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

FORM 10-Q

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2000

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 No.)
645 North Mary Avenue, Sunnyvale, CA	94088
(Address of principal executive offices)	(Zip Code)

(408) 481-8000

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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 periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

As of June 30, 2000, there were 23,362,535 shares of Common Stock (no par value) outstanding

TRIMBLE NAVIGATION LIMITED

INDEX

PART I. FINANCIAL INFORMATION		Page Number
Item 1.	Financial Statements	
	Condensed Consolidated Balance Sheets - June 30, 2000 and December 31, 1999	3
	Condensed Consolidated Statements of Operations - Three and Six Months ended June 30, 2000 and July 2, 1999	4

	Condensed Consolidated Statements of Cash Flows - Three and Six Months ended June 30, 2000 and July 2, 1999	5
	Notes to Condensed Consolidated Financial Statement	6-15
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	16-27
Item 3.	Quantitative and Qualitative Disclosure of Market Risk	28-29
PART II. OTHER INFORMATION		
Item 4.	Submission of Matters to a Vote of Security Holders	30
Item 6.	Exhibits and Reports on Form 8-K	31
SIGNATURES		32

PART I. FINANCIAL INFORMATION
Item 1. FINANCIAL STATEMENTS

TRIMBLE NAVIGATION LIMITED
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)	June 30, 2000 (Unaudited)	December 31, 1999
ASSETS		
Current assets:		
Cash and cash equivalents	$ 94,438	$ 49,264
Short term investments	24,900	52,728
Accounts and other receivable, net	45,651	36,005
Inventories	19,042	16,435
Other current assets	3,881	4,510
Total current assets	187,912	158,942
Net property and equipment	11,660	12,333
Intangible assets	1,135	1,238
Deferred income taxes	350	387
Other assets	8,541	8,851
Total assets	$ 209,598	$ 181,751
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ -	$ 1,388
Accounts payable	12,438	11,710
Accrued compensation and benefits	8,295	7,011
Accrued liabilities	14,520	14,091
Accrued liabilities related to disposal of General Aviation	1,389	2,212
Accrued warranty expense	5,989	5,786
Income taxes payable	2,343	2,983
Deferred gain on sale of assets	1,953	1,953
Total current liabilities	46,927	47,134
Noncurrent portion of long-term debt and other liabilities	30,724	30,566
Noncurrent portion of deferred gain on sale of assets	2,279	3,255
Total liabilities	79,930	80,955
Shareholders' equity:		
Common stock	135,419	126,962

Accumulated deficit	(4,056)	(25,125)
Accumulated other comprehensive loss	(1,695)	(1,041)
Total shareholders' equity	129,668	100,796
Total liabilities and shareholders' equity	$ 209,598	$ 181,751

See accompanying notes to condensed consolidated financial statements.

TRIMBLE NAVIGATION LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2000	July 2, 1999	June 30, 2000	July 2, 1999
(In thousands, except per share data)				
Total revenue	$ 71,264	$ 70,839	$ 136,404	$ 139,609
Operating expenses:				
Cost of sales	29,379	33,228	57,474	66,431
Research and development	9,182	9,444	18,059	17,951
Sales and marketing	14,033	13,972	26,679	27,276
General and administrative	6,647	8,630	12,947	18,653
Total operating expenses	59,241	65,274	115,159	130,311
Operating income	12,023	5,565	21,245	9,298
Nonoperating income (expense):				
Interest income	1,725	694	3,206	1,385
Interest expense	(858)	(845)	(1,709)	(1,701)
Other income (expenses), net	840	64	668	42
	1,707	(87)	2,165	(274)
Income before income taxes	13,730	5,478	23,410	9,024
Income tax provision	1,373	822	2,341	1,354
Net income	$ 12,357	$ 4,656	$ 21,069	$ 7,670
Basic net income per share	$ 0.53	$ 0.21	$ 0.92	$ 0.34
Shares used in calculating basic income per share	23,157	22,319	23,003	22,290
Diluted net income per share	$ 0.48	$ 0.20	$ 0.83	$ 0.34
Shares used in calculating diluted income per share	25,839	22,769	25,491	22,437

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended	
	June 30, 2000	July 2, 1999
(In thousands)		
Net cash provided by operating activities	$ 11,665	$ 9,465

Cash flow from investing activities:		
Purchase of short term investments	(6,320)	(7,374)
Maturities of short term investments	24,898	752
Sales of short term investments	9,250	-
(Purchase)/sale of equity investments/loans, net	475	-
Acquisition of property and equipment	(2,497)	(3,105)
Capitalized patent expenditures	(401)	(523)
Net cash provided by (used) in investing activities	25,405	(10,250)
Cash flow from financing activities:		
Issuance of common stock	8,457	1,948
Collections of notes receivable	973	484
(Payment)/proceeds from long-term debt and revolving credit facilities, net	(1,326)	(1,332)
Net cash provided by financing activities	8,104	1,100
Net increase in cash and cash equivalents	45,174	315
Cash and cash equivalents -- beginning of period	49,264	40,865
Cash and cash equivalents -- end of period	$ 94,438	$ 41,180
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 795	$ 751
Income taxes, net of refunds	$ 2,835	$ 41

See accompanying notes to condensed consolidated financial statements.

TRIMBLE NAVIGATION LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - Basis of Presentation:

The condensed consolidated financial statements for the three and six months ended June 30, 2000, and July 2, 1999, which are presented in this Quarterly Report on Form 10-Q are unaudited. The balance sheet at December 31, 1999, has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, these statements include all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of the results for the interim periods presented. The condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in Trimble's Annual Report on Form 10-K for the year ended December 31, 1999.

Trimble has a 52-53 week fiscal year, which ends on the Friday nearest to December 31, which for fiscal 2000 will be December 29, 2000. The Company's fiscal year normally consists of 52 weeks split into four equal quarters of 13 weeks each; however, due to the fact that there are not exactly 52 weeks in a calendar year and that there is at least slightly more than one additional day per calendar year, as compared to a 52-week fiscal year, the Company will have a fiscal year composed of 53 weeks in certain fiscal years.

In those resulting fiscal years that have 53 weeks, one quarter of the fiscal year will have 14 weeks and the Company will record an extra week of revenues, costs and related financial activity. Therefore, the financial results of those fiscal years, and the associated quarter, having the extra week, will not be exactly comparable to the prior and subsequent 52-week fiscal years, and the associated quarters having only 13 weeks. Thus, due to the inherent nature of a 52-53 week fiscal year, the Company, analysts, shareholders, investors and others will have to make appropriate adjustments to any analysis performed when comparing the Company's activities and results in fiscal years that contain 53 weeks, to those that contain only the standard 52 weeks. The next 53 week year will be fiscal year 2002.

The results of operations for the three and six months ended June 30, 2000 are not necessarily indicative of the results that may be expected for the year ending December 29, 2000.

NOTE 2 - Cash Equivalents, Short Term Investments:

Trimble considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. All other liquid investments are classified as short-term investments. Trimble has classified all its short-term/marketable investments as "available-for-sale" securities. Available-for-sale securities are carried at fair value, with the unrealized holding gains and losses, net of tax effects, reported as a separate component of shareholders' equity. Fair value is based on quoted market prices. The cost of debt securities in this classification is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization, as well as interest, dividends, and realized gains and losses, is included in interest and investment income. The cost of securities sold is based on the specific identification method. Trimble has classified all investments as short-term since it has the intent and ability to redeem them within the year.

At June 30, 2000, investments with scheduled maturities within one year were $23.8 million and for maturities between one to three years were $1.1 million. At December 31, 1999, investments with scheduled maturities within one year were $50.2 million and for maturities between one to three years were $2.5 million.

NOTE 3 - Inventories:

Inventories consist of the following:

	June 30, 2000	December 31, 1999
(In thousands)		
Raw materials	$ 5,345	$ 2,582
Work-in-process	1,867	2,232
Finished goods	11,830	11,621
	$ 19,042	$ 16,435

NOTE 4 - Discontinued Operations:

On October 2, 1998, Trimble adopted a plan to discontinue its General Aviation division. Accordingly, the General Aviation division is being reported as a discontinued operation for all periods presented in these financial statements. Net assets of the discontinued operation at October 2, 1998 were written off and consisted primarily of inventory, property, plant and equipment and intangible assets.

The original estimated loss on the disposal of the discontinued operation in fiscal 1998 was $19.9 million, but was adjusted in March 1999 for certain product lines that were later retained. The adjusted estimated loss on the disposal is $20.3 million. The original fiscal 1998 estimate included a write-off of net assets of $12.7 million and a provision of $7.2 million for costs of disposal, including severance costs, facility and certain other contractual costs, and anticipated operating losses through the estimated date of disposal. The adjusted fiscal 1999 estimate included the write-off of net assets of $12.7 million and a provision of $7.6 million for costs of disposal, including severance costs, facility and certain other contractual costs, and anticipated operating losses through the estimated date of disposal.

As of June 30, 2000, Trimble has a remaining provision of $1.4 million, which includes $600,000 for the estimated remaining operating losses for service and warranty support and remaining severance costs, and $800,000 for facility and certain other contractual costs.

NOTE 5 - Restructuring Charge:

In fiscal 1998, Trimble recorded restructuring charges totaling $10.3 million in operating expenses.

These charges were a result of Trimble's reorganization activities, through which the Company downsized its operations, including reducing headcount and facilities space usage, and canceled its enterprise-wide information system project and certain research and development projects. The impact of these decisions was that significant amounts of Trimble's fixed assets, prepaid expenses, and purchased technology had been impaired and certain liabilities incurred. Trimble wrote down the related assets to their net realizable values and made provisions for the estimated liabilities.

The activity in fiscal 2000, 1999 and 1998 related to the restructuring charges and the amounts remaining at June 30, 2000 on the balance sheet are as follows (in thousands):

	Total charged to expense in fiscal 1998	Amounts paid/ written off in fiscal 1998	Amounts paid/ written off in fiscal 1999	Amounts paid/ written off in fiscal 2000	Remaining in accrued liabilites as of June 30, 2000
Employee termination benefits	$ 2,864	$ (1,200)	$ (371)	$ -	$ 1,293
Facility space reductions	1,061	-	(1,053)	(8)	-
ERP system abandonment	6,360	(4,895)	(1,465)	-	-
Subtotal	$ 10,285	$ (6,095)	$ (2,889)	$ (8)	$ 1,293

NOTE 6 - Segment Information:

Trimble operates in a single industry segment as a leader in designing and developing innovative products enabled by GPS technology. We provide end-user and Original Equipment Manufacture solutions for diverse applications in our target markets. These applications include:

o Architecture/Engineering/Construction - surveying, mapping, and construction machine guidance control;

o Asset Management and Tracking - fixed asset mapping and fleet management using mobile positioning;

o Agriculture - mapping, yield monitoring, variable rate applications, and machine guidance/control; and

o GPS Component Technologies - automotive navigation, timing systems, commercial avionics, and military systems.

To achieve distribution, marketing, production, and technology advantages for our targeted markets we manage our industry segment within two Business Units: the Precision Positioning Group (PPG) and the Mobile and Timing Technologies (MTT) Group.

The Precision Positioning Group derives its revenue from precision positioning solutions for the architecture, engineering, construction, asset management, and agriculture markets. These markets require sub-centimeter to meter 3D positioning accuracy for surveying, mapping, and machine guidance/control applications. The Mobile and Timing Technologies Group derives its revenues from automotive, timing, fleet management, commercial aviation, military systems and from development of software licenses and other rights for the use of our GPS technology to third parties. Trimble evaluates these Business Units' performance and allocates resources based on profit and loss from operations before income taxes.

The accounting policies applied by each of the markets are the same as those used by Trimble in general.

The table on the following page presents revenues, operating income, and identifiable assets by Trimble's two Business Units. There is no recognition of inter-Business Unit sales or transfers. Operating income is net sales less operating expenses, excluding general corporate expenses, interest income (expense), and income taxes. The identifiable assets that Trimble's Chief Operating Decision Maker (CODM) views by industry market are accounts receivable and inventory. Trimble does not report depreciation and amortization or capital expenditures by industry markets to the CODM.

	Three Months Ended June 30, 2000 (in thousands)			Six Months Ended June 30, 2000 (in thousands)		
	PPG	MTT	Total	PPG	MTT	Total
External net revenue	$ 45,457	$ 25,807	$ 71,264	$ 86,005	$ 50,399	$ 136,404
Operating profit before corporate allocations	15,443	4,282	19,725	29,333	8,947	38,280
Corporate allocations (1)	(5,808)	(2,580)	(8,388)	(11,616)	(5,159)	(16,775)
Operating profit	$ 9,635	$ 1,702	$ 11,337	$ 17,717	$ 3,788	$ 21,505

	As of June 30, 2000 (in thousands)		
Assets:	PPG	MTT	Total
Accounts recievable (2)	$ 35,326	$ 21,200	$ 56,526
Inventory	5,664	8,514	14,178

	Three Months Ended July 2, 1999 (in thousands)			Six Months Ended July 2, 1999 (in thousands)		
	PPG	MTT	Total	PPG	MTT	Total
External net revenue	$ 41,581	$ 29,258	$ 70,839	$ 84,147	$ 55,462	$ 139,609
Operating profit before corporate allocations	13,510	4,347	17,857	27,895	7,672	35,567
Corporate allocations (1)	(6,165)	(2,872)	(9,037)	(12,351)	(5,363)	(17,714)
Operating profit	$ 7,345	$ 1,475	$ 8,820	$ 15,544	$ 2,309	$ 17,853

	As of December 31, 1999 (in thousands)		
Assets:	PPG	MTT	Total
Accounts recievable (2)	$ 29,205	$ 20,204	$ 49,409
Inventory	6,720	9,715	16,435

<FN>
(1) For the three and six months ended June 30, 2000 and July 2, 1999, the Company determined the amount of corporate allocations charged to each of its Business Units based on a percentage of the Business Units' monthly revenue, gross profit, and controllable spending (research and development, marketing, and general and administrative).

(2) As presented, the accounts receivable number excludes cash in advance and reserves, which are not allocated between Business Unit segments.

