,025)
Consolidated operating income	62,924	55,950	120,964	95,218
Non-operating income (expense), net	4,119	271	5,890	3,128
Consolidated income before income taxes	$ 67,043	$ 56,221	$ 126,854	$ 98,346

NOTE 9. LONG-TERM DEBT, COMMITMENTS AND CONTINGENCIES

Long-term debt consisted of the following:

As of (In thousands)	June 27, 2008	December 28, 2007
Credit Facilities:		
Term loan	$ -	$ 60,000
Promissory notes and other	569	690
Total debt	569	60,690
Less current portion of long-term debt	137	126
Non-current portion	$ 432	$ 60,564

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Credit Facilities

On July 28, 2005, the Company entered into a $200 million unsecured revolving credit agreement (the 2005 Credit Facility) with a syndicate of 10 banks with The Bank of Nova Scotia as the administrative agent. On February 16, 2007, the Company amended its existing $200 million unsecured revolving credit agreement with a syndicate of 11 banks with The Bank of Nova Scotia as the administrative agent (the 2007 Credit Facility). Under the 2007 Credit Facility, the Company exercised the option in the existing credit agreement to increase the availability under the revolving credit line by $100 million, for an aggregate availability of up to $300 million, and extended the maturity date of the revolving credit line by 18 months, from July 2010 to February 2012. Up to $25 million of the availability under the revolving credit line may be used to issue letters of credit, and up to $20 million may be used for swing line loans. In addition, during the first quarter of fiscal 2007 the Company incurred a five-year term loan under the 2007 Credit Facility in an aggregate principal amount of $100 million, which has subsequently been paid off. The maximum leverage ratio under the 2007 Credit Facility is 3.00:1. The funds available under the 2007 Credit Facility may be used by the Company for acquisitions, stock repurchases, and general corporate purposes.

As of June 27, 2008 and December 28, 2007, the Company did not have an outstanding balance on the revolving credit line. The term loan balance was fully paid off in the second quarter of 2008. The Company was in compliance with all financial debt covenants.

The Company may borrow funds under the 2007 Credit Facility in U.S. Dollars or in certain other currencies, and borrowings will bear interest, at the Company's option, at either: (i) a base rate, based on the administrative agent's prime rate, plus a margin of between 0% and 0.125%, depending on the Company's leverage ratio as of its most recently ended fiscal quarter, or (ii) a reserve-adjusted rate based on the London Interbank Offered Rate (LIBOR), Euro Interbank Offered Rate (EURIBOR), Stockholm Interbank Offered Rate (STIBOR), or other agreed-upon rate, depending on the currency borrowed, plus a margin of between 0.625% and 1.125%, depending on the Company's leverage ratio as of the most recently ended fiscal quarter. The Company's obligations under the 2007 Credit Facility are guaranteed by certain of the Company's domestic subsidiaries.

The 2007 Credit Facility contains customary affirmative, negative and financial covenants including, among other requirements, negative covenants that restrict the Company's ability to dispose of assets, create liens, incur indebtedness, repurchase stock, pay dividends, make acquisitions, make investments, enter into mergers and consolidations and make capital expenditures, within certain limitations, and financial covenants that require the maintenance of leverage and fixed charge coverage ratios. The 2007 Credit Facility contains events of default that include, among others, non-payment of principal, interest or fees, breach of covenants, inaccuracy of representations and warranties, cross defaults to certain other indebtedness, bankruptcy and insolvency events, material judgments, and events constituting a change of control. Upon the occurrence and during the continuance of an event of default, interest on the obligations will accrue at an increased rate and the lenders may accelerate the Company's obligations under the 2007 Credit Facility, however that acceleration will be automatic in the case of bankruptcy and insolvency events of default.

Notes Payable

As of June 27, 2008 and December 28, 2007, the Company had notes payable totaling approximately $569,000 and $690,000, respectively, consisting of government loans to foreign subsidiaries and loans assumed from acquisitions.

Leases and other commitments

The estimated future minimum operating lease commitments as of June 27, 2008, is as follows (in thousands):

2008 (Remaining)	$ 9,806
2009	17,819
2010	12,007
2011	7,571
2012	5,920
Thereafter	1,501
Total	$ 54,624

Additionally, as of June 27, 2008, the Company had acquisition-related earn-outs of $6.9 million and holdbacks of $11.7 million recorded in Other current liabilities and Other non-current liabilities. The maximum remaining payments, including the $6.9 million and $11.7 million recorded, will not exceed $72.9 million. The remaining payments are based upon targets achieved or events occurring over time that would result in amounts paid that may be lower than the maximum remaining payments. The remaining earn-outs and holdbacks are payable through 2010.

At June 27, 2008, the Company had unconditional purchase obligations of approximately $68.7 million. These unconditional purchase obligations primarily represent open non-cancelable purchase orders for material purchases with our vendors. Purchase obligations exclude agreements that are cancelable without penalty. These unconditional purchase obligations are related primarily to inventory and other items.

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NOTE 10. FAIR VALUE OF FINANCIAL INSTRUMENTS

As discussed in Note 2, SFAS No. 157, which requires enhanced disclosures about assets and liabilities measured at fair value, became effective for the Company beginning in its first quarter of fiscal 2008. The Company's forward foreign currency exchange contracts and its deferred compensation plan assets and liabilities are presented at fair value in the Condensed Consolidated Balance Sheets. Fair value is defined as the price at which an asset could be exchanged in a current transaction between knowledgeable, willing parties. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments' complexity.

Assets and liabilities recorded at fair value on a recurring basis in the Condensed Consolidated Balance Sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, defined by SFAS No. 157 and directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

Level I – Observable inputs such as unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level II – Inputs (other than quoted prices included in Level I) are either directly or indirectly observable for the asset or liability. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level III – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

Fair Value on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are categorized in the tables below based upon the lowest level of significant input to the valuations.

	Fair Values as of June 27, 2008			
(In thousands)	Level I	Level II	Level III	Total
Assets				
Deferred compensation plan assets (1)	8,340	—	—	8,340
Derivative assets (2)	—	172	—	172
Total	8,340	172	—	8,512
Liabilities				
Deferred compensation plan liabilities (1)	8,240	—	—	8,240
Derivative liabilities (2)	—	—	—	—
Total	8,240	—	—	8,240

(1) Deferred compensation plan assets and liabilities: The Company maintains a self-directed, non-qualified deferred compensation plan for certain executives and other highly compensated employees. The investment assets and

liabilities included in Level I are valued using quoted market prices.

(2) Derivative assets and liabilities: Derivative assets and liabilities included in Level II primarily represent forward currency exchange contracts. The fair values are determined using inputs based on observable quoted prices.

NOTE 11. PRODUCT WARRANTIES

The Company accrues for warranty costs as part of its cost of sales based on associated material product costs, technical support labor costs, and costs incurred by third parties performing work on the Company's behalf. The Company’s expected future costs are primarily estimated based upon historical trends in the volume of product returns within the warranty period and the costs to repair or replace the equipment. The products sold are generally covered by a warranty for periods ranging from 90 days to three years, and in some instances up to 5.5 years.

