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

FORM 10-K

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2004

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.)

749 North Mary Avenue, Sunnyvale, CA	94085
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act: NONE

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

Common Stock
Preferred Share Purchase Rights
(Title of Class)

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).
Yes X No

The aggregate market value of the Common Stock held by non-affiliates of the registrant, based upon the last sale price of the Common Stock reported on the NASDAQ National Market on July 2, 2004 was approximately $1.3 billion.

There were 52,581,679 shares of the registrant's Common Stock issued and outstanding as of March 9, 2005.

DOCUMENTS INCORPORATED BY REFERENCE

Certain parts of Trimble Navigation Limited's Proxy Statement relating to the annual meeting of stockholders to be held on May 19, 2005 (the "Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K.

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are subject to the "safe harbor" created by those sections. The forward-looking statements regarding future events and the future results of Trimble Navigation Limited ("Trimble" or "The Company" or "We" or "Our" or "Us") are based on current expectations, estimates, forecasts, and projections about the industries in which Trimble operates and the beliefs and assumptions of the management of Trimble. Discussions containing such forward-looking statements may be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations." In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "could," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," and similar expressions. These forward-looking statements involve certain risks and uncertainties that could cause actual results, levels of activity, performance, achievements and events to differ materially from those implied by such forward-looking statements, but are not limited to those discussed in this Report under the section entitled "Other Risk Factors" and elsewhere, and in other reports Trimble files with the Securities and Exchange Commission ("SEC"), specifically the most recent reports on Form 8-K and Form 10-Q, each as it may be amended from time to time. These forward-looking statements are made as of the date of this Annual Report on Form 10-K. We reserve the right to update these statements for any reason, including the occurrence of material events. The risks and uncertainties under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations-Risks and Uncertainties" contained herein, among other things, should be considered in evaluating our prospects and future financial performance. We have attempted to identify forward-looking statements in this report by placing an asterisk (*) before paragraphs containing such material.

TRIMBLE NAVIGATION LIMITED

2004 FORM 10-K ANNUAL REPORT

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TRADEMARKS

Trimble, the globe and triangle logo, EZ-Guide, Telvisant, Lassen, SiteVision, GeoExplorer, AgGPS, Thunderbolt, FirstGPS, Spectra Precision and CrossCheck are trademarks of Trimble Navigation Limited and its subsidiaries registered in the United States Patent and Trademark Office and other countries. Force, Ranger, Recon and TrimTrac are trademarks of Trimble Navigation Limited and its subsidiaries. All other trademarks are the property of their respective owners.

PART I

Item 1 Business Overview

Trimble Navigation Limited, a California corporation ("Trimble" or "the Company" or "we" or "our" or "us"), provides advanced positioning product solutions, most typically to commercial and government users. The principle applications served include surveying, construction, agriculture, urban and natural resource management, and fleet and asset management. Our products typically provide benefits that can include lower operational costs, and higher productivity. Examples of products include systems that guide agricultural and construction equipment, surveying instruments, systems that track fleets of vehicles, and data collection systems that enable the management of large amounts of geo-referenced information. In addition, we also manufacture components for in vehicle navigation and telematics systems, and timing modules used in the synchronization of wireless networks.

Trimble products often combine knowledge of location or position together with applications software and a wireless link to provide a solution to a specific application. Position is provided through a number of alternative technologies including the Global Positioning System (GPS) and systems that use laser or optical technologies to establish position. Wireless communication techniques include both public networks, such as cellular, and private networks, such as business band radio. A significant amount of the differentiation in our products is provided through software; this includes embedded firmware that enables the positioning solution and applications software that allows the customer to make use of the positioning information.

We design and market our own products. Our manufacturing strategy includes a combination of in house assembly as well as the use of third party subcontractors. Our global operations include major development, manufacturing or logistics operations in the United States, Sweden, Germany, New Zealand, France, Canada, and the Netherlands. Products are sold through dealers, representatives, joint ventures, and other channels throughout the world. These channels are supported by our sales offices located in more than 20 countries.

We began operations in 1978 and incorporated in California in 1981. Our common stock has been publicly traded on NASDAQ since 1990 under the symbol TRMB.

Technology Overview

A majority of our revenue is derived from applying GPS to terrestrial applications. GPS is a system of 24 orbiting satellites and associated ground control that is funded and maintained by the U. S. Government and is available worldwide free of charge. GPS positioning is based on a technique that precisely measures distances from four or more satellites. The satellites continuously transmit precisely timed radio signals using extremely accurate atomic clocks. A GPS receiver measures distances from the satellites in view by determining the travel time of a signal from the satellite to the receiver, and then uses those distances to compute its position. Under normal circumstances, a stand-alone GPS receiver is able to calculate its position at any point on earth, in the earth's atmosphere, or in lower earth orbit, to approximately 10 meters, 24 hours a day. Much better accuracies are possible through a technique called "differential GPS." In addition to providing position, GPS provides extremely accurate time measurement.

GPS accuracy is dependent upon the locations of the receiver and the number of GPS satellites that are above the horizon at any given time. Reception of GPS signals requires line-of-sight visibility between the satellites and the receiver, which can be blocked by buildings, hills, and dense foliage. The receiver must have a line of sight to at least four satellites to determine its latitude, longitude, attitude (angular orientation), and time. The accuracy of GPS may also be limited by distortion of GPS signals from ionospheric and other atmospheric conditions.

Our GPS products are based on proprietary receiver technology. Over time, the advances in positioning, wireless communication, and information technologies have enabled us to add more capability to our products and thereby deliver more value to our users. For example, the recent developments in wireless technology and deployments of next generation wireless networks have enabled less expensive wireless communications. These developments allow for the efficient transfer of position data to locations away from the positioning field device, allowing the data to be accessed by more users and thereby increasing productivity. This has allowed us to include a wireless link in many of our products and connect remote field operations to a central location.

Our laser and optical products either measure distances and angles to provide a position in three dimensional space or they provide highly accurate laser references from which position can be established. The key elements of these products are typically a laser, which is generally a commercially available laser diode and a complex mechanical assembly. These elements are augmented by software algorithms.

Business Strategy

Our business strategy is developed around an analysis of several key elements:

- Attractive markets - We focus on markets that offer potential for revenue growth, profitability, and market leadership.

- Innovative solutions that provide significant benefits to our customers - We seek to apply our technology to applications for which position data is important and where we can create unique value. We look for opportunities in which the rate of technological change is high and which have a requirement for the integration of multiple technologies into a solution.

- Distribution channels to best access our markets - We select distribution channels that best serve the needs of individual markets. These channels can include independent dealers, direct sales, joint ventures, OEM sales, and distribution alliances with key partners. We view international expansion as an important element of our strategy and seek to develop international channels.

Business Segments and Markets

We are organized into four main operating segments encompassing our various applications and product lines: Engineering and Construction, Field Solutions, Component Technologies, and Mobile Solutions. Our Portfolio Technologies segment aggregates smaller businesses, primarily focused on defense and the integration of GPS and inertial technologies. Our segments are distinguished by the markets they serve. Each segment consists of businesses which are responsible for product development, marketing, sales, strategy, and financial performance.

Engineering and Construction

Products in the Engineering and Construction segment improve productivity and accuracy throughout the entire construction process including the initial survey, planning, design, site preparation, and building phases. Our products are intended to both improve the productivity of each phase, as well as facilitate the entire process by improving information flow from one step to the next.

The product solutions typically include multiple technologies. The elements of these solutions may incorporate GPS, optical, laser, radio or cellular communications, and software.

An example of the customer benefits provided by our product is our GPS and robotic optical surveying instruments which enable the surveyor to perform operations in the field faster, more reliably and with a smaller crew. Similarly, our construction machine guidance products allow the operator to achieve the desired landform by eliminating stakeout and reducing rework. These steps in the construction process can be readily linked together with data collection modules and software to minimize the time and effort required to maintain data accuracy throughout the entire construction process.

We sell and distribute our products in this segment through a global network of independent dealers that are supported by Trimble personnel. This channel is supplemented by relationships that create additional channel breadth including our joint ventures with Caterpillar, Nikon, and private branding arrangements with other companies.

We also design and market handheld data collectors and data collection software for field use by surveyors, contractors, and other professionals. These products are sold directly, through dealers, and other survey manufacturers. Competitors in this portion of the business are small and geographically diverse.

Competitors in this segment are typically companies that provide optical, laser, or GPS positioning products. Our principal competitors are Topcon Corporation and Leica Geosystems. Price points in this segment range from less than $1,000 for certain laser systems to approximately $125,000 for a high precision, three-dimensional, machine control system.

Representative products sold in this segment include:

Trimble(R) S6 Total Station - The Trimble S6 Total Station is a technologically advanced optical surveying system. Its advanced servo motors make the Trimble S6 fast, silent, and precise, allowing surveyors to measure points and collect data in the field efficiently and productively. The Trimble S6 offers unique new Trimble technologies that enable cable-free operation, longer battery life, and accuracy assurance, among many other features. Its detachable Trimble CU controller runs powerful Trimble field software for collecting, displaying, and managing field data.

Trimble(R) R8 GPS System - The Trimble R8 GPS System combines a GPS receiver, radio, and battery in one compact unit to produce a lightweight and versatile, cable-free GPS surveying solution. Surveyors can use the Trimble R8 system to achieve centimeter-level accuracy in their measurements in real time. The Trimble R8 system offers R-Track technology, which is a unique Trimble technology developed to support new GPS signals for civilian use. These new signals will be transmitted from modernized GPS satellites that the U.S. Department of Defense has scheduled for launch in 2005.

Trimble(R) Recon(TM) Controller - The Trimble Recon Controller is a rugged handheld controller used by surveyors and engineers in the field. Running the Microsoft Pocket PC operating system, the Trimble Recon controller enables users to run the Trimble software of their choice, plus other applications to support their business needs. The Trimble Recon controller features a touch screen for quick and easy data entry and a color graphic display. It tackles multiple surveying applications, including topographic surveying, engineering, construction, and mapping.

GCS family of Grade Control Systems - Grade control systems meets construction contractors' needs with productivity-enhancing solutions for earthmoving, site prep and roadwork. The Trimble(R) GCS family provides upgrade options that deliver earthmoving contractors with the flexibility to select a system that meets their daily needs today, and later add on to meet their changing needs. For example, a single control system such as the GCS300 can provide for low-cost point of entry into grade control, and over time can be upgraded to the GCS400 dual sensor system, or to the full 3D GCS900 Grade Control System.

Spectra Precision(R) Laser portable tools - Our Spectra Precision Laser portfolio includes a broad range of laser based tools for the interior, drywalls and ceilings, HVAC, and mechanical contractor. Designed to replace traditional methods of measurement and leveling for a wide range of interior construction applications, our laser tools are easy to learn and use. Our Spectra Precision Laser product portfolio includes rotating lasers for horizontal leveling and vertical alignment, as well as laser pointers and a laser based distance measuring device. They are available through independent and national construction supply houses both in the US and in Europe.

Field Solutions

Our Field Solutions segment addresses the agriculture and geographic information system (GIS) markets.

Our agriculture products consist of manual and automated navigation guidance for tractors and other farm equipment used in spraying, planting, cultivation, and harvesting applications. The benefits to the farmer include faster machine operation, higher yields, and lower consumption of chemicals. We also provide positioning solutions for leveling agricultural fields in irrigation applications and aligning drainage systems to better manage water flow in fields.

We use multiple distribution channels to access the agricultural market, including independent dealers and partners such as CNH Global. Competitors in this market are either vertically integrated implement companies such as John Deere, or agricultural instrumentation suppliers such as Raven, RHS, CSI Wireless, Beeline and Novariant.

Our GIS product line is centered on handheld data collectors that gather information in the field to be incorporated into GIS databases. Typically this information includes features, attributes, and positions of fixed infrastructure and natural resource assets. An example would be that of a utility company performing a survey of its transmission poles including the age and condition of each telephone pole. Our handheld unit enables this data to be collected and automatically stored while confirming the location of the asset. The data can then be downloaded into a GIS database. This stored data could later be used to navigate back to any individual asset or item for maintenance or data update. Our mobile GIS initiative goes one step further by allowing this information to be communicated from the field worker to the back-office GIS database through the combination of wireless technologies, as well as giving the field worker the ability to download information from the database. This capability provides significant advantages to users including improved productivity, accuracy and access to the information in the field.

Distribution for GIS products is primarily through a network of independent dealers and business partners, supported by Trimble personnel. Primary markets for our GIS products and solutions include both governmental and commercial users. Government users are most often municipal governments and natural resource agencies. Commercial users include utility companies. Competitors in this market are typically survey instrument companies utilizing GPS technology. Two examples are Leica Geosystems and Thales.

Approximate price points in this segment range from $3,000 for a GIS handheld unit to $35,000 for a fully automated, farm equipment control system.

Representative products sold within this segment include:

GeoExplorer(R) CE Series - Combines a GPS receiver in a rugged handheld unit running Microsoft's Windows CE operating system that makes it easy to collect and maintain data about objects in the field.

AgGPS(R) Autopilot(TM) System - A GPS-enabled, agricultural navigation system that connects to a tractor's steering system and automatically steers the tractor along a precise path to within three centimeters or less. This enables both higher machine productivity and more precise application of seed and chemicals, thereby reducing costs to the farmer.

AgGPS(R) EZ-Guide(R) System - A GPS-enabled, manual guidance system that provides the tractor operator with steering visual corrections required to stay on course to within 25 centimeters. This system reduces the overlap or gap in spraying, fertilizing, and other field applications.

Component Technologies

Our Component Technologies segment provides GPS-based components for applications that require embedded position or time. Our largest markets are in the telecommunications and automotive industries where we supply modules, boards, custom integrated circuits and software, or single application IP licenses to the customer according to the needs of the application. Sales are made directly to original equipment manufacturers (OEMs) and system integrators who incorporate our component into a sub-system or a complete system-level product.

In the telecommunications infrastructure market, we provide timing modules that keep wireless networks synchronized and on frequency. For example, CDMA cellular telephone networks require a high level of both short-term and long-term frequency stability for proper operation (synchronization of information/voice flow to avoid dropped calls). Our timing modules meet these needs at a much lower cost than the atomic standards or other specially prepared components that would otherwise be required. Customers include wireless infrastructure companies such as Nortel, Samsung, and Andrew.

In the automotive and embedded market, we provide a GPS component that is embedded into in-vehicle navigation (IVN), fleet management, vehicle security, asset management and telematics applications. For the automotive market, in addition to core GPS technology, we provide a location engine for IVN that blends GPS with advanced dead reckoning (DR) technology to provide exceptional position density in the most challenging navigation environments. The primary selling attributes in this market are quality, technology, logistics and customer support. Trimble supplies several Tier-1 IVN system manufacturers in Europe and Asia.

* The requirements for smaller size and lower power of GPS components, coupled with improving capabilities allow GPS to potentially be used in a new class of wireless devices. Indicative of this trend, in 2004 we announced a new product category, the TrimTrac, which combines a cellular phone in the same package as a GPS receiver. We expect our strength in GPS technology will expand our participation in this market.

* Component Technologies has developed GPS software technologies which it is making available for license. This software can run on certain digital signal processors (DSP) or microprocessors removing the need for dedicated GPS baseband signal processor chips. Component Technologies has a partnership with u-Nav Microelectronics to license Trimble GPS software technology for u-Nav GPS chipsets.

* Component Technologies continues to explore other positioning solutions in addition to GPS. An example of such a solution is the television triangulation technology developed by Rosum. With Rosum, we intend to develop a family of devices which will greatly extend the ability to locate both people and assets in environments that would be difficult or impossible for GPS only solutions.

The major competitor in the telecommunication infrastructure market is Symmetricom. Competitors in the automotive and embedded markets are typically component companies with GPS capability, including Japan Radio Corporation, Motorola, and SiRF.

Representative products sold by this segment include:

Thunderbolt(R) GPS Disciplined Clock - The Thunderbolt clock is used as a time source for the synchronization of wireless networks. By combining a GPS receiver with a high-quality quartz oscillator, the Thunderbolt achieves the performance of an atomic standard with higher reliability and lower price.

FirstGPS(R) Technology - We license our FirstGPS technology, which is a host-based, GPS system available as two integrated circuits and associated software. The software runs on a customer's existing microprocessor system complementing the work done by the integrated circuit to generate position, velocity, and time. This low-power technology is particularly suitable for small, mobile, battery-operated applications.

Lassen(R) iQ Module - The Lassen iQ module adds complete GPS functionality to a mobile product in a postage stamp-sized footprint with ultra-low power consumption, consuming less than 100mW at 3.3V. This module is designed for portable handheld, battery-powered applications such as cell phones, pagers, PDAs, digital cameras, and many others.

TrimTrac(TM) Locator - Our new TrimTrac product is a complete end user device that combines GPS functionality with tri-band global system for mobile communications (GSM) wireless communications. It is intended for high volume personal vehicle and commercial asset management applications that demand a low-cost locator device.

Mobile Solutions

Our Mobile Solutions segment addresses the market for fleet management services by providing a Trimble-hosted platform solution that bundles both the hardware and software needed to run the application. The software solution is typically provided to the user through Internet-enabled access to our hosted platform for a monthly service fee. This solution enables the fleet owner to dispatch, track, and monitor the conditions of vehicles in the fleet on a real-time basis. A vehicle-mounted unit consists of a single module including a GPS receiver, sensor interface, and a cellular modem. Our solution includes the communication service from the vehicle to our data center and access over the Internet to the application software, relieving the user of the need to maintain extensive computer operations.

We market our fleet management services in three primary areas, leveraging the core platform. Our market strategy targets opportunities in specific vertical markets where we believe we can provide a unique value to the end user by customizing the hardware and software solution for a particular industry. For example, the first vertical we are addressing is ready mix concrete. Here, we combine a suite of sensors into a solution that can automatically determine the status of a vehicle without driver intervention. Our agreement with McNeilus, a major manufacturer of trucks for the ready mix concrete and waste management industries, facilitates factory installations of our management solution to ready mix concrete fleet operators. McNeilus', along with a Trimble sales force, markets our solution as a retrofit for trucks already in the field, or as a factory-installed option. We plan on leveraging our technology, partners and customers into other verticals, such as other construction material delivery vehicles and waste management trucks, where a customized solution can provide similar benefits as in ready mix.

We also have a horizontal market strategy that focuses on providing turnkey solutions to a broad range of service fleets and mobile workers that span a large number of market segments. Here, we leverage the same general applications that are used in our vertical markets without the same level of customization. These products are distributed through individual dealers as well as after-market automotive electronics suppliers.

Our enterprise strategy focuses on sales to large, enterprise accounts. Here, in addition to a Trimble-hosted solution, we can also integrate our software directly into the customer's IT infrastructure, giving them control of the information. In this market we sell directly to end users and sales cycles tend to be long due to field trials followed by an extensive decision-making process.

Approximate prices for the hardware fall in the range of $400 to $3,000, while the monthly software service fees range from approximately $20 to approximately $55, depending on the customer service level. Competition comes largely from service-oriented businesses such as @Road.

Representative products sold by this segment include:

TrimWeb(TM) and TrimFleet(TM) Systems - Our fleet management service offerings are comprised of the TrimWeb system and TrimFleet system. The TrimWeb system provides different levels of service that run from snapshots of fleet activity to real-time fleet dispatch capability via access to the TrimWeb platform network through a secure internet connection. The TrimWeb system includes truck communication service and computer backbone support of the software. The TrimFleet system offers many of the same features, though the software resides on the end users servers and is accessed by the customer through their own internal networks, not via the internet. Variations of the TrimWeb system and TrimFleet system are tailored for specific industry applications.

CrossCheck(R) Module - This hardware, mounted on the vehicle, provides location and information through its built-in cellular interface. This module also includes GPS positioning, sensor interfaces for vehicle conditions, and built-in intelligence for distributed decision-making.

Portfolio Technologies

Our Portfolio Technologies segment includes various operations that aggregate to less than 10 percent of our total revenue. The operations in this segment are Applanix, Military and Advanced Systems (MAS), and Trimble Outdoors.

Applanix develops, manufactures, sells and supports high-value, precision products that combine GPS with inertial sensors for accurate measurement of the position and attitude of moving vehicles. Sales are made directly by our sales force to the end users or to systems integrators. Competitors include IGI in the airborne survey market, and iXsea and VT TSS in the marine survey market.

Our MAS business supplies GPS receivers and embedded modules that use the military's GPS advanced capabilities. The modules are principally used in aircraft navigation and timing application. Military products are sold directly to either the US Government or defense contractors. Sales are also made to authorized foreign end users. Competitors in this market include Rockwell Collins, L3, and Raytheon.

During fiscal 2004, we announced our newest business, Trimble Outdoors. Trimble Outdoors is a consumer business utilizing GPS enabled cell phones to provide information for outdoor recreational activities.

Representative products sold by this segment include:

Applanix POS/AV(TM) - An integrated GPS/inertial system for airborne surveying that measures aircraft position to an accuracy of a few centimeters and aircraft attitude (angular orientation) to an accuracy of 30 arc seconds or better. This system is typically interfaced to large format cameras and scanning lasers for producing geo-referenced topographic maps of the terrain.

Force(TM) 5 GS (GRAM-SAASM) Module - A dual frequency, embedded GPS module that is used in a variety of military airborne applications.

Acquisitions and Joint Ventures

Our growth strategy is centered on developing and marketing innovative and complete value-added solutions to our existing customers, while also marketing them to new customers and geographic regions. In some cases, this has led to partnering with or acquiring companies that bring technologies, products or distribution capabilities that will allow us to enter or penetrate a market more effectively than if we had done so solely through internal development. Over the past five years, this has led us to form two joint ventures and acquire multiple companies. No assurance can be given that our previous or future acquisitions will be successful or will not materially adversely affect our financial condition or operating results.

GeoNav

* On July 5, 2004 we acquired GeoNav GmbH, a small provider of customized field data collection solutions for the cadastral survey market in Europe. We expect the acquisition to augment our capability for localization of our products in Europe. GeoNav's performance is reported under our Engineering and Construction segment.

TracerNET Corporation

* On March 5, 2004 we acquired TracerNET Corporation of Virginia, a provider of wireless fleet management solutions. We expect the TracerNET acquisition to offer more diverse and complete fleet management solutions. TracerNET's performance has been integrated into our Mobile Solutions segment.

MENSI S.A.