</FN>

The following are reconciliations corresponding to totals in the accompanying consolidated financial statements (in thousands):

	Three Months Ended June 30, 2000	Three Months Ended July 2, 1999	Six Months Ended June 30, 2000	Six Months Ended July 2, 1999
Revenues:				
Total for reportable markets	$ 71,264	$ 70,839	$ 136,404	$ 139,609
Operating profit:				
Total for reportable markets	$ 11,337	$ 8,820	$ 21,505	$ 17,853
Unallocated corporate expenses	686	(3,255)	(260)	(8,555)
Income before income taxes	$ 12,023	$ 5,565	$ 21,245	$ 9,298

Assets:	As of June 30, 2000	As of December 31, 1999
Accounts receivable total for reportable markets	$ 56,526	$ 49,409
Unallocated (1)	(10,875)	(13,404)
Total	$ 45,651	$ 36,005
Inventory total for reportable markets	$ 14,178	$ 16,435
Common inventory (2)	4,864	-
Net inventory	$ 19,042	$ 16,435

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(1) Includes cash in advance and reserves that are not allocated by segment.

(2) Consists of inventory that is common between the Business Unit segments. Parts can be used by either segment.

NOTE 7 - Comprehensive Income (Loss):

The components of other comprehensive income (loss), net of related tax include:

	Three Months Ended June 30, 2000	Three Months Ended July 2, 1999	Six Months Ended June 30, 2000	Six Months Ended July 2, 1999
(In thousands)				
Net unrealized gain (loss) on short-term investments	22	(45)	86	(52)
Cummulative foreign currency translation adjustments	(434)	(90)	(740)	(203)
Other comprehensive loss	$ (412)	$ (135)	$ (654)	$ (255)

Accumulated other comprehensive income (loss) on the condensed consolidated balance sheets consists of unrealized gains on available for sale investments and foreign currency translation adjustments. The components of accumulated other comprehensive income (loss), net of related tax include:

	June 30, 2000	December 31, 1999
(In thousands)		
Net unrealized gains on short-term investments	$ (37)	$ (123)
Cummulative foreign currency translation adjustments	(1,658)	(918)
Accumulated other comprehensive loss	$ (1,695)	$ (1,041)

NOTE 8 - New Accounting Standards:

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, (SFAS 133) "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 will require Trimble to record all derivatives held on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. With respect to derivatives which are hedges, depending on the nature of the hedge, changes in the fair value of derivatives either will be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings, or will be recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. In June of 1999 the Financial Accounting Standards Board delayed the effective date of implementation for one year; therefore, SFAS 133 is effective for fiscal years beginning after June 15,

2000. Trimble expects to adopt SFAS 133 as of the beginning of its fiscal year 2001. The effect of adopting the SFAS 133 is currently being evaluated, but is not expected to have a material adverse effect on Trimble's financial position or results of operations.

In December 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") 101, Revenue Recognition in Financial Statements which provides guidance related to revenue recognition based on interpretations and practices followed by the SEC. SAB 101 was effective the first fiscal quarter of fiscal years beginning after December 15, 1999 and requires companies to report any changes in revenue recognition as cumulative change in accounting principle at the time of implementation in accordance with Accounting Principles Board Opinion No. 20, "Accounting Changes." In March 2000, the SEC issued SAB 101A "Amendment: Revenue Recognition in Financial Statements," which delays implementation of SAB 101 until the Company's first fiscal quarter of 2000. In June 2000, the SEC issued SAB 101B "Second Amendment: Revenue Recognition in Financial Statements," which delays the implementation of SAB 101 until the Company's fourth fiscal quarter of 2000. The Company is currently in the process of evaluating the impact, if any, SAB 101 will have on its financial position or results of operations.

In March 2000, the Financial Accounting Standards Board issued Financial Accounting Standards Board Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation--an interpretation of APB Opinion No. 25" (FIN 44). FIN 44 clarifies the application of APB Opinion No. 25, and, among other issues, clarifies the following: the definition of an employee for purposes of applying APB Opinion No. 25; the criteria for determining whether a plan qualifies as a noncompensatory plan; the accounting consequence of various modifications to the terms of previously fixed stock options or awards; and the accounting for an exchange of stock compensation awards in a business combination. FIN 44 is effective beginning July 1, 2000, and certain conclusions in FIN 44 cover specific events occurring after either December 15, 1998 or January 12, 2000. The adoption of FIN 44 is not expected to have a material impact on the Company's consolidated financial statements.

NOTE 9 - Earnings Per Share:

The following table sets forth the computation of Trimble's basic and diluted earnings per share:

	Three Months Ended		Six Months Ended	
	June 30, 2000	July 2, 1999	June 30, 2000	July 2, 1999
(In thousands, except per share amounts)				
Numerator:				
Income available to common shareholders used in basic and diluted income per share	$ 12,357	$ 4,656	$ 21,069	$ 7,670
Denominator:				
Weighted-average number of common shares used in calculating basic income per share	23,157	22,319	23,003	22,290
Effect of dilutive securities:				
Common stock options	2,382	413	2,213	147
Common stock warrants	300	37	275	-
Weighted-average number of common shares and dilutive potential common shares used in calculating diluted income per share	25,839	22,769	25,491	22,437
Basic income per share	$ 0.53	$ 0.21	$ 0.92	$ 0.34
Diluted income per share	$ 0.48	$ 0.20	$ 0.83	$ 0.34

NOTE 10 - Contingencies:

Pending Matters. On November 12, 1998, the Company brought suit in district court in San Jose, California, against Silicon RF Technology, Inc. (SiRF) for alleged patent infringement of three Trimble patents. Trimble and SiRF are in the process of finalizing the details of a negotiated settlement, which includes cross licensing of technology.

Other Matters. Western Atlas, a Houston-based supplier to the oil exploration business, has accused the Company and other GPS manufacturers, suppliers, and users of infringing two U.S. Patents owned by it, namely U.S. Patent Nos. 5,014,066 and 5,619,212. Western Atlas contends that the foregoing patents cover certain aspects of GPS receiver design. Lawsuits for infringement of these two patents were filed in federal district court in Houston, Texas against Rockwell International Corp. and Garmin International Inc., and both have settled. Although Trimble has not been sued by Western Atlas on the foregoing patents, the Company has instructed its counsel thoroughly to investigate the infringement threat. At the present time, the Company does not expect this threat to have adverse consequences on the Company's business.

On January 31, 1997, counsel for one Philip M. Clegg wrote to the Company asserting that a license under Mr. Clegg's U.S. Patent No. 4,807,131, which was issued February 21, 1989, would be required by the Company because of a joint venture that the Company had previously entered into with Caterpillar Corporation concerning the use of Trimble GPS products in combination with earth-moving equipment. To date, no infringement action has been initiated on behalf of Mr. Clegg. The Company believes that there will be no adverse consequences to the Company as a result of this inquiry. The Company is also a party to other disputes incidental to its business.

The Company believes that the ultimate liability of the Company as a result of all such disputes, if any, would not be material to its overall financial position, results of operations, or liquidity.

NOTE 11 - Subsequent Event:

Effective as of July 14, 2000, Trimble completed the acquisition of the Spectra Precision wholly owned businesses formerly owned by Thermo Electron Corporation ("Thermo Electron"), collectively known as the "Spectra Precision Group" for an aggregate purchase price of approximately $294 million, which is subject to a final adjustment in the purchase price as provided for in the acquisition agreements. The acquisition includes 100% of the stock of Spectra Precision Inc., a Delaware corporation, Spectra Precision SRL, an Italian corporation, Spectra Physics Holdings GmbH, a German corporation, and Spectra Precision BV, a Netherlands corporation. The acquisition also consists of certain assets and liabilities of Spectra Precision AB, a Swedish corporation, including 100% of the shares of Spectra Precision SA, a French corporation, Spectra Precision Scandinavia AB, a Swedish corporation, Spectra Precision of Canada Ltd., a Canadian corporation, and Spectra Precision Handelsges mbH, an Austrian corporation.

The acquisition will be accounted for as a purchase for accounting purposes; accordingly, Trimble's consolidated results of operations will include the operating results of the Spectra Precision Group subsequent to the effective acquisition date. The acquisition was financed with $80 million in seller subordinated debt, $140 million of cash provided through a syndicate of banks, and $74 million of the Company's available cash on hand. (See further discussions below under "Acquisition Financing".) The Company acquired approximately $133 million of identifiable intangible assets as part of the acquisition which the Company expects to amortize over various time periods ranging from 5 to 10 years and expects to record approximately $81 million of goodwill due to the acquisition which will be amortized over 20 years. The Company also expects to incur $7 to $8 million of costs and expenses in connection with the acquisition.

Revenues for the Spectra Precision Group for the last six months ended June 30, 2000, were approximately $117 million. The operations of Spectra Precision after integration will be combined with current Trimble revenues.

Acquisition Financing:

In order to finance the acquisition of the Spectra Precision Group, fund the Company's on-going working capital requirements, and pay related fees and expenses of the acquisition, Trimble (i) obtained a new senior secured credit facility, (ii) issued an $80 million subordinated seller promissory note, (iii) terminated its existing $50 million unsecured revolving credit facility and (iv) prepaid its existing $30 million outstanding subordinated promissory notes, as briefly summarized below.

- New Credit Facilities: In July 2000, ABN AMRO Bank, N.V. led a syndicate of banks which underwrote $200 million of new senior, secured credit facilities for the Company (the "New Credit Facilities") to support the acquisition of the Spectra Precision Group and to refinance certain existing debt. The New Credit Facilities are comprised of a $50 million 3-year U.S. dollar only revolver; a $50 million 3-year multi-currency revolver; and a $100 million 5-year term loan. Pricing for any borrowings under the New Credit Facilities is fixed for the first 6 months at LIBOR plus 275 basis points and is thereafter tied to a formula, based on the Company's leverage ratio (which is defined as all outstanding debt (excluding the seller subordinated note) over EBITDA). Trimble immediately used approximately $170 million available under the New Credit Facilities to fund the acquisition of the Spectra Precision Group. $30 million was used to pay off the principal portion of Company's existing subordinated notes to John Hancock (as described below) and $140 million was paid in cash to the seller. The balance of the $294 million aggregate purchase price was paid by the Company with $74 million of excess available cash on hand and an $80 million subordinated seller note was issued to effect the acquisition. The New Credit Facilities are secured by all material tangible and intangible assets of the Company, subject to foreign tax considerations. If Trimble is able to achieve and maintain a leverage ratio (Debt/EBITDA) of 2.0x or less for four consecutive quarters, the security for the New Credit Facilities will be released. Financial covenants of the New Credit Facilities include leverage, fixed charge, and minimum net worth tests. In addition, Trimble is restricted from paying dividends under the terms of the New Credit Facilities.

- New Seller Promissory Note: The $80 million promissory note issued by the Company to the seller is subordinated to the New Credit Facilities and carries a 10% coupon, payable in cash or additional seller paper at the Company's option. The subordinated seller note has a stated two year maturity, but carries an automatic maturity deferral provision which effectively extends the maturity date to that date on which Trimble is allowed to repay the note without triggering a default under the New Credit Facilities. The New Credit Facilities allow Trimble to repay the seller note at any time (in part or in whole), provided that (a) Trimble's leverage ratio (Debt (excluding the seller note)/EBITDA) prior to such repayment is less than 1.0x and (b) after giving effect to such repayment Trimble would have (i) a leverage ratio (Debt (excluding any remaining portion of the seller note)/EBITDA) of less than 2.0x and (ii) cash and unused availability under the revolvers of the New Credit Facilities of at least $35 million. Although the subordinated seller note will carry certain limited covenants and defaults, the seller will be barred in the event of default from pursuing such rights and remedies for the stated maturity of the New Credit Facilities (i.e., a five-year standstill). The New Credit Facilities also prohibit cash payments of interest or principal on the subordinated seller note during a period of default.

- Prepayment of Existing $30 million Subordinated Notes: In June 1994, Trimble issued $30 million of subordinated promissory notes to John Hancock bearing interest at an annual rate of 10%, with principal and interest due on June 15, 2001. Interest payments under such notes were due monthly in arrears. The notes were subordinated to the Company's senior debt, which was defined as all pre-existing indebtedness for borrowed money and certain future indebtedness for borrowed money (including, subject to certain restrictions, secured bank borrowings and borrowed money for the acquisition of property and capital equipment) and trade debt incurred in the ordinary course of business. In order to effect the acquisition of the Spectra Precision Group and as part of obtaining the New Credit Facilities, Trimble prepaid all such outstanding long-term note obligations to John Hancock for a total of $31,069,108, which consisted of $30 million in principal, $183,333 in accrued interest and $885,775 as a prepayment penalty. Pursuant to the terms of such original notes, any prepayment of any portion of the outstanding principal required Trimble to pay additional amounts if U.S. Treasury obligations of a similar maturity exceed a specified yield.

- Termination of Existing $50 million Unsecured Revolving Credit Facility:

In August 1997, Trimble entered into a three-year, $50,000,000 unsecured revolving credit facility with four banks (the "Credit Agreement"). The existing Credit Agreement enabled Trimble to borrow up to $50,000,000, provided that certain financial and other covenants were met. In October 1999, Trimble and the lenders agreed to change and amend certain covenants for the life of the loan, which was set to expire in August of 2000. The Credit Agreement was also subsequently modified to include Trimble's prior separate $5,000,000 line of credit and to simplify the entire arrangement. The Credit Agreement required the payment of a commitment fee of 0.25% of the available amount and any

borrowings under such Credit Agreement bore interest at the following rates: 1% over LIBOR if the total funded debt to EBITDA were less than or equal to 1.0x, or 0.3%; 1.25% over LIBOR if such ratio were greater than 1.0x and less than or equal to 2.0x, or 0.4%; and 1.75% over LIBOR if such ratio were greater than 2.0x. In addition to borrowing at the specified LIBOR rate, Trimble also had the additional right to borrow under the Credit Agreement with interest at the higher of (i) one of the bank's annual prime rate and (ii) the federal funds rate plus 0.5%. Trimble never made any borrowings under such $50,000,00 unsecured revolving portion of the Credit Agreement, but had issued certain letters of credit amounting to approximately $1.2 million. In order to effect the acquisition of the Spectra Precision Group, in July 2000 Trimble completely terminated this Credit Agreement in favor of obtaining the New Credit Facilities described above.