While the Company engages in extensive product quality programs and processes, including actively monitoring and evaluating the quality of component suppliers, its warranty obligation is affected by product failure rates, material usage, and service delivery costs incurred in correcting a product failure. Should actual product failure rates, material usage, or service delivery costs differ from the estimates, revisions to the estimated warranty accrual and related costs may be required.

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Changes in the Company's product warranty liability during the six months ended June 27, 2008 are as follows (in thousands):

Balance as of December 28, 2007	$ 10,806
Accruals for warranties issued	10,683
Changes in estimates	--
Warranty settlements (in cash or in kind)	(9,547)
Balance as of June 27, 2008	$ 11,942

NOTE 12. EARNINGS PER SHARE

The following data was used in computing earnings per share and the effect on the weighted-average number of shares of potentially dilutive common stock.

(In thousands, except per share amounts)	Three Months Ended June 27, 2008	Three Months Ended June 29, 2007	Six Months Ended June 27, 2008	Six Months Ended June 29, 2007
Numerator:				
Income available to common shareholders:				
Used in basic and diluted earnings per share	$ 48,599	$ 35,026	$ 88,666	$ 63,709
Denominator:				
Weighted average number of common shares used in basic earnings per share	121,523	119,621	121,495	117,535
Effect of dilutive securities (using treasury stock method):				
Common stock options and restricted stock units	4,189	4,713	3,929	4,757
Common stock warrants	--	250	11	247
Weighted average number of common shares and dilutive potential common shares used in diluted earnings per share	125,712	124,584	125,435	122,539
Basic earnings per share	$ 0.40	$ 0.29	$ 0.73	$ 0.54
Diluted earnings per share	$ 0.39	$ 0.28	$ 0.71	$ 0.52

NOTE 13: RESTRUCTURING CHARGES:

Restructuring expenses for the three and six months ended June 27, 2008 and June 29, 2007 were as follows:

(in thousands)	Three Months Ended June 27, 2008	Three Months Ended June 29, 2007	Six Months Ended June 27, 2008	Six Months Ended June 29, 2007
Severance and Benefits	$ 3,344	$ 333	$ 3,344	$ 3,025

During the three and six months ended June 27, 2008, restructuring expenses of $3.3 million were related to management decisions designed to improve operational efficiency and financial results. The restructuring expenses, included in cost of sales and operating expenses, were related to a decision to streamline processes and reduce the cost structure of the Company, with approximately 90 employees affected worldwide. Of the total, $2.8 million is related to the Engineering and Construction segment and $0.5 million is related to the Mobile Solutions segment. As a result of these decisions, the Company expects restructuring activities in the Engineering and Construction segment to result in additional restructuring expenses totaling approximately $2.6 million through the first quarter of 2010.

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During the three and six months ended June 29, 2007, restructuring expenses of $0.3 million and $3.0 million, respectively were for charges associated with the Company's acquisition of @Road. The restructuring expenses were related to the acceleration of vesting of employee stock options for certain terminated @Road employees, of which $1.4 million was settled in cash and $1.6 million was recorded as Shareholders' equity.

Restructuring costs associated with a business combination:
In addition to the restructuring expenses in the six months ended June 27, 2008, the Company had $0.9 million in restructuring activity reversals related to costs associated with exiting activities of pre-merger @Road. The reversals were primarily due to severance and benefits costs for employees whose positions were retained in a variety of functions. The reversals were recognized in the first quarter of fiscal 2008 as a reduction of the liability assumed in the purchase business combination that had been included in the allocation of the cost to acquire @Road and, accordingly, resulted in a decrease to goodwill rather than an expense reduction in the six months ended June 27, 2008.

In addition to the restructuring expenses in the six months ended June 29, 2007, costs associated with exiting activities of pre-merger @Road of $3.6 million, consisted of severance and benefits costs. These costs were recognized as a liability assumed in the purchase business combination and were included in the allocation of the cost to acquire @Road and accordingly, resulted in an increase to goodwill rather than an expense in the six months ended June 29, 2007.

Restructuring activity:
Restructuring activity for the six months ended June 27, 2008 was as follows (in thousands):

Balance as of December 28, 2007	$ 1,326
Charges	3,344
Payments	(2,450)
Adjustment	(909)
Balance as of June 27, 2008	$ 1,311

The $1.3 million restructuring accrual consists of severance and benefits. Of the $1.3 million restructuring accrual, $0.9 million is included in Other current liabilities and is expected to be settled by the fourth quarter of fiscal 2008. The remaining balance of $0.4 million is included in Other non-current liabilities and is expected to be settled by the first quarter of fiscal 2010.

NOTE 14: INCOME TAXES

In July 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 applies to all tax positions related to income taxes subject to Statement of Financial Accounting Standard (SFAS) 109, "Accounting for Income Taxes." Under FIN 48, a company would recognize the benefit from a tax position only if it is more-likely-than-not that the position would be sustained upon audit based solely on the technical merits of the tax position. FIN 48 clarifies how a company would measure the income tax benefits from the tax positions that are recognized, provides guidance as to the timing of the derecognition of previously recognized tax benefits and describes the methods for classifying and disclosing the liabilities within the financial statements for any unrecognized tax benefits (UTB). FIN 48 also addresses when a company should record interest and penalties related to tax positions and how the interest and penalties may be classified within the income statement and presented in the balance sheet.

The Company adopted FIN 48 on December 30, 2006, and the amount of liabilities for unrecognized tax benefits (net of the federal benefit on state issues) that, if recognized, would favorably affect the effective income tax rate in any future period are $30.5 million and $28.4 million at June 27, 2008 and December 28, 2007, respectively. The unrecognized tax benefits are recorded in Other non-current liabilities and within the deferred tax accounts in the accompanying Condensed Consolidated Balance Sheets.

The Company's continuing practice is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company's liability includes interest and penalties at June 27, 2008 and December 30, 2007, of $3.7 million and $3.1 million, respectively, which were recorded in Other Non-Current Liabilities in the accompanying Condensed Consolidated Balance Sheets.

The Company and its U.S. subsidiaries are subject to U.S. federal and state income tax. The Company has substantially concluded all U.S. federal and state income tax matters for years through 1992. Non-U.S. income tax matters have been concluded for years through 2000. The Company is currently in various stages of multiple year examinations by Federal, State, and foreign taxing authorities. At this point in the examinations, the Company does not anticipate a significant impact to the unrecognized tax benefits balance with respect to current tax examinations. Furthermore, although the timing of the resolution and/or the closure on audits is highly uncertain, the Company does not believe that the unrecognized tax benefits would materially change in the next twelve months.

The Company's effective income tax rate for the three and six months ended June 27, 2008 was 27.5% and 30.1%, respectively, as compared to 37.7% and 35.2% for the three and six months ended June 29, 2007.