On December 9, 2003, we acquired MENSI S.A., a French developer of terrestrial 3D laser scanning technology. The MENSI acquisition enhanced our technology portfolio and expanded our product offerings. MENSI's performance is reported under our Engineering and Construction segment.

Applanix Corporation

On July 7, 2003, we acquired Applanix Corporation, a Canadian developer of systems that integrate inertial navigation system and GPS technologies. The Applanix acquisition extended our technology portfolio and offers increased robustness and capabilities in our future positioning products. Applanix's performance is reported under our Portfolio Technologies segment.

Nikon-Trimble Co., Ltd.

On March 28, 2003, Trimble and Nikon Corporation agreed to form a joint venture in Japan, Nikon-Trimble Co., Ltd., which assumed the operations of Nikon Geotecs Co., Ltd., a Japanese subsidiary of Nikon Corporation and Trimble Japan KK, our Japanese subsidiary. Nikon-Trimble began operations in July of 2003.

Nikon-Trimble is 50% owned by us and 50% owned by Nikon, with equal voting rights. It is focusing on the design and manufacture of surveying instruments including mechanical total stations and related products. In Japan, this joint venture distributes Nikon's survey products as well as our survey, agriculture, construction and GIS products. Outside of Japan, we are the exclusive distributor of Nikon survey and construction products.

* We expect the joint venture to enhance our market position in survey instruments through geographic expansion and market penetration. The Nikon products will broaden our survey and construction product portfolio and enable us to better access emerging markets such as Russia, China, and India. It will also provide us with the ability to sell our GPS and robotic technology to existing Nikon customers. Additionally, Nikon-Trimble is expected to improve our market position in Japan.

Caterpillar Trimble Control Technologies, LLC

On April 1, 2002, we established and began operations of a joint venture with Caterpillar called Caterpillar Trimble Control Technologies, LLC, in which each company has a 50% ownership stake and have equal voting rights. This joint venture is developing new generations of machine control products for the construction and mining markets for installation in the factory or as a dealer option.

* Today, we sell construction machine control products to contractors through our dealer channel, for installation on bulldozers, motorgraders, and excavators that are already in the field (the "after-market"). However, both companies believe the adoption of the technology will spur future demand for machine control products that can be integrated into the design of new Caterpillar machines, while also available for "after-market" installation.

Patents, Licenses and Intellectual Property

We hold approximately 600 US patents and 108 non-US patents, the majority of which cover GPS technology and applications, and over 93 of which cover optical and laser technology and applications.

We prefer to own the intellectual property used in our products, either directly or though subsidiaries. From time to time we license technology from third parties.

There are approximately 60 trademarks registered to Trimble and its subsidiaries including "Trimble," the globe and triangle logo, "AgGPS," "GeoExplorer," and "Telvisant," among others that are registered to Trimble Navigation Limited in the United States and other countries. Additional trademarks are pending registration.

Sales and Marketing

We tailor the distribution channel to the needs of our products and regional markets through a number of forms of sales channel solutions around the world. We sell our products worldwide primarily through dealers, distributors, and authorized representatives, occasionally granting exclusive rights to market certain products within specific countries. This channel is supported and supplemented (where third party distribution is not available) by our regional sales offices in North America, Europe, Australia, China, Korea, New Zealand, Singapore, and United Arab Emirates. We also utilize distribution alliances, OEM relationships and joint ventures with other companies as a means to serve selected markets.

Sales to unaffiliated customers outside the United States comprised approximately 50% in 2004, 51% in 2003, and 49% in 2002. During the 2004 fiscal year, North and South America represented 57%, Europe, the Middle East and Africa represented 30%, and Asia represented 13% of our total revenues.

Support and Warranty

The warranty periods for our products are generally between one and three years. Selected military programs may require extended warranty periods up to 5.5 years, certain TDS products have a 90-day warranty period, and certain Nikon products have a five-year warranty period. We support our GPS products through a circuit board replacement program from locations in the United Kingdom, Germany, Japan, and the United States. The repair and calibration of our non-GPS products are available from company-owned or authorized facilities. We reimburse dealers and distributors for all authorized warranty repairs they perform.

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

Seasonality of Business

* Our revenues are affected by seasonal buying patterns in some of our businesses. Over half of our total revenue comes from our Engineering and Construction business, which has the biggest seasonal impact on our total revenue. This business, and therefore our total revenue, is seasonally strongest during the second quarter due to the start of the construction buying season in the northern hemisphere in spring. Typically, we expect the first and fourth quarters to be the seasonal lows due to the lack of construction during the winter months. The second quarter has averaged to 26.2% of total revenue in the last two fiscal years versus a straight line of 25% per quarter.

Backlog

In most of our markets, the time between order placement and shipment is short. Therefore, we believe that backlog is not a reliable indicator of present or future business conditions.

Manufacturing

Manufacturing of substantially all our GPS products is subcontracted to Solectron Corporation. During fiscal 2004 we utilized Solectron's Suzhou facilities in China for all of our Component Technologies products. During 2004 we expanded our use of Solectron in Mexico for our Field Solutions products and handhelds. We continue to utilize Solectron California for our high-end GPS products and new product introduction services. Solectron is responsible for substantially all material procurement, assembly, and testing. We continue to manage product design through pilot production for the subcontracted products, and we are directly involved in qualifying suppliers and key components used in all our products. Our current contract with Solectron continues in effect until either party gives the other ninety days written notice.

We manufacture laser and optics-based products at our plants in Dayton, Ohio; Danderyd, Sweden; Jena and Kaiserslautern, Germany; Paris, France; and Toronto, Canada. Some of these products or portions of these products are also subcontracted to third parties for assembly.

Our manufacturing sites in Dayton, Ohio; Danderyd, Sweden; Jena and Kaiserslautern, Germany are registered to ISO9001:2000, covering the design, production, distribution, and servicing of all our products. The Component Technologies segment is registered to QS9000 for its automotive products. QS9000 is the automotive version of ISO9000 covering specific requirements for the market.

Research and Development

We believe that our competitive position is maintained through the development and introduction of new products that incorporate improved features, better performance, smaller size and weight, lower cost, or some combination of these factors. We invest substantially in the development of new products. We also make significant investment in the positioning, communication, and information technologies that underlie our products and will likely provide competitive advantages.

Our research and development expenditures, net of reimbursed amounts were $77.6 million for fiscal 2004, $67.6 million for fiscal 2003, and $61.2 million for fiscal 2002.

* We expect to continue investing in research and development with the goal of maintaining or improving our competitive position, as well as the goal of entering new markets.

Employees

As of December 31, 2004, we employed approximately 2,160 employees, including 31% in sales and marketing, 27% in manufacturing, 28% in engineering, and 14% in general and administrative positions. Approximately 44% of employees are in locations outside the United States.

Our employees are not represented by unions except for those in Sweden and some in Germany. We also employ temporary and contract personnel that are not included in the above headcount numbers. We have not experienced work stoppages or similar labor actions.

Available Information

The Company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports are available free of charge on the Company's web site through www.trimble.com/investors.html, as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. Information contained on our web site is not part of this annual report on Form 10-K.

In addition, you may request a copy of these filings (excluding exhibits) at no cost by writing or telephoning us at our principal executive offices at the following address or telephone number:

Trimble Navigation Limited
749 North Mary Avenue, Sunnyvale, CA 94085
Attention: Investor Relations
Telephone: 408-481-8000

Executive Officers

The names, ages, and positions of the Company's executive officers as of March 1, 2005 are as follows:

Name	Age	Position
Steven W. Berglund	53	President and Chief Executive Officer
Rajat Bahri	40	Chief Financial Officer
William C. Burgess	58	Vice President, Human Resources
Joseph F. Denniston, Jr.	44	Vice President, Operations
Bryn A. Fosburgh	42	Vice President and General Manager, Engineering and Construction
Mark A. Harrington	49	Vice President, Strategy and Business Development
John E. Huey	55	Treasurer
Irwin L. Kwatek	65	Vice President and General Counsel
Michael W. Lesyna	44	Vice President, Business Transformation
Bruce E. Peetz	53	Vice President, Advanced Technology and Systems
Anup V. Singh	34	Vice President and Corporate Controller
Alan R. Townsend	56	Vice President and General Manager, Field Solutions
Dennis L. Workman	60	Vice President and General Manager, Component Technologies

Steven W. Berglund - Steven Berglund has served as president and chief executive officer of Trimble since March 1999. Prior to joining Trimble, Mr. Berglund was president of Spectra Precision, a group within Spectra Physics AB, and a pioneer in the development of laser systems. He spent 14 years at Spectra Physics in a variety of senior leadership positions. In the early 1980s, Mr. Berglund spent a number of years at Varian Associates in Palo Alto, where he held a variety of planning and manufacturing roles. Mr. Berglund began his career as a process engineer at Eastman Kodak in Rochester, New York. He attended the University of Oslo and the University of Minnesota where he received a B.S. in chemical engineering in 1974. He later received his M.B.A. from the University of Rochester in New York in 1977.

Rajat Bahri - Rajat Bahri joined Trimble as Chief Financial Officer in January 2005. Prior to joining Trimble, Mr. Bahri served for more than 15 years in various capacities within the financial organization of several subsidiaries of Kraft Foods, Inc. and General Foods Corporation. Most recently, he served as the chief financial officer for Kraft Canada, Inc. From June 2000 to June 2001 he served as chief financial officer of Kraft Pizza Company. From 1997 to 2000, Mr. Bahri was Operations Controller for Kraft Jacobs Suchard Europe. Mr. Bahri holds a Bachelor of Commerce from the University of Delhi in 1985 and an M.B.A. from Duke University in 1987.

William C. Burgess - William Burgess joined Trimble in August of 2000 as vice president of Human Resources. Prior to joining Trimble, Mr. Burgess was vice president of Human Resources and Management Information Systems for Sonoma West Holdings, Inc. From 1993 to 1997, he served as vice president of Human Resources for Optical Coating Laboratory, from 1990 to 1993, he established and managed the human resources function at Teknekron Communications Systems, and from 1985 to 1990 he was vice president of Human Resources for a $25 billion, 35,000-employee segment of Asea Brown Boveri (ABB), a global technology company. Mr. Burgess received a B.S. from the University of Nebraska and an M.S. in organizational development from Pepperdine University.

Joseph F. Denniston, Jr. - Joseph Denniston joined Trimble as vice president of operations in April 2001, responsible for worldwide manufacturing, distribution and logistics. Prior to Trimble, Mr. Denniston worked for 3Com Corporation. During his 14-year tenure, he served as vice president of supply chain management for the Americas and held several positions in test engineering, manufacturing engineering and operations. Previously at Sentry Schlumberger for seven years, he held several positions including production engineering, production management and test engineering over six years. Mr. Denniston received a B.S. in electrical engineering technology from the Missouri Institute of Technology in 1981 and an M.S. in computer science engineering from Santa Clara University in 1990.

Bryn A. Fosburgh - Bryn Fosburgh joined Trimble in 1994 as a technical service manager for surveying, mining, and construction. In 1997, Mr. Fosburgh was appointed director of development for the Company's land survey business unit where he oversaw the development of field and office software that enabled the interoperability of Trimble survey products. From October 1999 to July 2002, he served as division vice president of survey and infrastructure. From 2002 to 2005, Mr. Fosburgh served as vice president and general manager of Trimble's Geomatics and Engineering (G&E) business area, with responsibility for all the division-level activities associated with survey, construction, and infrastructure solutions. In January 2005, he was appointed vice president and general manager of the Engineering and Construction Division. Prior to Trimble, he was a civil engineer with the Wisconsin Department of Transportation responsible for coordinating the planning, data acquisition, and data analysis for statewide GPS surveying projects in support of transportation improvement projects. He has also held various engineering, research and operational positions for the U.S. Army Corps of Engineers and Defense Mapping Agency. Mr. Fosburgh received a B.S. in geology from the University of Wisconsin in Green Bay in 1985 and an M.S. in civil engineering from Purdue University in 1989.

Mark A. Harrington - Mark Harrington joined Trimble in January 2004 as vice president of strategy and business development. Prior to joining Trimble, Mr. Harrington served as vice president of finance at Finisar Corporation and chief financial officer for both Cielo Communications, Inc. and Vixel Corporation. His experience also includes 11 years at Spectra-Physics where he served in a variety of roles including vice president of finance for Spectra-Physics Lasers, Inc. and vice president of finance for Spectra-Physics Analytical, Inc. Mr. Harrington began his career at Varian Associates, Inc. where he held a variety of management and individual positions in finance, operations and IT. Mr. Harrington received his B.S. in Business Administration from the University of

Nebraska-Lincoln.

John E. Huey - John Huey joined Trimble in 1993 as director corporate credit and collections, and was promoted to assistant treasurer in 1995 and treasurer in 1996. Past experience includes two years with ENTEX Information Services, five years with National Refractories and Minerals Corporation (formerly Kaiser Refractories), and thirteen years with Kaiser Aluminum and Chemical Sales, Inc. He has held positions in credit management, market research, inventory control, sales, and as an assistant controller. Mr. Huey received his B.A. degree in Business Administration in 1971 from Thiel College in Greenville, Pennsylvania and an MBA in 1972 from West Virginia University in Morgantown, West Virginia.

Irwin L. Kwatek - Irwin Kwatek has served as vice president and general counsel of Trimble since November 2000. Prior to joining Trimble, Mr. Kwatek was vice president and general counsel of Tickets.com, a ticketing service provider, from May 1999 to November 2000. Prior to Tickets.com, he was engaged in the private practice of law for more than six years. During his career, he has served as vice president and general counsel to several publicly held high-tech companies including Emulex Corporation, Western Digital Corporation and General Automation, Inc. Mr. Kwatek received his B.B.A. from Adelphi College in Garden City, New York and an M.B.A. from the University of Michigan in Ann Arbor. He received his J.D. from Fordham University in New York City in 1968.

Michael W. Lesyna -Michael Lesyna joined Trimble in September 1999 as vice president of strategic marketing. In September 2000, he was appointed vice president and general manager of the Mobile Solutions Division. In July 2004, Lesyna was appointed vice president of Business Transformation. In this cross-divisional role he focuses on driving operational improvements based on the marketing, sales and distribution channel strategies of Trimble's business segments. The scope of his work includes tailored business prioritization as well as lean manufacturing and lean overhead principles. Prior to Trimble, Mr. Lesyna spent six years at Booz Allen & Hamilton where he most recently served as a principal in the operations management group. Prior to Booz Allen & Hamilton, Mr. Lesyna held a variety of engineering positions at Allied Signal Aerospace. Mr. Lesyna received his M.B.A., as well as an M.S. and B.S. in mechanical engineering from Stanford University.

Bruce E. Peetz - Bruce Peetz has served as vice president of Advanced Technology and Systems since 1998 and has been with Trimble for 15 years. From 1996 to 1998, Mr. Peetz served as general manager of the Survey Business. Prior to joining Trimble, Mr. Peetz was a research and development manager at Hewlett-Packard for 10 years. Mr. Peetz received his B.S. in electrical engineering from Massachusetts Institute of Technology in Cambridge, Massachusetts in 1973.

Anup V. Singh - Anup Singh joined Trimble in December 2001 as corporate controller. In August 2004 he was appointed vice president and corporate controller. Prior to joining Trimble, Mr. Singh was with Excite@Home from July 1999 to December 2001. During his tenure at Excite@Home, he held the positions of senior director of Corporate Financial Planning and Analysis, and international controller. Before Excite@Home, Mr. Singh also worked for 3Com

Corporation from December 1997 to July 1999, and Ernst & Young LLP in San Jose, California and London, England. Mr. Singh received his B.A. in 1991 and M.A. in 1995 in economics and management science from Cambridge University in England. He is also a chartered accountant and was admitted as a member of the Institute of Chartered Accountants in England and Wales in 1994.

Alan R. Townsend - Alan Townsend has served as vice president and general manager of the Field Solutions business area since November 2001. From 1995 to 2001, Mr. Townsend was general manager of Mapping and GIS. Mr. Townsend joined Trimble in 1991 as the manager of Trimble Navigation New Zealand Ltd. Prior to Trimble, Mr. Townsend held a variety of technical and senior management roles within the Datacom Group of companies in New Zealand including managing director of Datacom Software Research Ltd. from 1986 to 1991. In addition, Mr. Townsend is a director of IT Capital Ltd., a venture capital company based in Auckland, New Zealand. He is also a fellow of the New Zealand Institute of Management and a past president of the New Zealand Software Exporters Association. Mr. Townsend received a B.S.c in economics from the University of Canterbury in 1970.

Dennis L. Workman - Dennis Workman has served as vice president and general manager of Trimble's Component Technologies segment since September 1999. From 1998 to 1999, Mr. Workman was senior director and chief technical officer of the newly formed Mobile and Timing Technologies (MTT) business group, also serving as general manager of Trimble's Automotive and Timing group. In 1997, he was director of engineering for Software & Component Technologies. Mr. Workman joined Trimble in 1995 as director of the newly created Timing vertical market. Prior to Trimble, Mr. Workman held various senior-level technical positions at Datum Inc. During his nine year tenure at Datum, he held the position of CTO. Mr. Workman received a B.S. in mathematics and physics from St. Mary's College in 1967 and an M.S. in electrical engineering from the Massachusetts Institute of Technology in 1969.

Item 2 Properties

The following table sets forth the significant real property that we own or lease:

Location	Segment(s) served	Size in sq. feet	Commitment
Sunnyvale, California	All	150,000	Leased, expiring 2005 4 buildings
Huber Heights (Dayton), Ohio	Engineering & Construction, Field Solutions	150,000	Owned, no encumbrances
		57,200	Leased, expiring in 2011
	Distribution	35,600	Leased, month to month
Westminster, Colorado	Engineering & Construction, Field Solutions	73,000	Leased, expiring 2006 2 buildings
Corvallis, Oregon	Engineering & Construction	20,000	Owned, no encumbrances
		21,000	Leased, expiring 2006
Richmond Hill, Canada	Portfolio Technologies	50,200	Leased, expiring 2007
Danderyd, Sweden	Engineering & Construction	93,900	Leased, expiring 2005
Christchurch, New Zealand	Engineering & Construction, Mobile Solutions, Field Solutions	65,000	Leased, expiring 2010 2 buildings
Jena, Germany	Engineering & Construction	28,700	Leased, no expiration date 12 months notice
Kaiserslautern, Germany	Engineering & Construction	26,000	Leased, expiring 2005
Raunheim, Germany	Sales	28,700	Leased, expiring 2011

In addition, we lease a number of smaller offices around the world primarily for sales functions. For financial information regarding obligations under leases, see Note 10 of the Notes to the Consolidated Financial Statements.

* We believe that our facilities are adequate to support current and near-term operations.

Item 3 Legal Proceedings

* We are from time to time a party to disputes or litigation incidental to our business. We believe that our ultimate liability as a result of such disputes, if any, would not be material to our overall financial position, results of operations, or liquidity.

Item 4 Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the fourth quarter of 2004.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

On January 22, 2004, our Board of Directors approved a 3-for-2 split of all outstanding shares of our common stock, payable March 4, 2004 to stockholders of record on February 17, 2004. All shares and per share information presented has been adjusted to reflect the stock split on a retroactive basis for all periods presented.

Our common stock is traded on the NASDAQ National Market under the symbol "TRMB." The table below sets forth, during the periods indicated, the high and low per share sale prices for our common stock as reported on the NASDAQ National Market.

	2004		2003	
	Sales Price		Sales Price	
Quarter Ended	High	Low	High	Low
First quarter	$28.78	$20.15	$14.17	$8.68
Second quarter	29.50	22.43	18.50	12.43
Third quarter	32.16	21.55	19.57	14.97
Fourth quarter	34.45	24.56	25.60	13.49

As of December 31, 2004, there were approximately 1,075 holders of record of our common stock.

Dividend Policy

We have not declared or paid any cash dividends on our common stock during any period for which financial information is provided in this Annual Report on Form 10-K. At this time, we intend to retain future earnings, if any, to fund the development and growth of our business and do not anticipate paying any cash dividends on our common stock in the foreseeable future.

We are allowed to pay dividends and repurchase shares of our common stock up to 25% of net income in the previous fiscal year, under the existing terms of our credit facilities.

Equity Compensation Plan Information

The following table sets forth, as of December 31, 2004, the total number of securities outstanding under our stock option plans, the weighted average exercise price of such options, and the number of options available for grant under such plans. See Note 15 of the Notes to the Consolidated Financial Statements for a summary of our plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) (b) (c)	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders:			
Stock Option Plans	6,720,631	$16.10	2,275,485
Equity compensation plans not approved by security holders...			
Total	6,720,631	$16.10	2,275,485

Item 6. Selected Financial Data

The following selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes appearing elsewhere in this annual report. Historical results are not necessarily indicative of future results. In particular, because the results of operations and financial condition related to our acquisitions are included in our Consolidated Statements of Income and Consolidated Balance Sheets data commencing on those respective acquisition dates, comparisons of our results of operations and financial condition for periods prior to and subsequent to those acquisitions are not indicative of future results.

Fiscal Years Ended (Dollar in thousands, except per share data)	December 31, 2004	January 2, 2004	January 3, 2003	December 28, 2001	December 29, 2000
Revenue	$ 668,808	$ 540,903	$ 466,602	$ 475,292	$ 369,798
Gross margin	$ 324,810	$ 268,030	$ 234,432	$ 237,235	$ 196,561
Gross margin percentage	49%	50%	50%	50%	53%
Income (loss) from continuing operations (1)	$ 67,680	$ 38,485	$ 10,324	$ (23,492)	$ 14,185
Gain on disposal of discontinued operations (net of tax)	$ -	$ -	$ -	$ 613	$ -
Net income (loss)	$ 67,680	$ 38,485	$ 10,324	$ (22,879)	$ 14,185
Per common share:					
Income (loss) from continuing operations					
- Basic	$ 1.32	$ 0.81	$ 0.24	$ (0.63)	$ 0.40
- Diluted	$ 1.23	$ 0.77	$ 0.24	$ (0.63)	$ 0.37
Gain on disposal of discontinued operations (net of tax)					
- Basic	$ -	$ -	$ -	$ 0.01	$ -
- Diluted	$ -	$ -	$ -	$ 0.01	$ -
Net income (loss)					
- Basic	$ 1.32	$ 0.81	$ 0.24	$ (0.62)	$ 0.40
- Diluted	$ 1.23	$ 0.77	$ 0.24	$ (0.62)	$ 0.37
Shares used in calculating basic earnings per share	51,163	47,505	42,860	37,091	35,402
Shares used in calculating diluted earnings per share	54,948	50,012	43,578	37,091	38,964
Cash dividends per share	$ -	$ -	$ -	$ -	$ -
Total assets	$ 653,978	$ 552,602	$ 447,704	$ 425,475	$ 498,506
Non-current portion of long term debt and other liabilities	$ 38,226	$ 85,880	$ 114,051	$ 131,759	$ 143,553

(1) We have significant intangible assets on our Consolidated Balance Sheets that include goodwill and other purchased intangibles related to acquisitions. At the beginning of fiscal 2002, we adopted Statement of Financial Accounting Standards No. 141 ("SFAS 141"), Business Combinations, and No. 142, Goodwill and Other Intangible Assets ("SFAS 142"). Application of the non-amortization provisions of SFAS 142 significantly reduced amortization expense of purchased intangibles and goodwill to approximately $8.3 million for the fiscal year 2002 from $29.4 million in fiscal year 2001.