This report 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. Actual results could differ materially from those indicated in the forward-looking statements due to a number of factors including, but not limited to, as a result of the risk factors set forth below in this report as well as the Company's Annual Report on Form 10-K 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 containing such material.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RECENT BUSINESS DEVELOPMENTS

Effective as of July 14, 2000, completed the acquisition of the Spectra Precision wholly owned businesses formerly owned by Thermo Electron Corporation ("Thermo Electron"), collectively known as the "Spectra Precision Group" for an aggregate purchase price of approximately $294 million, which is subject to a final adjustment in the purchase price as provided for in the acquisition agreements. The increase of $14 million from the previously announced estimated purchase price is a result of adjustments to net working capital and net debt from a reference balance sheet, made pursuant to the terms of the original Agreement and Plan of Acquisition signed on May 11, 2000 by and among Trimble, the Spectra Precision Group and Thermo Electron. The acquisition includes 100% of the stock of Spectra Precision Inc., a Delaware corporation, Spectra Precision SRL, an Italian corporation, Spectra Physics Holdings GmbH, a German corporation, and Spectra Precision BV, a Netherlands corporation. The acquisition also consists of certain assets and liabilities of Spectra Precision AB, a Swedish corporation, including 100% of the shares of Spectra Precision SA, a French corporation, Spectra Precision Scandinavia AB, a Swedish corporation, Spectra Precision of Canada Ltd., a Canadian corporation, and Spectra Precision Handelsges mbH, an Austrian corporation. (See the "Liquidity and Capital Resources" section of this Item 2 for a description of how this acquisition was financed.)

Spectra Precision products measure distances very accurately by means of a light beam. A laser uses energy from a power source to stimulate a particular type of material, which creates and emits photons (i.e., light). The light emitted by lasers is more intense and has higher purity than the light emitted by conventional light sources. These characteristics enable applications in several broad markets. The principal factors that distinguish different types of lasers and determine the particular laser suitable for a specific application are wavelength (color), output power, repetition rate, cost and operating life.

The Spectra Precision Group develops instruments and systems that provide positioning solutions for four major customer applications:

1. Surveying -- Spectra Precision AB is a leading supplier of surveying and positioning systems based on both optical measurement and GPS technology. Products are used in highway construction, site development and other infrastructure development projects.

2. Construction Site Positioning -- The Spectra Precision Group is a leading supplier of laser-based positioning instruments which permit the accurate alignment of foundations, sewers, walls, floors and ceilings.

3. Construction and Agricultural Machine Control -- The Spectra Precision Group is a leading supplier of laser systems which correctly position and control heavy construction equipment in construction site preparation, highway construction and agricultural land leveling.

4. Software -- Spectra Precision Software Inc., a subsidiary of Spectra Precision, Inc., is a leading developer of three-dimensional land modeling software for the civil engineering, surveying, construction, GIS and photogrammetry industries.

* The Company expects that the acquisition of the Spectra Precision Group will strengthen Trimble's position as a leading provider of positioning solutions worldwide. The acquisition also gives Trimble one of the most comprehensive product portfolios in the industry, strengthens its distribution network, and serves as a platform for future growth. The complementary product lines and technologies of Trimble and Spectra Precision Group, should allow the combined Company to become a leader in the Architecture/Engineering/Construction (A/E/C), Agriculture, and Asset Management market segments of the positioning solution industry. There is very little overlap between each of the companies product

offerings. In addition, the Spectra Precision Group's well-established and extensive distribution network should extend Trimble's reach into new segments of its target market segments both domestically and internationally.

Trimble's current strategy is to focus on leveraging existing technologies, distribution, and marketing resources and identifying and taking advantage of synergies between the companies. The Company's initial priorities for the combined entities are centered around the alignment of distribution channels, definition of basic corporate organization, reporting and structure, branding and imaging of the company and products. At the present time, there are no immediate plans to integrate the manufacturing of Trimble with those of the Spectra Precision Group.

* As part of the acquisition, Trimble has identified approximately $15 to $20 million of potential cost reductions which could be achieved over the next two to three years; however, the Company is still in the early stages of combining Trimble and Spectra Precision Group and this involves certain inherent risks, including: the potential inability to successfully integrate acquired operations and businesses or to realize anticipated synergies, economies of scale or other value; diversion of management's attention; difficulties in coordinating the management of operations at new sites; and the possible loss of key employees of acquired operations. The Company's profitability may suffer if we are unable to successfully integrate and manage this acquisition, or if we do not generate sufficient revenue to offset the increased expenses associated with this acquisition.

* With the acquisition of Spectra Precision Group Trimble continues to target a number of specific markets, based on end-user applications. The markets that we currently target are Architecture/Engineering/Construction, Asset Management and Tracking, Agriculture, and GPS Component Technology. We believe

that by adding application-specific features and functionality to our core GPS, optical, and laser technology we can deliver value-added products and enhance productivity in our targeted markets. In the Architecture/Engineering/Construction market, we focus on centimeter positioning, data collection management, wireless communication, and machine guidance and control. In the Asset Management and Tracking market we focus on asset tracking, fleet management, intelligent transportation systems, and public safety through integration of our technologies, information technology and wireless communication. In the Agriculture market we focus on precise machine guidance, yield monitoring, and variable rate application of fertilizer and chemicals. In the GPS Component market segment we integrate our GPS technology into various applications (automotive navigation, timing systems, commercial avionics, and military systems) for various OEMs. We intend to continue to leverage our GPS, optical, and laser component technology directly to Original Equipment Manufacturers (OEMs) for integration into various applications.

We look to establish and sustain our leadership position in each of these markets by offering products that are differentiated through software, firmware, customized user interfaces, and quality service and support. Where feasible, we emphasize application-specific systems that solve end-user problems in its targeted market segments.

RESULTS OF OPERATIONS

Revenues

Revenue from Trimble's operations for the three and six months ended June 30, 2000 were $71,264,000 and $136,404,000 respectively, compared with $70,839,000 and $139,609,000 in the corresponding periods in fiscal 1999. The table below breaks out Trimble's revenues by business unit:

	Three Months Ended			Six Months Ended		
	June 30, 2000	July 2, 1999	Increase/ (Decrease)	June 30, 2000	July 2, 1999	Increase/ (Decrease)
(In thousands)						
Precision Positioning Group	$ 45,457	$ 41,581	9%	$ 86,005	$ 84,147	2%
Mobile and Timing Technologies	25,807	29,258	(12%)	50,399	55,462	(9%)
Total	$ 71,264	$ 70,839	1%	$ 136,404	$ 139,609	(2%)

Precision Positioning Group

The Precision Positioning Group revenues increased by 9% for the three months ended June 30, 2000, as compared with corresponding period in fiscal 1999. The increase is due to the following:

o An increase in agricultural market revenues, a result of maturing distribution channel and geographical expansion.

o Growth in demand for Mapping products, especially our new GEO Explorer III used for GIS data collection and data maintenance.

o Strong growth in Asia for Surveying products.

The Precision Positioning Group revenues increased by 2% for the six months ended June 30, 2000, as compared with corresponding period in fiscal 1999. The increase is due to the following:

o Growth in demand for Agriculture and Mapping products, particularly in Asia and Europe.

Mobile and Timing Technologies

Mobile and Timing Technologies revenues for the three and six months ended June 30, 2000 decreased 12% and 9% respectively, as compared with corresponding period in 1999. The decrease is due to the following:

o Asset management and tracking revenues were down due to the continued delivery problems related to critical part shortages in our supply chain.

o Trimble's decision to exit the commercial marine business in the fourth quarter of 1998 and the sale of the last of such products in the second quarter of 1999.

o These decreases were partially offset by increased demand in our timing and military markets.

Revenues outside the U.S.

* Sales to unaffiliated customers in locations outside the U.S. comprised approximately 54% and 49% of the Company's revenues in the first six months of fiscal 2000 and 1999, respectively. During the first six months of 2000, Trimble experienced strong demand in Asia, Europe, and South and Central America. Trimble anticipates that export revenue and sales made by its subsidiaries in locations outside the U.S. will continue to account for a significant portion of its revenue. For this reason, Trimble is subject to the risks inherent in these foreign sales, including unexpected changes in regulatory requirements, exchange rates, governmental approval, and tariffs or other barriers. Even though the U.S. Government announced on March 29, 1996, that it would support and maintain the GPS system, and on May 1, 2000 eliminated the use of Selective Availability (SA) -- a method of degrading GPS accuracy -- there may be a reluctance in certain foreign markets to purchase products based on GPS technology, given the control of GPS by the U.S. Government. Trimble's results of operations could be adversely affected if we were unable to continue to generate significant sales in locations outside the U.S.

Gross Margin

* Gross margin varies on a quarterly basis due to a number of factors, including product mix, domestic versus international sales, customer type, the effects of production volumes and fixed manufacturing costs on unit product costs, and new product start-up costs. Gross margin as a percentage of total product revenues was 59% and 58% for the three and six month periods ending June 30, 2000 as compared with 53% and 52% in the corresponding 1999 periods. The increase in gross margin percentages is primarily due to favorable product mix for the quarter of Precision Positioning Group products, which yield higher margins due to integration of software and wireless communications. In addition, gross margins for the first six months of fiscal 2000 were favorably impacted by the cost benefits of outsourcing our manufacturing. Because of product mix changes within and among the industry markets, market pressures on unit selling prices, fluctuations in unit manufacturing costs, including increases in component prices and other factors, current level gross margins cannot be assured.

* Trimble expects that in the future a higher percentage of its business will be conducted through alliances with strategic partners. As a result of volume pricing and the assumption of certain operating costs by the partner, margins on this business are likely to be lower than sales directly to end-users.

Operating Expenses

The following table shows operating expenses for the periods indicated and should be read in conjunction with the narrative descriptions of those operating expenses below:

	Three Months Ended			Six Months Ended		
	June 30, 2000	July 2, 1999	Increase/ (Decrease)	June 30, 2000	July 2, 1999	Increase/ (Decrease)
(in thousands)						
Research and development	$ 9,182	$ 9,444	(3)%	$ 18,059	$ 17,951	1%
Sales and marketing	14,033	13,972	0%	26,679	27,276	(2)%
General and administrative	6,647	8,630	(23)%	12,947	18,653	(31)%
Total	$ 29,862	$ 32,046	(7)%	$ 57,685	$ 63,880	(10)%

Research and Development

Research and development expenses decreased in the three months ended June 30, 2000, as compared with the corresponding period in fiscal 1999 due to the following:

- Decreases in our expenses of approximately $740,000 related to personnel, temporary help, and consulting.

- Decreases in our depreciation expense of approximately $160,000.

- Trimble's receipt of approximately $340,000 less from cost reimbursement funds for projects in 2000 as compared to 1999 partially offset decreases mentioned above.

- The above decreases were also partially offset by increases of approximately $290,000 related to facility costs and other expenses.

Research and Development expenses increased slightly in the six months ended June 30, 2000, as compared with the corresponding period in fiscal 1999 due to the following:

- Trimble's receipt of approximately $1.2 million less from cost reimbursement funds for projects in 2000 as compared to 1999.

  - Increases in our expenses of approximately $1.0 million related to facility, electronic parts, tooling, and other expenses.

  - The above increases were partially offset by decreases of approximately $1.7 million related to personnel, temporary help, and consulting.

  - Also partially offsetting the increases was a decrease in our depreciation expense of approximately $400,000.

The Company plans to continue its aggressive development of future products.

Sales and Marketing

Sales and marketing expenses increased slightly for three months ended June 30, 2000, as compared with the corresponding period in fiscal 1999. The primary reason for the dollar increase in expenses from 1999 to 2000 is as follows:

  - Increases in our expenses of approximately $360,000 related to personnel.

  - Increases in our expenses of approximately $160,000 related to facility and other expenses.

  - The above increases were partially offset by a decrease in sales commissions of approximately $370,000. The commissions were lower as a percentage of sales, due to the change in dealer structure for some of our product lines from commission dealers to buy/sell.

  - Also partially offsetting the increases was a decrease in our depreciation expense of approximately $90,000.

Sales and marketing expenses decreased for the six months ended June 30, 2000, as compared with the corresponding period in fiscal 1999 due to the following:

  - Decreases in sales commissions of approximately $1.1 million. The commissions were lower as a percentage of sales, due to the change in dealer structure for some of our product lines from commission dealers to buy/sell.

  - Decreases in our depreciation expense of approximately $200,000.

  - The above decreases were partially offset by increases in our expenses of approximately $380,000 related to temporary help and consulting.

o The above decreases were also partially offset by increases of approximately $320,000 related to facility costs and other expenses.

* Trimble's future growth will depend in part on the timely development and continued viability of the markets in which we currently compete, and on our ability to continue to identify and exploit new markets for our products. In addition, we have encountered significant competition in selected markets, and we expect such competition to intensify as the market for GPS applications receives acceptance. Several of Trimble's competitors are major corporations with substantially greater financial, technical, and marketing resources. Increased competition may result in reduced market share for the Company and is likely to result in price reductions of GPS-based products, which could adversely affect Trimble's revenues and profitability.

General and Administrative

General and administrative expenses decreased for the three and six months ended June 30, 2000, as compared with the corresponding periods for fiscal 1999. The primary reasons for the decreases are as follows:

o Increases ofApproximately $1.3 million in the allowance for doubtful accounts in the first six months of fiscal 1999 related to customers in South America, which was not repeated in the first six months of fiscal 2000.

o Trimble had decreases of approximately $1.6 million and $3.8 million respectively, in expenses for personnel, legal, equipment rental, facilities and other office supplies in the first three and six months of fiscal 2000 as compared to the first three and six months of fiscal 1999.

o Trimble's receipt of $480,000 and $700,000 respectively of funds from subleases.

Nonoperating income(expense), net

Nonoperating income (expense), net, includes interest income and expense, gains and losses on foreign currency transactions and also included during the quarter ended June 30, 2000, the Company recognized a gain of approximately $1.0 million on the sale of minority interest. This investment was accounted for under the cost method. The gain is included in other income for the three and six months ended June 30, 2000.

Income Taxes

The Company's effective income tax rate from continuing operations for the three months ended June 30, 2000 and the six months ended June 30, 2000 was 10% as compared with the effective income tax rate from continuing operations of 15% for the corresponding periods in 1999. These rates are less than the federal statutory rate of 35% primarily due to the realization of the benefits from prior net operating losses and previously reserved deferred tax assets.

Inflation

The effects of inflation on the Company's financial results have not been significant to date.