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NOTE 15: COMPREHENSIVE INCOME:

The components of comprehensive income, net of related tax, are as follows:

	Three Months Ended		Six Months Ended	
(In thousands)	June 27, 2008	June 29, 2007	June 27, 2008	June 29, 2007
Net income	$ 48,599	$ 35,026	$ 88,666	$ 63,709
Foreign currency translation adjustments, net of tax	(2,560)	6,210	18,148	6,099
Net unrealized actuarial losses	3	-	(24)	(8)
Net unrealized gain (loss) on investments	-	(9)	-	35
Comprehensive income	$ 46,042	$ 41,227	$ 106,790	$ 69,835

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This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the “safe harbor” created by those sections. Actual results could differ materially from those indicated in the forward-looking statements due to a number of factors including, but not limited to, the risk factors discussed in “Risk Factors” below and elsewhere in this report as well as in the Company's Annual Report on Form 10-K for fiscal year 2007 and other reports and documents that the Company files from time to time with the Securities and Exchange Commission. The Company has attempted to identify forward-looking statements in this report by placing an asterisk (*) before paragraphs. Discussions containing such forward-looking statements may be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” below. In some cases, forward-looking statements can be identified by terminology such as “may,” ”will,” “should,” “could,” “predicts,” “potential,” “continue,” “ “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” and similar expressions. These forward-looking statement made as of the date of this Quarterly Report on Form 10-Q, and the Company disclaims any obligation to update these statements or to explain the reasons why actual results may differ.`

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U. S. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to product returns, doubtful accounts, inventories, investments, intangible assets, income taxes, warranty obligations, restructuring costs and contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the amount and timing of revenue and expenses and the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no changes to our significant accounting polices during the six months ended June 27, 2008 from those disclosed in our 2007 Form 10-K.

Recent Accounting Pronouncements

Updates to recent accounting standards as disclosed in our Annual Report on Form 10-K for the fiscal year ended December 28, 2007 are as follows:

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements,” which clarifies the definition of fair value, establishes a framework for measuring fair value within GAAP and expands the disclosures regarding fair value measurements. In February 2008, the FASB issued FASB Staff Position No. FAS 157-2 deferring the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. We adopted SFAS 157 in the first quarter of fiscal 2008. The adoption did not have a material impact on our financial condition, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115.” SFAS No. 159 allows an entity the irrevocable

option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities under an instrument-by-instrument election. Subsequent measurements for the financial assets and liabilities an entity elects to fair value will be recognized in earnings. SFAS No. 159 also establishes additional disclosure requirements. SFAS No. 159 became effective for us at the beginning of its first quarter of fiscal 2008. We did not elect the fair value option for any of our financial assets or liabilities. However, we may decide to elect the fair value option on new items in the future. The adoption did not have a material impact on our financial position, results of operations or cash flows.

In March 2008, the FASB issued SFAS No. 161, “Disclosures About Derivative Instruments and Hedging Activities - An Amendment of FASB Statement No. 133” which requires enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity’s financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. We do not expect the adoption of SFAS No. 161 will have a material impact on our financial position, results of operations or cash flows.

EXECUTIVE LEVEL OVERVIEW

Trimble’s focus is on combining positioning technology with wireless communication and application capabilities to create system-level solutions that enhance productivity and accuracy for our customers. The majority of our markets are end-user markets, including engineering and construction firms, governmental organizations, public safety workers, farmers and companies who must manage fleets of mobile workers and assets. In our Advanced Devices segment, we also provide components to original equipment manufacturers to incorporate into their products. In the end user markets, we provide a system that includes a hardware platform that may contain software and customer support. Some examples of our solutions include products that automate and simplify the process of surveying land, products that automate the utilization of equipment such as tractors and bulldozers, products that enable a company to manage its mobile workforce and assets, and products that allow municipalities to manage their fixed assets. In addition, we also provide software applications on a stand-alone basis.

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Solutions targeted at the end-user make up a significant majority of our revenue. To create compelling products, we must attain an understanding of the end users' needs and work flow, and how location-based technology can enable that end user to work faster, more efficiently, and more accurately. We use this knowledge to create highly innovative products that change the way work is done by the end-user. With the exception of our Mobile Solutions and Advanced Devices segments, our products are generally sold through a dealer channel, and it is crucial that we maintain a proficient global, third-party distribution channel.

We continued to execute our strategy with a series of actions that can be summarized in four categories.

Reinforcing our position in existing markets

* We believe that our markets provide us with additional, substantial potential for substituting our technology for traditional methods. We are continuing to develop new products and to strengthen our distribution channels in order to expand our market opportunity. In the first quarter of fiscal 2008, we introduced the AgGPS® EZ-Guide® lightbar guidance system, GPS Pathfinder® ProXTR receiver, and Trimble® MEP layout solution for the mechanical, electrical, and plumbing trades as well as a new wireless data controller for the LM80 Layout Manager to connect the office and job site. In the second quarter of fiscal 2008, we introduced the Trimble® GeoExplorer® 2008 Series for mapping and Geographic Information System (GIS), Trimble GCS900 Grade Control System version 10.8, that provides automatic blade control and configurable earthworks progress monitoring in higher gears, and Trimble Coastal Center™ software that provides network operators the ability to monitor and control multiple differential GPS (DGPS) beacon stations from one central location. All of these new products strengthened our competitive position and created new value for the user.

Extending our position in existing markets through new product categories

* We are utilizing the strength of the Trimble brand in our markets to expand our revenues by bringing new products to existing users. In the first quarter of fiscal 2008, we introduced the Agriculture Manager™ asset management system, a new sensor for the Trimble CCS900 compaction control system that provides real-time material density information to earthworks operators, and EZ-Office™ software for agriculture. In the second quarter of fiscal 2008, we were chosen to supply Trimble VRS™ (Virtual Reference Station) technology to establish a nationwide GNSS infrastructure network for the Republic of Croatia called the CROatian POsitioning System (CROPOS). We launched Trimble VRS Now™ Service in Madrid, Spain to provide surveyors, civil engineers and geospatial professionals in the area with instant access to real-time kinematic (RTK) GNSS corrections without the need for a base station.

Bringing existing technology to new markets

* We continue to reinforce our position in existing markets and position ourselves in newer markets that will serve as important sources of future growth. Our efforts in Africa, China, Europe, India, Middle-East and Russia reflected improving financial results, with the promise of more in the future.

Entering new market segments

* In Q1 2008, we acquired Crain Enterprises, of Mound City, Illinois. Crain is a leading manufacturer of accessories for the geomatics, surveying, mapping, and construction industries. We also acquired Géo-3D Inc. of Montreal, Canada. Géo-3D is a leader in roadside infrastructure asset inventory solutions for the geospatial market.