(2) We have reclassified deferred revenues previously included in accounts receivable, net to the liabilities section in the Consolidated Balance Sheets in fiscal year 2004. All prior periods have been changed to reflect this reclassification.

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

The following discussion should be read in conjunction with the consolidated financial statements and the related notes. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and those listed under "Risks and Uncertainties."

EXECUTIVE LEVEL OVERVIEW

Trimble's foundation remains positioning technology. We have augmented this technology with wireless communication and software capabilities in order to enable us to participate in a wider number of markets and to play a more central role in those markets. Our efforts to market these technologies can generally be characterized as falling into the categories of either end user markets or component markets. The Engineering and Construction, Field Solutions, and Mobile Solutions segments can be broadly described as end user markets and the Component Technologies and Portfolio Technologies segments can be described as components markets. In the end user markets we provide a value added solution to the end user. Typically this requires a solution that includes a hardware platform, significant applications software, and substantial levels of customer support. In the components businesses, we typically sell to another company that adds significant value and brings the solution to the end user.

The segments constituting the end user, solutions activities, make up over 80% of our revenue. The critical success factors in these businesses center around attaining a significant understanding of the end users' needs, applying that knowledge to create highly innovative products, integrating those products into an effective system, and establishing a proficient global, third-party distribution.

The components businesses require different characteristics to be successful. The customer is typically an OEM, system integrator, or other third party that integrates our components into a system. To satisfy this customer group, our focus is on price, product functionality, and quality. With recent product introductions we have begun to add higher functionality into our products in order to provide greater value and potentially capture higher average selling prices for our offerings. For example, our TrimTrac product integrates GPS and GSM cellular technologies into a fully functional location device. It establishes a new asset tracking or security capability at an aggressive price point and opens up a new class of customers and applications which were previously not available to us.

During 2004 we continued to execute our strategy with a series of actions that can be summarized in four categories.

Reinforcing our position in existing markets

Generally, we believe that our markets provide us with additional, substantial potential for substituting our technology for traditional methods. In 2004 we continued to develop new products and to strengthen our distribution channels to realize these opportunities. The acquisitions of GeoNav and TracerNET provided us with additional software capability and applications knowledge. A number of new products, such as the Easy Guide Plus, strengthened our competitive position and created new value for the user. The first full year of operation of our joint venture with Nikon proved successful in extending our position in surveying instruments.

Extend our position in existing markets through new product categories

We are utilizing the strength of the Trimble brand in our markets to expand our revenues by bringing new products to existing users. A 2004 example was the introduction of asset and fleet management services to the construction industry.

Bring existing technology to new markets

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

Pioneer completely new markets

In 2004 we introduced the TrimTrac product and Trimble Outdoors. Both products embed new feature sets and are intended to address markets not traditionally served by Trimble.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our accounting policies are more fully described in Note 2 of the Notes to the Consolidated Financial Statements. The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires us to make judgments, assumptions, and estimates that affect the amounts reported in the Consolidated Financial Statements and accompanying Notes to the Consolidated Financial Statements. We consider the accounting polices described below to be our critical accounting polices. These critical accounting policies are impacted significantly by judgments, assumptions, and estimates used in the preparation of the Consolidated Financial Statements, and actual results could differ materially from the amounts reported based on these policies.

Revenue Recognition

We recognize product revenue when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collectibility is reasonably assured. In instances where final acceptance of the product is specified by the customer or is uncertain, revenue is deferred until all acceptance criteria have been met. Revenue is reduced by a sales return reserve as described under "Allowance for Doubtful Accounts and Sales Returns."

Revenue from purchased extended warranty and support agreements is deferred and recognized ratably over the term of the warranty/support period. Substantially all technology licenses and research revenue have consisted of initial license fees and royalties, which were recognized when earned, provided we had no remaining obligations.

Contracts and customer purchase orders are generally used to determine the existence of an arrangement. Shipping documents and customer acceptance, when applicable, are used to verify delivery. We assess whether the fee is fixed or determinable based on the payment terms associated with the transaction and whether the sales price is subject to refund or adjustment. We assess collectibility based primarily on the creditworthiness of the customer as determined by credit checks and analysis, as well as the customer's payment history.

Our shipment terms for US orders, and international orders fulfilled from our European distribution center are typically FCA (Free Carrier) shipping point, except certain sales to US government agencies which are shipped FOB destination. FCA shipping point means that we fulfill the obligation to deliver when the goods are handed over, cleared for export, and into the charge of the carrier named by the buyer at the named place or point. If no precise point is indicated by the buyer, we may choose within the place or range stipulated where the carrier will take the goods into carrier's charge.

Other international orders are shipped FOB destination, which means these international orders are not recognized as revenue until the product is delivered and title has transferred to the buyer or FCA shipping point. FOB destination means that we bear all costs and risks of loss or damage to the goods up to that point.

Revenue to distributors and resellers is recognized upon delivery, assuming all other criteria for revenue recognition have been met. Distributors and resellers do not have a right of return.

When a sale involves multiple elements, the entire fee from the arrangement is allocated to each respective element based on its relative fair value and recognized when revenue recognition criteria for each element are met. The amount of product revenue allocated to an individual element is limited to the lesser of its relative fair value or the amount not contingent on our delivery of other elements under the arrangement, regardless of the probability of our performance.

Our software arrangements generally consist of a license fee and post-contract customer support (PCS). We have established vendor-specific objective evidence (VSOE) of fair value for our PCS contracts based on the renewal rate. The remaining value of the software arrangement is allocated to the license fee using the residual method, and revenue is primarily recognized when the software has been delivered and there are no remaining obligations. Revenue from PCS is recognized ratably over the term of the PCS agreement.

Allowance for Doubtful Accounts and Sales Returns

Our accounts receivable balance, net of allowance for doubtful accounts, was $123.9 million as of December 31, 2004, compared with $104.6 million as of January 2, 2004. The allowance for doubtful accounts as of December 31, 2004 was $9.0 million, compared with $10.0 million as of January 2, 2004. We evaluate the collectibility of our trade accounts receivable based on a number of factors such as age of the accounts receivable balances, credit quality, historical experience, and current economic conditions that may affect a customer's ability to pay. In circumstances where we are aware of a specific customer's inability to meet its financial obligations to us, a specific allowance for bad debts is estimated and recorded which reduces the recognized receivable to the estimated amount we believe will ultimately be collected. In addition to specific customer identification of potential bad debts, bad debt charges are recorded based on our recent past loss history and an overall assessment of past due trade accounts receivable amounts outstanding.

A reserve for sales returns is established based on historical trends in product return rates experienced in the ordinary course of business. The reserve for sales returns as of December 31, 2004 and January 2, 2004 included $2.2 million and $3.3 million, respectively, for estimated future returns that were recorded as a reduction of our accounts receivable and revenue. If the actual future returns were to deviate from the historical data on which the reserve had been established, our revenue could be adversely affected.

Inventory Valuation

Our inventories, net balance was $87.7 million as of December 31, 2004, compared with $70.8 million as of January 2, 2004. Our inventory allowances as of December 31, 2004 were $26.2 million, compared with $25.9 million as of January 2, 2004. Our inventory is recorded at the lower of standard cost or market (net realizable value). We generally use a standard cost accounting system to value inventory and these standards are reviewed a minimum of once a year and multiple times a year in our most active manufacturing plants. We adjust the inventory value based on estimated excess and obsolete inventories determined primarily by future demand forecasts. If actual future demand or market conditions are less favorable than those projected by us, additional inventory write-downs may be required.

Income Taxes

Income taxes are accounted for under the liability method whereby deferred tax asset or liability account balances are calculated at the balance sheet date using current tax laws and rates in effect for the year in which the differences are expected to affect taxable income. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets if it is more likely than not that such assets will not be realized.

The valuation allowance decreased by $21.8 million in fiscal 2004 and $13.1 million in fiscal 2003. Approximately $8 million of the valuation allowance at December 31, 2004 and $14.1 million at January 2, 2004 relates to the tax benefit of stock option deductions, which will be credited to equity if and when realized. In evaluating the need for a valuation allowance, we consider future taxable income, resolution of tax uncertainties and prudent and feasible tax planning strategies.

Goodwill Impairment

Goodwill as of December 31, 2004 was $259.5 million, compared with $241.4 million as of January 2, 2004. We performed goodwill impairment tests at the end of the fiscal third quarter of 2004 and 2003 for each reporting unit and found there was no impairment of our goodwill. We will continue to evaluate our goodwill for impairment on an annual basis at the end of each fiscal third quarter and whenever events and changes in circumstances suggest that the carrying amount may not be recoverable.

For goodwill, the annual impairment evaluation includes a comparison of the carrying value of the reporting unit (including goodwill) to that reporting unit's fair value. If the reporting unit's estimated fair value exceeds the reporting unit's carrying value, no impairment of goodwill exists. If the fair value of the reporting unit does not exceed the unit's carrying value, then an additional analysis is performed to allocate the fair value of the reporting unit to all of the assets and liabilities of that unit as if that unit had been acquired in a business combination and the fair value of the unit was the purchase price. If the excess of the fair value of the reporting unit over the

fair value of the identifiable assets and liabilities is less than the carrying value of the unit's goodwill, an impairment charge is recorded for the difference.

We cannot predict the occurrence of certain future events that might adversely affect the reported value of goodwill. Such events include, but are not limited to, strategic decisions made in response to economic and competitive conditions, the impact of the economic environment on our customer base, or a material negative change in our relationships with significant customers.

Accounting for Long-Lived Assets Including Intangibles Subject to Amortization

Depreciation and amortization of our long-lived assets is provided using straight-line methods over their estimated useful lives. Changes in circumstances such as the passage of new laws or changes in regulations, technological advances, changes to our business model, or changes in the capital strategy could result in the actual useful lives differing from initial estimates. In those cases where we determine that the useful life of a long-lived asset should be revised, we will depreciate the net book value in excess of the estimated residual value over its revised remaining useful life. Factors such as changes in the planned use of equipment, customer attrition, contractual amendments, or mandated regulatory requirements could result in shortened useful lives.

Long-lived assets and asset groups are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The estimated future cash flows are based upon, among other things, assumptions about expected future operating performance and may differ from actual cash flows. Long-lived assets evaluated for impairment are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows (excluding interest) is less than the carrying value of the assets, the assets will be written down to the estimated fair value in the period in which the determination is made.

Warranty Costs

The liability for product warranties was $6.4 million as of December 31, 2004, compared with $5.1 million as of January 2, 2004. (See Note 2 of the Notes to the Consolidated Financial Statements for further information regarding our warranty liability.) The warranty periods for our products are generally between one and three years. Selected military programs may require extended warranty periods up to 5.5 years, certain TDS products have a five year or 90-day warranty period, and certain Nikon products have a five year warranty period. We accrue for warranty costs as part of our cost of sales based on associated material costs, technical support labor costs, and costs incurred by third parties performing warranty work on our behalf. Our expected future cost is primarily estimated based upon historical trends in the volume of product returns within the warranty period and the cost to repair or replace the equipment.

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

Stock Compensation

We apply Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related interpretations in accounting for our stock option plans and stock purchase plan. Accordingly, we do not recognize compensation cost for stock options granted at a price equal to fair market value. Note 15 of the Notes to the Consolidated Financial Statements describes the plans we operate, and Note 2 of the Notes to the Consolidated Financial Statements contains a summary of the pro forma effects to reported net income and earnings per share for fiscal 2004, 2003, and 2002 as if we had elected to recognize compensation cost based on the fair value of the options granted at grant date.

Investment in Joint Ventures

We have adopted the equity method of accounting for our investments in the Caterpillar and Nikon joint ventures. This requires that we record our share of the joint ventures' profits or losses in a given fiscal period. See Note 5 of the Notes to the Consolidated Financial Statements for joint venture accounting.

Upon the formation of our Caterpillar joint venture in April 2002, we received a cash distribution of $11.0 million. We have elected to treat the cash distribution as a deferred gain, being amortized to the extent that losses are attributable from the Caterpillar joint venture under the equity method described above. When and if the joint venture is profitable on a sustainable basis and future operating losses are not anticipated, then we will recognize as a gain, the portion of the $11.0 million, which is unamortized. To the extent that it is possible that we will have any future-funding obligation relating to the Caterpillar joint venture, then the relevant amount of the $11.0 million will be deferred until such time that the funding obligation no longer exists. As of December 31, 2004, the balance of the unamortized deferred gain was $9.2 million.

RECENT BUSINESS DEVELOPMENTS

Trimble Outdoors

During the fourth quarter of fiscal 2004, we announced our newest business, Trimble Outdoors. Trimble Outdoors is a consumer business utilizing GPS enabled cell phones to provide information for outdoor recreational activities. Trimble Outdoors performance is reported under our Portfolio segment.

GeoNav

* On July 5, 2004 we acquired GeoNav GmbH, a small provider of customized field data collection solutions for the cadastral survey market in Europe. We expect the acquisition to augment our capability for localization of our products in Europe. GeoNav's performance is reported under our Engineering and Construction segment.

TracerNET Corporation

* On March 5, 2004 we acquired TracerNET Corporation of Virginia, a provider of wireless fleet management solutions. We expect the TracerNET acquisition to offer more diverse and complete fleet management solutions. TracerNET's performance is reported under our Mobile Solutions segment.

Pacific Crest Corporation

* On January 10, 2005 we acquired Pacific Crest Corporation of Santa Clara, a supplier of wireless data communication systems for positioning and environmental monitoring applications. We expect the Pacific Crest acquisition to further enhance our wireless data communications capabilities in the Engineering and Construction business segment.

RESULTS OF OPERATIONS

Overview

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

Fiscal Years Ended	December 31, 2004	January 2, 2004	January 3, 2003
(Dollars in thousands)			
Total consolidated revenue	$ 668,808	$ 540,903	$ 466,602
Gross Margin	$ 324,810	$ 268,030	$ 234,432
Total consolidated operating income	$ 117,405	$ 83,586	$ 62,320

Basis of Presentation

We have a 52-53 week fiscal year, ending on the Friday nearest to December 31, which for fiscal 2004 was December 31, 2004. Fiscal 2004 and fiscal 2003 were 52-week years and fiscal 2002 a 53-week year. As a result of the extra week in fiscal 2002, year-over-year results are not exactly comparable. Thus, due to the inherent nature of adopting 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 our activities and results in fiscal years that contain 53 weeks to those that contain the standard 52 weeks.

Impact of Weaker US Dollar on Operating Results in Fiscal 2004

The depreciation of the US dollar versus major European currencies positively impacted revenues by approximately $12.6 million in fiscal 2004 when compared with rates used throughout fiscal 2003. As a result of our significant manufacturing, distribution, research and development, and selling expenses incurred outside of the US, the weaker US dollar negatively impacted our operating income by approximately $3.0 million in fiscal 2004 when compared with rates used throughout fiscal 2003.

Revenue

In fiscal 2004, total revenue increased by $127.9 million or 23.6% to $668.8 million from $540.9 million in fiscal 2003. The increase in fiscal 2004 was primarily due to stronger performances in most of our operating segments driven by the new product offerings and increased penetration in the markets we serve (primarily Engineering and Construction and Field Solutions), expanded distribution and selective acquisitions (primarily Mobile Solutions and Portfolio Technologies), as well the positive impact of the weaker US dollar on revenues generated in foreign currencies, primarily the Euro. Total revenue in fiscal 2003 increased by $74.3 million or 15.9% to $540.9 million from $466.6 million in fiscal 2002. This increase was primarily due to the same factors outlined above as all of our operating segments demonstrated stronger performances versus prior periods.

* Total revenue outside the United States comprised approximately 50% in 2004, 51% in 2003, and 49% in 2002. During the 2004 fiscal year, North and South America represented 57%, Europe, the Middle East and Africa represented 30%, and Asia represented 13% of total revenues. In fiscal 2004, the United States comprised approximately 50% of total revenues. We anticipate that sales to international customers will continue to account for a significant portion of our revenue.

* No single customer accounted for 10% or more of our total revenues in fiscal 2004, 2003, and 2002. It is possible, however, that in future periods the failure of one or more large customers to purchase products in quantities anticipated by us may adversely affect the results of operations.

Gross Margin

Our gross margin varies due to a number of factors including product mix, pricing, distribution channel used, the effects of production volumes, new product start-up costs, and foreign currency translations. Gross margin as a percentage of total revenues was 48.6 % in fiscal 2004 and 49.6% in fiscal 2003. The decrease in gross margin percentage for fiscal 2004, compared with fiscal 2003, was due to changes in the mix of products sold, principally related to increased sales of lower margin Nikon-branded survey and construction products, our agriculture products, pricing pressure in our Component Technologies business (which typically demonstrates increased unit volumes coupled with declining unit prices), the impact of the weaker US dollar on our non US manufacturing, and distribution costs.

Gross margin as a percentage of total revenues was 49.6% in fiscal 2003 and 50.2% in fiscal 2002. The slight decrease in gross margin percentage for fiscal 2003, compared with fiscal 2002, was due primarily to the introduction of the Nikon products in the third quarter, which was responsible for a margin decline of approximately 0.8%. This was partially offset by stronger sales of handheld survey products, GIS, wireless infrastructure, survey products as well as our ongoing focus on product cost reductions.

* Because of potential 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. In addition, should the global economic conditions deteriorate, gross margin could be further adversely impacted.

Operating Income

Operating income as a percentage of total revenue was 12.8% in fiscal 2004 compared to 10% in fiscal 2003 and 7.2% in fiscal 2002. The increase is driven by disciplined management of operating expenses and greater leverage due to revenue growth. The operating expenses represented 35.8% of total revenue in fiscal 2004 as compared to 39.6% in fiscal 2003.

Results by Segment

To achieve distribution, marketing, production, and technology advantages in our targeted markets, we manage our operations in the following five segments: Engineering and Construction, Field Solutions, Component Technologies, Mobile Solutions, and Portfolio Technologies. Operating income (loss) is net revenue less operating expenses, excluding general corporate expenses, amortization of purchased intangibles, restructuring charges, non-operating income (expense), and income taxes.

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

Fiscal Years Ended	December 31, 2004	January 2, 2004	January 3, 2003
(Dollars in thousands)			
Engineering and Construction			
Revenue	$ 440,478	$ 367,058	$ 319,615
Segment revenue as a percent of total revenue	66%	68%	68%
Operating income	79,505	60,664	53,453
Operating income as a percent of segment revenue	18%	17%	17%
Field Solutions			
Revenue	105,591	79,879	67,259
Segment revenue as a percent of total revenue	16%	15%	14%
Operating income	25,151	14,500	9,676
Operating income as a percent of segment revenue	24%	18%	14%
Component Technologies			
Revenue	65,522	64,193	59,755
Segment revenue as a percent of total revenue	9%	12%	13%
Operating income	13,880	16,560	10,673
Operating income as a percent of segment revenue	21%	26%	18%
Mobile Solutions			
Revenue	23,531	12,981	8,486
Revenue as a percent of total consolidated revenue	4%	2%	2%
Operating loss	(5,997)	(6,452)	(12,039)
Operating loss as a percent of segment revenue	(25%)	(50%)	(142%)
Portfolio Technologies			
Revenue	33,686	16,792	11,487
Segment revenue as a percent of total revenue	5%	3%	2%
Operating income (loss)	4,866	(1,686)	557
Operating income (loss) as a percent of segment revenue	14%	(10%)	5%

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

Fiscal Years Ended	January 31, 2004	January 2, 2004	January 3, 2003

(In thousands)

Consolidated segment operating income	$ 117,405	$ 83,586	$ 62,320
Unallocated corporate expense	(22,901)	(20,320)	(19,098)
Amortization of purchased intangible assets	(8,327)	(7,312)	(8,300)
Restructuring charges	(552)	(2,019)	(1,099)
Non-operating expense, net	(10,701)	(18,350)	(19,999)
Consolidated income before income taxes	$ 74,924	$ 35,585	$ 13,824

Engineering and Construction

Engineering and Construction revenues increased by $73.4 million or 20% while segment operating income increased by $18.8 million or 31.1% for fiscal 2004 as compared to fiscal 2003. The relatively strong environment of fiscal 2003 continued into fiscal 2004, resulting in continued robust demand for survey, machine control, and laser products. In addition, the full year effects for Nikon-branded products contributed to the year over year increase. Targeted new product introductions, such as the 5500 Servo Driven Station, provided improved market penetration. The weaker US dollar also contributed to increased revenues in this operating segment. Operating income increased at a higher rate than revenue growth due to greater operating leverage on expenses.

Engineering and Construction revenues increased by $47.4 million or 14.8% during fiscal 2003 as compared to fiscal 2002. Approximately half of the revenue increase was driven by new product introductions and our increased marketing efforts. The remaining increase was split evenly between geographic expansion, especially in Asia and Russia, and the impact of the weaker US dollar. Segment operating income increased due to higher revenues that were partially offset by increased operating expenses outside the United States (largely driven by the weaker US dollar), increased research and development spending on certain programs as we continue to invest in developing next generation technology, and lower margins earned on the sale of Nikon products. Overall, segment operating income remained consistent at 17% of revenues.