Liquidity and Capital Resources

* At June 30, 2000, Trimble had cash and cash equivalents of $94.4 million and $24.9 million in short-term investments. Trimble's cash and cash equivalents and short-term investments increased from the prior year, due to an increase in net income. Trimble's long-term debt consisted primarily of a $30.0 million note obligation to John Hancock due in 2001. We had no debt outstanding under our $50 million unsecured line of credit but had issued certain letters of credit as of June 30, 2000, amounting to approximately $1.2 million. Trimble has relied primarily on cash provided by operating and financing activities and net sales of short-term investments to fund capital expenditures, the repurchase of the Company's common stock, and other investing activities. Management believes that its cash, cash equivalents, and short-

term investment balances, together with its new credit facility, will be sufficient to meet its anticipated operating cash needs for at least the next twelve months.

* For the six months ended June 30, 2000, the cash provided by operating activities was $11.7 million, as compared to cash provided of $9.5 million in the corresponding period in fiscal 1999. Cash provided by operating activities in fiscal 2000 arose from the Company's net income, plus depreciation and amortization and offset partially by increases in inventories and increases in accounts receivable. Trimble's ability to continue to generate cash from operations will depend in a large part on revenues, the rate of collections of accounts receivable, and the successful management of the Solectron manufacturing relationship.

Cash provided by sales of common stock in fiscal year 2000 represents the proceeds from purchases made by employees pursuant to Trimble's stock option plan and employee stock purchase plan and totaled $8.5 million for the six months ended June 30, 2000.

Effective as of July 14, 2000, Trimble completed the acquisition of the Spectra Precision wholly owned businesses formerly owned by Thermo Electron, collectively known as the "Spectra Precision Group" for an aggregate purchase price of approximately $294 million, which is subject to a final adjustment in the purchase price as provided for in the acquisition agreements.

The acquisition will be accounted for as a purchase for accounting purposes; accordingly, Trimble's consolidated results of operations will include the operating results of the Spectra Precision Group subsequent to the effective acquisition date. The acquisition was financed with $80 million in seller subordinated debt, $140 million of cash provided through a syndicate of banks, and $74 million of the Company's available cash on hand. The Company acquired approximately $133 million of identifiable intangible assets as part of the acquisition which the Company expects to amortize over various time periods ranging from 5 to 10 years and expects to record approximately $81 million of goodwill due to the acquisition which will be amortized over 20 years. The Company also expects to incur $7 to $8 million of costs and expenses in connection with the acquisition.

In order to finance the acquisition of the Spectra Precision Group, fund the Company's on-going working capital requirements, and pay related fees and expenses of the acquisition, Trimble (i) obtained a new senior secured credit facility, (ii) issued an $80 million subordinated seller promissory note, (iii) terminated its existing $50 million unsecured revolving credit facility and (iv) prepaid its existing $30 million outstanding subordinated promissory notes, as briefly summarized below.

o New Credit Facilities: In July 2000, ABN AMRO Bank, N.V. led a syndicate of banks which underwrote $200 million of new senior, secured credit facilities for the Company (the "New Credit Facilities") to support the acquisition of the Spectra Precision Group and to refinance certain existing debt. The New Credit Facilities are comprised of a $50 million 3-year U.S. dollar only revolver; a $50 million 3-year multi-currency revolver; and a $100 million 5-year term loan. Pricing for any borrowings under the New Credit Facilities is fixed for the first 6 months at LIBOR plus 275 basis points and is thereafter tied to a formula, based on the Company's leverage ratio (which is defined as all outstanding debt (excluding the seller subordinated note) over EBITDA). Trimble immediately used approximately $170 million available under the New Credit Facilities to fund the acquisition of the Spectra Precision Group. $30 million was used to pay off the principal portion of Company's existing subordinated notes to John Hancock (as described below) and $140 million was paid in cash to the seller. The balance of the $294 million aggregate purchase price was paid by the Company with $74 million of excess available cash on hand and an $80 million subordinated seller note was issued to effect the acquisition. The New Credit Facilities are secured by all material tangible and intangible assets of the Company, subject to foreign tax considerations. If Trimble is able to achieve and maintain a leverage ratio (Debt/EBITDA) of 2.0x or less for four consecutive quarters, the security for the New Credit Facilities will be released. Financial covenants of the New Credit Facilities include leverage, fixed charge, and minimum net worth tests. In addition, Trimble is restricted from paying dividends under the terms of the New Credit Facilities.

- New Seller Promissory Note: The $80 million promissory note issued by the Company to the seller is subordinated to the New Credit Facilities and carries a 10% coupon, payable in cash or additional seller paper at the Company's option. The subordinated seller note has a stated two year maturity, but carries an automatic maturity deferral provision which effectively extends the maturity date to that date on which Trimble is allowed to

repay the note without triggering a default under the New Credit Facilities. The New Credit Facilities allow Trimble to repay the seller note at any time (in part or in whole), provided that (a) Trimble's leverage ratio (Debt (excluding the seller note)/EBITDA) prior to such repayment is less than 1.0x and (b) after giving effect to such repayment Trimble would have (i) a leverage ratio (Debt (excluding any remaining portion of the seller note)/EBITDA) of less than 2.0x and (ii) cash and unused availability under the revolvers of the New Credit Facilities of at least $35 million. Although the subordinated seller note will carry certain limited covenants and defaults, the seller will be barred in the event of default from pursuing such rights and remedies for the stated maturity of the New Credit Facilities (i.e., a five-year standstill). The New Credit Facilities also prohibit cash payments of interest or principal on the subordinated seller note during a period of default.

- Prepayment of Existing $30 million Subordinated Notes: In June 1994, Trimble issued $30 million of subordinated promissory notes to John Hancock bearing interest at an annual rate of 10%, with principal and interest due on June 15, 2001. Interest payments under such notes were due monthly in arrears. The notes were subordinated to the Company's senior debt, which was defined as all pre-existing indebtedness for borrowed money and certain future indebtedness for borrowed money (including, subject to certain restrictions, secured bank borrowings and borrowed money for the acquisition of property and capital equipment) and trade debt incurred in the ordinary course of business. In order to effect the acquisition of the Spectra Precision Group and as part of obtaining the New Credit Facilities, Trimble prepaid all such outstanding long-term note obligations to John Hancock for a total of $31,069,108, which consisted of $30 million in principal, $183,333 in accrued interest and $885,775 as a prepayment penalty. Pursuant to the terms of such original notes, any prepayment of any portion of the outstanding principal required Trimble to pay additional amounts if U.S. Treasury obligations of a similar maturity exceed a specified yield.

- Termination of Existing $50 million Unsecured Revolving Credit Facility: In August 1997, Trimble entered into a three-year, $50,000,000 unsecured revolving credit facility with four banks (the "Credit Agreement"). The existing Credit Agreement enabled Trimble to borrow up to $50,000,000, provided that certain financial and other covenants were met. In October 1999, Trimble and the lenders agreed to change and amend certain covenants for the life of the loan, which was set to expire in August of 2000. The Credit Agreement was also subsequently modified to include Trimble's prior separate $5,000,000 line of credit and to simplify the entire arrangement. The Credit Agreement required the payment of a commitment fee of 0.25% of the available amount and any borrowings under such Credit Agreement bore interest at the following rates: 1% over LIBOR if the total funded debt to EBITDA were less than or equal to 1.0x, or 0.3%; 1.25% over LIBOR if such ratio were greater than 1.0x and less than or equal to 2.0x, or 0.4%; and 1.75% over LIBOR if such ratio were greater than 2.0x. In addition to borrowing at the specified LIBOR rate, Trimble also had the additional right to borrow under the Credit Agreement with interest at the higher of (i) one of the bank's annual prime rate and (ii) the federal funds rate plus 0.5%. Trimble never made any borrowings under such $50,000,00 unsecured revolving portion of the Credit Agreement, but had issued certain letters of credit amounting to approximately $1.2 million. In order to effect the acquisition of the Spectra Precision Group, in July 2000 Trimble completely terminated this Credit Agreement in favor of obtaining the New Credit Facilities described above.

The subordinated promissory notes issued to John Hancock (as described above) in June 1994 also included the issuance of warrants entitling the holders to purchase 400,000 shares of the Company's common stock at a price of $10.95 per share at any time through June 15, 2001. The net proceeds of the notes were $29,348,000. The notes had been recorded as noncurrent liabilities, net of appraised fair value attributed to the warrants. The value of the warrants and the issuance costs were being amortized to interest expense, using the interest rate method over the term of the subordinated promissory notes. The effective annual interest rate on the notes was 11.5%.

In 1996 and 1998, Trimble approved a discretionary program whereby up to a total of 2.2 million shares of its common stock could be repurchased on the open market by the Company to offset the potential dilutive effects to earnings (loss) per share from the issuance of additional stock options. During 1997 and 1998, Trimble purchased a total of 1.22 million shares at a cost of $17.9 million During fiscal 1999 and the first six months of fiscal 2000, no shares were repurchased under the discretionary program.

* Trimble has evaluated the issues raised by the introduction of the Single European Currency (Euro) for initial implementation as of January 1, 1999, and during the transition period through January 1, 2002. Trimble does not currently

believe that the introduction of the Euro will have a material effect on its foreign exchange and hedging activities. Trimble has also assessed the potential impact the Euro conversion will have in regard to its internal systems accommodating Euro-denominated transactions. Trimble will continue to evaluate the impact of the Euro introduction over time, based on currently available information. Trimble does not currently anticipate any adverse impact of the Euro conversion on the Company.

Other Risk Factors

Risks Associated with Sole Suppliers and Limited Sources

With the selection of Solectron as an exclusive manufacturing partner, Trimble is substantially dependent upon a sole supplier for the manufacture of its products. In addition, we rely on sole suppliers for a number of our critical ASICS. We have experienced shortages of such supplies in the past. Our reliance on sole or a limited group of suppliers involves several risks, including a potential inability to obtain an adequate supply of required components and reduced control over pricing. The disruption or termination of any of these sources could have a material adverse effect on our business, operating results and financial condition. Any inability to obtain adequate deliveries or any other circumstance that would require us to seek alternative sources of supply or to manufacture such components internally could significantly delay our ability to ship our products, which could damage relationships with current and prospective customers and could have a material adverse effect on our business, operating results and financial condition.

Fluctuations in Annual and Quarterly Performance.

Our operating results have fluctuated and can be expected to continue to fluctuate in the future on a quarterly and annual basis as a result of a number of factors, many of which are beyond our control. Results in any period could be affected by changes in market demand, competitive market conditions, market acceptance of new or existing products, fluctuations in foreign currency exchange rates, the cost and availability of components, our ability to manufacture and ship products, the mix of our customer base and sales channels, the mix of products sold, our ability to expand our sales and marketing organization effectively, our ability to attract and retain key technical and managerial employees and general economic conditions. Due to the foregoing factors, our operating results in one or more future periods are expected to be subject to significant fluctuations. In the event such fluctuations result in our financial performance being below the expectations of public market analysts and investors, the price of our common stock could decline substantially.

Our revenues have historically tended to fluctuate on a quarterly basis due to the timing of shipments of products under contracts and the sale of licensing rights. A significant portion of Trimble's quarterly revenues occurs from orders received and immediately shipped to customers in the last few weeks and days of a quarter. If orders are not received, or if shipments were to be delayed a few days at the end of a quarter, the operating results and reported earnings per share for that quarter could be significantly impacted. Future revenues are difficult to predict, and projections are based primarily on historical models, which are not necessarily accurate representations of the future.

Despite the fluctuations in its quarterly sales patterns, the Company's operating expenses are incurred on an approximately ratable basis. As a result, if expected sales are deferred for any reason, the Company's business, operating results and financial condition could be materially adversely affected.

Trimble gross margin is affected by a number of factors, including product mix, product pricing, cost of components, foreign currency exchange rates and manufacturing costs. For example, since Precision Positioning Group products generally have higher gross margins than Mobile Timing and Technologies products, absent other factors, a shift in sales toward Precision Positioning Group products would lead to a gross margin improvement for Trimble. On the other hand, if market conditions in the highly competitive Precision Positioning market forced us to lower unit prices, we would suffer a decline in gross margin unless we were able to timely offset the price reduction by a reduction in production costs or by sales of other products with higher gross margins. Either of these events could have a material effect on our business, operating results and financial condition.

Our backlog on a given date consists of written purchase orders or other commitments for products, which are scheduled to be shipped within the following twelve months. Orders in our backlog are firm, but are generally subject to cancellation or rescheduling without penalty. Decisions by customers to reduce inventory levels could lead to reductions in purchases from Trimble and could have a material adverse effect on our business, operating results and financial condition.

Risks of Managing Future Growth.

Any significant growth in our sales or any significant expansion in the scope of our operations could strain our management, financial, manufacturing and other resources and may require us to implement and improve a variety of operating, financial and other systems, procedures and controls. While Trimble plans significant expansion of its sales, accounting, manufacturing, and other information systems to meet these challenges, there can be no assurance that these efforts will succeed, or that any existing or new systems, procedures or controls will be adequate to support our operations or that our systems, procedures and controls will be designed, implemented or improved in a cost effective and timely manner. Any failure to implement, improve and expand such systems, procedures and controls in a timely and efficient manner could have a material adverse effect on our business, operating results and financial condition.

Difficulties in Integrating New Acquisitions Could Adversely Affect Our Business

Critical to the success of our growth is the ordered, efficient integration of acquired businesses into our organization. If our integration efforts are unsuccessful, our businesses will suffer. We have recently acquired the Spectra Precision Group. See description above in New Business Developments in this Item 2. The acquisition presents unique product, marketing, research and development, facilities, information systems, accounting, personnel and other integration challenges. This transition is in its early stages and involves certain risks, including the following: the potential inability to successfully integrate acquired operations and businesses or to realize anticipated synergies, economies of scale or other value; diversion of management's attention; difficulties in scaling up production at new sites and coordinating management of operations at new sites; and loss of key employees of acquired operations. Also, our information systems and those of the companies we acquire are often incompatible, requiring substantial upgrades to one or the other. Further, our current senior combined management is a combination of the prior senior management teams of Trimble and the Spectra Precision Group several of whom have not previously worked with other members of management. The benefits to us of the acquisition and our success, as a whole, depends upon our succeeding in each of these and other integration challenges. Nevertheless, the integration of our business with another may result in unanticipated operations problems, expenses and liabilities and the diversion of management attention. Our integration efforts may not be successful, and, if so, our operating results would suffer as a result.