RECENT BUSINESS DEVELOPMENTS

During the last twelve months ended June 27, 2008, we acquired the following companies and the results of their operations have been combined with our operations from the date of acquisition:

Géo-3D

On January 22, 2008, we acquired privately-held Géo-3D Inc. of Montreal, Canada, a leader in roadside infrastructure asset inventory solutions. Géo-3D's performance is reported under our Engineering and Construction business segment.

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Crain

On January 8, 2008, we acquired privately-held Crain Enterprises, Inc. of Mound City, Illinois, a leading manufacturer of accessories for the geomatics, surveying, mapping, and construction industries. Crain's performance is reported under our Engineering and Construction business segment.

HHK

On December 19, 2007, we acquired privately-held HHK Datentechnik GmbH of Braunschweig, Germany, a provider of customized office and field software solutions for the cadastral survey market in Germany. HHK's performance is reported under our Engineering and Construction business segment.

UtilityCenter

On November 8, 2007, we acquired the UtilityCenter assets from privately-held UAI, Inc. of Huntsville, Alabama. UAI is a leading provider of Geographic Information System (GIS)-based workflow automation and outage management solutions for electric and gas utilities. UtilityCenter's performance is reported under our Field Solutions business segment.

Ingenieurbüro Breining GmbH

On September 19, 2007, we acquired Ingenieurbüro Breining GmbH of Kirchheim, Germany, a provider of customized field data collection and office software solutions for the survey market in Germany. Ingenieurbüro Breining's performance is reported under our Engineering and Construction business segment.

RESULTS OF OPERATIONS

Overview

The following table is a summary of revenue and operating income for the periods indicated and should be read in conjunction with the narrative descriptions below.

	Three Months Ended		Six Months Ended	
($ in thousands)	June 27, 2008	June 29, 2007	June 27, 2008	June 29, 2007
Total consolidated revenue	$ 377,767	$ 327,732	$ 733,063	$ 613,464
Gross margin	$ 187,099	$ 167,169	$ 361,475	$ 310,299
Gross margin %	49.5%	51.0%	49.3%	50.6%
Total consolidated operating income	$ 62,924	$ 55,950	$ 120,964	$ 95,218
Operating income %	16.7%	17.1%	16.5%	15.5%

Revenue

In the three months ended June 27, 2008, total revenue increased by $50.0 million or 15%, as compared to the same corresponding period in fiscal 2007. The increase resulted from strong revenue growth across Engineering and

Construction and Field Solutions segments. Engineering and Construction revenue increased $14.2 million, Field Solutions increased $34.8 million, Mobile Solutions increased $1.4 million, while Advanced Devices decreased $0.3 million, as compared to the same corresponding period in fiscal 2007. Revenue growth was driven by new products, a robust agricultural environment, and strong international growth. The revenue growth was partially offset by softness in the U.S. market in Engineering and Construction.

In the six months ended June 27, 2008, total revenue increased by $119.6 million or 19%, as compared to the same corresponding period in fiscal 2007. The increase was primarily due to strong revenue performances across Engineering and Construction, Field Solutions, and Mobile Solutions. Engineering and Construction revenue increased $32.7 million, Field Solutions increased $71.9 million, Mobile Solutions increased $15.5 million, while Advanced Devices decreased $0.5 million, compared to the same corresponding period in fiscal 2007. Revenue growth within these segments was primarily driven by new product introductions, a robust agricultural environment, strong international growth and a full quarter of @Road for the first quarter as compared to a partial quarter of @Road revenue in the corresponding period in fiscal 2007. The revenue growth was partially offset by softness in the U.S. market in Engineering and Construction.

Gross Margin

Gross margin varies due to a number of factors including product mix, pricing, distribution channel, production volumes, and foreign currency translations.

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Gross margin increased by $19.9 million and $51.2 million for the three and six months ended June 27, 2008, respectively, as compared to the corresponding period in the prior year. Gross margin as a percentage of total revenue for the three months ended June 27, 2008 was 49.5%, as compared to 51.0% for the three months ended June 29, 2007. Gross margin as a percentage of total revenue for the six months ended June 27, 2008 was 49.3% as compared to 50.6% for the six months ended June 29, 2007.

The increase in gross margin for the three and six month periods was primarily due to higher revenue. The slight decrease in gross margin percentage for the three month and six month periods was driven by product mix, increased amortization of purchased intangibles, and restructuring costs.

Operating Income

Operating income increased by $7.0 million and $25.7 million for the three and six months ended June 27, 2008, respectively, as compared to the corresponding period in the prior year. Operating income as a percentage of total revenue was 16.7% for the three months ended June 27, 2008, as compared to 17.1% for the three months ended June 29, 2007. Operating income as a percentage of total revenue was 16.5% for the six month period ended June 27, 2008 as compared to 15.5% for the six months ended June 29, 2007.

The increase in operating income for both the three and six month periods was primarily driven by increased revenue. The slight decrease in operating income percentage for the three month period was primarily due to restructuring costs and lower gross margin, offset by strong operating expense control in Field Solutions and Mobile Solutions. The increase in operating income percentage for the six month periods was primarily due to strong operating expense control in Field Solutions and Mobile Solutions, offset partially by lower gross margin and also IPR&D expenses in the corresponding period in the prior year.

Results by Segment

To achieve distribution, marketing, production, and technology advantages in our targeted markets, we manage our operations in the following four segments: Engineering and Construction, Field Solutions, Mobile Solutions, and Advanced Devices. Operating income equals net revenue less cost of sales and operating expenses, excluding general corporate expenses, amortization of purchased intangibles, in-process research and development expenses, and restructuring charges.

The following table is a breakdown of revenue and operating income by segment:

	Three Months Ended		Six Months Ended	
	June 27, 2008	June 29, 2007	June 27, 2008	June 29, 2007
(in thousands, except percentages)				
Engineering and Construction				
Revenue	$ 213,019	$ 198,853	$ 407,199	$ 374,457
Segment revenue as a percent of total revenue	56%	61%	56%	61%
Operating income	$ 45,161	$ 52,371	$ 82,115	$ 94,535
Operating income as a percent of segment revenue	21%	26%	20%	25%
Field Solutions				
Revenue	$ 90,070	$ 55,273	$ 178,107	$ 106,235
Segment revenue as a percent of total revenue	24%	17%	24%	17%

Operating income	$	34,808	$	18,398	$	69,903	$	35,026
Operating income as a percent of segment revenue		39%		33%		39%		33%
Mobile Solutions								
Revenue	$	42,285	$	40,927	$	86,296	$	70,784
Revenue as a percent of total revenue		11%		12%		12%		12%
Operating income	$	1,942	$	2,906	$	4,395	$	3,923
Operating income as a percent of segment revenue		5%		7%		5%		6%
Advanced Devices								
Revenue	$	32,393	$	32,679	$	61,461	$	61,988
Segment revenue as a percent of total revenue		9%		10%		8%		10%
Operating income	$	6,578	$	5,384	$	11,270	$	8,727
Operating income as a percent of segment revenue		20%		16%		18%		14%