Field Solutions

Field Solutions revenues increased by approximately $25.7 million or 32.2% while segment operating income increased by $10.7 million or 73.5% for fiscal year 2004 as compared to fiscal 2003. Revenues increased primarily as a result of higher demand for both automated and manual guidance products in the agricultural market. In particular, revenues were enhanced by the introduction of EZ-Guide(R) Plus. We saw increases in our GIS product lines due to increases in our dealer and distributor business. Additionally, programs designed to expand our distribution channel by supplementing adding value-added, solutions focused business partners to our traditional dealer profile were successful. In addition, we saw improved results in Europe and increased opportunities in China. Increases in segment operating income were primarily due to higher revenues.

Field Solutions revenues increased by approximately $12.6 million or 18.8% while segment operating income increased by $4.8 million or 49.9% for fiscal year 2003 as compared to fiscal 2002. Revenues were up year over year due to continued strong sales of the GeoExplorer(R) CE series handhelds released at the end of fiscal 2002, and due to the expansion of our automatic guidance products onto new agricultural vehicles.

Segment operating income increased in 2003 from the fiscal year 2002 primarily due to higher revenues. This increase was partially offset by fractionally lower gross margins and more investment in research and development and sales functions. This enabled the segment operating income to increase from 14% to 18% of revenues.

Component Technologies

Component Technologies revenues increased by $1.3 million or 2.1%, while segment operating income decreased by $2.7 million or 16.2% for the fiscal year 2004 as compared to fiscal 2003. Revenues increased primarily due to higher demand from vehicle navigation and tracking customers, partially offset by the decline in demand from wireless infrastructure customers. The segment operating income decrease was primarily due to pricing pressures from the embedded and in-vehicle navigation product lines, a less favorable product mix, and increased spending for development of new categories of products.

Component Technologies revenues increased by $4.4 million or 7.4%, while segment operating income increased by $5.9 million or 55.2% for the fiscal year 2003 as compared to fiscal 2002. The increase in revenues was primarily due to increased demand from our existing wireless infrastructure customers. Segment operating income increased from 18% to 26% of revenues. The increase was primarily due to a reduction in costs of goods sold due to the transfer of the manufacturing of our products to China, reduced costs of raw materials, increased revenues and higher margins aided by favorable product mix.

Mobile Solutions

Mobile Solutions revenues increased by $10.6 million or 81.3% in fiscal 2004 over fiscal 2003 due primarily to increases sales into the construction materials market, higher dealer sales and a significant enterprise sale. During the first quarter of fiscal 2004, we completed the acquisition of TracerNET to strengthen our presence in this segment. The benefits of the integration were not fully reflected until the fourth quarter of fiscal 2004 and the full year impact of these activities will not be realized until fiscal 2005. Segment operating loss decreased by $0.5 million or 7.1% in fiscal 2004 over fiscal 2003 due to increased revenues which was largely offset by increased expenses related to the integration of the TracerNET acquisition.

Mobile Solutions revenues increased by $4.5 million or 53% in fiscal 2003 over fiscal 2002 due primarily to an increase in our CrossCheck product sales and higher fleet management services revenues as a result of an expanded customer base. Segment operating loss decreased by $5.6 million or 46.4% in fiscal 2003 over fiscal 2002 due to increased revenues and lower operating expenses. Operating expenses decreased by approximately $3.0 million primarily due to a reduction in outside services and our personnel related to the completion of our Telvisant system.

Portfolio Technologies

Portfolio Technologies revenues increased by $16.9 million or 100.6% while segment operating income increased by $6.6 million or 388.6% for fiscal 2004 as compared to fiscal 2003. The increases in revenues and operating income were primarily due to the inclusion of full year results of Applanix, acquired in July 2003, and higher sales of our military and advanced systems products.

Portfolio Technologies revenues increased by $5.3 million or 46.2% for the fiscal year 2003 as compared to fiscal 2002. The increase in revenues was mostly driven by the inclusion of revenue from Applanix acquired in 2003, while offset by lower revenue of military-related products. Segment operating income decreased by $2.2 million or 402.7% for fiscal 2003 as compared to fiscal 2002 due to weaker operating results from military products.

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

The following table shows research and development ("R&D"), sales and marketing, and general and administrative ("G&A") expenses in absolute dollars and as a percentage of total net revenues for the fiscal years ended 2004, 2003 and 2002 and should be read in conjunction with the narrative descriptions of those operating expenses below.

Fiscal Years Ended	December 31, 2004		January 2, 2004		January 3, 2003	
(In thousands)						
Research and development	$ 77,558	11%	$ 67,641	13%	$ 61,232	13%
Sales and marketing	108,054	16%	97,870	18%	89,344	19%
General and administrative	44,694	7%	39,253	7%	40,634	9%
	$ 230,306	34%	$ 204,764	38%	$ 191,210	41%

Overall, R&D, sales and marketing, and G&A increased by approximately $25.5 million in fiscal 2004 compared to fiscal 2003. Incremental expenses arising from acquisitions were approximately $13.7 million and the impact of the weaker US dollar on non US operating expenses were approximately $7.6 million.

Research and development expenses increased by $9.9 million in fiscal 2004 compared to fiscal 2003 primarily due to sustaining engineering expenses and costs incurred related to new product development, continued investment in next generation technologies, and the effect of foreign currency fluctuations.

Research and development expenses increased by $6.4 million in fiscal 2003 compared to fiscal 2002 due to continued investment in next generation technology primarily in the Engineering and Construction segment, the weakness of the US dollar versus major European and New Zealand currencies, and also the inclusion of the research and development expenses from Applanix after its acquisition in July 2003.

* Overall spending remained relatively constant at approximately 13% of revenues. We expect to continue to devote resources to the development of new products and the enhancement of existing products. We believe that research and development is critical to our strategic product development objectives and that to leverage our leading technology and meet the changing requirements of our customers, we will need to fund investments in several development projects in parallel.

Sales and marketing expenses increased by $10.2 million in fiscal 2004 compared to fiscal 2003, but decreased as a percent of total revenues. The majority of the increase was due to the increase in revenue, promotional programs associated with new products, and the foreign exchange impact on expenses in our non US operations.

Sales and marketing expenses increased by $8.5 million in fiscal 2003 compared to fiscal 2002 primarily due to higher revenue, increased sales efforts mostly in emerging geographic areas such as China and Russia, the impact of the weaker US dollar in Europe, and the inclusion of Applanix sales and marketing expenses not applicable in the prior fiscal year.

* We intend to continue to focus and expand our sales and marketing efforts across all the geographies and markets we serve in order to increase market awareness of our products and to better support our existing customers worldwide. Our future growth will depend in part on the timely development and continued viability of the markets in which we currently compete as well as our ability to continue to identify and exploit new markets for our products.

General and administrative expenses increased by $5.4 million in fiscal 2004 compared to fiscal 2003 primarily due to the inclusion of G&A expenses from acquisitions, compliance with Sarbanes-Oxley, and bad debt expenses of $1.2 million. Spending overall remained relatively constant at approximately 7% of revenues.

General and administrative expenses in fiscal 2003 decreased by $1.4 million and represented 7.3% of revenues compared with 8.7% in fiscal 2002. In fiscal 2002, we experienced higher bad debt expenses, primarily due to the bankruptcy of a large Japanese distributor. In addition, in fiscal 2003 we incurred $3.0 million less in information systems expenses. These reductions were offset in fiscal 2003 by lower sublease income received, expenses from Applanix after the acquisition in July 2003, and higher compensation costs.

Other Operating Expenses

Restructuring Charges

Restructuring charges of $0.6 million, $2.0 million, and $1.1 million were recorded in fiscal years 2004, 2003 and 2002, respectively. The charges in fiscal 2004 were primarily related to severance costs due to the realignment of Trimble Mobile Solutions, Inc., while charges in fiscal 2003 were primarily related to our Japanese office relocation due to the Nikon-Trimble joint venture formation As a result of these actions, the headcount of the affected operations decreased by 36, 77 and 49 in fiscal 2004, 2003, and 2002, respectively. As of December 31, 2004, the remaining accrual balance of $0.4 million is primarily related to severance expected to be paid in fiscal 2005.

Amortization of Purchased and Other Intangible Assets

Fiscal Years Ended	December 31, 2004	January 2, 2004	January 3, 2003
(in thousands)			
Amortization of purchased intangibles	$ 8,327	$ 7,312	$ 8,300
Amortization of other intangible assets	183	604	868
Amortization of purchased and other intangible assets	$ 8,510	$ 7,916	$ 9,168

Amortization expense of purchased and other intangibles represented 1.3% of revenue in fiscal 2004, having increased $0.6 million from fiscal 2003 when it represented 1.5% of revenue.

Amortization expense of purchased and other intangibles represented 1.5% of revenue in fiscal 2003, having decreased by approximately $1.3 million from fiscal 2002 when it represented 2% of revenue. The decrease was due to certain Spectra intangibles being fully amortized during fiscal 2003.

Non-operating Expense, Net

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

Fiscal Years Ended	December 31, 2004	January 2, 2004	January 3, 2003
(in thousands)			
Interest income	$ 436	$ 465	$ 659
Interest expense	(3,888)	(11,938)	(14,710)
Foreign exchange loss	(859)	(592)	(823)
Expenses for affiliated operations, net	(7,590)	(6,403)	(3,954)
Other income (expense)	1,200	118	(1,171)
Total non-operating expense, net	$ (10,701)	$ (18,350)	$ (19,999)

Non-operating expense, net decreased by $7.6 million or 42% during fiscal 2004 as compared with fiscal 2003 primarily due to lower interest expense after the repayment of the principal balance of a subordinated note in June 2003, the write off of $2.3 million of debt issuance costs as a result of our debt refinancing in June 2003 and $1.3 million related to the write off of the remaining unamortized portion of the warrants issued to Spectra Physics Holdings, Inc. The increases in expense for affiliated operations were primarily due to our higher construction machine control revenues which led to increased impact from the pricing effects of transactions between us and the Caterpillar joint venture. (See Note 5 of the Notes to the Consolidated Financial Statements for financial information regarding joint ventures). This was partially offset by $1.1 million related to our share of profits in the Nikon-Trimble joint venture. The increase in other income (expense) was primarily due to a net gain related to the sale of an investment.

Non-operating expense, net decreased by $1.6 million or 8% during fiscal 2003 as compared with fiscal 2002 primarily due to a reduction in interest expense of $2.8 million offset by an increase in expenses for affiliated operations. The increase in expenses for affiliated operations is primarily due to the full year impact of transfer pricing effects on transactions between us and our Caterpillar joint venture, which commenced operations in April 2002. In addition, we recorded approximately $0.3 million relating to our share of the losses in our Nikon joint venture established in 2003.

In fiscal 2003, interest expense decreased by approximately $2.8 million due to continued debt repayment during the year of approximately $51.8 million, combined with the effect of lower interest rates. Offsetting the lower debt interest, during the year, we recorded approximately $3.6 million of interest expense due to the write off of $2.3 million of unamortized debt issuance costs as a result of our debt refinancing in June 2003, as well as $1.3 million related to the unamortized portion of warrants associated with the principal balance of a subordinated note.

Income Tax Provision

Our effective income tax rates for fiscal years 2004, 2003 and 2002 were 10%, (8%) and 25%, respectively. The fiscal 2002 income tax rate differs from the US federal statutory rate of 35% due primarily to non-US taxes and the inability to realize the benefit of net operating losses. The 2004 and 2003 income tax rates are less than the US federal statutory rate, primarily due to the realization of benefits from net operating losses and other previously reserved deferred tax assets.

* We expect our effective income tax rate to go up in fiscal year 2005 because of the significant realization of the valuation allowance for deferred taxes in fiscal year 2004. The Company expects its effective income tax rate to approximate 35%.

* In October 2004, The American Jobs Creation Act of 2004 was signed into law providing changes in the tax law including an incentive to repatriate undistributed earnings of foreign subsidiaries. We are currently evaluating the potential impact of these provisions, including assessing the details of the Act, analyzing the funds available for repatriation, the economic cost of doing so and assessing the qualified uses of repatriated funds. However, given the preliminary stage of our evaluation, it is not possible to determine the impact to our fiscal year 2005 income tax provision. The Company expects to complete its evaluation by September 30, 2005.

Litigation Matters

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

OFF-BALANCE SHEET ARRANGEMENTS

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

LIQUIDITY AND CAPITAL RESOURCES

As of and for the Fiscal Year Ended	December 31, 2004	January 2, 2004	January 3, 2003
(dollars in thousands)			
Cash and cash equivalents	$ 71,872	$ 45,416	$ 28,679
As a percentage of total assets	11.1%	8.3%	6.5%
Accounts receivable days sales outstanding (DSO) (1)	61	65	64
Inventory turns per year	4	4	5
Total debt	$ 38,996	$ 90,486	$ 138,525
Cash provided by operating activities	$ 73,115	$ 36,460	$ 32,316
Cash used in investing activities	$ (25,133)	$ (22,653)	$ (5,766)
Cash provided (used) by financing activities	$ (24,159)	$ 54	$ (31,729)
Net increase/(decrease) in cash and cash equivalents	$ 26,456	$ 16,737	$ (2,399)

(1) We have reclassified deferred revenues previously included in accounts receivable, net to the liabilities section in the Consolidated Balance Sheets in fiscal year 2004 and for all periods presented. As such, the DSO calculation for all fiscal periods has been restated.

Cash and Cash Equivalents

In fiscal 2004, our cash and cash equivalents increased by $26.5 million from fiscal 2003. The increase was primarily due to cash generated by operating activities, partially offset by cash used in investing activities for acquisitions and cash used in financing activities for debt repayment.

In fiscal 2004, cash provided by operating activities was $73.1 million, as compared to $36.5 million in fiscal 2003. The increase of $36.7 million was primarily driven by the $29.2 million increase in net income during fiscal 2004 compared to fiscal 2003 and better management of working capital. Our ability to continue to generate cash from operations will depend in large part on profitability, the rate of collections of accounts receivable, our inventory turns, and our ability to manage other areas of working capital. Our accounts receivable days for sales outstanding decreased from 65 days at the end of fiscal 2003 to 61 days at the end of fiscal 2004. Our inventory turns was unchanged at four at the end of fiscal 2004 and 2003.

Cash used in investing activities was $25.1 million in fiscal 2004 as compared to $22.7 million in fiscal 2003. The increase was primarily due to cash acquisitions and investment in capital equipment. During fiscal 2004, we spent approximately $12.8 million on capital expenditures.

Cash used in financing activities was $24.2 million in fiscal 2004 as compared to $54,000 in fiscal 2003. However, during fiscal 2004, we repaid approximately $65.2 million of debt related to our previous Credit Facility. These debt payments were funded by cash provided by operating activities, and the issuance of common stock to employees pursuant to our stock option plan and employee stock purchase plan of approximately $26.8 million.

* We believe that our cash and cash equivalents, together with our credit facilities, will be sufficient to meet our anticipated operating cash needs for at least the next twelve months. At December 31, 2004, we had $71.9 million of cash and cash equivalents as well as access to $118 million of cash under the terms of our revolver loans.

* We expect fiscal 2005 capital expenditures to be approximately $14 million to $15 million, primarily for computer equipment, software, manufacturing tools and test equipment, and leasehold improvements associated with business expansion. Decisions related to how much cash is used for investing are influenced by the expected amount of cash to be provided by operations.

Debt

At the end of fiscal 2004, our total debt was approximately $39 million as compared with approximately $90.5 million at the end of fiscal 2003. This balance primarily consists of $31.3 million outstanding under a term loan and $7 million outstanding under a senior secured revolving credit facility. On June 25, 2003, we obtained a new Credit Facility (comprising of a term loan and revolver) in the amount of $109 million that enabled us to pay off our indebtedness under our previous credit facility and a subordinated note used to finance the Spectra Physics acquisition.

The new Credit Facility is secured by all material assets of our Company, except for a portion of assets that are not pledged due to foreign tax considerations. Financial covenants of the Credit Facility include leverage, fixed charge, and minimum net worth tests. At December 31, 2004 and as of the date of this report, we are in compliance with all debt covenants. The amortized principal, interest, and commitment fees due under the Credit Facility are paid quarterly. Under the four-year term loan portion of the Credit Facility, we are due to make payments (excluding interest) of approximately $12.5 million in each of the next two fiscal years (2005 and 2006), and $6.3 million in fiscal 2007.

Under the terms of the Credit Facility, we are allowed to pay dividends and repurchase shares of our common stock up to 25% of net income in the previous fiscal year. For additional discussion of our debt, see Note 9 of Notes to the Consolidated Financial Statements.

CONTRACTUAL OBLIGATIONS

The following table summarizes our contractual obligations at December 31, 2004:

(in thousands)	Total	Less than 1 year	1-3 Years	3-5 years	More than 5 - years
Total debt including interest	$ 39,693	$ 20,483	$ 19,210	$ -	$ -
Operating leases	23,957	11,412	6,591	4,018	1,936
Other purchase obligations and commitments	49,862	45,703	4,159	-	-
Total (1)	$ 113,512	$ 77,598	$ 29,960	$ 4,018	$ 1,936

Payments Due By Period

(1) Total excludes contractual obligations already recorded on our balance sheet as current liabilities, or certain obligations as discussed below.

* As of December 31, 2004, $22.6 million of our total debt was subject to variable quarterly interest rates. Per our loan agreement, we pay a three-month LIBOR rate plus a certain spread that depends on our leverage ratio. Our spread is expected to be 1.5% over the remaining life of the debt. We have assumed a three-month LIBOR rate of 2.56% for the first quarter of fiscal 2005 and have forecasted an increase of 25 basis point quarter over quarter to a maximum of 4.81%. (See Note 9 of the Notes to the Consolidated Financial Statements for further financial information regarding long-term debt)

Other purchase obligations and commitments represent open purchase orders for material purchases with our customers and a forecasted commitment with a supplier for outsourced services as described in Note 10 of the Notes to the Consolidated Financial Statements. Our pension obligation which is not included in the table above, and is included in "Other non-current liabilities" on our Consolidated Balance Sheets, is disclosed at Note 16 of the Notes to the Consolidated Financial Statements.

NEW ACCOUNTING STANDARDS

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment." SFAS No. 123R requires employee stock options and rights to purchase shares under stock participation plans to be accounted for under the fair value method, and eliminates the ability to account for these instruments under the intrinsic value method prescribed by APB Opinion No. 25, and allowed under the original provisions of SFAS No. 123. SFAS No. 123R requires the use of an option pricing model for estimating fair value, which is amortized to expense over the service periods. The requirements of SFAS No. 123R are effective for fiscal periods beginning after June 15, 2005. If we had applied the provisions of SFAS No. 123R to the financial statements for the period ending December 31, 2004, assuming that adoption would result in amounts similar to the current pro forma disclosures under SFAS 123R, net income would have been reduced by approximately $8.6 million. SFAS No. 123R allows for either prospective recognition of compensation expense or retrospective recognition, which may be back to the original issuance of SFAS No. 123 or only to interim periods in the year of adoption. We are currently evaluating these transition methods.

RISKS AND UNCERTAINTIES

You should carefully consider the following risk factors, in addition to the other information contained in this Form 10-K and in any other documents to which we refer you in this Form 10-K, before purchasing our securities. The risks and uncertainties described below are not the only ones we face.

Our Inability to Accurately Predict Orders and Shipments May Affect Our Revenue, Expenses and Earnings per Share.

We have not been able in the past to consistently predict when our customers will place orders and request shipments so that we cannot always accurately plan our manufacturing requirements. As a result, if orders and shipments differ from

what we predict, we may incur additional expenses and build excess inventory, which may require additional reserves and allowances. Any significant change in our customers' purchasing patterns could have a material adverse effect on our operating results and reported earnings per share for a particular quarter.

Our Operating Results in Each Quarter May Be Affected by Special Conditions, Such As Seasonality, Late Quarter Purchases, Weather, and Other Potential Issues.

Due in part to the buying patterns of our customers, a significant portion of our quarterly revenues occurs from orders received and immediately shipped to customers in the last few weeks and days of each quarter, although our operating expenses tend to remain fairly predictable. Engineering and construction purchases tend to occur in early spring, and governmental agencies tend to utilize funds available at the end of the government's fiscal year for additional purchases at the end of our third fiscal quarter in September of each year. Concentrations of orders sometimes also occur at the end of our other two fiscal quarters. Additionally, a majority of our sales force earns commissions on a quarterly basis which may cause concentrations of orders at the end of any fiscal quarter. If for any reason expected sales are deferred, orders are not received, or shipments are delayed a few days at the end of a quarter, our operating results and reported earnings per share for that quarter could be significantly impacted.

We Are Dependent on a Specific Manufacturer and Assembler for Many of Our Products and on Specific Suppliers of Critical Parts for Our Products.

We are substantially dependent upon Solectron Corporation in California, China and Mexico as our preferred manufacturing partner for many of our GPS products previously manufactured out of our Sunnyvale facilities. Under the agreement with Solectron, we provide to Solectron a twelve-month product forecast and place purchase orders with Solectron at least thirty calendar days in advance of the scheduled delivery of products to our customers depending on production lead time. Although purchase orders placed with Solectron are cancelable, the terms of the agreement would require us to purchase from Solectron all inventory not returnable or usable by other Solectron customers. Accordingly, if we inaccurately forecast demand for our products, we may be unable to obtain adequate manufacturing capacity from Solectron to meet customers' delivery requirements or we may accumulate excess inventories, if such inventories are not usable by other Solectron customers.

Our current contract with Solectron continues in effect until either party gives the other ninety days written notice.

In addition, we rely on specific suppliers for a number of our critical components. We have experienced shortages of components in the past. Our current reliance on specific 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. 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 harm our reputation and brand, and could have a material adverse effect on our business.

Our Annual and Quarterly Performance May Fluctuate.

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 existing or new 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,
- the timing of shipments of products under contracts and
- general global economic conditions.

In addition, demand for our products in any quarter or year may vary due to the seasonal buying patterns of our customers in the agricultural and engineering and construction industries. Due to the foregoing factors, our operating results in one or more future periods are expected to be subject to significant fluctuations. The price of our common stock could decline substantially in the event such fluctuations result in our financial performance being below the expectations of public market analysts and investors, which are based primarily on historical models that are not necessarily accurate representations of the future.

Our Gross Margin Is Subject to Fluctuation.

Our 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, sales of Nikon-branded products generally have lower gross margins as compared to our GPS survey products. Absent other factors, a shift in sales towards Nikon-branded products would lead to a reduction in our overall gross margins. A decline in gross margin could potentially negatively impact our earnings per share.