Our sales force is and will in the future be a combination of our sales force and the sales forces of the businesses we acquire, which must be effectively integrated for us to remain successful. Our acquisition of the Spectra Precision Group has resulted in sales forces differing in products sold, marketing channels used and sales cycles and models applied. Accordingly, we may experience disruption in sales and marketing in connection with our efforts to integrate our various sales and marketing forces, and we may be unable to efficiently or effectively correct any such disruptions or achieve our sales and marketing objectives if we fail in these efforts. Furthermore, it may be difficult to retain key sales personnel. As a result, we may fail to take full advantage of the combined sales forces' efforts, and one company's sales approaches and distribution channels may be ineffective in promoting another entity's products, all of which may materially harm our business, financial condition or operating results.

Competition.

Trimble's markets are highly competitive. Our overall competitive position depends on a number of factors including the price, quality and performance of our products, the level of customer service, the development of new technology and our ability to participate in emerging markets. Within each of our markets, we have encountered direct competition from other GPS, optical and laser suppliers and expect competition to continue to intensify from various larger domestic and international competitors and new market entrants, some of which may be current Trimble customers. The increased competition has resulted and is expected, in the future, to result in price reductions, reduced margins or loss of market share, any of which could materially and adversely affect our business, operating results and financial condition. We believe that our ability to compete successfully in the future against existing and additional competitors will depend largely on our ability to execute our strategy to provide systems and products with significantly differentiated features compared to currently available products. There can be no assurance that we will be able to implement this strategy successfully, or that any such products will be competitive with other technologies or products that may be developed by our competitors, many of whom have significantly greater financial, technical, manufacturing, marketing, sales and other resources than we do. We also believe that in certain emerging markets our success will depend on our ability to form and maintain strategic alliances with established system providers and industry leaders. Our failure to form and maintain such alliances, or the

preemption of such alliances by actions of other competitors or us will adversely affect our ability to penetrate emerging markets. There can be no assurance that we will be able to compete successfully against current or future competitors or that competitive pressures faced by us will not have a material adverse effect on our business, operating results and financial condition. We expect that both direct and indirect competition will increase in the future. Additional competition could adversely affect our business, operating results and financial condition through price reductions or loss of market share.

Risks Associated With International Operations and Sales.

Our customers are located throughout the world. In addition, we have significant offshore operations, including manufacturing facilities, sales personnel and customer support operations. Our offshore operations include facilities in Australia, Canada, China, France, Germany, Great Britain, Japan, Mexico, New Zealand, Sweden, Russia, Singapore and others. Our international presence exposes us to risks not faced by wholly-domestic companies. Specifically, we face the following risks, among others, unexpected changes in regulatory requirements; tariffs and other trade barriers; political, legal and economic instability in foreign markets, particularly in those markets in which we maintain manufacturing and research facilities; difficulties in staffing and management; language and cultural barriers; seasonal reductions in business activities in the summer months in Europe and some other countries; integration of foreign operations; longer payment cycles; greater difficulty in accounts receivable collection; currency fluctuations; and potentially adverse tax consequences. Although we implemented a program to manage foreign exchange risks through hedging and other strategies, there can be no assurance that this program will be successful and that currency exchange rate fluctuations will not have a material adverse effect on our results of operations. In addition, in certain foreign markets, there may be reluctance to purchase products based on GPS technology, given the control of GPS by the U.S. Government.

Volatility of Stock Price.

Our common stock has experienced and can be expected to experience substantial price volatility in response to actual or anticipated quarterly variations in results of operations, announcements of technological innovations or new products by us or our competitors, developments related to patents or other intellectual property rights, developments in our relationship with customers, suppliers, or strategic partners and other events or factors. In addition, any short fall or changes in revenue, gross margins, earnings, or other financial results from analysts' expectations could cause the price of our common stock to fluctuate significantly. Additionally, certain macro-economic factors such as changes in interest rates could also have an impact on the trading price of our stock.

Dependence on Proprietary Technology; Risk of Patent Infringement Claims.

Trimble's future success and competitive position is dependent upon its proprietary technology, and we rely on patent, trade secret, trademark and copyright law to protect our intellectual property. There can be no assurance that the patents owned or licensed by us will not be invalidated, circumvented, challenged or licensed to others, that the rights granted thereunder will provide competitive advantages to us or that any of our pending or future patent applications will be issued within the scope of the claims sought by Trimble, if at all. Furthermore, there can be no assurance that others will not develop technologies that are similar or superior to our technology, duplicate our technology or design around the patents owned by Trimble. In addition, effective copyright, patent and trade secret protection may be unavailable, limited or not applied for in certain foreign countries. There can be no assurance that the steps taken by Trimble to protect its technology will prevent the misappropriation of such technology.

The value of our products relies substantially on our technical innovation in fields in which there are many current patent filings. Trimble recognizes that as new patents are issued or are brought to our attention by the holders of such patents, it may be necessary for us to withdraw products from the market, take a license from such patent holders, or redesign our products. We do not believe any of our products currently infringe patents or other proprietary rights of third parties, but we cannot be certain they do not do so. In addition, the legal costs and engineering time required to safeguard intellectual property or to defend against litigation could become a significant expense of operations. Such events could have a material adverse effect on our revenues or profitability. (See also Note 10 to the Condensed Consolidated Financial Statements).

Dependence on New Products.

Trimble's future revenue stream depends to a large degree on our ability to bring new products to market on a timely basis. We must continue to make significant investments in research and development in order to continue to develop new products, enhance existing products and achieve market acceptance of such products. However, there can be no assurance that development stage products will be successfully completed or, if developed, will achieve significant customer acceptance. If we were unable to successfully define, develop and introduce competitive new products, and enhance existing products, our future results of operations would be adversely affected. Development and manufacturing schedules for technology products are difficult to predict, and there can be no assurance that we will achieve timely initial customer shipments of new products. The timely availability of these products in volume and their acceptance by customers are important to the future success of Trimble. In some of our markets -- for example, Architecture/Engineering/Construction and Mapping and GIS where we currently have a market leadership position, a delay in new product introductions could have a significant impact on our results of operations. No assurance can be given that we will not incur problems in the future in innovating and introducing new products.

Strategic Alliances and External Investments.

We are continuously evaluating alliances and external investments in technologies related to our business, and have entered into many strategic alliances including making relatively small strategic equity investments in a number of GPS related technology companies. Acquisitions of companies, divisions of companies, or products and alliances and strategic investments entail numerous risks, including (i) the potential inability to successfully integrate acquired operations and products or to realize anticipated synergies, economies of scale, or other value; (ii) diversion of management's attention; (iii) loss of key employees of acquired operations; and (iv) inability to recover strategic investments in development stage entities. Any such problems could have a material adverse effect on our business, financial condition, and results of operations. No assurances can be given that we will not incur problems from current or future alliances, acquisitions, or investments. Furthermore, there can be no assurance that we will realize value from any such strategic alliances, acquisitions, or investments.

Dependence on Key Customers.

We currently enjoy strong relationships with a few key customers. An increasing amount of our revenue is generated from large OEMs such as Philips VDO, Nortel, Caterpillar, CNH Global (formerly Case Corporation), and others. A reduction or loss of business with these customers could have a material adverse effect on our financial condition and results of operations. There can be no assurance that we will be able to continue to realize value from these relationships in the future.

Dependence on Key Markets and Successful Identification of New Markets.

Trimble's current products serve many applications in Architecture/Engineering/Construction, Asset Management and Tracking, Agriculture, and GPS Component Technologies markets. No assurances can be given that these markets will continue to generate significant or consistent demand for our products. Existing markets could be significantly diminished by new technologies or products that replace or render obsolete our technologies and products. Trimble is dependent on successfully identifying new markets for its products. There can be no assurance that the Company will be able to successfully identify new high-growth markets in the future. Moreover, there can be no assurance that new markets will develop for Trimble or its customers' products, or that our technology or pricing will enable such markets to develop.

Dependence on Retaining and Attracting Highly Skilled Development and Managerial Personnel.

The ability of Trimble Navigation to maintain its competitive technological position will depend, in a large part, on its ability to attract, motivate, and retain highly qualified development and managerial personnel. Competition for qualified employees in our industry and location is intense, and there can be no assurance that we will be able to attract, motivate and retain enough qualified employees necessary for the future continued development of our business and products.

Potential Adverse Impact of Governmental and Other Similar Certifications.

Trimble has certain products that are subject to governmental and similar certifications before they can be sold. For example, FAA certification is required for all aviation products. Also, our products that use integrated radio communication technology require an end-user to obtain licensing from the Federal Communications Commission (FCC) for frequency-band usage. During the fourth quarter of 1998, the FCC temporarily suspended the issuance of licenses for certain of our Real-time Kinematic products because of interference with certain other users of similar radio frequencies. An inability or delay in obtaining such certifications or delays of the FCC could have an adverse effect on our operating results.

Dependence on Radio Frequency Spectrum.

Trimble's GPS technology is dependent on the use of the Standard Positioning Service (SPS) provided by the U.S. Government's Global Positioning System (GPS). The GPS SPS operates in radio frequency bands that are globally allocated for radio navigation satellite services. International allocations of radio frequency are made by the International Telecommunications Union (ITU), a specialized technical agency of the United Nations. These allocations are further governed by Radio Regulations which have treaty status and which may be subject to modification every two-three years by the World Radio communication

Conference. Any ITU reallocation of radio frequency bands, including frequency band segmentation or sharing of spectrum, may materially and adversely affect the utility and reliability of our products, which would, in turn, cause a material adverse effect on our operating results. In addition, unwanted emissions from mobile satellite services and other equipment operating in adjacent frequency bands or inband from licensed and unlicensed devices may materially and adversely affect the utility and reliability of our products, which could result in a material adverse effect on our operating results. The Federal Communications Commission (FCC) continually receives proposals for novel technologies and services which may seek to operate in, or across, the radio frequency bands currently used by the GPS SPS and other public safety services. Adverse decisions by the FCC that result in harmful interference to the delivery of the GPS SPS may materially and adversely affect the utility and reliability of our products, which could result in a material adverse effect on our operating results.

Reliance on GPS Satellite Network.

NAVSTAR satellites and their ground support systems are complex electronic systems subject to electronic and mechanical failures and possible sabotage. The satellites were originally designed to have lives of 7.5 years and are subject to damage by the hostile space environment in which they operate. However, of the current deployment of 27 satellites in place, some have already been in place for 11 years and have an average age of 6 years. To repair damaged or malfunctioning satellites is currently not economically feasible. If a significant number of satellites were to become inoperable, there could be a substantial delay before they are replaced with new satellites. A reduction in the number of operating satellites would impair the current utility of the GPS system and the growth of current and additional market opportunities. In addition, there can be no assurance that the U.S. government will remain committed to the operation and maintenance of GPS satellites over a long period, or that the policies of the U.S. Government for the use of GPS without charge will remain unchanged. However, a 1996 Presidential Decision Directive marks the first time in the evolution of GPS that access for civilian use free of direct user fees is specifically recognized and supported by Presidential policy. In addition, Presidential policy has been complemented by corresponding legislation, signed into law. Because of ever-increasing commercial applications of GPS, other U.S. Government agencies may become involved in the administration or the regulation of the use of GPS signals. Any of the foregoing factors could affect the willingness of buyers of the Company's products to select GPS-based systems instead of products based on competing technologies. Any resulting change in market demand for GPS products could have a material adverse effect on Trimble's financial results. For example, European governments have expressed interest in building an independent satellite navigation system, known as Galileo. Depending on the as yet undetermined design and operation of this system, there may be interference to the delivery of the GPS SPS may materially and adversely affect the utility and reliability of our products, which could result in a material adverse effect on our operating results.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISK

The following is a discussion of Trimble's exposure to market risk as of June 30, 2000 related to changes in interest rates and foreign currency exchange rates. Trimble uses certain derivative financial instruments to manage these risks. Trimble does not use derivative financial instruments for speculative or trading purposes. All financial instruments are used in accordance polices approved by Trimble's board of directors.

Market Interest Rate Risk

Short-term Investments Owned by the Company. As of June 30, 2000, Trimble had short-term investments of $24.9 million. These short-term investments consisted of $23.8 million of highly liquid investments, with original maturities at the date of purchase between three and twelve months and a $1.1 million liquid investment with an original maturity at the date of purchase of eighteen months. (See Note 2 to the Condensed Consolidated Financial Statements.) These investments are subject to interest rate risk and will decrease in value if market interest rates increase. A hypothetical 10 percent increase in market interest rates from levels at June 30, 2000 would cause the fair value of these short-term investments to decline by an immaterial amount. Because Trimble has the ability to hold these investments until maturity, we would not expect the value of these investments to be affected to any significant degree by the effect of a sudden change in market interest rates. Declines in interest rates over time will, however, reduce our interest income.

Outstanding Debt of the Company. As of June 30, 2000, Trimble had outstanding long-term debt of approximately $30.0 million of subordinated promissory notes at a fixed interest rate of 10 percent. The interest rate of these instruments is fixed. A hypothetical 10 percent decrease in the interest rates would not have a material impact on Trimble. Increases in interest rates could, however, increase interest expense associated with future borrowings of Trimble, if any. We do not currently hedge against interest rate increases.

In July, 2000 Trimble prepaid the long-term $30.0 million subordinated note obligation for a total of $31,069,108, which consisted of $30 million in principal, $183,333 in accrued interest, and an additional $885,775. The prepayment was made using funds from short-term investments and will be covered under the pending $200.0 million credit line. (See Liquidity and Capital Resources section of Item 2 in Management Discussion and Analysis)

Foreign Currency Exchange Rate Risk

Trimble hedges risks associated with foreign currency transactions in order to minimize the impact of changes in foreign currency exchange rates on earnings. Trimble utilizes forward contracts to hedge trade and intercompany receivables and payables. These contracts reduce the exposure to fluctuations in exchange rate movements, as the gains and losses associated with foreign currency balances are generally offset with the gains and losses on the hedge contracts. All hedge instruments are marked to market through earnings every period.

* Trimble does not anticipate any material adverse effect on its consolidated financial position utilizing our current hedging strategy.

All contracts have a maturity of less than one year, and we do not defer any gains and losses, as they are all accounted for through earnings every period.

The following table provides information about Trimble's foreign exchange forward contracts outstanding as of June 30, 2000:

Currency	Buy/ Sell	Foreign Currency Amount (in thousands)	Contract Value USD (in thousands)	Fair Value in USD (in thousands)
YEN	Sell	203,000	$ 1,933	$ 1,935
NZD	Buy	5,280	$ 2,505	$ 2,473
EURO	Sell	2,005	$ 1,856	$ 1,913
STERLING	Buy	1,530	$ 2,314	$ 2,322

* The hypothetical changes and assumptions made above will be different from what actually occurs in the future. Furthermore, the computations do not anticipate actions that may be taken by Trimble's management, should the hypothetical market changes actually occur over time. As a result, actual earnings effects in the future will differ from those quantified above.