A reconciliation of our consolidated segment operating income to consolidated income before income taxes follows:

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(In thousands)	Three Months Ended June 27, 2008	Three Months Ended June 29, 2007	Six Months Ended June 27, 2008	Six Months Ended June 29, 2007
Consolidated segment operating income	$ 88,489	$ 79,059	$ 167,683	$ 142,211
Unallocated corporate expense	(11,303)	(12,344)	(21,653)	(23,529)
Amortization of purchased intangible assets	(10,918)	(10,432)	(21,722)	(18,327)
In-process research and development expense	--	--	--	(2,112)
Restructuring charges	(3,344)	(333)	(3,344)	(3,025)
Consolidated operating income	62,924	55,950	120,964	95,218
Non-operating income, net	4,119	271	5,890	3,128
Consolidated income before income taxes	$ 67,043	$ 56,221	$ 126,854	$ 98,346

Engineering and Construction

Engineering and Construction revenue increased by $14.2 million or 7% and $32.7 million or 9% for the three and six months ended June 27, 2008, as compared to the same corresponding periods in fiscal 2007. Segment operating income decreased $7.2 million or 14% and $12.4 million or 13% for the three and six months ended June 27, 2008, as compared to the same corresponding periods in fiscal 2007.

The revenue growth for both the three month and six month periods ended June 27, 2008 was driven by strong international sales, partially offset by softness in the U.S. markets. Operating income for both the three and six month periods ended June 27, 2008 decreased primarily due to lower gross margin due to product mix and higher operating expenses due to the impact of acquisitions made during the last twelve months.

Field Solutions

Field Solutions revenue increased by $34.8 million or 63% and $71.9 million or 68% for the three and six months ended June 27, 2008, as compared to the same corresponding period in fiscal 2007. Segment operating income increased by $16.4 million or 89% and $34.9 million or 100% for the three and six months ended June 27, 2008, as compared to the same corresponding period in fiscal 2007.

The revenue increase for both the three and six month periods ended June 27, 2008 was driven by the introduction of new agricultural products and a worldwide robust agricultural market. Operating income for both the three and six month periods ended June 27, 2008 increased primarily due to higher revenue, gross margin improvement, and operating expense control.

Mobile Solutions

Mobile Solutions revenue increased by $1.4 million or 3% and $15.5 million or 22% for the three and six months ended June 27, 2008, as compared to the same corresponding period in fiscal 2007. Segment operating income decreased by $1.0 million or 33% for the three months ended June 27, 2008, as compared to the same corresponding period in fiscal 2007. Segment operating income increased by $0.5 million or 12% for the six months ended June 27, 2008, as compared to the same corresponding period in fiscal 2007.

Revenue, for the three month period ended June 27, 2008, as compared to the corresponding period of fiscal 2007 grew due to increased subscription revenue. Revenue for the six month period grew due to increase subscription revenue and a full quarter of @Road revenue as compared to partial quarter of @Road revenue in the corresponding

period in fiscal 2007. Operating income for the three month period ended June 27, 2008 decreased due to lower revenue in the handheld business partially offset by increased subscription revenue and operating expense control. .Operating income for the six months increased due to increased subscription revenue and operating expense control, partially offset by lower revenue in the handheld business.

Advanced Devices

Advanced Devices revenue decreased by $0.3 million or 1% and $0.5 million or 1% for the three and six months ended June 27, 2008, as compared to the same corresponding period in fiscal 2007. Segment operating income increased by $1.2 million or 22% and $2.5 million or 29% for the three and six months ended June 27, 2008, as compared to the same corresponding period in fiscal 2007.

For the three and six months ended June 27, 2008, as compared to the corresponding periods in fiscal 2007, revenue remained relatively flat while segment operating income increased primarily due to product mix in Component Technologies and Military.

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Research and Development, Sales and Marketing, and General and Administrative Expenses

Research and development (R&D), sales and marketing (S&M), and general and administrative (G&A) expenses are summarized in the following table (in thousands, except percentages):

	Three Months Ended		Six Months Ended	
(in thousands, except percentages)	June 27, 2008	June 29, 2007	June 27, 2008	June 29, 2007
Research and development	$ 39,405	$ 33,867	$ 76,750	$ 65,030
Percentage of revenue	10%	10%	10%	11%
Sales and marketing	51,904	47,546	103,062	89,693
Percentage of revenue	14%	15%	14%	15%
General and administrative	25,289	24,278	47,979	45,920
Percentage of revenue	7%	7%	7%	7%
Total	$ 116,598	$ 105,691	$ 227,791	$ 200,643
Percentage of revenue	31%	32%	31%	33%

Overall, R&D, S&M, and G&A expense increased by approximately $10.9 million and $27.1 million for the three and six months ended June 27, 2008, as compared to the corresponding period in fiscal 2007.

The increase in R&D expense in the second quarter of fiscal 2008, as compared to the second quarter of fiscal 2007, was primarily due to an increase in compensation related expenses of $1.4 million, foreign currency exchange rates of $1.5 million, engineering costs associated with new product roll-outs of $1.6 million and additional acquisition-related expenses of $1.1 million. The increase in R&D expense in the first six months of fiscal 2008, as compared with the corresponding period in fiscal 2007, was due to an increase in compensation related expenses of $4.9 million due in part to a full quarter of @Road compensation expenses in the first quarter as compared to a partial quarter of @Road compensation expenses in the corresponding period in fiscal 2007. The R&D expense increase was also attributable to an increase foreign currency exchange rates of $3.0 million, engineering costs associated with new product roll-outs of $1.4 million, and additional operating expenses associated with recent business acquisitions of $2.1 million.

All of our R&D costs have been expensed as incurred. Costs of software developed for external sale subsequent to reaching technical feasibility were not considered material and were expensed as incurred.

* We believe that the development and introduction of new products are critical to our future success and we expect to continue active development of new products.

The increase in S&M expenses in the second quarter of fiscal 2008, as compared to the corresponding period of fiscal 2007, was primarily due to an increase in foreign currency exchange rates of $1.8 million, marketing communication expenses of $1.2 million and additional acquisition-related expenses of $0.8 million. The increase in S&M expenses in the first six months of fiscal 2008 as compared with the corresponding period of fiscal 2007 was due to an increase in compensation related expenses of $2.7 million due in part to a full quarter of @Road compensation expenses in the first quarter as compared to a partial quarter of @Road compensation expenses in the corresponding period in fiscal 2007. The S&M expense increase was also attributable to an increase in foreign currency exchange rates of $3.5 million, marking communication expenses of $2.9 million and additional operating expenses associated with recent

business acquisitions of $1.5 million.

* Our future growth will depend in part on the timely development and continued viability of the markets in which we currently compete as well as our ability to continue to identify and develop new markets for our products.