Failure to maintain effective internal controls in compliance with Section 404 of the Sarbanes-Oxley Act could have an adverse effect on our business and stock price.

Section 404 of the Sarbanes-Oxley Act requires us to include an internal control report of management in our Annual Report on Form 10-K. For fiscal 2004 we satisfied the requirements of Section 404, which requires annual management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent auditors addressing these assessments.

A system of controls, however well designed and operated, cannot provide absolute assurance that the objectives of the system will be met. In addition, the design of a control system is based in part upon certain assumptions about the likelihood of future events. Because of the inherent limitations of control systems, there is only reasonable assurance that our controls will succeed in achieving their stated goals under all potential future conditions.

We Are Dependent on New Products.

Our 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. We may incur problems in the future in innovating and introducing new products. Our development stage products may not be successfully completed or, if developed, may not 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 we might not achieve timely initial customer shipments of new products. The timely availability of these products in volume and their acceptance by customers are important to our future success. A delay in new product introductions could have a significant impact on our results of operations.

Our products may contain errors or defects, which could result in damage to our reputation, lost revenues, diverted development resources and increased service costs, warranty claims and litigation.

Our devices are complex and must meet stringent requirements. We warrant that our products will be free of defect for various periods of time, depending on the product. In addition, certain of our contracts include epidemic failure clauses. If invoked, these clauses may entitle the customer to return or obtain credits for products and inventory, or to cancel outstanding purchase orders even if the products themselves are not defective.

We must develop our products quickly to keep pace with the rapidly changing market, and we have a history of frequently introducing new products. Products and services as sophisticated as ours could contain undetected errors or defects, especially when first introduced or when new models or versions are released. In general, our products may not be free from errors or defects after commercial shipments have begun, which could result in damage to our reputation, lost revenues, diverted development resources, increased customer service and support costs and warranty claims and litigation which could harm our business, results of operations and financial condition.

We May Not Be Able to Enter Into or Maintain Important Alliances.

We believe that in certain business opportunities our success will depend on our ability to form and maintain alliances with industry participants, such as Caterpillar, Nikon, McNeilus, and CNH Global. Our failure to form and maintain such alliances, or the pre-emption of such alliances by actions of other competitors or us, will adversely affect our ability to penetrate emerging markets. No assurances can be given that we will not experience problems from current or future alliances or that we will realize value from any such strategic alliances.

We Are Dependent on the Availability of Allocated Bands Within the Radio Frequency Spectrum.

Our GPS technology is dependent on the use of the Standard Positioning Service ("SPS") provided by the US Government's 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 that have treaty status and which may be subject to modification every two to 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. Many of our products use other radio frequency bands, together with the GPS signal, to provide enhanced GPS capabilities, such as real-time kinematic precision. The continuing availability of these non-GPS radio frequencies is essential to provide enhanced GPS products to our precision survey and construction machine controls markets. Any regulatory changes in spectrum allocation or in allowable operating conditions 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 in-band 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 FCC continually receives proposals for novel technologies and services, such as ultra-wideband technologies, which may seek to operate in, or across, the radio frequency bands currently used by the GPS SPS and other public safety services. Adverse decisions by the FCC that result in harmful interference to the delivery of the GPS SPS and other radio frequency spectrum also used in our products may materially and adversely affect the utility and reliability of our products, which could result in a material adverse effect on our business and financial condition.

We Are Subject to the Adverse Impact of Radio Frequency Congestion.

We have certain products, such as GPS RTK systems, and surveying and mapping systems that use integrated radio communication technology requiring access to available radio frequencies allocated by the FCC (or the NTIA in the case of federal government users of this equipment) for which the end user is required to obtain a license in order to operate their equipment. In addition, access to these frequencies by state agencies is under management by state radio communications coordinators. Some bands are experiencing congestion that excludes their availability for access by state agencies in some states. To reduce congestion, the FCC announced that it will require migration of radio technology from wideband to narrowband operations in these bands. In December 2003, the FCC stayed the effectiveness of its new rules until it acts on petitions requesting a reconsideration of this new requirement. The stay is indefinite at this point and the outcome of this proceeding is unknown at this time. An inability to obtain access to these radio frequencies by end users, and for new products to comply with FCC requirements, could have an adverse effect on our operating results.

Many of Our Products Rely on the GPS Satellite System.

The GPS 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 29 satellites in place, some have already been in operation for 12 years. To repair damaged or malfunctioning satellites is currently not economically feasible. If a significant number of satellites were to become inoperable, there could be a substantial delay before they are replaced with new satellites. A reduction in the number of operating satellites may impair the current utility of the GPS system and the growth of current and additional market opportunities.

In addition, there can be no assurance that the US Government will remain committed to the operation and maintenance of GPS satellites over a long period, or that the policies of the US 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 reaffirmed in 2004. In addition, Presidential policy has been complemented by corresponding legislation, signed into law. Because of ever-increasing commercial applications of GPS, other US 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 our products to select GPS-based systems instead of products based on competing technologies.

Many of our products also use signals from systems that augment GPS, such as the Wide Area Augmentation System (WAAS) and National Differential GPS System (NDGPS). Many of these augmentation systems are operated by the federal government and rely on continued funding and maintenance of these systems. Any curtailment of the operating capability of these systems could result in decreased user capability thereby impacting our markets.

The European governments have begun development of an independent satellite navigation system, known as Galileo. We believe we will have access to the signal design to develop compatible receivers. However, if access to the signal structure is delayed it may have a materially adverse effect on our business and operating results.

Our Business is Subject to Disruptions and Uncertainties Caused by War or Terrorism.

Acts of war or acts of terrorism could have a material adverse impact on our business, operating results, and financial condition. The threat of terrorism and war and heightened security and military response to this threat, or any future acts of terrorism, may cause further disruption to our economy and create further uncertainties. To the extent that such disruptions or uncertainties result in delays or cancellations of orders, or the manufacture or shipment of our products, our business, operating results, and financial condition could be materially and adversely affected.

Our Credit Agreement Contains Financial Covenants.

On June 25, 2003, we executed a Credit Agreement with Scotia Capital and certain other banks which provides for financial commitments totaling up to $175 million. This credit facility contains financial covenants regarding minimum fixed charge coverage and maximum leverage ratio which are extremely sensitive to changes in earnings before interest, taxes, depreciation and amortization, or EBITDA. In turn, EBITDA is highly correlated to revenues and costs. If we default on one or more covenants, we will have to obtain either negotiated waivers or amendments to the Credit Agreement. If we were unable to obtain such waivers or amendments, the banks would have the right to accelerate the payment of our outstanding obligations under the Credit Agreement which would have a material adverse effect on our financial condition and viability as an operating company. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on us.

We Face Risks in Investing in and Integrating New Acquisitions.

Acquisitions of companies, divisions of companies, or products entail numerous risks, including:

- potential inability to successfully integrate acquired operations and products or to realize cost savings or other anticipated benefits from integration;

- diversion of management's attention;
- loss of key employees of acquired operations;
- the difficulty of assimilating geographically dispersed operations and personnel of the acquired companies;
- the potential disruption of our ongoing business;
- unanticipated expenses related to such integration;

- the correct assessment of the relative percentages of in-process research and development expense that can be immediately written off as compared to the amount which must be amortized over the appropriate life of the asset;
- the impairment of relationships with employees and customers of either an acquired company or our own business;
- the potential unknown liabilities associated with acquired business; and
- inability to recover strategic investments in development stage entities.

As a result of such acquisitions, we have significant assets that include goodwill and other purchased intangibles. The testing of these intangibles under established accounting guidelines for impairment requires significant use of judgment and assumptions. Changes in business conditions could require adjustments to the valuation of these assets. In addition, losses incurred by a company in which we have an investment may have a direct impact on our financial statements or could result in our having to write-down the value of such investment. Any such problems in integration or adjustments to the value of the assets acquired could harm our growth strategy and have a material adverse effect on our business, financial condition and compliance with debt covenants.

We Face Competition in Our Markets.

Our markets are highly competitive and we expect that both direct and indirect competition will increase in the future. 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 encounter direct competition from other GPS, optical and laser suppliers and competition may intensify from various larger US and non-US competitors and new market entrants, some of which may be our current customers. The competition in the future may, in some cases, 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. We may not be able to implement this strategy successfully, and our products may not 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 Are Dependent on Proprietary Technology.

Our future success and competitive position is dependent upon our proprietary technology, and we rely on patent, trade secret, trademark and copyright law to protect our intellectual property. The patents owned or licensed by us may be invalidated, circumvented, and challenged. The rights granted under these patents may not provide competitive advantages to us. Any of our pending or future patent applications may not be issued within the scope of the claims sought by us, if at all.

Others may develop technologies that are similar or superior to our technology, duplicate our technology or design around the patents owned by us. In addition, effective copyright, patent and trade secret protection may be unavailable, limited or not applied for in certain countries. The steps taken by us to protect our technology might not 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. We recognize 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.

We Must Carefully Manage Our Future Growth.

Growth in our sales or continued expansion in the scope of our operations could strain our current 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. Specifically we have experienced strain in our financial and order management system. We are expanding our sales, accounting, manufacturing, and other information systems to meet these challenges. Problems associated with any improvement or expansion of these systems, procedures or controls may adversely affect our operations and these systems, procedures or controls may not 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 harm our growth strategy and adversely affect our financial condition and ability to achieve our business objectives.

We Are Dependent on Retaining and Attracting Highly Skilled Development and Managerial Personnel.

Our ability to maintain our competitive technological position will depend, in a large part, on our ability to attract, motivate, and retain highly qualified development and managerial personnel. Competition for qualified employees in our industry and locations 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.

We May Encounter Problems Associated With International Operations and Sales.

Our customers are located throughout the world. Sales to unaffiliated customers in non-US locations represented approximately 50% of our revenues in our fiscal year 2004, 51% of our revenues in our fiscal year 2003, and 49% in our fiscal year 2002, respectively. In addition, we have significant international operations, including a joint venture, manufacturing facilities, sales personnel and customer support operations. We have sales offices outside the US. Our non-US manufacturing facilities are in Sweden, Canada, France, and Germany, and we have a regional fulfillment center in the Netherlands. Our non-US presence exposes us to risks not faced by wholly US companies.

Specifically, we have experienced issues relating to integration of non-US operations, greater difficulty in accounts receivable collection, longer payment cycles, and currency fluctuations. Additionally, we face the following risks, among others:

- unexpected changes in regulatory requirements;
- tariffs and other trade barriers;
- political, legal and economic instability in non-US 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; o war and acts of terrorism; and
- potentially adverse tax consequences.

In certain non-US markets, there may be reluctance to purchase products based on GPS technology, given the control of GPS by the US Government.

We Are Exposed to Fluctuations in Currency Exchange Rates.

A significant portion of our business is conducted outside the United States, and as such, we face exposure to movements in non-US currency exchange rates. These exposures may change over time as business practices evolve and could have a material adverse impact on our financial results and cash flows. In fiscal 2004, the US dollar continued to weaken against several major currencies in which we do business, adversely impacting our financial results. The weaker US dollar negatively impacts our operating income due to significant manufacturing, distribution, research and development, and selling expenses incurred outside of the US, while the weaker US dollar positively impacts our revenues generated in foreign currencies, primarily the Euro.

Currently, we hedge only those currency exposures associated with certain assets and liabilities denominated in non-functional currencies. The hedging activities undertaken by us are intended to offset the impact of currency fluctuations on certain non-functional currency assets and liabilities. Our attempts to hedge against these risks may not be successful resulting in an adverse impact on our net income.

We Are Subject to the Impact of Governmental and Other Similar Certifications.

We market certain products that are subject to governmental and similar certifications before they can be sold. For example, CE certification for radiated emissions is required for most GPS receiver and data communications products sold in the European Union. An inability to obtain such certifications in a timely manner could have an adverse effect on our operating results. Also, some of 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. These are secondary licenses that are subject to certain restrictions. 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 changes to the rules by the FCC could adversely affect our ability to bring our products to market which could harm our customer relationships and have a material adverse effect on our business.

The Volatility of Our Stock Price Could Adversely Affect Your Investment in Our Common Stock.

The market price of our common stock has been, and may continue to be, highly volatile. During fiscal 2004, our stock price ranged from $20.15 to $34.45. We believe that a variety of factors could cause the price of our common stock to fluctuate, perhaps substantially, including:

- announcements and rumors of developments related to our business or the industry in which we compete;
- quarterly fluctuations in our actual or anticipated operating results and order levels;
- general conditions in the worldwide economy, including fluctuations in interest rates;
- announcements of technological innovations;
- new products or product enhancements by us or our competitors;
- developments in patents or other intellectual property rights and litigation;
- developments in our relationships with our customers and suppliers; and
- any significant acts of terrorism against the United States.

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

We may be Materially Affected by New Regulatory Requirements.

We face increasing complexity in our product design and procurement operations as we adjust to new and upcoming requirements relating to the materials composition of many of our products. The European Union ("EU") has adopted two directives to facilitate the recycling of electrical and electronic equipment sold in the EU. The first of these is the Waste Electrical and Electronic Equipment (WEEE) directive, which directs EU member states to enact laws, regulations, and administrative provisions to ensure that producers of electrical and electronic equipment are financially responsible for specified collection, recycling, treatment and environmentally sound disposal of products placed on the market after August 13, 2005 and from products in use prior to that date that are being replaced. The EU has also adopted the Restriction on the Use of Certain Hazardous Substances in Electrical and Electronic Equipment ("RoHS") directive. The RoHS directive restricts the use of lead, mercury and certain other substances in electrical and electronic products placed on the market in the European Union after July 1, 2006.

Similar laws and regulations have been or may be enacted in other regions, including in the United States, China and Japan. Other environmental regulations may require us to reengineer our products to utilize components which are more environmentally compatible and such reengineering and component substitution may result in additional costs to us. Although we do not anticipate any material adverse effects based on the nature of our operations and the effect of such laws, there is no assurance that such existing laws or future laws will not have a material adverse effect on our business.

We are Subject to Environmental Laws and Potential Exposure to Environmental Liabilities.

We are subject to various federal, state and local environmental laws and regulations that govern our operations, including the handling and disposal of non-hazardous and hazardous wastes, and emissions and discharges into the environment. Failure to comply with such laws and regulations could result in costs for corrective action, penalties, or the imposition of other liabilities. We also are subject to laws and regulations that impose liability and clean-up responsibility for releases of hazardous substances into the environment. Under certain of these laws and regulations, a current or previous owner or operator of property may be liable for the costs of remediating hazardous substances or petroleum products on or from its property, without regard to whether the owner or operator knew of, or caused, the contamination, as well as incur liability to third parties impacted by such contamination. The presence of, or failure to remediate properly, such substances could adversely affect the value and the ability to transfer or encumber such property. Based on currently available information, although there can be no assurance, we believe that such liabilities will not have a material impact on our business.

Provisions in Our Charter Documents and Under California Law Could Prevent or Delay a Change of Control, which Could Reduce the Market Price of Our Common Stock.

Certain provisions of our articles of incorporation, as amended and restated, our bylaws, as amended and restated, and the California General Corporation Law may be deemed to have an anti-takeover effect and could discourage a third party from acquiring, or make it more difficult for a third party to acquire, control of us without approval of our board of directors. These provisions could also limit the price that certain investors might be willing to pay in the future for shares of our common stock. Certain provisions allow the board of directors to authorize the issuance of preferred stock with rights superior to those of the common stock.

We have adopted a Preferred Shares Rights Agreement, commonly known as a "poison pill." The provisions described above, our poison pill and provisions of the California General Corporation Law may discourage, delay or prevent a third party from acquiring us.

Item 7A. Quantitative and Qualitative Disclosure about Market Risk

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

Market Interest Rate Risk

We are exposed to market risk due to the possibility of changing interest rates under our secured Credit Facility. Our Credit Facility is comprised of a three-year, US dollar-only revolver that expires on June 25, 2006, and a four-year term loan that expires on June 25, 2007. Borrowings under the Credit Facility have interest payments based on a floating rate of LIBOR plus a number of basis points tied to a formula based on our Leverage Ratio. The revolver matures on June 25, 2006 and has an outstanding principal balance of $7 million, while the term loan matures on June 25, 2007 and has an outstanding principal balance of $31.25 million, as of December 31, 2004 (all in US currency only). The three-month LIBOR effective rate at December 31, 2004 was 2.56%. A hypothetical 10% increase in three-month LIBOR rates could result in approximately $98,000 annual increase in interest expense on the existing principal balances. We have hedged the market risk with an interest rate swap on 50% of our term loan. The rate on that interest rate swap is 2.517%.

* 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 our 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.

Foreign Currency Exchange Rate Risk

We enter into foreign exchange forward contracts to minimize the short-term impact of foreign currency fluctuations on certain trade and inter-company receivables and payables, primarily denominated in Australian, Canadian, New Zealand, and Swedish currencies, the Euro, and the British pound. 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 forward contracts. These instruments are marked to market through earnings every period and generally range from one to three months in original maturity. We do not enter into foreign exchange forward contract for trading purposes.

Foreign exchange forward contracts outstanding as of December 31, 2004 and January 2, 2004 are summarized as follows (in thousands):

	December 31, 2004		January 2, 2004	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
Forward contracts:				
Purchased	$ (15,875)	$ 431	$ 15,767	$ (1,666)
Sold	$ 22,750	$ (970)	$ 44,236	$ 2,994

* We do not anticipate any material adverse effect on our consolidated financial position utilizing our current hedging strategy.

TRIMBLE NAVIGATION LIMITED
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Item 8. Financial Statements and Supplementary Data

CONSOLIDATED BALANCE SHEETS

As at (in thousands)	December 31, 2004	January 2, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 71,872	$ 45,416
Accounts receivable, less allowance for doubtful accounts of $8,952 and $9,953, respectively	123,938	104,634
Other receivables	4,182	6,415
Inventories, net	87,745	70,826
Deferred income taxes	21,852	4,380
Other current assets	7,878	8,847
Total current assets	317,467	240,518
Property and equipment, net	30,991	27,379
Goodwill	259,522	241,425
Other purchased intangible assets, net	13,835	19,741
Deferred income taxes	8,019	4,173
Other assets	24,144	19,366
Total non-current assets	336,511	312,084
Total assets	$ 653,978	$ 552,602
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 12,500	$ 12,885
Accounts payable	43,551	26,019
Accrued compensation and benefits	31,202	25,950
Accrued liabilities	11,510	15,599
Deferred revenues	9,317	7,699
Accrued warranty expense	6,425	5,147
Deferred income taxes	2,521	1,136
Income taxes payable	11,951	9,969
Total current liabilities	128,977	104,404
Non-current portion of long-term debt	26,496	77,601
Deferred gain on joint venture	9,179	9,845
Deferred income tax	5,435	4,229
Other non-current liabilities	11,730	8,279
Total liabilities	181,817	204,358
Commitments and contingencies		
Shareholders' equity:		
Preferred stock no par value; 3,000 shares authorized; none outstanding	--	--
Common stock, no par value; 90,000 shares authorized; 52,213 and 49,988 shares issued and outstanding at December 31, 2004 and January 2, 2004, respectively	345,127	303,015
Retained earnings	82,670	14,990
Accumulated other comprehensive income	44,364	30,239
Total shareholders' equity	472,161	348,244
Total liabilities and shareholders' equity	$ 653,978	$ 552,602

See accompanying Note to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

Fiscal Years Ended		December 31, 2004		January 2, 2004		January 3, 2003
(in thousands, except per share amounts)						
Revenue (1)	$	668,808	$	540,903	$	466,602
Cost of sales (1)		343,998		272,873		232,170
Gross margin		324,810		268,030		234,432
Operating expenses						
Research and development		77,558		67,641		61,232
Sales and marketing		108,054		97,870		89,344
General and administrative		44,694		39,253		40,634
Restructuring charges		552		2,019		1,099
Amortization of purchased intangible assets		8,327		7,312		8,300
Total operating expenses		239,185		214,095		200,609
Operating income		85,625		53,935		33,823
Non-operating income (expense), net						
Interest income		436		465		659
Interest expense		(3,888)		(11,938)		(14,710)
Foreign currency transaction loss, net		(859)		(592)		(823)
Expenses for affiliated operations, net		(7,590)		(6,403)		(3,954)
Other income (expense), net		1,200		118		(1,171)
Total non-operating expense, net		(10,701)		(18,350)		(19,999)
Income before taxes		74,924		35,585		13,824
Income tax provision (benefit)		7,244		(2,900)		3,500
Net income	$	67,680	$	38,485	$	10,324
Basic earnings per share	$	1.32	$	0.81	$	0.24
Shares used in calculating basic earnings per share		51,163		47,505		42,860
Diluted earnings per share	$	1.23	$	0.77	$	0.24
Shares used in calculating diluted earnings per share		54,948		50,012		43,578

(1) Sales to related parties were $7.6 million, $4.0 million, and $0 in fiscal 2004, 2003 and 2002, respectively, while cost of sales to those related parties were $3.8 million, $1.9 million, and $0 in fiscal 2004, 2003 and 2002, respectively. See Note 5 to these Consolidated Financial Statements for a discussion of related parties.