PART II. OTHER INFORMATION

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

The Company's 2000 annual meeting of shareholders was held at the Westin Hotel in Santa Clara, located at 5101 Great America Parkway, Santa Clara, California 95054 in the Magnolia Room, on Thursday, May 11, 2000, at 1:00 p.m.

local time.

At the annual shareholder meeting, an election of directors was held with the following individuals being elected to the Company's Board of Directors.

	VOTE FOR	VOTE WITHHELD
Steven W. Berglund	19,971,539	525,376
Robert S. Cooper	19,064,430	1,432,485
John B. Goodrich	19,002,587	1,494,328
William Hart	19,969,923	526,992
Ulf J. Johansson	20,026,847	470,068
Norman Y. Mineta	19,871,449	625,466
Bradford W. Parkinson	19,092,259	1,404,656

Other matters voted upon at the annual meeting and the results of the voting with respect to each such matter were as follows:

1. To approve an increase of 925,000 shares in the number of shares of Common Stock reserved for issuance under the Company's 1993 Stock Option Plan from 5,000,000 shares to an aggregate of 5,925,000 shares. (7,708,323 in favor; 4,864,297 opposed; 110,327 abstentions; 7,813,968 broker non-votes)

2. To approve an increase of 200,000 shares in the number of shares of Common Stock available for purchase by eligible employees under the Company's 1988 Employee Stock Purchase Plan from 2,950,000 shares to an aggregate of 3,150,00 shares. (11,782,990 in favor; 827,038 opposed; 72,919 abstentions; 7,813,968 broker non-votes)

3. To approve an amendment of the Company's 1990 Director Stock Option Plan to extend the term of such plan by three years. (10,421,612 in favor; 1,808,327 opposed; 453,008 abstentions; 7,813,968 broker non-votes)

4. To approve an amendment of the Company's bylaws to change the authorized number of board of directors to a variable range between five and nine members. (12,131,249 in favor; 423,895 opposed; 127,803 abstentions; 7,813,968 broker non-votes)

5. To ratify the appointment of Ernst & Young LLP as the independent auditors of the Company for the current fiscal year ending December 29, 2000. (20,338,898 in favor; 100,062 opposed; 57,955 abstentions; 0 broker non-votes)

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibits

3.8 Bylaws of the Company, as amended May 11 2000

10.59 1993 Stock Option Plan, as amended May 11, 2000 (1)

10.60 1988 Employee Stock Purchase Plan, as amended May 11, 2000 (1)

10.7 2Stock and Asset Purchase Agreement, dated as of May 11, 2000, between Trimble Acquisition Corp., and Spectra Physics Holdings USA, INC., Spectra Precision AB, and Spectra Precision Europe Holdings, BV. (2)

10.73 Asset Purchase Agreement dated May 11, 2000 between Trimble Acquisition Corp. and Spectra Precision AB. (2) .

10.74 $200.0 million Credit Agreement dated July 14, 2000 between Trimble Navigation Limited and ABN AMRO Bank N.V., Fleet National Bank, and The Bank of Nova Scotia. (2)

10.75 Subordinated Seller Note dated July 14, 2000, for the principal amount of $80,000,000 issued by Trimble Navigation Limited to Spectra Precision Holdings, Inc. (2)

27.1 Financial Data Schedule for the quarters ended June 30, 2000 and July 2, 1999.

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(1) Incorporated by reference to identically numbered exhibits filed in response to Item 8, "Exhibits" of the registrant's registration statement on Form S-8 filed on June 1, 2000.

(2) Incorporated by reference to identically numbered exhibits filed in response to Item 7(c), "Exhibits" of the registrant's Current Report on Form 8-K filed on July 28, 2000.

B. Reports on Form 8-K

On May 11, 2000, the Company filed a report on Form 8-K relating to entering into a definitive agreement to acquire the Spectra Precision wholly owned businesses formerly owned by Thermo Electron Corporation, collectively known as the "Spectra Precision Group".

On July 28, 2000, the Company filed a report on Form 8-K reporting the completion of the acquisition of the Spectra Precision Group effective as of July 14, 2000 for an aggregate purchase price of approximately $294 million, which is subject to a final adjustment in the purchase price as provided for in the acquisition agreements. The acquisition includes 100% of the stock of Spectra Precision Inc., a Delaware corporation, Spectra Precision SRL, an Italian corporation, Spectra Physics Holdings GmbH, a German corporation, and Spectra Precision BV, a Netherlands corporation. The acquisition also consists of certain assets and liabilities of Spectra Precision AB, a Swedish corporation, including 100% of the shares of Spectra Precision SA, a French corporation, Spectra Precision Scandinavia AB, a Swedish corporation, Spectra Precision of Canada Ltd., a Canadian corporation, and Spectra Precision Handelsges mbH, an Austrian corporation.

The financial statements and pro forma financial statements required by the Report on Form 8-K filed on July 28, 2000 will be subsequently filed by an amendment no later than 60 days from the effective date of the closing of the acquisition.

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/ Mary Ellen Genovese

Mary Ellen Genovese
(Vice President Finance, and Chief Financial Officer and Corporate Controller)

DATE: August 4, 2000

EXHIBIT 3.8

BY-LAWS

OF

TRIMBLE NAVIGATION LIMITED

(amended and restated through May 11, 2000)

TABLE OF CONTENTS

		Page
ARTICLE I CORPORATE OFFICES		1
1.1	PRINCIPAL OFFICE	1
1.2	OTHER OFFICES	1
ARTICLE II MEETINGS OF SHAREHOLDERS		1
2.1	PLACE OF MEETINGS	1
2.2	ANNUAL MEETING	1
2.3	SPECIAL MEETING	2
2.4	NOTICE OF SHAREHOLDERS' MEETINGS	2
2.5	MANNER OF GIVING NOTICE; AFFIDAVIT OF NOTICE	2
2.6	QUORUM	3
2.7	ADJOURNED MEETING; NOTICE	3
2.8	VOTING	4
2.9	VALIDATION OF MEETINGS: WAIVER OF NOTICE; CONSENT	4
2.10	SHAREHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING	5
2.11	RECORD DATE FOR SHAREHOLDER NOTICE, VOTING AND GIVING CONSENTS	5
2.12	PROXIES	6
2.13	INSPECTORS OF ELECTION	6
ARTICLE III DIRECTORS		7
3.1	POWERS	7
3.2	NUMBER AND QUALIFICATION OF DIRECTORS	7
3.3	ELECTION AND TERM OF OFFICE OF DIRECTORS	8
3.4	VACANCIES	8
3.5	PLACE OF MEETINGS; MEETINGS BY TELEPHONE	9
3.6	REGULAR MEETINGS	9
3.7	SPECIAL MEETINGS	9
3.8	QUORUM	9
3.9	WAIVER OF NOTICE	10
3.10	ADJOURNMENT	10
3.11	NOTICE OF ADJOURNMENT	10
3.12	ACTION WITHOUT MEETING	10
3.13	FEES AND COMPENSATION OF DIRECTORS	10
3.14	APPROVAL OF LOANS TO OFFICERS	11
ARTICLE IV COMMITTEES		11
4.1	COMMITTEES OF DIRECTORS	11
4.2	MEETINGS AND ACTION OF COMMITTEES	11

ARTICLE V OFFICERS...12

5.1 OFFICERS...12
5.2 ELECTION OF OFFICERS...12
5.3 SUBORDINATE OFFICERS...12
5.4 REMOVAL AND RESIGNATION OF OFFICERS..............................12
5.5 VACANCIES IN OFFICES...13
5.6 CHAIRMAN OF THE BOARD..13
5.7 PRESIDENT..13
5.8 VICE PRESIDENTS..13
5.9 SECRETARY..13
5.10 CHIEF FINANCIAL OFFICER...14

ARTICLE VI INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND

OTHER AGENTS...14

6.1 INDEMNIFICATION OF DIRECTORS AND OFFICERS........................14
6.2 INDEMNIFICATION OF OTHERS..15
6.3 PAYMENT OF EXPENSES IN ADVANCE...................................15
6.4 INDEMNITY NOT EXCLUSIVE..15
6.5 INSURANCE INDEMNIFICATION..15
6.6 CONFLICTS..16

ARTICLE VII RECORDS AND REPORTS..16

7.1 MAINTENANCE AND INSPECTION OF SHARE REGISTER.....................16
7.2 MAINTENANCE AND INSPECTION OF BY-LAWS............................17
7.3 MAINTENANCE AND INSPECTION OF OTHER CORPORATE RECORDS............17
7.4 INSPECTION BY DIRECTORS..17
7.5 ANNUAL REPORT TO SHAREHOLDERS; WAIVER............................17
7.6 FINANCIAL STATEMENTS...18

ARTICLE VIII GENERAL MATTERS...18

8.1 RECORD DATE FOR PURPOSES OTHER THAN NOTICE AND VOTING............18
8.2 CHECKS, DRAFTS, EVIDENCES OF INDEBTEDNESS........................19
8.3 CORPORATE CONTRACTS AND INSTRUMENTS: HOW EXECUTED................19
8.4 CERTIFICATES FOR SHARES..19
8.5 LOST CERTIFICATES..20
8.6 CONSTRUCTION AND DEFINITIONS.....................................20

ARTICLE IX AMENDMENTS..20

9.1 AMENDMENT BY SHAREHOLDERS..20
9.2 AMENDMENT BY DIRECTORS...20

BY-LAWS

OF

TRIMBLE NAVIGATION LIMITED

(amended and restated through May 11, 2000)

ARTICLE I

CORPORATE OFFICES

1.1 PRINCIPAL OFFICE.

The board of directors shall fix the location of the principal executive office of the corporation at any place within or outside the State of California. If the principal executive office is located outside such state, and the corporation has one or more business offices in such state, the board of directors shall fix and designate a principal business office in the State of California.

1.2 OTHER OFFICES.

The board of directors may at any time establish branch or subordinate offices at any place or places where the corporation is qualified to do business.

ARTICLE II

MEETINGS OF SHAREHOLDERS

2.1 PLACE OF MEETINGS.

Meetings of shareholders shall be held at any place within or outside the State of California designated by the board of directors. In the absence of any such designation, shareholders' meetings shall be held at the principal executive office of the corporation.

2.2 ANNUAL MEETING.

The annual meeting of shareholders shall be held each year on a date and at a time designated by the board of directors. In the absence of such designation, the annual meeting of shareholders shall be held on the fourth Thursday of April in each year at 4:00 p.m. However, if such day falls on a legal holiday, then the meeting shall be held at the same time and place on the next succeeding full business day. At the meeting, directors shall be elected, and any other proper business may be transacted.

2.3 SPECIAL MEETING.

A special meeting of the shareholders may be called at any time by the board of directors, or by the chairman of the board, or by the president, or by one or more shareholders holding shares in the aggregate entitled to cast not less than ten percent (10%) of the votes at that meeting.

If a special meeting is called by any person or persons other than the board of directors, the request shall be in writing, specifying the time of such meeting and the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the chairman of the board, the president, any vice president or the secretary of the corporation. The officer receiving the request shall cause notice to be promptly given to the shareholders entitled to vote, in accordance with the provisions of Sections 2.4 and 2.5 of

these by-laws, that a meeting will be held at the time requested by the person or persons calling the meeting, not less than thirty-five (35) nor more than sixty (60) days after the receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, the person or persons requesting the meeting may give the notice. Nothing contained in this paragraph of this Section 2.3 shall be construed as limiting, fixing or affecting the time when a meeting of shareholders called by action of the board of directors may be held.

2.4 NOTICE OF SHAREHOLDERS' MEETINGS.

All notices of meetings of shareholders shall be sent or otherwise given in accordance with Section 2.5 of these by-laws not less than ten (10) nor more than sixty (60) days before the date of the meeting. The notice shall specify the place, date and hour of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted (no business other than that specified in the notice may be transacted) or (ii) in the case of the annual meeting, those matters which the board of directors, at the time of giving the notice, intends to present for action by the shareholders. The notice of any meeting at which directors are to be elected shall include the name of any nominee or nominees whom, at the time of the notice, management intends to present for election.

If action is proposed to be taken at any meeting for approval of (i) a contract or transaction in which a director has a direct or indirect financial interest, pursuant to Section 310 of the Corporations Code of California (the "Code"), (ii) an amendment of the articles of incorporation, pursuant to Section 902 of the Code, (iii) a reorganization of the corporation, pursuant to Section 1201 of the Code, (iv) a voluntary dissolution of the corporation, pursuant to Section 1900 of the Code, or (v) a distribution in dissolution other than in accordance with the rights of outstanding preferred shares, pursuant to Section 2007 of the Code, the notice shall also state the general nature of that proposal.

2.5 MANNER OF GIVING NOTICE; AFFIDAVIT OF NOTICE.

Notice of any meeting of shareholders shall be given either personally or by first-class mail or telegraphic or other written communication, charges prepaid, addressed to the shareholder at the address of that shareholder appearing on the books of the corporation or given by the shareholder to the corporation for the purpose of notice. If no such address appears on the corporation's books or is given, notice shall be deemed to have been given if sent to that shareholder by first-class mail or telegraphic or other written communication to the corporation's principal executive office, or if published at least once in a newspaper of general circulation in the county where that office is located. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by telegram or other means of written communication.

If any notice addressed to a shareholder at the address of that shareholder appearing on the books of the corporation is returned to the corporation by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice to the shareholder at that address, all future notices or reports shall be deemed to have been duly given without further mailing if the same shall be available to the shareholder on written demand of the shareholder at the principal executive office of the corporation for a period of one (1) year from the date of the giving of the notice.

An affidavit of the mailing or other means of giving any notice of any shareholders' meeting, executed by the secretary, assistant secretary or any transfer agent of the corporation giving the notice, shall be prima facie evidence of the giving of such notice.

2.6 QUORUM.

The presence in person or by proxy of the holders of a majority of the shares entitled to vote thereat constitutes a quorum for the transaction of business at all meetings of shareholders. The shareholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum.