The increase in G&A expenses in the second quarter of fiscal 2008, as compared to the corresponding period in fiscal 2007, was primarily due to additional operating expenses associated with business acquisitions of $1.1 million and foreign currency exchange rates of $0.7 million, partially offset by lower tax and legal fees of $1.1 million. The increase in G&A expenses in the first six months of fiscal 2008 compared with the corresponding period in fiscal 2007 was primarily due to additional operating expenses associated with business acquisitions of $2.0 million and foreign currency exchange rates of $1.3 million, partially offset by lower tax and legal fees of $1.7 million.

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Amortization of Purchased Intangible Assets

Amortization of purchased intangible assets was $10.9 million in the second quarter of fiscal 2008, as compared to $10.4 million in the second quarter of fiscal 2007. The increase was due primarily to acquisitions not applicable in the corresponding period of fiscal 2007, primarily UAI, Crain and HHK. Amortization of purchased intangible assets was $21.7 million in the first six months of fiscal 2008, as compared to $18.3 million in the first six months of fiscal 2007, due to acquisitions not applicable in the corresponding period of fiscal 2007, primarily @Road.

As of June 27, 2008, future amortization of intangible assets is expected to be $21.7 million during the remaining two quarters of fiscal 2008, $40.1 million during 2009, $37.9 million during 2010, $33.0 million during 2011, $25.0 million during 2012, and $29.2 million thereafter.

In-Process Research and Development

We recorded no in-process research and development (IPR&D) expense during the three and six months ended June 27, 2008, respectively, as compared to $0 million and $2.1 million in the corresponding periods in 2007. At the date of each acquisition, the projects associated with the IPR&D efforts had not yet reached technological feasibility and the research and development in process had no alternative future uses. The value of the IPR&D was determined using a discounted cash flow model similar to the income approach, focusing on the income producing capabilities of the in-process technologies. Accordingly, the value assigned to these IPR&D amounts was charged to expense on the respective acquisition date of each of the acquired companies.

Restructuring Charges

Restructuring expenses for the three and six months ended June 27, 2008 and June 29, 2007 were as follows:

	Three Months Ended		Six Months Ended	
(in thousands)	June 27, 2008	June 29, 2007	June 27, 2008	June 29, 2007
Severance and Benefits	$ 3,344	$ 333	$ 3,344	$ 3,025

During the three and six months ended June 27, 2008, restructuring expenses of $3.3 million were related to management decisions designed to improve operational efficiency and financial results. The restructuring expenses, included in cost of sales and operating expenses, were related to a decision to streamline processes and reduce the cost structure of the company, with approximately 90 employees affected worldwide within our Engineering and Construction and Mobile Solutions segments. As a result of these decisions, we expect these restructuring activities to result in additional restructuring expenses totaling approximately $2.6 million through the first quarter of 2010.

During the three and six months ended June 29, 2007, restructuring expenses of $0.3 million and $3.0 million, respectively were for charges associated with our acquisition of @Road. The restructuring expenses were related to the acceleration of vesting of employee stock options for certain terminated @Road employees, of which $1.4 million was settled in cash and $1.6 million was recorded as Shareholders' equity.

Restructuring costs associated with a business combination:
In addition to the restructuring expenses in the six months ended June 27, 2008, the Company had $0.9 million in reversals related to restructuring costs associated with exiting activities of pre-merger @Road. The reversals were primarily due to severance and benefits costs for employees whose positions were retained in a variety of

functions. The reversals were recognized in the first quarter of fiscal 2008 as a reduction of the liability assumed in the purchase business combination that had been included in the allocation of the cost to acquire @Road and, accordingly, resulted in a decrease to goodwill rather than an expense reduction in the three and six months ended June 27, 2008.

In addition to the restructuring expenses in the six months ended June 29, 2007, restructuring costs, associated with exiting activities of pre-merger @Road of $3.6 million, consisted of severance and benefits costs. These costs were recognized as a liability assumed in the purchase business combination and were included in the allocation of the cost to acquire @Road and accordingly, resulted in an increase to goodwill rather than an expense in the six months ended June 29, 2007.

Restructuring activity:

Restructuring activity for the six months ended June 27, 2008 was as follows (in thousands):

Balance as of December 28, 2007	$ 1,326
Charges	3,344
Payments	(2,450)
Adjustment	(909)
Balance as of June 27, 2008	$ 1,311

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The $1.3 million restructuring accrual consists of severance and benefits. The severance charges will be paid through the first quarter of fiscal 2010. Of the $1.3 million restructuring accrual, $0.9 million is included in Other current liabilities and is expected to be settled by the fourth quarter of fiscal 2008. The remaining balance of $0.4 million is included in Other non-current liabilities and is expected to be settled by the first quarter of fiscal 2010.

Non-operating Income, Net

The components of non-operating income, net, are as follows (in thousands):

	Three Months Ended		Six Months Ended	
(In thousands)	June 27, 2008	June 29, 2007	June 27, 2008	June 29, 2007
Interest income	$ 508	$ 593	$ 965	$ 1,837
Interest expense	(413)	(2,459)	(1,175)	(3,860)
Foreign currency transaction gain (loss), net	1,253	(430)	2,221	(73)
Income from joint ventures	2,618	2,080	4,633	4,502
Other income (expense), net	153	487	(754)	722
Total non-operating income, net	$ 4,119	$ 271	$ 5,890	$ 3,128

Non-operating income, net, increased $3.8 million for the second quarter of fiscal 2008, as compared to the corresponding period in fiscal 2007 due to a decrease in interest expense of $2.0 million and an increase in foreign exchange gains of $1.7 million.

Non-operating income, net, increased by $2.8 million during the first six months of fiscal 2008, as compared to the corresponding period in fiscal 2007, due to decrease in interest expense of $2.7 million and an increase in foreign exchange gains of $2.3 million, partially offset by losses on deferred compensation plan investments included in Other income (expense) of $0.9 million and a decrease in interest income of $0.9 million.

Income Tax Provision

Our effective income tax rate for the three and six months ended June 27, 2008 was 27.5% and 30.1%, respectively, as compared to 37.7% and 35.2% for the three and six months ended June 29, 2007. The 2008 second quarter fiscal rate is lower than the statutory federal income tax rate of 35% primarily due to the implementation of a global supply chain management structure. The 2007 second quarter fiscal rate was greater than the statutory federal income tax rate of 35% primarily due to impacts resulting from SFAS No. 123(R), “Share-Based Payment” and state income tax expense.

* We anticipate an annual estimated effective tax rate of 31.0% for fiscal year 2008. The tax rate could be affected by several factors including stock option activity, geographic mix of our pre-tax income, legislative changes, changes to our existing valuation allowances or contingent tax liabilities, and/or discrete quarterly events.

OFF-BALANCE SHEET FINANCINGS AND LIABILITIES

Other than lease commitments incurred in the normal course of business, we do not have any off-balance sheet financing arrangements or liabilities, guarantee contracts, retained or contingent interests in transferred assets, or any obligation arising out of a material variable interest in an unconsolidated entity. We do not have any majority-owned subsidiaries that are not included in the condensed consolidated financial statements. Additionally, we do not have any

interest in, or relationship with, any special purpose entities.