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	Common stock		Retained Earnings (Deficit)	Accumulative Other Comprehensive Income/(Loss)	Total Shareholders' Equity
	Shares	Amount			
(in thousands)					
Balance at December 28, 2001	40,294	$191,224	$ (33,819)	$ (18,916)	$138,489
Components of comprehensive income:					
Net income			10,324		10,234
Gain on interest rate swap				210	210
Unrealized loss on investments				(17)	(17)
Foreign currency translation adjustments				17,697	17,697
Total comprehensive income					28,214
Issuance of common stock in connection with acquisitions, net	1,190	12,033			12,033
Issuance of common stock under employee plans and exercise of warrants	561	4,091			4,091
Issuance of warrants		1,528			1,528
Issuance of common stock in private placement	1,920	16,996			16,996
Balance at January 3, 2003	43,965	225,872	(23,495)	(1,026)	201,351

Components of comprehensive income:					
Net income			38,485		38,485
Loss on interest rate swap				(7)	(7)
Unrealized gain on investments				74	74
Foreign currency translation adjustments				31,198	31,198
Total comprehensive income					69,750
Issuance of common stock in connection with acquisitions and joint venture, net	1,282	25,795			25,795
Issuance of common stock under employee plans and exercise of warrants	1,593	13,929			13,929
Issuance of warrants		836			836
Issuance of common stock in private placement	3,148	36,583			36,583
Balance at January 2, 2004	49,988	303,015	14,990	30,239	348,244
Components of comprehensive income:					
Net income			67,680		67,680
Gain on interest rate swap				106	106
Unrealized loss on investments				(6)	(6)
Foreign currency translation adjustments, net of tax				14,025	14,025
Total comprehensive income					81,805
Issuance of common stock in connection with acquisitions, net	294	899			899
Issuance of common stock under employee plans, exercise of warrants	1,930	26,805			26,805
Tax benefit from stock option exercises		14,408			14,408
Balance at December 31, 2004	52,213	$345,127	$ 82,670	$ 44,364	$472,161

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal Years Ended (In thousands)	December 31, 2004	January 2, 2004	January 3, 2003
Cash flows from operating activities:			
Net income	$ 67,680	$ 38,485	$ 10,324
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	8,874	8,864	9,850
Amortization	8,510	7,916	9,168
Provision for doubtful accounts	1,210	(32)	5,443
Net loss on sale of fixed assets	202	-	423
Amortization of deferred gain	-	-	(1,061)
Amortization of debt issuance cost	487	3,515	1,197
Deferred income taxes	(1,482)	(6,532)	1,464
Other	(223)	2,533	193
Decrease (increase) in assets and liabilities:			
Accounts receivable, net	(17,245)	(13,944)	(11,043)
Deferred revenues	1,619	1,650	(32)
Other receivables	2,231	(4,389)	460
Inventories, net	(15,529)	(4,862)	(7,649)
Other current and non-current assets	(69)	(792)	(3,920)
Effect of foreign currency translation adjustment	(1,461)	6,895	438
Accounts payable	14,668	(6,387)	8,593
Accrued compensation and benefits	4,847	6,723	3,452
Deferred gain on joint venture	(665)	(947)	10,792
Accrued liabilities	(1,757)	(6,437)	(4,823)
Income taxes payable	1,218	4,201	(953)
Net cash provided by operating activities	73,115	36,460	32,316
Cash flows from investing activities:			
Acquisition of property and equipment	(12,750)	(10,901)	(7,157)
Proceeds from sale of assets	546	334	1,407
Cost of acquisitions, net of cash acquired	(11,388)	(6,606)	1,718
Cost of joint venture and equity investments	(1,500)	(4,810)	-
Costs of capitalized patents	(41)	(670)	(1,734)
Net cash used in investing activities	(25,133)	(22,653)	(5,766)
Cash flows from financing activities:			
Issuance of common stock and warrants	26,805	50,514	21,393
(Payment) collection of notes receivable	271	1,326	(1,082)
Proceeds from long-term debt and revolving credit lines	14,000	138,288	18,000
Payments on long-term debt and revolving credit lines	(65,235)	(190,074)	(70,040)

Net cash provided by (used in) financing activities	(24,159)	54	(31,729)
Effect of exchange rate changes on cash and cash equivalents	2,633	2,876	2,780
Net increase (decrease) in cash and cash equivalents	26,456	16,737	(2,399)
Cash and cash equivalents, beginning of period	45,416	28,679	31,078
Cash and cash equivalents, end of period	$ 71,872	$ 45,416	$ 28,679

See accompanying Notes to the Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: DESCRIPTION OF BUSINESS

Trimble Navigation Limited began operations in 1978 and incorporated in California in 1981. Trimble provides advanced positioning product solutions, most typically to commercial and government users. The principal applications served include surveying, construction, agriculture, urban and natural resource management, defense, and fleet and asset management. The Company's products typically provide its customers benefits that can include lower costs, and higher productivity. Examples of products include systems that guide agricultural and construction equipment, surveying instruments, systems that track fleets of vehicles, and data collection systems that enable the management of large amounts of geo referenced information. In addition, the Company also manufactures components for in vehicle navigation and telematics systems, and timing modules used in the synchronization of wireless networks.

NOTE 2: ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used for revenue recognition, allowances for doubtful accounts, sales returns reserve, allowances for inventory valuation, warranty costs, investments, goodwill impairments, and income taxes among others. The actual results experienced by the Company may differ materially from management's estimates.

Basis of Presentation

Trimble has a fiscal year that ends on the Friday nearest to December 31. Fiscal 2004, a 52-week year, ended on December 31, 2004 and fiscal 2003, also a 52-week year, ended on January 2, 2004. Fiscal year 2002 was a 53-week year that ended on January 2, 2003. The financial results of fiscal year 2002 have an extra week, and therefore will not be exactly comparable to the prior and subsequent 52-week fiscal years.

These Consolidated Financial Statements include the results of Trimble and its subsidiaries. Inter-company accounts and transactions have been eliminated.

Certain amounts from prior years have been reclassified to conform to the current year presentation. The Company has reclassified deferred revenues previously included in accounts receivable, net to the liabilities section in the Consolidated Balance Sheets in fiscal year 2004 and for all periods presented.

Foreign Currency Translation

Assets and liabilities of non-U.S. subsidiaries that operate in local currencies are translated to U.S. dollars at exchange rates in effect at the balance sheet date, with the resulting translation adjustments directly recorded to a separate component of accumulated other comprehensive income. Income and expense accounts are translated at average exchange rates during the year. Where the U.S. dollar is the functional currency, translation adjustments are recorded in foreign currency transaction loss, net.

Cash and Cash Equivalents

Cash and cash equivalents include all cash and highly liquid investments with insignificant interest rate risk and maturities of three months or less at the date of purchase. The carrying amount of cash and cash equivalents approximates fair value because of the short maturity of those instruments.

Fair Value of Financial Instruments

The fair value of certain of the Company's financial instruments, including cash and cash equivalents, and other accrued liabilities approximate cost because of their short maturities. The fair value of investments is determined using quoted market prices for those securities or similar financial instruments.

Concentration of Risk

Cash and cash equivalents are maintained with several financial institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal credit risk.

The Company is also exposed to credit risk in the Company's trade receivables, which are derived from sales to end user customers in diversified industries as well as various resellers. Trimble performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary but generally does not require collateral.

With the selection of Solectron Corporation in August 1999 as an exclusive manufacturing partner for many of its GPS products, Trimble became substantially dependent upon a sole supplier for the manufacture of many of its products. In addition, the Company relies on sole suppliers for a number of its critical components.

Allowance for Doubtful Accounts

Trimble maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments.

Trimble evaluates the collectibility of its trade accounts receivable based on a number of factors such as age of the accounts receivable balances, credit quality, historical experience, and current economic conditions that may affect a customer's ability to pay. In circumstances where the Company is aware of a specific customer's inability to meet its financial obligations to the Company, a specific allowance for bad debts is estimated and recorded which reduces the recognized receivable to the estimated amount Trimble believes will ultimately be collected. In addition to specific customer identification of potential bad debts, bad debt charges are recorded based on the Company's recent past loss history and an overall assessment of past due trade accounts receivable amounts outstanding.

Inventories

Inventories are stated at the lower of standard cost or market (net realizable value). Standard costs approximate actual costs, which are generally on a first-in, first out basis. The Company uses a standard cost accounting system to value inventory and these standards are reviewed at a minimum of once a year and multiple times a year in the most active manufacturing plants. The Company provides inventory allowances based on excess and obsolete inventories determined primarily by future demand forecasts. If actual future demand or market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

Software Development Costs

Software development costs for internal use required to be capitalized pursuant to Statement of Position No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use," have not been material to date.

Goodwill, Purchased Intangible Assets and Long-Lived Assets

Intangible assets include goodwill, assembled workforce, distribution channels, patents, licenses, technology, acquired backlog and trademarks which are capitalized at cost. Intangible assets with definite lives are amortized on the straight-line basis. Useful lives generally range from five to seven years with weighted average useful life of 5.7 years.

If facts and circumstances indicate that the goodwill, other intangible assets, or property and equipment may be impaired, an evaluation of continuing value would be performed. If an evaluation is required, the estimated future

undiscounted cash flows associated with these assets would be compared to their carrying amount to determine if a write-down to fair market value or discounted cash flow value is required. Trimble performed an annual impairment test of goodwill at the end of the third fiscal quarter of 2004, 2003 and 2002, respectively, and found there was no impairment of goodwill. Trimble will continue to evaluate its goodwill for impairment on an annual basis at the end of each fiscal third quarter and whenever events and changes in circumstances suggest that the carrying amount may not be recoverable.

Revenue Recognition

Trimble's revenues are recorded in accordance with the Securities and Exchange Commission's (SEC) Staff Accounting Bulletin (SAB) No. 104, "Revenue Recognition." The Company recognizes product revenue when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collectibility is reasonably assured. In instances where final acceptance of the product is specified by the customer or is uncertain, revenue is deferred until all acceptance criteria have been met.

Revenues from purchased extended warranty and support agreements are deferred and recognized ratably over the term of the warranty/support period. Substantially all technology licenses and research revenue have consisted of initial license fees and royalties, which were recognized when earned, provided we had no remaining obligations.

Contracts and customer purchase orders are typically used to determine the existence of an arrangement. Shipping documents and customer acceptance, when applicable, are used to verify delivery. The Company assesses whether the fee is fixed or determinable based on the payment terms associated with the transaction and whether the sales price is subject to refund or adjustment. The Company assesses collectibility based primarily on the creditworthiness of the customer as determined by credit checks and analysis, as well as the customer's payment history.

Trimble's shipment terms for US orders, and international orders fulfilled from its European distribution center are typically FCA (Free Carrier) shipping point, except certain sales to US government agencies which are shipped FOB destination. FCA shipping point means that Trimble fulfills the obligation to deliver when the goods are handed over, cleared for export, and into the charge of the carrier named by the buyer at the named place or point. If no precise point is indicated by the buyer, Trimble may choose within the place or range stipulated where the carrier will take the goods into carrier's charge. Shipping and handling costs are included in the cost of goods sold.

Other international orders are shipped FOB destination, which means these international orders are not recognized as revenue until the product is delivered and title has transferred to the buyer or FCA shipping point. FOB destination means that Trimble bears all costs and risks of loss or damage to the goods up to that point.

Revenue to distributors and resellers is recognized upon delivery, assuming all other criteria for revenue recognition have been met. Distributors and resellers do not have a right of return.

When a sale involves multiple elements the entire fee from the arrangement is allocated to each respective element based on its relative fair value and recognized when revenue recognition criteria for each element are met. The amount of product revenue allocated to an individual element is limited to the lesser of its relative fair value or the amount not contingent on the Company's delivery of other elements under the arrangement, regardless of the probability of the Company's performance.

Trimble's software arrangements generally consist of a license fee and post contract customer support (PCS). Trimble has established vendor-specific objective evidence (VSOE) of fair value for its PCS contracts based on the renewal rate. The remaining value of the software arrangement is allocated to the license fee using the residual method, which revenue is primarily recognized when the software has been delivered and there are no remaining obligations. Revenue from PCS is recognized ratably over the term of the PCS agreement.

A reserve for sales returns is established based on historical trends in product return rates experienced in the ordinary course of business. The reserve for estimated future returns is recorded as a reduction of our accounts receivable and revenue. If the actual returns were to deviate from the historical data on which the sales reserve had been established, the Company's revenue could be adversely affected.

Support and Warranty

The Company accrues for warranty costs as part of its cost of sales based on associated material product costs, technical support labor costs, and costs incurred by third parties performing work on Trimble's behalf. The products sold are generally covered by a warranty for periods ranging from 90 days to three years, and in some instances up to 5.5 years.

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

Changes in the Company's product warranty liability during the 12 months ended December 31, 2004 and January 2, 2004, are as follows:

Fiscal Years Ended	December 31, 2004	January 2, 2004
(In thousands)		
Beginning balance	$ 5,147	$ 6,394
Warranties accrued	7,333	4,417
Warranty claims	(6,055)	(5,664)
Ending Balance	$ 6,425	$ 5,147

Guarantees, Including Indirect Guarantees of Indebtedness of Others

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

It is not possible to determine the maximum potential amount under these indemnification agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. Historically, payments made by the Company under these agreements were not material and no liabilities have been recorded for these obligations on the Consolidated Balance Sheets as of December 31, 2004 and January 2, 2004.

Advertising Costs

The Company expenses all advertising costs as incurred. Advertising expenses were approximately $9.5 million, $9.2 million, and $6.3 million in fiscal 2004, 2003, and 2002, respectively.

Research and Development Costs

Research and development costs are charged to expense as incurred. The Company received third party funding of approximately $7.7 million, $4.9 million, and

$5.3 million in fiscal 2004, 2003, and 2002, respectively. The Company offsets research and development expenses with any third party funding received. The Company retains the rights to any technology developed under such arrangements.

Stock Compensation

In accordance with the provisions of Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation" and "Statement of Financial Accounting Standards No. 148" ("SFAS 148"), "Accounting for Stock-Based Compensation - Transition and Disclosure," Trimble applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related interpretations in accounting for its stock option plans and stock purchase plan. Accordingly, the Company does not recognize compensation cost for stock options granted at fair market value. Note 15 of the Consolidated Financial Statements describe the plans operated by Trimble.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period, and the estimated fair value of purchases under the employee stock purchase plan is expensed in the year of purchase as well as the stock-based employee compensation cost, net of related tax effects, that would have been included in the determination of net income if the fair value based method had been applied to all awards. The effects on pro forma disclosure of applying SFAS No. 123 are not likely to be representative of the effects on pro forma disclosure of future years.

Pro forma information regarding net income and earnings per share is required by SFAS No. 123 and has been determined as if Trimble had accounted for its employee stock options and purchases under the employee stock purchase plan using the fair value method of SFAS No.123.

Under the Black-Scholes option pricing model, the weighted-average estimated values of employee stock options granted during fiscal years 2004, 2003, and 2002 were $13.85, $10.03, and $5.64, respectively. The value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

Fiscal Years Ended	December 31, 2004	January 2, 2004	January 3, 2003
Expected dividend yield	-	-	-
Expected stock price volatility	45.98%	59.87%	52.70%
Risk free interest rate	3.66%	3.34%	3.13%
Expected life of options after vesting	1.74 years	1.56 years	1.18 years

An analysis of historical information is used to determine the Company's assumptions, to the extent that historical information is relevant, based on the terms of the grants being issued in any given period. The expected life for options granted reflects options granted to existing employees that generally vest ratably over five years from the date of grant.

Under the Employee Stock Purchase Plan, rights to purchase shares are granted during the second and fourth quarter of each year. The estimated weighted average value of rights granted under the Employee Stock Purchase Plan during fiscal years 2004, 2003, and 2002 were $7.31, $3.57, and $3.06 respectively. The fair value of rights granted during 2004, 2003 and 2002 was estimated at the date of grant using the following weighted average assumptions:

Fiscal years ended	December 31, 2004	January 2, 2004	January 3, 2003
Expected dividend yield	-	-	-

Expected stock price volatility	45.98%	59.87%	52.70%
Risk free interest rate	3.66%	3.34%	3.13%
Expected life of options after vesting	0.5 years	0.5 years	0.5 years

Trimble's pro forma information is as follows:

(in thousands, except per share amounts)	December 31, 2004	January 2, 2004	January 3, 2003
Net income, as reported	$ 67,680	$ 38,485	$ 10,324
Compensation expense, net of tax	8,617	9,817	9,895
Pro-forma net income	$ 59,063	$ 28,668	$ 429
Reported basic earnings per share	$ 1.32	$ 0.81	$ 0.24
Pro-forma basic earnings per share	$ 1.15	$ 0.60	$ 0.01
Reported diluted earnings per share	$ 1.23	$ 0.77	$ 0.24
Pro-forma diluted earnings per share	$ 1.07	$ 0.57	$ 0.01

SFAS No. 123 requires the use of option pricing models that were not developed for use in valuing employee stock options. The Black-Scholes option pricing model was developed for use in estimating the fair value of short-lived exchange-traded options that have no vesting restrictions and are fully transferable. In addition, option pricing models require the input of highly subjective assumptions, including the option's expected life and the price volatility of the underlying stock. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in the opinion of management, the existing models do not necessarily provide a reliable single measure of the fair value of employee stock options.

Depreciation and Amortization

Depreciation of property and equipment owned is computed using the straight-line method over the shorter of the estimated useful lives or the lease terms. Useful lives include a range from two to six years for machinery and equipment, five years for furniture and fixtures, two to five years for computer equipment and software, and the life of the lease for leasehold improvements.

Income Taxes

Income taxes are accounted for under the liability method whereby deferred tax asset or liability account balances are calculated at the balance sheet date using current tax laws and rates in effect for the year in which the differences are expected to affect taxable income. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets if it is more likely than not that such assets will not be realized.

Computation of Earnings Per Share

Number of shares used in calculation of basic earnings per share represents the weighted average common shares outstanding during the period and excludes any dilutive effects of options, warrants, and convertible securities. The dilutive effects of options, warrants, and convertible securities are included in diluted earnings per share.

New Accounting Standards

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46), which was amended by FIN 46R issued in December 2003. This interpretation of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," addresses consolidation by business enterprises of variable interest entities (VIEs) that either: (1) do not have sufficient equity investment at risk to permit the entity to finance its activities without additional subordinated financial support, or (2) for which the equity investors lack an essential characteristic of a controlling financial interest. This Interpretation applies immediately to VIEs created after January 31, 2003. It also applies in the first fiscal year or interim period ending after March 15, 2004, to VIEs created before February 1, 2003 in which an enterprise holds a variable interest. FIN 46 requires disclosure of VIEs in financial statements issued after January 31, 2003, if it is reasonably possible that as of the transition date: (1) the company will be the primary beneficiary of an existing VIE that will require consolidation or, (2) the company will hold a significant variable interest in, or have significant involvement with, an existing VIE. Trimble completed its review of the requirements of FIN 46 and as a result of that review, no entities were identified requiring disclosure or consolidation under FIN 46.

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment." SFAS No. 123R requires employee stock options and rights to purchase shares under stock participation plans to be accounted for under the fair value method, and eliminates the ability to account for these instruments under the intrinsic value method prescribed by APB Opinion No. 25, and allowed under the original provisions of SFAS No. 123. SFAS No. 123R requires the use of an option pricing model for estimating fair value, which is amortized to expense over the service periods. The requirements of SFAS No. 123R are effective for fiscal periods beginning after June 15, 2005. If the Company had applied the provisions of SFAS No. 123R to the financial statements for the period ending December 31, 2004, assuming that adoption would result in amounts similar to the current pro forma disclosures under SFAS 123R, net income would have been reduced by approximately $8.6 million. SFAS No. 123R allows for either prospective recognition of compensation expense or retrospective recognition, which may be back to the original issuance of SFAS No. 123 or only to interim periods in the year of adoption. The Company is currently evaluating these transition methods.

NOTE 3: EARNINGS PER SHARE

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

Fiscal Years Ended	December 31, 2004	January 2, 2004	January 3, 2003
(In thousands, except per share data)			
Numerator:			
Income available to common shareholders:			
Used in basic and diluted earnings per share	$ 67,680	$ 38,485	$ 10,324
Denominator:			
Weighted average number of common shares used in basic earnings per share	51,278	47,505	42,860
Effect of dilutive securities (using treasury stock method):			
Common stock options	2,947	2,058	705
Common stock warrants	723	449	13
Weighted average number of common shares and dilutive potential common shares used in diluted earnings per share	54,948	50,012	43,578
Basic earnings per share	$ 1.32	$ 0.81	$ 0.24
Diluted earnings per share	$ 1.23	$ 0.77	$ 0.24

NOTE 4: BUSINESS COMBINATIONS

Acquisitions

The following is a summary of acquisitions made by Trimble during fiscal 2004, 2003 and 2002 all of which were accounted for as purchases:

Acquisition	Primary Service or Product	Operating Segment	Acquisition Date
LeveLite	Low-end construction instrument products	Engineering & Construction	August 15, 2002
Applanix	Inertial navigation systems and GPS	Portfolio Technologies	July 7, 2003
MENSI S.A.	3D laser scanning technology	Engineering & Construction	December 9, 2003
TracerNET Corp.	Wireless fleet management solutions	Mobile Solutions	March 5, 2004
GeoNav GmbH	Customized field data collection solutions	Engineering and Construction	July 5, 2004

The Consolidated Financial Statements include the operating results of each business from the date of acquisition. Pro forma results of operations have not been presented because the effects of these acquisitions were not material to the Company's results.

The total purchase consideration for each of the above acquisitions was allocated to the assets acquired and liabilities assumed based on their estimated fair values as of the date of acquisition. The following table summarizes the Company's business combinations completed during fiscal years 2004, 2003 and 2002 (in thousands):

Fiscal Years Ended	December 31, 2004	January 2, 2004	January 3, 2003
Purchase price	$ 12,246	$ 22,352	$ 8,880
Acquisition costs	279	810	144
Restructuring costs	-	-	555
Total purchase price	$ 12,525	$ 23,162	$ 9,579
Purchase price allocation:			
Fair value of tangible net assets acquired	$ 194	$ 5,176	$ 6,115
Deferred tax	2,455	(1,153)	-
Identified intangible assets	2,117	3,440	-
Goodwill	7,759	15,699	3,464
Total	$ 12,525	$ 23,162	$ 9,579

Purchase consideration for the acquisition in fiscal 2002 included 655,626 shares of common stock and additional earn-out payments not to exceed $3.9 million (in common stock and cash payment) based on future revenues derived from existing product sales to a certain customer and a share of the payments received from the settlement of potential litigation. As of December 31, 2004, the total earn-out amount was approximately $3.2 million resulting in additional goodwill and a purchase price of approximately $8.9 million.

The purchase consideration for Applanix consisted of 1,154,240 shares of Trimble common stock, of which 1,083,294 are issued. Former Applanix shareholders have the right to receive the 17,214 shares of Trimble common stock upon the surrender of exchangeable shares of a Trimble subsidiary and another 53,732 pursuant to meeting performance criteria under the terms of the agreement.

The MENSI S.A. acquisition agreement provides for Trimble to make additional earn-out cash payments not to exceed Euro 3 million (approximately US$3.7 million on December 9, 2003) based on future revenue derived from existing product sales. As of December 31, 2004, the total earn-out amount was approximately $0.7 million resulting in additional goodwill and a purchase price of approximately $5.0 million.