2.7 ADJOURNED MEETING; NOTICE.

Any shareholders' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the shares represented at that meeting, either in person or by proxy, but in the absence of a quorum, no other business may be transacted at that meeting, except as provided in Section 2.6 of these by-laws.

When any meeting of shareholders, either annual or special, is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place are announced at the meeting at which the adjournment is taken, unless a new record date for the adjourned meeting is fixed, or unless the adjournment is for more than forty-five (45) days from the date set for the original meeting, in which case notice of the adjourned meeting shall be given. Notice of any such adjourned meeting shall be given to each shareholder of record entitled to vote at the adjourned meeting in accordance with the provisions of Sections 2.4 and 2.5 of these by-laws. At any adjourned meeting the corporation may transact any business which might have been transacted at the original meeting.

2.8 VOTING.

The shareholders entitled to vote at any meeting of shareholders shall be determined in accordance with the provisions of Section 2.11 of these by-laws, subject to the provisions of Sections 702 to 704, inclusive, of the Code (relating to voting shares held by a fiduciary, in the name of a corporation or in joint ownership).

The shareholders' vote may be by voice vote or by ballot; provided, however, that any election for directors must be by ballot if demanded by any shareholder before the voting has begun.

On any matter other than the election of directors, any shareholder may vote part of the shares in favor of the proposal and refrain from voting the remaining shares or vote them against the proposal, but, if the shareholder fails to specify the number of shares which the shareholder is voting affirmatively, it will be conclusively presumed that the shareholder's approving vote is with respect to all shares which the shareholder is entitled to vote.

If a quorum is present, the affirmative vote of the majority of the shares represented and voting at a duly-held meeting (which shares voting affirmatively also constitute at least a majority of the required quorum) shall be the act of the shareholders, unless the vote of a greater number, or voting by classes, is required by the Code or by the articles of incorporation.

At a shareholders' meeting at which directors are to be elected, no shareholder shall be entitled to cumulate votes (i.e. cast for any candidate a number of votes greater than the number of votes which such shareholder normally is entitled to cast) unless the candidates' names have been placed in nomination prior to commencement of the voting and a shareholder has given notice prior to commencement of the voting of the shareholder's intention to cumulate votes. If any shareholder has given such a notice, then every shareholder entitled to vote may cumulate votes for candidates placed in nomination and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which that shareholder's shares are entitled, or distribute the shareholder's votes on the same principle among any or all of the candidates, as the shareholder thinks fit. The candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected.

2.9 VALIDATION OF MEETINGS: WAIVER OF NOTICE; CONSENT.

The transactions of any meeting of shareholders, either annual or special, however called and noticed, and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each person entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or a consent to the holding of the meeting or an approval of the minutes thereof. The waiver of notice or consent need not specify either the business to be transacted or the purpose of any annual or special meeting of shareholders, except that if action is taken or proposed to be taken for approval of any of those matters specified in the second paragraph of Section 2.4 of these by-laws, the waiver of notice or consent shall state the general nature of the proposal. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Attendance by a person at a meeting shall also constitute a waiver of notice of that meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of a matter not included in the notice of the meeting, if that objection is expressly made at the meeting.

2.10 SHAREHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING.

Any action which may be taken at any annual or special meeting of shareholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all shares entitled to vote on that action were present and voted.

In the case of election of directors, such a consent shall be effective only if signed by the holders of all outstanding shares entitled to vote for the election of directors.

All such consents shall be maintained in the corporate records. Any shareholder giving a written consent, or the shareholder's proxy holders, or a transferee of the shares, or a personal representative of the shareholder, or their respective proxy holders, may revoke the consent by a writing received by the secretary of the corporation before written consents of the number of shares required to authorize the proposed action have been filed with the secretary.

If the consents of all shareholders entitled to vote have not been solicited in writing, and if the unanimous written consent of all such shareholders shall not have been received, the secretary shall give prompt notice of the corporate action approved by the shareholders without a meeting. Such notice shall be given in the manner specified in Section 2.5 of these by-laws. In the case of approval of (i) a contract or transaction in which a director has a direct or indirect financial interest, pursuant to Section 310 of the Code, (ii) indemnification of a corporate "agent", pursuant to Section 317 of the Code, (iii) a reorganization of the corporation, pursuant to Section 1201 of the Code, and (iv) a distribution in dissolution other than in accordance with the rights of outstanding preferred shares, pursuant to Section 2007 of the Code, the notice shall be given at least ten (10) days before the consummation of any action authorized by that approval.

2.11 RECORD DATE FOR SHAREHOLDER NOTICE, VOTING AND GIVING CONSENTS.

For purposes of determining the shareholders entitled to notice of any meeting or to vote thereat or entitled to give consent to corporate action without a meeting, the board of directors may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten (10) days before the date of any such meeting nor more than sixty (60) days before any such action without a meeting, and in such event only shareholders of record on the date so fixed are entitled to notice and to vote or to give consents, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date, except as otherwise provided in the Code.

If the board of directors does not so fix a record date:

(a) the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held; and

(b) the record date for determining shareholders entitled to give consent to corporate action in writing without a meeting, (i) when no prior action by the board has been taken, shall be the day on which the first written consent is given or (ii) when prior action by the board has been taken, shall be the day on which the board adopts the resolution relating to that action, or the sixtieth (60th) day before the date of such other action, whichever is later.

The record date for any other purpose shall be as provided in Article VIII of these by-laws.

2.12 PROXIES.

Every person entitled to vote for directors, or on any other matter, shall have the right to do so either in person or by one or more agents authorized by a written proxy signed by the person and filed with the secretary of the corporation. A proxy shall be deemed signed if the shareholder's name is placed on the proxy (whether by manual signature, typewriting, telegraphic, electronic transmission or otherwise) by the shareholder or the shareholder's attorney-in-fact. A validly executed proxy which does not state that it is irrevocable shall continue in full force and effect unless (i) revoked by the

person executing it, before the vote pursuant to that proxy, by a writing delivered to the corporation stating that the proxy is revoked, or by a subsequent proxy executed by the person executing the prior proxy and presented to the meeting, or as to any meeting by attendance at such meeting and voting in person by the person executing the proxy or (ii) written notice of the death or incapacity of the maker of that proxy is received by the corporation before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Sections 705(e) and 705(f) of the Code.

2.13 INSPECTORS OF ELECTION.

Before any meeting of shareholders, the board of directors may appoint an inspector or inspectors of election to act at the meeting or its adjournment. If no inspector of election is so appointed, the chairman of the meeting may, and on the request of any shareholder or a shareholder's proxy shall, appoint an inspector or inspectors of election to act at the meeting. The number of inspectors shall be either one (1) or three (3). If inspectors are appointed at a meeting pursuant to the request of one (1) or more shareholders or proxies, the holders of a majority of shares or their proxies present at the meeting shall determine whether one (1) or three (3) inspectors are to be appointed. If any person appointed as inspector fails to appear or fails or refuses to act, the chairman of the meeting may, and upon the request of any shareholder or a shareholder's proxy shall, appoint a person to fill that vacancy.

Such inspectors shall:

(a) Determine the number of shares outstanding and the voting power of each, the number of shares represented at the meeting, the existence of a quorum, and the authenticity, validity and effect of proxies;

(b) Receive votes, ballots or consents;

(c) Hear and determine all challenges and questions in any way arising in connection with the right to vote;

(d) Count and tabulate all votes or consents;

(e) Determine when the polls shall close;

(f) Determine the result; and

(g) Do any other acts that may be proper to conduct the election or vote with fairness to all shareholders.

ARTICLE III

DIRECTORS

3.1 POWERS.

Subject to the provisions of the Code and any limitations in the articles of incorporation and these by-laws relating to action required to be approved by the shareholders or by the outstanding shares, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the board of directors.

3.2 NUMBER AND QUALIFICATION OF DIRECTORS.

The number of directors of the corporation shall be not less than five (5) nor more than nine (9). The exact number of directors shall be nine (9) until changed, within the limits specified above, by a bylaw amending this Section 3.2, duly adopted by the board of directors or by the shareholders. The indefinite number of directors may be changed, or a definite number fixed without provision for an indefinite number, by a duly adopted amendment to the articles of incorporation or by an amendment to this bylaw duly adopted by the vote or written consent of holders of a majority of the outstanding shares entitled to vote; provided, however, that an amendment reducing the number or the minimum number of

directors to a number less than nine (9) cannot be adopted if the votes cast against its adoption at a meeting of the shareholders, or the shares not consenting in the case of action by written consent, are equal to more than sixteen and two-thirds percent (16-2/3%) of the outstanding shares entitled to vote thereon. No amendment may change the stated maximum number of authorized directors to a number greater than two (2) times the stated minimum number of directors minus one (1).

3.3 ELECTION AND TERM OF OFFICE OF DIRECTORS

Directors shall be elected at each annual meeting of shareholders to hold office until the next such annual meeting. Each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

3.4 VACANCIES.

Vacancies in the board of directors may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, except that a vacancy created by the removal of a director by the vote or written consent of the shareholders or by court order may be filled only by the vote of a majority of the outstanding shares entitled to vote thereon represented at a duly held meeting at which a quorum is present, or by the unanimous written consent of all shares entitled to vote thereon. Each director so elected shall hold office until the next annual meeting of the shareholders and until a successor has been elected and qualified.

A vacancy or vacancies in the board of directors shall be deemed to exist in the event of the death, resignation or removal of any director, or if the board of directors by resolution declares vacant the office of a director who has been declared of unsound mind by an order of court or convicted of a felony, or if the authorized number of directors is increased, or if the shareholders fail, at any meeting of shareholders at which any director or directors are elected, to elect the number of directors to be elected at that meeting.

The shareholders may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors, but any such election other than to fill a vacancy created by removal, if by written consent, shall require the consent of the holders of a majority of the outstanding shares entitled to vote thereon.

Any director may resign effective on giving written notice to the chairman of the board, the president, the secretary or the board of directors, unless the notice specifies a later time for that resignation to become effective. If the resignation of a director is effective at a future time, the board of directors may elect a successor to take office when the resignation becomes effective.

No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

3.5 PLACE OF MEETINGS; MEETINGS BY TELEPHONE

Regular meetings of the board of directors may be held at any place within or outside the State of California that has been designated from time to time by resolution of the board. In the absence of such a designation, regular meetings shall be held at the principal executive office of the corporation. Special meetings of the board may be held at any place within or outside the State of California that has been designated in the notice of the meeting or, if not stated in the notice or if there is no notice, at the principal executive office of the corporation.

Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all directors participating in the meeting can hear one another; and all such directors shall be deemed to be present in person at the meeting.

3.6 REGULAR MEETINGS.

Regular meetings of the board of directors may be held without notice if the times of such meetings are fixed by the board of directors.

3.7 SPECIAL MEETINGS.

Special meetings of the board of directors for any purpose or purposes may be called at any time by the chairman of the board, the president, any vice president, the secretary or any two directors.

Notice of the time and place of special meetings shall be delivered personally or by telephone to each director or sent by first-class mail or telegram, charges prepaid, addressed to each director at that director s address as it is shown on the records of the corporation. If the notice is mailed, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. If the notice is delivered personally, or by telephone or telegram, it shall be delivered personally or by telephone or to the telegraph company at least forty-eight (48) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the director or to a person at the office of the director who the person giving the notice has reason to believe will promptly communicate it to the director. The notice need not specify the purpose or the place of the meeting, if the meeting is to be held at the principal executive office of the corporation.

3.8 QUORUM.

A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 3.10 of these by-laws. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the board of directors, subject to the provisions of Section 310 of the Code (as to approval of contracts or transactions in which a director has a direct or indirect material financial interest), Section 311 of the Code (as to appointment of committees) and Section 317(e) of the Code (as to indemnification of directors).

A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

3.9 WAIVER OF NOTICE.

The transactions of any meeting of the board of directors, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes thereof. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting, before or at its commencement, the lack of notice to that director.

3.10 ADJOURNMENT.

A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

3.11 NOTICE OF ADJOURNMENT.

Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case notice of the time and place shall be given before the time of the adjourned meeting, in the manner specified in Section 3.7 of these by-laws, to the directors who were not present at the time of the adjournment.

3.12 ACTION WITHOUT MEETING.

Any action required or permitted to be taken by the board of directors may be taken without a meeting, if all members of the board shall individually or collectively consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the board of directors. Such written consent and any counterparts thereof shall be filed with the minutes of the proceedings of the board.

3.13 FEES AND COMPENSATION OF DIRECTORS.

Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement of expenses, as may be fixed or determined by resolution of the board of directors. This Section 3.13 shall not be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee or otherwise, and receiving compensation for those services.

3.14 APPROVAL OF LOANS TO OFFICERS.

The board of directors is authorized, without further shareholder approval, to approve loans from this corporation to officers of this corporation for the purpose of assisting in the acquisition of their primary residence in exceptional housing markets where such location is for the benefit of this corporation; provided that such loans are secured by such real property.

ARTICLE IV

COMMITTEES

4.1 COMMITTEES OF DIRECTORS.

The board of directors may, by resolution adopted by a majority of the authorized number of directors, designate one (1) or more committees, each consisting of two or more directors, to serve at the pleasure of the board. The board may designate one (1) or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. The appointment of members or alternate members of a committee requires the vote of a majority of the authorized number of directors. Any committee, to the extent provided in the resolution of the board, shall have all the authority of the board, except with respect to:

(a) the approval of any action which, under the Code, also requires shareholders' approval or approval of the outstanding shares;

(b) the filling of vacancies in the board of directors or in any committee;

(c) the fixing of compensation of the directors for serving on the board or any committee;

(d) the amendment or repeal of these by-laws or the adoption of new by-laws;

(e) the amendment or repeal of any resolution of the board of directors which by its express terms is not so amendable or repealable;

(f) a distribution to the shareholders of the corporation, except at a rate or in a periodic amount or within a price range determined by the board of directors; or

(g) the appointment of any other committees of the board of directors or the members of such committees.

4.2 MEETINGS AND ACTION OF COMMITTEES.

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Article III of these by-laws, Section 3.5 (place of meetings), Section 3.6 (regular meetings), Section 3.7 (special meetings and notice), Section 3.8 (quorum), Section 3.9 (waiver of notice), Section 3.10 (adjournment), Section 3.11 (notice of adjournment) and Section 3.12 (action without meeting), with such changes in the context of those by-laws as are necessary to substitute the committee and its members for the board of directors and its members, except that the time of regular meetings of committees may be determined either by resolution of the board of directors or by resolution of the committee; special meetings of committees may also be called by resolution of the board of directors; and notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee.