In the normal course of business to facilitate sales of its products, we indemnify other parties, including customers, lessors, and parties to other transactions with the Company, with respect to certain matters. We have agreed to hold the other party harmless against losses arising from a breach of representations or covenants, or out of intellectual property infringement or other claims made against certain parties. These agreements may limit the time within which an indemnification claim can be made and the amount of the claim. In addition, we have entered into indemnification agreements with its officers and directors, and the Company’s bylaws contain similar indemnification obligations to our agents.

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It is not possible to determine the maximum potential amount under these indemnification agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. Historically, payments made by us under these agreements were not material and no liabilities have been recorded for these obligations on the Condensed Consolidated Balance Sheets as of June 27, 2008 and December 28, 2007.

LIQUIDITY AND CAPITAL RESOURCES

As of (In thousands)		June 27, 2008		December 28, 2007
Cash and cash equivalents	$	79,823	$	103,202
Total debt	$	569	$	60,690

Three Months Ended (In thousands)		June 27, 2008		June 29, 2007
Cash provided by operating activities	$	100,363	$	86,457
Cash used in investing activities	$	(52,877)	$	(283,054)
Cash provided by (used in) financing activities	$	(75,933)	$	144,173
Effect of exchange rate changes on cash and cash equivalents	$	5,068	$	(3,437)
Net decrease in cash and cash equivalents	$	(23,379)	$	(55,861)

Cash and Cash Equivalents

As of June 27, 2008, cash and cash equivalents totaled $79.8 million compared to $103.2 million at December 30, 2007. We had debt of $0.6 million compared to $60.7 million at December 28, 2007.

* Our ability to continue to generate cash from operations will depend in large part on profitability, the rate of collections of accounts receivable, our inventory turns, and our ability to manage other areas of working capital.

* We believe that our cash and cash equivalents, together with our revolving credit facilities will be sufficient to meet our anticipated operating cash needs and stock purchases under the stock repurchase program for at least the next twelve months.

* We anticipate that planned capital expenditures primarily for computer equipment, software, manufacturing tools and test equipment, and leasehold improvements associated with business expansion, will constitute a partial use of our cash resources. Decisions related to how much cash is used for investing are influenced by the expected amount of cash to be provided by operations.

Operating Activities

Cash provided by operating activities was $100.4 million for the six months ended June 27, 2008, as compared to $86.5 million for the six months ended June 29, 2007. This increase of $13.9 million was primarily driven by an increase in net income before non-cash depreciation expense and amortization and working capital improvements in accounts receivables and inventories, offset by a decrease in income taxes due.

Investing Activities

Cash used in investing activities was $52.9 million for the six months ended June 27, 2008, as compared to $283.1 million for the six months ended June 29, 2007. The decrease was due to cash used for acquisitions, attributable primarily to @Road which was acquired in the first quarter of fiscal 2007.

Financing Activities

Cash used by financing activities was $75.9 million for the six months ended June 27, 2008, as compared to cash provided of $144.2 million for the six months ended June 29, 2007, primarily due to the stock repurchase of $36.3 million and repayment of outstanding debt of $60.3 million in the first six months of 2008 as compared to outstanding debt of $122.5 million that was incurred for the @Road acquisition in the corresponding period in fiscal 2007.

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Accounts Receivable and Inventory Metrics

As of	June 27, 2008	December 28, 2007
Accounts receivable days sales outstanding	64	70
Inventory turns per year	4.5	4.3

Accounts receivable days sales outstanding were 64 days as of June 27, 2008, as compared to 70 days as of December 28, 2007 due to increased revenue linearily. Our accounts receivable days sales outstanding are calculated based on ending accounts receivable, net divided by revenue times 91 days. Our inventory turns were at 4.5 as of June 27, 2008 as compared to 4.3 for the fourth quarter of fiscal 2007. Our inventory turnover is based on the total cost of sales for the fiscal period over the average inventory for the corresponding fiscal period.

Debt

Our total debt was approximately $0.6 million as of June 27, 2008 compared to $60.7 million as of December 28, 2007.

On July 28, 2005, we entered into a $200 million unsecured revolving credit agreement (the 2005 Credit Facility) with a syndicate of 10 banks with The Bank of Nova Scotia as the administrative agent. On February 16, 2007, the Company amended its existing $200 million unsecured revolving credit agreement with a syndicate of 11 banks with The Bank of Nova Scotia as the administrative agent (the 2007 Credit Facility). Under the 2007 Credit Facility, the Company exercised the option in the existing credit agreement to increase the availability under the revolving credit line by $100 million, for an aggregate availability of up to $300 million, and extended the maturity date of the revolving credit line by 18 months, from July 2010 to February 2012. Up to $25 million of the availability under the revolving credit line may be used to issue letters of credit, and up to $20 million may be used for swing line loans. In addition, during the first quarter of fiscal 2007 the Company incurred a five-year term loan under the 2007 Credit Facility in an aggregate principal amount of $100 million, which has subsequently been paid off. The maximum leverage ratio under the 2007 Credit Facility is 3.00:1. The funds available under the new 2007 Credit Facility may be used by the Company for acquisitions, stock repurchases, and general corporate purposes. For additional discussion of our debt, see Note 9 of Notes to the Condensed Consolidated Financial Statements.

We may borrow funds under the 2007 Credit Facility in U.S. Dollars or in certain other currencies, and borrowings will bear interest, at the Company's option, at either: (i) a base rate, based on the administrative agent's prime rate, plus a margin of between 0% and 0.125%, depending on the Company's leverage ratio as of its most recently ended fiscal quarter, or (ii) a reserve-adjusted rate based on the London Interbank Offered Rate (LIBOR), Euro Interbank Offered Rate (EURIBOR), Stockholm Interbank Offered Rate (STIBOR), or other agreed-upon rate, depending on the currency borrowed, plus a margin of between 0.625% and 1.125%, depending on the Company's leverage ratio as of the most recently ended fiscal quarter. The Company's obligations under the 2007 Credit Facility are guaranteed by certain of the Company's domestic subsidiaries.

The 2007 Credit Facility contains customary affirmative, negative and financial covenants including, among other requirements, negative covenants that restrict the Company's ability to dispose of assets, create liens, incur indebtedness, repurchase stock, pay dividends, make acquisitions, make investments, enter into mergers and consolidations and make capital expenditures, within certain limitations, and financial covenants that require the maintenance of leverage and fixed charge coverage ratios. The 2007 Credit Facility contains events of default that include, among others, non-payment of principal, interest or fees, breach of covenants, inaccuracy of representations and warranties, cross defaults to certain other indebtedness, bankruptcy and insolvency events, material judgments,

and events constituting a change of control. Upon the occurrence and during the continuance of an event of default, interest on the obligations will accrue at an increased rate and the lenders may accelerate the Company's obligations under the 2007 Credit Facility, however that acceleration will be automatic in the case of bankruptcy and insolvency events of default. As of June 27, 2008 we were in compliance with all financial debt covenants.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to market risk related to changes in interest rates and foreign currency exchange rates. We use certain derivative financial instruments to manage these risks. We do not use derivative financial instruments for speculative purposes. All financial instruments are used in accordance with policies approved by our board of directors.