Intangible Assets

The following tables present details of the Company's total intangible assets:

As of (In thousands)	December 31, 2004	January 2, 2004
Intangible assets:		
Intangible assets with definite life:		
Existing technology	$ 35,037	$ 32,389
Trade names, trademarks, patents, backlog and other intellectual properties	22,111	20,911
Total intangible assets with definite life	57,148	53,300
Less accumulated amortization	(43,313)	(33,559)
Total net intangible assets	$ 13,835	$ 19,741

The following table presents details of the amortization expense of purchased and other intangible assets as reported in the Consolidated Statements of Income:

Fiscal Years Ended (In thousands)	December 31, 2004	January 2, 2004	January 3, 2003
Reported as:			
Cost of sales	$ 183	$ 604	$ 868
Operating expenses	8,327	7,312	8,300
Total	$ 8,510	$ 7,916	$ 9,168

The estimated future amortization expense of intangible assets as of December 31, 2004, is as follows (in thousands):

	Amortization Expense
2005	$ 6,581
2006	2,784
2007	1,980
2008	1,080
2009	967
Thereafter	443
Total	$ 13,835

Goodwill

Goodwill consisted of the following:

As of (In thousands)	December 31, 2004	January 2, 2004
Goodwill, Spectra Precision acquisition	$ 212,915	$ 205,562
Goodwill, other acquisitions	46,607	35,863
Goodwill	$ 259,522	$ 241,425

The increase in goodwill of approximately $18.1 million during fiscal 2004 was primarily due to the acquisition of TracerNET and GeoNav of approximately $7.8 million and the foreign exchange rate impact of approximately $9.2 million on non-US currency denominated goodwill assets. See Note 7 of the Notes to the Consolidated Financial Statements for additional information regarding Trimble's goodwill by operating segment.

NOTE 5: JOINT VENTURE

Caterpillar Trimble Control Technologies Joint Venture

On April 1, 2002, Caterpillar Trimble Control Technologies LLC ("CTCT"), a joint venture formed by Trimble and Caterpillar began operations. CTCT, based in Dayton, Ohio, is 50% owned by Trimble and 50% owned by Caterpillar, with equal voting rights. It develops and markets next generation advanced electronic guidance and control products for earthmoving machines in the construction, mining, and waste industries. Under the terms of the joint venture agreement, Caterpillar contributed $11.0 million cash plus selected technology, for a total contributed value of $14.5 million, and Trimble contributed selected existing machine control product technologies valued at $25.5 million. Additionally, both companies have licensed patents and other intellectual property from their portfolios to CTCT. During the first fiscal quarter of 2002, Trimble received a special cash distribution of $11.0 million from CTCT.

Trimble has recorded the cash distribution of $11.0 million as a deferred gain, being amortized to the extent that losses are attributable from CTCT under the equity method of accounting. When and if CTCT is profitable on a sustainable basis and future operating losses are not anticipated, Trimble will recognize the un-amortized portion of the $11.0 million as a gain. To the extent that it is possible that the Company will have any future-funding obligation relating to CTCT, then the relevant amount of the $11.0 million will be deferred until such a time, as the funding obligation no longer exists. This un-amortized portion of the deferred gain was approximately $9.2 million at December 31, 2004 and $9.8 million at January 2, 2004. Both Trimble's share of profits (losses) under the equity method and the amortization of the $11.0 million deferred gain are included in expense for affiliated operations, net in the Consolidated Statements of Income.

The expenses for affiliated operations at CTCT also includes incremental costs as a result of purchasing products from CTCT at a higher price than Trimble's original manufacturing costs, partially offset by contract manufacturing fees charged to CTCT. In addition, Trimble received reimbursement of employee-related costs from CTCT for Trimble employees devoted to CTCT. Reimbursed costs totaled $9.7 million, $7.9 million, and $3.9 million in fiscal 2004, 2003, and 2002, respectively. The reimbursements were offset against operating expenses.

Fiscal Years Ended (In millions)	December 31, 2004	January 2, 2004	January 3, 2003
CTCT incremental pricing effects, net	$ 8.8	$ 5.9	$ 4.0
Trimble's 50% share of CTCT's reported (gain) loss	0.5	0.9	0.2
Amortization of deferred gain	(0.7)	(0.9)	(0.2)
Total CTCT expense for affiliated operations, net	$ 8.6	$ 5.9	$ 4.0

The net outstanding balance due from CTCT was $0.7 million at December 31, 2004 and $0.8 million at January 2, 2004 and is included in account receivables, net on the Consolidated Balance Sheets.

Nikon-Trimble Joint Venture

On March 28, 2003, Trimble and Nikon Corporation entered into an agreement to form a joint venture in Japan, Nikon-Trimble Co., Ltd., which assumed the operations of Nikon Geotecs Co., Ltd., a Japanese subsidiary of Nikon Corporation and Trimble Japan KK, a Japanese subsidiary of Trimble. Nikon-Trimble began operations in July 2003. It focuses on the design and manufacture of surveying instruments including mechanical total stations and related products. In Japan, this joint venture distributes Nikon's survey products as well as Trimble's products. Outside Japan, Trimble is the exclusive distributor of Nikon survey and construction products.

Under the terms of the Nikon-Trimble agreement, Nikon contributed approximately $10 million in cash, while Trimble contributed approximately $4.1 million in cash and 349,251 common stock shares valued at approximately $5.9 million. The Nikon-Trimble joint venture purchased certain tangible and intangible assets from Nikon Geotecs Co., Ltd. and Trimble Japan KK. The carrying amount of the investment was approximately $13.5 million at December 31, 2004 and $10.7 million at January 2, 2004.

Nikon-Trimble is 50% owned by Trimble and 50% owned by Nikon, with equal voting rights. Trimble has adopted the equity method of accounting for its investment in Nikon-Trimble, with its share of profit or loss from this joint venture included in expenses for affiliated operations, net in the Consolidated Statements of Income. During fiscal 2004, Trimble recorded a profit of approximately $1.1 million as its proportionate share of the net income. During fiscal 2003, and the first year of the joint venture's operations, Trimble's proportionate share of the net loss was $0.3 million.

At December 31, 2004, the net payable by Trimble to Nikon-Trimble related to the purchase and sale of products from and to Nikon-Trimble is $2.5 million and is included in accounts payable on the Consolidated Balance Sheets. At January 2, 2004, the outstanding balance from Nikon-Trimble due to Trimble was approximately $1.4 million related to the transfer of certain tangible and intangible assets from Trimble Japan KK, included in accounts and other receivables, net and $2.0 million net payable by Trimble to Nikon-Trimble related to the purchase and sale of products from and to Nikon-Trimble included in accrued liabilities on the Consolidated Balance Sheets.

NOTE 6: CERTAIN BALANCE SHEET COMPONENTS

The following tables provide details of selected balance sheet items (in thousands):

As of	December 31, 2004	January 2, 2004
Inventories:		
Raw materials	$ 26,062	$ 20,927
Work-in-process	3,989	3,876
Finished goods	57,694	46,023
Total	$ 87,745	$ 70,826
Property and equipment, net:		
Machinery and equipment	$ 71,882	$ 66,634
Furniture and fixtures	10,521	9,085
Leasehold improvements	5,861	4,502
Buildings	5,297	5,396
Land	1,231	1,231
	94,792	86,848
Less accumulated depreciation	(63,801)	(59,469)
Total	$ 30,991	$ 27,379
Other current assets:		
Prepaid expenses	$ 5,775	$ 5,122
Other	2,103	3,725
Total	$ 7,878	$ 8,847

NOTE 7: OPERATING SEGMENT AND GEOGRAPHIC INFORMATION

To achieve distribution, marketing, production, and technology advantages in Trimble's targeted markets, the Company manages its operations in the following five segments:

o Engineering and Construction -- Consists of products currently used by survey and construction professionals in the field for positioning data collection, field computing, data management, and automated machine guidance and control. These products provide solutions for numerous construction applications including surveying, general construction, site preparation and excavation, road and runway construction, and underground construction. During the third quarter of fiscal 2004 the Company acquired GeoNav GmbH and its performance is reported in this business segment

- Field Solutions -- Consists of products that provide solutions in a variety of agriculture and fixed asset applications, primarily in the areas of precise land leveling, machine guidance, yield monitoring, variable-rate applications of fertilizers and chemicals, and fixed asset data collection for a variety of governmental and private entities. This segment is an aggregation of the mapping and geographic information systems (GIS) and agriculture businesses. Trimble has aggregated these business operations under a single general manager in order to continue to leverage its research and development activities due to the similarities of products across the segment.

- Component Technologies -- Consists of products including proprietary chipsets, printed circuit boards, modules, and licenses of intellectual property. The applications into which end users currently incorporate the component products include timing applications for synchronizing wireless networks, in-vehicle navigation and telematics systems, fleet management, security systems, data collection networks, and wireless handheld consumer products.

- Mobile Solutions -- Consists of products that enable end users to monitor and manage their mobile assets by communicating location and activity-relevant information from the field to the office. Trimble offers a range of products that address a number of sectors of this market including truck fleets, security, telematics, and public safety vehicles. During the first quarter of fiscal 2004 the Company acquired TracerNET and its performance is reported in this business segment.

- Portfolio Technologies -- The various operations that comprise this segment were aggregated on the basis that no single operation accounted for more than 10% of Trimble's total revenue. During the first two fiscal quarters of 2003, this segment was comprised solely of the Military and Advanced Systems business. During the third quarter of fiscal 2003 the Company completed the acquisition of Applanix and its performance is reported in this business segment. During the fourth quarter of fiscal 2004 the Company introduced Trimble Outdoors and its performance is reported in this business segment.

Trimble evaluates each of its segment's performance and allocates resources based on profit and loss from operations before income taxes, and some corporate allocations. Trimble and each of its segments employ the same accounting policies.

The following table presents revenues, operating income (loss), and identifiable assets for the five segments. Operating income (loss) is net revenue less operating expenses, excluding general corporate expenses, amortization, restructuring charges, non-operating income (expense), and income taxes. The identifiable assets that Trimble's chief operating decision maker views by segment are accounts receivable and inventory.

Fiscal Years Ended	December 31, 2004	January 2, 2004	January 3, 2003
(in thousands)			
Engineering & Construction			
Revenue	$ 440,478	$ 367,058	$ 319,615
Operating income before corporate allocations	79,505	60,664	53,453
Accounts receivable	90,743	84,897	73,474
Inventories	65,116	56,008	46,332
Goodwill	238,801	229,287	205,933
Field Solutions			
Revenue	105,591	79,879	67,259
Operating income before corporate allocations	25,151	14,500	9,676
Accounts receivable	19,141	16,589	11,598
Inventories	7,016	3,398	7,337

Component Technologies			
Revenue	65,522	64,193	59,755
Operating income before corporate allocations	13,880	16,560	10,673
Accounts receivable	9,377	10,003	11,276
Inventories	5,271	2,021	2,853
Mobile Solutions			
Revenue	23,531	12,981	8,486
Operating loss before corporate allocations	(5,997)	(6,452)	(12,039)
Accounts receivable	9,073	4,103	1,960
Inventories	5,735	3,038	1,986
Goodwill	7,660	-	-
Portfolio Technologies			
Revenue	33,686	16,792	11,487
Operating income (loss) before corporate allocations	4,866	(1,686)	557
Accounts receivable	8,283	7,321	1,966
Inventories	4,607	6,361	2,636
Goodwill	13,061	12,138	-
Total			
Revenue	$ 668,808	$ 540,903	$ 466,602
Operating income before corporate allocations	117,405	83,586	62,320
Accounts receivable (1)	136,617	122,913	100,274
Inventories	87,745	70,826	61,144
Goodwill	259,522	241,425	205,933

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

The following are reconciliations corresponding to totals in the accompanying Consolidated Financial Statements:

Fiscal Years Ended	December 31, 2004	January 2, 2004	January 3, 2003
(in thousands)			
Operating income:			
Total for reportable divisions	$ 117,405	$ 83,586	$ 62,320
Unallocated corporate expenses	(31,780)	(29,651)	(28,497)
Operating income	$ 85,625	$ 53,935	$ 33,823

As of	December 31, 2004	January 2, 2004
(in thousands)		
Assets:		
Accounts receivable total for reportable segments	$ 136,617	$ 122,913
Unallocated (1)	(12,679)	(18,279)
Accounts receivable, net	$ 123,938	$ 104,634

(1) Includes trade-related accruals and cash received in advance that are not allocated by segment.

The geographic distribution of Trimble's revenues and identifiable assets is summarized in the table below. Other foreign countries include Canada and countries within South and Central America. Identifiable assets indicated in the table below exclude inter-company receivables, investments in subsidiaries, goodwill, and intangibles assets.

	Geographic Area					
Fiscal Years Ended	US	Europe Middle East Africa	Asia	Other Non-US Countries	Eliminations	Total
(In thousands)						
December 31, 2004						

Sales to unaffiliated customers (1)	$ 331,607	$ 196,737	$ 86,118	$ 54,346	$ -	$ 668,808
Inter-geographic transfers	140,057	143,094	10,626	-	(293,777)	-
Total revenue	$ 471,664	$ 339,831	$ 96,744	$ 54,346	$ (293,777)	$ 668,808
Identifiable assets	$ 234,328	$ 117,319	$ 6,959	$ 12,697	$ -	$ 371,303
January 2, 2004						
Sales to unaffiliated customers (1)	$ 265,846	$ 166,153	$ 70,257	$ 38,648	$ -	$ 540,903
Inter-geographic transfers	112,623	116,185	-	3,755	(232,563)	-
Total revenue	$ 378,469	$ 282,338	$ 70,257	$ 42,403	$ (232,563)	$ 540,903
Identifiable assets	$ 172,850	$ 91,008	$ 7,549	$ 12,330	-	$ 283,737
January 3, 2003						
Sales to unaffiliated customers (1)	$ 235,716	$ 136,551	$ 60,878	$ 33,457	$ -	$ 466,602
Inter-geographic transfers	62,843	73,625	-	4,121	(140,589)	-
Total revenue	$ 298,559	$ 210,176	$ 60,878	$ 37,578	$ (140,589)	$ 466,602
Identifiable assets	$ 127,594	$ 70,057	$ 9,955	$ 5,743	$ (864)	$ 212,485

(1) Sales attributed to countries based on the location of the customer.

Transfers between US and non-US geographic areas are made at prices based on total costs and contributions of the supplying geographic area. The Company's subsidiaries in Asia have derived revenue from commissions from US operations in each of the periods presented. These commission revenues and expenses are excluded from total revenue and operating income (loss) in the preceding table. In fiscal 2002, Germany comprised approximately 16% of sales to unaffiliated customers. Other than the United States, no other country comprised more than 10% of sales to unaffiliated customers for any periods presented, except as disclosed above.

Revenues by product groups are not practicable to obtain and therefore are not presented.

No single customer accounted for 10% or more of Trimble's total revenues in fiscal years 2004, 2003, and 2002.

NOTE 8: RESTRUCTURING CHARGES

Restructuring charges of $0.6 million, $2.0 million, and $1.1 million were recorded in fiscal years 2004, 2003 and 2002. The charges in fiscal 2004 were primarily related to severance costs due to the realignment of Trimble Mobile Solutions, Inc., while charges in fiscal 2003 were primarily related to Trimble's Japanese office relocation due to the Nikon-Trimble joint venture formation. As a result of these actions, the headcount of the affected operations decreased by 36, 77 and 49 in fiscal 2004, 2003, and 2002, respectively.

As of December 31, 2004, the remaining accrual balance of $0.4 million is primarily related to severance expected to be paid in fiscal 2005. As of January 2, 2004, the restructuring accrual balance was approximately $0.4 million. The liability for restructuring costs is recorded in other accrued liabilities in the Consolidated Balance Sheets.

NOTE 9: LONG-TERM DEBT

Long-term debt consisted of the following:

As of (In thousands)	December 31, 2004	January 2, 2004
Credit Facilities:		
Term loan	$ 31,250	$ 43,750
Revolving credit facility	7,000	44,000
Promissory notes and other	746	2,736
	38,996	90,486
Less current portion of long-term debt	12,500	12,885
Non-current portion	$ 26,496	$ 77,601

The following summarizes the future cash payment obligations (excluding interest) as of December 31, 2004:

(in thousands)	Total	2005	2006	2007	2008	2009	2010 and Beyond
Credit Facilities:							
Term loan	$ 31,250	$ 12,500	$ 12,500	$ 6,250	$ -	$ -	$ -
Revolving credit facility	7,000	7,000	-	-	-	-	-
Promissory note and other	746	60	189	-	119	378	-
Total contractual cash obligations	$ 38,996	$ 19,560	$ 12,689	$ 6,250	$ 119	$ 378	$ -

Credit Facilities

On June 25, 2003, Trimble obtained a $175 million secured Credit Facility ("2003 Credit Facility") from a syndicate of nine banks to repay a Subordinated Note and refinance $200 million of senior, secured credit facilities obtained in July of 2000. The 2003 Credit Facility is also used for ongoing working capital and general corporate needs.

At December 31, 2004, Trimble had approximately $38.3 million of borrowings under the 2003 Credit Facility, comprised of a $31.3 million term loan and $7.0 million of a $125 million revolver. The Company has access to an additional $118 million of cash under the terms of the revolving credit facility. The Company has commitment fees on the unused portion of 0.5% if the Leverage Ratio (which is defined as total indebtedness to Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA), as defined in the related agreement) is 2.0 or greater and 0.375% if the Leverage Ratio is less than 2.0.

Pricing of interest for borrowings under the 2003 Credit Facility as of December 31, 2004 is at LIBOR plus a spread of 1.50%. The spread is tied to a formula based on the Leverage Ratio.

The Credit Facility is secured by all of the Company's material assets, except for assets that are subject to foreign tax considerations. Financial covenants of the 2003 Credit Facility include leverage, fixed charge, and minimum net worth tests. At December 31, 2004, Trimble was in compliance with all financial debt covenants. The amount due under the revolver loan is paid as the loan matures on June 25, 2006, and the loan commitment fees are paid on a quarterly basis.

Under the terms of the 2003 Credit Facility, the Company is allowed to pay dividends and repurchase shares of common stock up to 25% of net income in the previous fiscal year.

Due to the full repayment of the subordinated note which financed the Spectra Precision Group acquisition and the refinancing of the 2000 Credit Facility, the Company wrote off approximately $3.6 million of unamortized debt issuance costs and warrants issued in connection with the subordinated note, as interest expense in fiscal 2003.

Promissory Note and Others

As of December 31, 2004, the Company had other notes payable totaling approximately $0.8 million consisting of government loans to foreign subsidiaries.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Operating Leases

Trimble's principal facilities in the United States are leased under non-cancelable operating leases that expire at various dates through 2011. The Company has options to renew certain of these leases for an additional five years. Trimble also leases facilities under operating leases in the United Kingdom, Sweden, and Germany that expire in 2005.

Future minimum payments required under non-cancelable operating leases are as follows:

(In thousands)	Operating Lease Payments
2005	$ 11,412
2006	3,652
2007	2,939
2008	2,078
2009	1,940
Thereafter	1,936
Total	$ 23,957

Net rent expense under operating leases was $10.9 million in fiscal 2004, $13.2 million in fiscal 2003, and $5.9 million in fiscal 2002. Sublease income was $38,000, $1.7 million, and $4.7 million, respectively.

Purchase Commitments with a Supplier

Trimble entered into a significant supply agreement in fiscal 2004 that sets forth minimum purchase commitments for outsourced services. The term of the supply agreement is the earlier of four years from the initial product ship date, or when Trimble has paid for a cumulative total of 200,000 billable hours (approximately $10.4 million). Should Trimble not purchase and pay for 200,000 hours, then Trimble will compensate the supplier for 20% of the shortfall. Thereafter, the contract continues in effect until terminated by either party with 30 days prior written notice to the other party. As of December 31, 2004, based on current hours earned to date the future obligation is approximately $7.7 million which is expected to be paid over the next two years. Trimble does not expect a shortfall based on current hours earned to date.

NOTE 11: FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of financial instruments outstanding are as follows:

	Carrying Amount	Fair Value	Carrying Amount	Fair Values
	December 31, 2004		January 2, 2004	
As of (In thousands)				
Assets:				
Cash and cash equivalents	$ 71,872	$ 71,872	$ 45,416	$ 45,416
Forward foreign currency exchange contracts	639	539	1,412	1,328
Accounts and other receivable, net	123,938	123,938	104,634	104,634
Liabilities:				
Credit facilities	$ 38,250	$ 38,250	$ 87,750	$ 87,750
Promissory note and other	746	737	2,736	2,335
Accounts payable	43,551	43,551	26,019	26,019

The fair value of the bank borrowings, and promissory notes have been estimated using an estimate of the interest rate Trimble would have had to pay on the issuance of notes with a similar maturity and discounting the cash flows at that rate. The fair values do not give an indication of the amount that Trimble would currently have to pay to extinguish any of this debt.

The fair value of forward foreign exchange contracts is estimated based on the difference between the market price and the carrying amount of comparable contracts. These contracts are adjusted to fair value at the end of every month.

NOTE 12: INCOME TAXES

Trimble's income tax provision (benefit) consisted of the following:

Fiscal Years Ended	December 31, 2004	January 2, 2004	January 3, 2003
(In thousands)			
US Federal:			
Current	$ 18,196	$ 513	$ -
Deferred	(17,995)	(7,000)	-
	201	(6,487)	-
US State:			
Current	2,895	250	142
Deferred	(897)	(600)	-
	1,998	(350)	142
Non-US:			
Current	3,137	1,594	2,052
Deferred	1,908	2,343	1,306
	5,045	3,937	3,358
Income tax provision (benefit)	$ 7,244	$ (2,900)	$ 3,500

The pre-tax US income was approximately $70.0 million, $39.5 million and $3.3 million in fiscal years 2004, 2003 and 2002, respectively.

The fiscal year 2004 tax provision reflected above was reduced by $14.4 million of tax benefits attributable to stock option deductions which were credited to equity.