The board of directors may adopt rules for the government of any committee not inconsistent with the provisions of these by-laws.

ARTICLE V

OFFICERS

5.1 OFFICERS.

The officers of the corporation shall be a president, a secretary, and a chief financial officer. The corporation may also have, at the discretion of the board of directors, a chairman of the board, one or more vice presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 5.3 of these by-laws. Any number of offices may be held by the same person.

5.2 ELECTION OF OFFICERS.

The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 5.3 or Section 5.5 of these by-laws, shall be chosen by the board, subject to the rights, if any, of an officer under any contract of employment.

5.3 SUBORDINATE OFFICERS.

The board of directors may appoint, or may empower the president to appoint, such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these by-laws or as the board of directors may from time to time determine.

5.4 REMOVAL AND RESIGNATION OF OFFICERS.

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the board of directors at any regular or special meeting of the board or, except in case of an officer chosen by the board of directors, by any officer upon whom such power of removal may be conferred by the board of directors.

Any officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

5.5 VACANCIES IN OFFICES.

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these by-laws for regular appointments to that office.

5.6 CHAIRMAN OF THE BOARD.

The chairman of the board, if such an officer be elected, shall, if present, preside at meetings of the board of directors and exercise and perform such other powers and duties as may be from time to time assigned to him by the board of directors or prescribed by these by-laws. If there is no president, the chairman of the board shall also be the chief executive officer of the corporation and shall have the powers and duties prescribed in Section 5.7 of these by-laws.

5.7 PRESIDENT.

Subject to such supervisory powers, if any, as may be given by the board of directors to the chairman of the board, if there be such an officer, the president shall be the chief executive officer of the corporation and shall, subject to the control of the board of directors, have general supervision, direction and control of the business and the officers of the corporation. He shall preside at all meetings of the shareholders and, in the absence of the chairman of the board, or if there

be none, at all meetings of the board of directors. He shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the board of directors or these by-laws.

5.8 VICE PRESIDENTS.

In the absence or disability of the president, the vice presidents, if any, in order of their rank as fixed by the board of directors or, if not ranked, a vice president designated by the board of directors, shall perform all the duties of the president and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. The vice presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the board of directors, these by-laws, the president or the chairman of the board.

5.9 SECRETARY.

The secretary shall keep or cause to be kept, at the principal executive office of the corporation, or such other place as the board of directors may direct, a book of minutes of all meetings and actions of directors, committees of directors, and shareholders, with the time and place of holding, whether regular or special (and, if special, how authorized and the notice given), the names of those present at directors meetings or committee meetings, the number of shares present or represented at shareholders' meetings, and the proceedings thereof.

The secretary shall keep, or cause to be kept, at the principal executive office of the corporation or at the office of the corporation's transfer agent or registrar, as determined by resolution of the board of directors, a share register, or a duplicate share register, showing the names of all shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates evidencing such shares, and the number and date of cancellation of every certificate surrendered for cancellation.

The secretary shall give, or cause to be given, notice of all meetings of the shareholders and of the board of directors required by these by-laws or by law to be given, and he shall keep the seal of the corporation, if one be adopted, in safe custody and shall have such other powers and perform such other duties as may be prescribed by the board of directors or by these bylaws.

5.10 CHIEF FINANCIAL OFFICER.

The chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and shares. The books of account shall at all reasonable times be open to inspection by any director.

The chief financial officer shall deposit all money and other valuables in the name and to the credit of the corporation with such depositaries as may be designated by the board of directors. He shall disburse the funds of the corporation as may be ordered by the board of directors, shall render to the president and directors, whenever they request it, an account of all of his transactions as chief financial officer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the board of directors or these by-laws.

ARTICLE VI

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

6.1 INDEMNIFICATION OF DIRECTORS AND OFFICERS

The corporation shall, to the maximum extent and in the manner permitted by the Code, indemnify each of its directors and officers against expenses (as defined in Section 317(a) of the Code), judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding (as defined in Section 317(a) of the Code), arising by reason of the fact that such person is or was an agent of the corporation. For purposes of this Article VI, a "director" or "officer" of the corporation includes any person (i) who is or was a director or officer of the corporation, (ii)

who is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, or (iii) who was a director or officer of a corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation.

6.2 INDEMNIFICATION OF OTHERS.

The corporation shall have the power, to the extent and in the manner permitted by the Code, to indemnify each of its employees and agents (other than directors and officers) against expenses (as defined in Section 317(a) of the Code), judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding (as defined in Section 317(a) of the Code), arising by reason of the fact that such person is or was an agent of the corporation. For purposes of this Article VI, an "employee" or "agent" of the corporation (other than a director or officer) includes any person (i) who is or was an employee or agent of the corporation, (ii) who is or was serving at the request of the corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or (iii) who was an employee or agent of a corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation.

6.3 PAYMENT OF EXPENSES IN ADVANCE.

Expenses incurred in defending any civil or criminal action or proceeding for which indemnification is required pursuant to Section 6.1 or for which indemnification is permitted pursuant to Section 6.2 following authorization thereof by the Board of Directors shall be paid by the corporation in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of the indemnified party to repay such amount if it shall ultimately be determined that the indemnified party is not entitled to be indemnified as authorized in this Article VI.

6.4 INDEMNITY NOT EXCLUSIVE.

The indemnification provided by this Article VI shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office, to the extent that such additional rights to indemnification are authorized in the Articles of Incorporation.

6.5 INSURANCE INDEMNIFICATION.

The corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation against any liability asserted against or incurred by such person in such capacity or arising out of such person's status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article VI.

6.6 CONFLICTS.

No indemnification or advance shall be made under this Article VI, except where such indemnification or advance is mandated by law or the order, judgment or decree of any court of competent jurisdiction, in any circumstance where it appears:

(1) That it would be inconsistent with a provision of the Articles of Incorporation, these bylaws, a resolution of the shareholders or an agreement in effect at the time of the accrual of the alleged cause of the action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(2) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

ARTICLE VII

RECORDS AND REPORTS

7.1 MAINTENANCE AND INSPECTION OF SHARE REGISTER.

The corporation shall keep at its principal executive office, or at the office of its transfer agent or registrar, if either be appointed and as determined by resolution of the board of directors, a record of its shareholders, giving the names and addresses of all shareholders and the number and class of shares held by each shareholder.

A shareholder or shareholders of the corporation holding at least five percent (5%) in the aggregate of the outstanding voting shares of the corporation or who holds at least one percent (1%) of such voting shares and has filed a Schedule 14B with the Securities and Exchange Commission relating to the election of directors, may (i) inspect and copy the records of shareholders' names and addresses and shareholdings during usual business hours on five (5) days' prior written demand on the corporation, (ii) obtain from the transfer agent of the corporation, on written demand and on the tender of such transfer agent's usual charges for such list, a list of the names and addresses of the shareholders who are entitled to vote for the election of directors, and their shareholdings, as of the most recent record date for which that list has been compiled or as of a date specified by the shareholder after the date of demand. Such list shall be made available to any such shareholder by the transfer agent on or before the later of five (5) days after the demand is received or five (5) days after the date specified in the demand as the date as of which the list is to be compiled.

The record of shareholders shall also be open to inspection on the written demand of any shareholder or holder of a voting trust certificate, at any time during usual business hours, for a purpose reasonably related to the holder's interests as a shareholder or as the holder of a voting trust certificate.

Any inspection and copying under this Section 7.1 may be made in person or by an agent or attorney of the shareholder or holder of a voting trust certificate making the demand.

7.2 MAINTENANCE AND INSPECTION OF BY-LAWS.

The corporation shall keep at its principal executive office, or if its principal executive office is not in the State of California, at its principal business office in such state, the original or a copy of these by-laws as amended to date, which by-laws shall be open to inspection by the shareholders at all reasonable times during office hours. If the principal executive office of the corporation is outside the State of California and the corporation has no principal business office in such state, the secretary shall, upon the written request of any shareholder, furnish to that shareholder a copy of these by-laws as amended to date.

7.3 MAINTENANCE AND INSPECTION OF OTHER CORPORATE RECORDS.

The accounting books and records, and the minutes of proceedings of the shareholders and the board of directors and any committee or committees of the board of directors, shall be kept at such place or places designated by the board of directors or, in absence of such designation, at the principal executive office of the corporation. The minutes shall be kept in written form and the accounting books and records shall be kept either in written form or in any other form capable of being converted into written form.

The minutes and accounting books and records shall be open to inspection upon the written demand of any shareholder or holder of a voting trust certificate, at any reasonable time during usual business hours, for a purpose reasonably related to the holder's interests as a shareholder or as the holder of a voting trust certificate. The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts. Such rights of inspection shall extend to the records of each subsidiary corporation of the corporation.

7.4 INSPECTION BY DIRECTORS.

Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of every kind and the physical properties of the corporation and each of its subsidiary corporations. Such inspection by a director may be made in person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents.

7.5 ANNUAL REPORT TO SHAREHOLDERS; WAIVER.

The board of directors shall cause an annual report to be sent to the shareholders not later than one hundred twenty (120) days after the close of the fiscal year adopted by the corporation. Such report shall be sent at least fifteen (15) days before the annual meeting of shareholders to be held during the next fiscal year and in the manner specified in Section 2.5 of these by-laws for giving notice to shareholders of the corporation.

The annual report shall contain a balance sheet as of the end of the fiscal year and an income statement and statement of changes in financial position for the fiscal year, accompanied by any report of independent accountants or, if there is no such report, the certificate of an authorized officer of the corporation that the statements were prepared without audit from the books and records of the corporation.

The foregoing requirement of an annual report shall be waived so long as the shares of the corporation are held by less than one hundred (100) holders of record.

7.6 FINANCIAL STATEMENTS.

A copy of any annual financial statement and any income statement of the corporation for each quarterly period of each fiscal year, and any accompanying balance sheet of the corporation as of the end of each such period, that has been prepared by the corporation shall be kept on file in the principal executive office of the corporation for twelve (12) months; and each such statement shall be exhibited at all reasonable times to any shareholder demanding an examination of any such statement or a copy shall be mailed to any such shareholder.

If a shareholder or shareholders holding at least five percent (5%) of the outstanding shares of any class of stock of the corporation makes a written request to the corporation for an income statement of the corporation for the three-month, six-month or nine-month period of the then current fiscal year ended more than thirty (30) days before the date of the request, and for a balance sheet of the corporation as of the end of that period, the chief financial officer shall cause that statement to be prepared, if not already prepared, and shall deliver personally or mail that statement or statements to the person making the request within thirty (30) days after the receipt of the request. If the corporation has not sent to the shareholders its annual report for the last fiscal year, such report shall likewise be delivered or mailed to the shareholder or shareholders within thirty (30) days after the request.

The corporation shall also, on the written request of any shareholder, mail to the shareholder a copy of the last annual, semi-annual or quarterly income statement which it has prepared, and a balance sheet as of the end of that period.

The quarterly income statements and balance sheets referred to in this section shall be accompanied by the report, if any, of any independent accountants engaged by the corporation or the certificate of an authorized officer of the corporation that the financial statements were prepared without audit from the books and records of the corporation.

ARTICLE VIII

GENERAL MATTERS

8.1 RECORD DATE FOR PURPOSES OTHER THAN NOTICE AND VOTING.

For purposes of determining the shareholders entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any other lawful action (other than action by shareholders by written consent without a meeting), the board of directors may fix, in advance, a record date, which shall not be more than sixty (60) days before any such action, and in that case only shareholders of record at the close of business on the date so fixed are entitled to receive the dividend, distribution or allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date so fixed, except as otherwise provided in the Code.

If the board of directors does not so fix a record date, the record date for determining shareholders for any such purpose shall be at the close of business on the day on which the board adopts the applicable resolution or the sixtieth (60th) day before the date of that action, whichever is later.

8.2 CHECKS, DRAFTS, EVIDENCES OF INDEBTEDNESS.

All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the board of directors.

8.3 CORPORATE CONTRACTS AND INSTRUMENTS: HOW EXECUTED.

The board of directors, except as otherwise provided in these by-laws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances; and, unless so authorized or ratified by the board of directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

8.4 CERTIFICATES FOR SHARES.

A certificate or certificates for shares of the corporation shall be issued to each shareholder when any of such shares are fully paid, and the board of directors may authorize the issuance of certificates or shares as partly paid provided that these certificates shall state the amount of the consideration to be paid for them and the amount paid. All certificates shall be signed in the name of the corporation by the chairman of the board or vice chairman of the board or the president or a vice president and by the chief financial officer or an assistant treasurer or the secretary or an assistant secretary, certifying the number of shares and the class or series of shares owned by the shareholder. Any or all of the signatures on the certificate may be facsimile.

In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on a certificate shall have ceased to be that officer, transfer agent or registrar before that certificate is issued, it may be issued by the corporation with the same effect as if that person were an officer, transfer agent or registrar at the date of issue.

8.5 LOST CERTIFICATES.

Except as provided in this Section 8.5, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the corporation and canceled at the same time. The board of directors may, in case any share certificate or certificate for any other security is lost, stolen or destroyed, authorize the issuance of replacement certificates on such terms and conditions as the board may require, including provision for indemnification of the corporation secured by a bond or other adequate security sufficient to protect the corporation against any claim that may be made against it, including any expense or liability, on account of the alleged loss, theft or destruction of the certificate or the issuance of the replacement certificate.

8.6 CONSTRUCTION AND DEFINITIONS.

Unless the context requires otherwise, the general provisions, rules of construction and definitions in the Code shall govern the construction of these by-laws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person.

ARTICLE IX

AMENDMENTS

9.1 AMENDMENT BY SHAREHOLDERS.

New by-laws may be adopted or these by-laws may be amended or repealed by the vote or written consent of holders of a majority of the outstanding shares entitled to vote; provided, however, that if the articles of incorporation of the corporation set forth the number of authorized directors of the corporation, the authorized number of directors may be changed only by an amendment as required by applicable law.

9.2 AMENDMENT BY DIRECTORS.

Subject to the rights of the shareholders as provided in Section 9.1 of these by-laws, by-laws, other than a by-law or an amendment of a by-law changing the authorized number of directors (except to fix the authorized number of directors pursuant to a by-law providing for a variable number of directors), may be adopted, amended, or repealed by the board of directors.

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