Market Interest Rate Risk

There have been no changes to our market interest rate risk assessment. Refer to our 2007 Annual Report on Form 10-K.

Foreign Currency Exchange Rate Risk

There have been no changes to our foreign currency exchange rate risk assessment. Refer to our 2007 Annual Report on Form 10-K.

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ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures.

The management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective.

(b) Internal Control Over Financial Reporting.

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are involved in litigation arising out of the ordinary course of its business. There are no known claims or pending litigation expected to have a material effect on our overall financial position, results of operations or liquidity.

ITEM 1A. RISK FACTORS

A description of factors that could materially affect our business, financial condition or operating results is included under "Risk and Uncertainties" in Item 1A of Part I of our 2007 Annual Report on Form 10-K and is incorporated herein by reference. There have been no material changes to the risk factor disclosure since our 2007 Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) On March 31, 2008, we issued 21,930 shares of our common stock to a warrant holder pursuant to the exercise of the warrant held by such warrant holder. The warrant holder exercised such warrants on a cashless basis by surrendering their right to purchase a portion of the shares of common stock based on a value of $28.60 per share, representing the average closing price of our common stock on the ten-day period prior to the exercise date. In connection with the cashless exercise of the warrants, the warrants were surrendered and no underwriting discounts or commissions were paid. We offered and sold the common stock issued in connection with these warrants in reliance on the exemption from registration for exchanges of securities with existing security holders by virtue of Section 3(a)(9) of the Securities Act of 1933, as amended.

(b) None

(c) The following table provides information relating to our purchases of equity securities for the second quarter of fiscal 2008.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program (1)
March 29, 2008 – May 2, 2008	--	--	--	--
May 3, 2008 – May 30, 2008	139,280	35.88	139,280	219,130,242
May 31, 2008 – June 27, 2008	148,100	36.60	148,100	213,706,957
Total	287,380	36.25	287,380	

(1) In January 2008, the Company announced that its board of directors had authorized a stock repurchase program for up to $250 million, effective February 1, 2008. The timing and actual number of shares repurchased will depend on a variety of factors including price, regulatory requirements, capital availability, and other market conditions. The program does not require the purchase of any minimum number of shares and may be suspended or discontinued at any time without public notice.

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ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) The Company's annual meeting of shareholders, (the "Annual Meeting"), was held at the Hyatt Regency Hotel, located at 5101 Great America Parkway, Santa Clara, California 95054, on May 22, 2008.

(b) At the Annual Meeting, an election of directors was held, with the following individuals being elected to the Company's Board of Directors.

DIRECTOR	VOTE FOR	WITHHELD
Steven W. Berglund	108,395,735	1,224,240
John B. Goodrich	107,975,200	1,644,775
William Hart	108,354,177	1,265,798
Merit E. Janow	109,009,301	610,674
Ulf J. Johansson	108,632,667	987,308
Bradford W. Parkinson	107,820,009	1,799,966
Nickolas W. Vande Steeg	108,998,732	621,243

(c) Other matters voted upon at the Annual Meeting and the results of the voting with respect to each such matter were as follows:

To approve an amendment to the Company's Employee Stock Purchase Plan

FOR	AGAINST	ABSTAIN	BROKER NON-VOTE
95,767,806	623,917	96,770	13,131,482

To ratify the appointment of Ernst & Young, LLP as the independent auditor of the Company for the current fiscal year ending January 2, 2009.

FOR	AGAINST	ABSTAIN
107,445,834	2,045,927	128,214

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ITEM 6. EXHIBITS

3.1	Restated Articles of Incorporation of the Company filed June 25, 1986. (3)
3.2	Certificate of Amendment of Articles of Incorporation of the Company filed October 6, 1988. (3)
3.3	Certificate of Amendment of Articles of Incorporation of the Company filed July 18, 1990. (3)
3.4	Certificate of Determination of Rights, Preferences and Privileges of Series A Preferred Participating Stock of the Company filed February 19, 1999. (3)
3.5	Certificate of Amendment of Articles of Incorporation of the Company filed May 29, 2003. (5)
3.6	Certificate of Amendment of Articles of Incorporation of the Company filed March 4, 2004. (6)
3.7	Certificate of Amendment of Articles of Incorporation of the Company filed February 21, 2007. (9)
3.8	Bylaws of the Company, amended and restated through July 20, 2006. (8)
4.1	Specimen copy of certificate for shares of Common Stock of the Company. (1)
4.2	Preferred Shares Rights Agreement dated as of February 18, 1999. (2)
4.3	Agreement of Substitution and Amendment of Preferred Shares Rights Agreement dated September 10, 2004. (7)
4.4	Form of Warrant dated April 12, 2002. (4)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated August 4, 2008. (10)
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated August 4, 2008. (10)
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 dated August 4, 2008. (10)
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 dated August 4, 2008. (10)
(1)	Incorporated by reference to exhibit number 4.1 to the registrant's Registration Statement on Form S-1, as amended (File No. 33-35333), which became effective July 19, 1990.
(2)	Incorporated by reference to exhibit number 1 to the registrant's Registration Statement on Form 8-A, which was filed on February 18, 1999.
(3)	Incorporated by reference to identically numbered exhibits to the registrant's Annual Report on Form 10-K for the fiscal year ended January 1, 1999.
(4)	Incorporated by reference to exhibit number 4.1 to the registrant’s Registration Statement on Form S-3 filed on April 19, 2002.
(5)	Incorporated by reference to exhibit number 3.5 to the registrant’s Quarterly Report on Form 10-Q for the quarter ended July 4, 2003.
(6)	Incorporated by reference to exhibit number 3.6 to the registrant’s Quarterly Report on Form 10-Q for the quarter ended April 2, 2004.
(7)	Incorporated by reference to exhibit number 4.3 to the registrant’s Annual Report on Form 10-K for the year ended December 31, 2004.
(8)	Incorporated by reference to exhibit number 3.7 to the Company’s Quarterly Report on Form 10-Q for the quarter ended September 29, 2006.
(9)	Incorporated by reference to exhibit number 3.7 to the Company’s Quarterly Report on Form 10-Q for the quarter ended March 30, 2007.
(10)	Filed herewith.

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SIGNATURES

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

TRIMBLE NAVIGATION LIMITED
(Registrant)

By: /s/ Rajat Bahri
Rajat Bahri
Chief Financial Officer
(Authorized Officer and Principal Financial Officer)

DATE: August 4, 2008

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