The income tax provision (benefit) differs from the amount computed by applying the statutory US federal income tax rate to income before taxes. The sources and tax effects of the differences are as follows:

Fiscal Years Ended	December 31, 2004	January 2, 2004	January 3, 2003
(In thousands)			
Expected tax from continuing operations at 35% in all years	$ 26,223	$ 12,455	$ 4,839
Change in valuation allowance	(24,004)	(15,028)	(1,156)
US State income taxes	1,299	-	-
Export sales incentives	(1,176)	-	-
Non-US tax rate differential and unbenefitted losses	5,134	-	(137)
US Federal research and development credit	(508)	-	-
Other	276	(327)	(46)
Income tax provision (benefit)	$ 7,244	$ (2,900)	$ 3,500
Effective tax rate	10%	(8%)	25%

The components of deferred taxes consist of the following:

As of	December 31, 2004	January 2, 2004
(In thousands)		
Deferred tax liabilities:		
Purchased intangibles	$ 3,247	$ 1,338
Depreciation and amortization	10,901	3,776
Other individually immaterial items	229	251
Total deferred tax liabilities	14,377	5,365

Deferred tax assets:		
Inventory valuation differences	8,782	9,001
Expenses not currently deductible	8,034	5,528
US Federal credit carryforwards	5,619	9,150
Deferred revenue	3,857	4,280
US State credit carryforwards	6,722	6,999
Warranty	2,216	2,374
Depreciation and amortization	718	2,871
US Federal net operating loss carryforward	2,998	-
US residual tax on foreign earnings	2,682	-
Other individually immaterial items	7,655	3,106
Total deferred tax assets	49,283	43,309
Valuation allowance	(12,989)	(34,756)
Total deferred tax assets	36,294	8,553
Total net deferred tax assets (liabilities)	$ 21,917	$ 3,188

The Company has $3.0 million of tax effected US federal net operating loss carryforwards from a recent acquisition, which is subject to certain limitations under IRC Section 382. The total US federal credit carryforwards of approximately $5.6 million expire beginning in 2005. The Company has state research and development credit carryforwards of approximately $10.3 million, which do not expire.

The valuation allowance decreased by $21.8 million in fiscal 2004 and $13.1 million in fiscal 2003. Approximately $8 million of the valuation allowance at December 31, 2004 and $14.1 million at January 2, 2004 relates to the tax benefit of stock option deductions, which will be credited to equity if and when realized.

In October 2004, The American Jobs Creation Act of 2004 was signed into law providing changes in the tax law including an incentive to repatriate undistributed earnings of foreign subsidiaries. Trimble is currently evaluating the potential impact of these provisions, including assessing the details of the Act, analyzing the funds available for repatriation, the economic cost of doing so and assessing the qualified uses of repatriated funds. However, given the preliminary stage of the Company's evaluation, it is not possible to determine the impact to its fiscal year 2005 income tax provision. The Company expects to complete its evaluation by September 30, 2005.

NOTE 13: SHAREHOLDER'S EQUITY

3-for-2 Stock Split

Trimble's Board of Directors approved a 3-for-2 split of all outstanding shares of the Company's Common Stock, payable March 4, 2004 to stockholders of record on February 17, 2004. Cash was paid in lieu of fractional shares. All share and per share information has been adjusted to reflect the stock split on a retroactive basis for all periods presented.

Common Stock

On April 14, 2003, Trimble sold 3,148,000 shares of its Common Stock, no par value per share, to an investor at a price of $12.17 per share in an offering pursuant to its shelf registration statement. The offering resulted in net proceeds to Trimble of approximately $36.6 million, approximately $31 million of which was used to pay down the principal balance and $5.6 million was used to pay down the accrued interest due on the subordinated note.

On December 21, 2001, Trimble completed a private placement of 2,675,006 shares of its Common Stock at a price of $10.00 per share to certain qualified investors, resulting in gross proceeds of approximately $26.8 million to the Company. On January 15, 2002, Trimble had a second closing of the private placement issuing 1,920,006 shares of Common Stock at $10.00 per share resulting in gross proceeds of an additional $19.2 million.

NOTE 14: COMPREHENSIVE INCOME

The components of comprehensive income and related tax effects were as follows:

Fiscal Years Ended	December 31, 2004	January 2, 2004	January 3, 2003
(in thousands)			
Net income	$ 67,680	$ 38,485	$ 10,324
Foreign currency translation adjustments, net of tax of $(912) in 2004	14,025	31,198	17,697
Net gain (loss) on hedging transactions	106	(7)	210
Net unrealized gain (loss) on investments	(6)	74	(17)
Total comprehensive income	$ 81,805	$ 69,750	$ 28,214

The components of accumulated other comprehensive, net of related tax were as follows:

Fiscal Years Ended	December 31, 2004	January 2, 2004
(in thousands)		
Accumulated foreign currency translation adjustments	$ 44,191	$ 30,166
Accumulated net gain on hedging transactions	106	-
Accumulated net unrealized gain on foreign currency	67	73
Total accumulated other comprehensive income	$ 44,364	$ 30,239

NOTE 15: EMPLOYEE STOCK BENEFIT PLANS

Employee Stock Purchase Plan

The Company has an Employee Stock Purchase Plan ("Purchase Plan") under which an aggregate of 5,325,000 shares of Common Stock have been reserved for sale to eligible employees as approved by the shareholders to date. The plan permits full-time employees to purchase Common Stock through payroll deductions at 85% of the lower of the fair market value of the Common Stock at the beginning or at the end of each six-month offering period. The Purchase Plan terminates on December 31, 2008. In fiscal 2004 and 2003, the shares issued under the Purchase Plan were 183,214 and 328,044 shares, respectively. At December 31, 2004, the number of shares reserved for future purchases by eligible employees was 547,834.

2002 Stock Plan

In 2002, Trimble's Board of Directors adopted the 2002 Stock Plan ("2002 Plan"). The 2002 Plan approved by the shareholders provides for the granting of incentive and non-statutory stock options for up to 4,500,000 shares plus any shares currently reserved but un-issued to employees, consultants, and directors of Trimble. Incentive stock options may be granted at exercise prices that are not less than 100% of the fair market value of Common Stock on the date of grant. Employee stock options granted under the 2002 Plan have 120-month terms, and vest at a rate of 20% at the first anniversary of grant, and monthly thereafter at an annual rate of 20%, with full vesting occurring at the fifth anniversary of the grant. The exercise price of non-statutory stock options issued under the 2002 Plan must be at least 85% of the fair market value of Common Stock on the date of grant. As of December 31, 2004, options to purchase 3,074,987 shares were outstanding and 2,271,021 were available for future grant under the 2002 Plan.

1993 Stock Option Plan

In 1992, Trimble's Board of Directors adopted the 1993 Stock Option Plan ("1993 Plan"). The 1993 Plan, as amended to date and approved by shareholders, provided for the granting of incentive and non-statutory stock options for up to 9,562,500 shares of Common Stock to employees, consultants, and directors of Trimble. Incentive stock options may be granted at exercise prices that are not less than 100% of the fair market value of Common Stock on the date of grant. Employee stock options granted under the 1993 Plan have 120-month terms, and vest at a rate of 20% at the first anniversary of grant, and monthly thereafter at an annual rate of 20%, with full vesting occurring at the fifth anniversary of grant. The exercise price of non-statutory stock options issued under the

1993 Plan must be at least 85% of the fair market value of Common Stock on the date of grant. As of December 31, 2004 options to purchase 3,223,144 shares were outstanding and no shares were available for future grant.

1990 Director Stock Option Plan

In December 1990, Trimble adopted a Director Stock Option Plan under which an aggregate of 570,000 shares of Common Stock have been reserved for issuance to non-employee directors as approved by the shareholders to date. At December 31, 2004, options to purchase 235,000 shares were outstanding, and no shares were available for future grants under the Director Stock Option Plan.

1992 Management Discount Stock Option Plan

In 1992, Trimble's Board of Directors approved the 1992 Management Discount Stock Option Plan ("Discount Plan"). Under the Discount Plan, 450,000 non-statutory stock options were reserved for grant to management employees at exercise prices that may be significantly discounted from the fair market value of Common Stock on the dates of grant. Options are generally exercisable six months from the date of grant. As of December 31, 2004, there were no shares available for future grants. For accounting purposes, compensation cost on these grants is measured by the excess over the discounted exercise prices of the fair market value of Common Stock on the dates of option grants. There were no discounted options granted in the plan in fiscal 2004, 2003, and 2002. As of December 31, 2004, options to purchase 187,500 shares were outstanding under the 1992 Management Discount Stock Option Plan.

SFAS 123 Disclosures

As stated in Note 2 of the Notes to the Consolidated Financial Statements, Trimble has elected to follow APB 25 and related interpretations in accounting for its employee stock options and stock purchase plans. The alternative fair value accounting provided for under SFAS 123 requires use of option pricing models that were not developed for use in valuing employee stock options. Under APB 25, because the exercise price of Trimble's employee stock options equals the market price of the underlying stock on date of grant, no compensation expense is recognized.

Exercise prices for options outstanding as of December 31, 2004, ranged from $5.33 to $34.46. The weighted average remaining contractual life of those options is 6.73 years. In view of the wide range of exercise prices, Trimble considers it appropriate to provide the following additional information in respect of options outstanding at December 31, 2004:

	Options Outstanding			Options Exercisable	
Range	Number Outstanding	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Life	Number Exercisable	Weighted-Average Exercise Price per Share
$ 5.33 - 7.13	789,503	$ 5.85	4.34	764,653	$ 5.82
7.67 - 8.53	474,717	8.12	5.11	394,988	8.04
8.79 - 10.23	734,867	10.12	7.39	302,543	10.07
10.25 - 11.65	1,109,575	11.15	5.81	750,693	11.06
11.67 - 16.04	637,137	13.16	4.90	529,281	12.99
17.00	961,017	17.00	8.54	249,430	17.00
17.55 - 25.33	369,501	21.77	8.65	75,893	21.17
27.42	729,709	27.42	5.65	621,939	27.42
27.56	4,500	27.56	9.06	0	0
29.06 - 34.46	910,105	29.72	9.66	31,820	34.46
Total	6,720,631	$ 16.10	6.73	3,721,240	$ 13.40

Activity during fiscal 2004, 2003, and 2002, under the combined plans was as follows:

Fiscal Years Ended	December 31, 2004 Options	Weighted average exercise price	January 2, 2004 Options	Weighted average exercise price	January 3, 2003 Options	Weighted average exercise price
(In thousands, except for per share data)						
Outstanding at beginning of year	7,601	13.62	7,691	$ 12.35	6,932	$ 12.69
Granted	1,119	28.20	1,298	16.87	1,275	9.88
Exercised	(1,710)	12.92	(1,263)	8.90	(199)	6.67
Cancelled	(289)	16.55	(125)	15.51	(317)	13.46
Outstanding at end of year	6,721	16.10	7,601	$ 13.62	7,691	$ 12.35
Exercisable at end of year	3,721	13.40	4,136	$ 12.76	4,005	$ 11.69
Available for grant	2,275		1,605		2,790	
Weighted-average fair value of options granted during year		$ 13.85		$ 10.03		$ 5.64

Non-statutory Options

On May 3, 1999, Trimble entered into an agreement to grant a non-statutory option to purchase up to 45,000 shares of common stock at an exercise price of $6.50 per share, with an expiration date of March 29, 2004. These non-statutory options were exercised January 15, 2004.

Warrants

On April 12, 2002, the Company issued to Spectra-Physics Holdings USA, Inc., a warrant to purchase up to 564,350 shares of Trimble's Common Stock over a fixed period of time. Initially, Spectra-Physics' warrant entitled it to purchase 300,000 shares of Common Stock over a five-year period at an exercise price of $10.07 per share. On a quarterly basis beginning July 14, 2002, Spectra-Physics' warrant became exercisable for an additional 375 shares of Common Stock for every $1 million of principal and interest outstanding to Spectra-Physics until the obligation was paid off in full. These shares are purchasable at a price equal to the average of Trimble's closing price for the five days immediately proceeding the last trading day of each quarter. On July 14, 2002 an additional 26,046 shares became exercisable at an exercise price of $9.64 per share. On October 14, 2002 an additional 26,736 shares became exercisable at an exercise price of $6.12. On January 14, 2003, an additional 27,426 shares became exercisable at an exercise price of $9.03. On April 14, 2003, an additional 14,312 shares became exercisable at an exercise price of $13.37. The additional shares are exercisable over a 5-year period. No additional shares will be issuable under the warrant to Spectra-Physics as the underlying obligation has been paid off in full.

The approximate fair value of the warrants of $2.4 million was determined using the Black-Scholes pricing model with the following assumptions: contractual life of 5-year period, risk-free interest rate of 4%; volatility of 65%; and no dividends during the contractual term. The value of the warrants was being amortized to interest expense over the term of the Subordinated Note and the unamortized balance was written off to interest expense on June 2003 upon repayment of the note.

On December 21, 2001 and January 15, 2002, in connection with the first and second closing of the private placement of the Company's Common Stock, Trimble granted five-year warrants to purchase an additional 919,008 shares of Common Stock, subject to certain adjustments, at an exercise price of $12.97 per share.

Common Stock Reserved for Future Issuances

As of December 31, 2004, Trimble had reserved 10,940,975 common shares for issuance upon exercise of options and warrants outstanding and options available for grant under the various employee stock benefit plans.

NOTE 16: BENEFIT PLANS

401(k) Plan

Under Trimble's 401(k) Plan, US employee participants (including employees of certain subsidiaries) may direct the investment of contributions to their accounts among certain mutual funds and the Trimble Navigation Limited Common Stock Fund. The Trimble Fund sold net 89,806 shares of Common Stock for an aggregate of $0.7 million in fiscal 2004. Trimble, at its discretion, matches individual employee 401(k) Plan contributions at a rate of fifty cents of every dollar that the employee contributes to the 401(k) Plan up to 5% of the employee's annual salary to an annual maximum of $2,500. Trimble's matching contributions to the 401(k) Plan were $1.9 million in fiscal 2004, $1.8 million in fiscal 2003 and $1.8 million in fiscal 2002.

Profit-Sharing Plan

In 1995, Trimble introduced an employee profit-sharing plan in which all employees, excluding executives and certain levels of management, participate. The plan distributes to employees approximately 5% of quarterly adjusted pre-tax income. Payments under the plan during fiscal 2004, 2003 and 2002 were $4.4 million, $2.5 million, and $1.1 million, respectively.

Defined Contribution Pension Plans

Certain of the Company's European subsidiaries participate in state sponsored pension plans. Contributions are based on specified percentages of employee salaries. For these plans, Trimble contributed and charged to expense approximately $0.6 million for fiscal 2004, $2.0 million for fiscal 2003, and $1.4 million for fiscal 2002.

Defined Benefit Pension Plan

Trimble provides defined benefit pension plans in certain countries outside the United States, including Sweden and Germany. The largest of these plans is provided by the Swedish subsidiary which has an unfunded defined benefit pension plan that covered substantially all of its full-time employees through 1993. Benefits are based on a percentage of eligible earnings. The employee must have had a projected period of pensionable service of at least 30 years as of 1993. If the period was shorter, the pension benefits were reduced accordingly. Active employees do not accrue any future benefits; therefore, there is no service cost and the liability will only increase for interest cost.

Net periodic benefit costs in fiscal 2004, 2003, and 2002 were not material.

The changes in the benefit obligations and plan assets of the significant non-US defined benefit pension plans for fiscal 2004 and 2003 were as follows:

Fiscal Years Ended	December 31, 2004	January 2, 2004
(in thousands)		
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 6,204	$ 4,972
Service cost	74	-
Interest cost	388	328
Benefits paid	(196)	(256)
Foreign exchange impact	699	1,102
Actuarial (gains) losses	39	58
Benefit obligation at end of year	7,208	6,204
Change in plan assets:		
Fair value of plan assets at beginning of year	872	787
Actual return on plan assets	64	29
Employer contribution	238	150
Plan participants' contributions	-	-
Benefits paid	(196)	(256)
Foreign exchange impact	110	162
Fair value of plan assets at end of year	1,088	872
Benefit obligation in excess of plan assets	6,120	5,332

Unrecognized prior service cost	-	-
Unrecognized net actuarial gain	127	35
Accrued pension costs (included in accrued liabilities)	$ 5,993	$ 5,297

Actuarial assumptions used to determine the net periodic pension costs for the year ended December 31, 2004 were as follows:

	Swedish Subsidiary	German Subsidiaries
Discount rate	5.5%	5.25%
Rate of compensation increase	2.5%	2.0%

NOTE 17: RELATED-PARTY TRANSACTIONS

Related-Party Lease

Trimble currently leases office space in Ohio from an association of three individuals, one of whom is an employee of the Company, under a non-cancelable operating lease arrangement expiring in 2011. The annual rent is subject to adjustment based on the terms of the lease. The Consolidated Statements of Income include expenses from this operating lease of $0.35 million for fiscal years 2004, 2003, and 2002.

Related-Party Notes Receivable

Trimble has notes receivable from officers and employees of approximately $0.4 million as of December 31, 2004 and $0.8 million as of January 2, 2004. The notes bear interest from 4.49% to 6.62% and have an average remaining life of 0.8 years as of December 31, 2004.

See Note 5 to the Notes to the Consolidated Financial Statements for additional information regarding Trimble's related party transactions with joint venture partners.

NOTE 18: STATEMENT OF CASH FLOW DATA

Fiscal Years Ended (in thousands)	December 31, 2004	January 2, 2004	January 3, 2003
Supplemental disclosure of cash flow information:			
Interest paid	$ 3,142	$ 10,208	$ 12,215
Income taxes paid	$ 6,694	$ 688	$ 2,635
Significant non-cash investing activities:			
Issuance of shares related to invest in joint venture	$ -	$ 5,922	$ -
Issuance of shares related to acquisition related earn-out payments	$ 899	$ 1,349	$ 336

NOTE 19: LITIGATION

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

NOTE 20: SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter

(in thousands, except per share data)

Fiscal 2004				
Revenue	$ 156,510	$ 179,451	$ 170,164	$ 162,683
Gross margin	75,760	88,319	83,372	77,359
Net income	12,840	20,518	17,917	16,405
Basic net income per share	0.25	0.40	0.35	0.32
Diluted net income per share	0.24	0.38	0.33	0.29
Fiscal 2003				
Revenue	$ 127,325	$ 138,132	$ 139,569	$ 135,877
Gross margin	61,755	71,095	69,112	66,068
Net income	5,353	8,105	9,936	15,091
Basic net income per share	0.12	0.17	0.20	0.30
Diluted net income per share	0.12	0.16	0.19	0.28

Significant quarterly items for fiscal 2004 include the following: (i) in the second quarter of 2004 a $1.2 million income, or $0.03 per diluted share relating to valuation of investment; (ii) in the third quarter of 2004 a $0.2 million income, or less than $0.01 per diluted share relating to revaluation of investment; (iii) in the fourth quarter of 2004 a $0.4 million charge, or less than $0.01 per diluted share relating to revaluation of investment.

Significant quarterly items for fiscal 2003 include the following: (i) in the first quarter of 2003 a $0.4 million charge or $0.01 per diluted share relating to workforce reduction; (ii) in the second quarter of 2003 a $0.7 million charge, or $0.01 per diluted share relating to work force reduction and $3.6 million of interest expenses, or $0.07 per diluted share relating to the Company's debt refinancing; (iii) in the third quarter of 2003 a $0.6 million charge, or $0.01 per diluted share relating to work force reduction; (iv) in the fourth quarter of 2003 a $0.3 million charge, or less than $0.01 per diluted share relating to work force reduction.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Trimble Navigation Limited

We have audited the accompanying consolidated balance sheets of Trimble Navigation Limited as of December 31, 2004 and January 2, 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2004. Our audits also included the financial statement schedule listed in the index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Trimble Navigation Limited at December 31, 2004 and January 2, 2004, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Trimble Navigation Limited's internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 11, 2005 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Palo Alto, California
March 11, 2005

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Trimble Navigation Limited

We have audited management's assessment, included in Management's Report on Internal Control Over Financial Reporting at Item 9a, that Trimble Navigation Limited maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Trimble Navigation Limited's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

In our opinion, management's assessment that Trimble Navigation Limited maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Trimble Navigation Limited maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Trimble Navigation Limited as of December 31, 2004 and January 2, 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2004 of Trimble Navigation Limited and our report dated March 11, 2005 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Palo Alto, California
March 11, 2005

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

None

Item 9a. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Trimble's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), after evaluating the effectiveness of the company's "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")), as of December 31, 2004, have concluded that as of December 31, 2004, the company's disclosure controls and procedures were effective and designed to provide reasonable assurance that material information relating to the company and its consolidated subsidiaries required to be included in the company's periodic filings under the Exchange Act would be made known to them by others within those entities.

Inherent Limitations on Effectiveness of Controls

The company's management, including the CEO and CFO, does not expect that our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

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

The company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The company's management, including the CEO and CFO, conducted an evaluation of the effectiveness of its internal control over financial reporting based on the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the results of this evaluation, the company's management concluded that its internal control over financial reporting was effective as of December 31, 2004.

Management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2004 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included elsewhere herein.

(c) Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2004, there were no changes in the company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

PART III

Item 10 Directors and Executive Officers of the Registrant

The information required by this item, insofar as it relates to Trimble's directors, will be contained under the captions "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement and is incorporated herein by reference. The information required by this item relating to executive officers is set forth above in Item 1 Business Overview under the caption "Executive Officers."

Code of Ethics

The Company's Business Ethics and Conduct Policy that applies to, among others, to the Company's Chief Executive Officer, Chief Financial Officer, Corporate Controller, and other finance organization employees. The Business Ethics and Conduct Policy is available on the Company's website at www.trimble.com under the heading "Corporate Governance and Policies" on the Investor Information page of our website. A copy will be provided, without charge, to any shareholder who

requests one by written request addressed to General Counsel, Trimble Navigation Limited, 749 N. Mary Avenue, Sunnyvale, CA 94085.

If any substantive amendments to the Business Ethics and Conduct Policy are made or any waivers are granted, including any implicit waiver, from a provision of the Business Ethics and Conduct Policy, to its Chief Executive Officer, Chief Financial Officer or Corporate Controller, the Company will disclose the nature of such amendment or waiver on the Company's website at www.trimble.com or in a report on Form 8-K.

Item 11 Executive Compensation

The information required by this item will be contained in the Proxy Statement under the caption "Executive Compensation" and is incorporated herein by reference.

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

The information required by this item will be contained in the Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners and Management Related Stockholder Matters" and is incorporated herein by reference.

Item 13 Certain Relationships and Related Transactions

The information required by this item will be contained in the Proxy Statement under the caption "Certain Relationships and Related Transactions" and is incorporated herein by reference.

Item 14 Principal Accountant Fees and Services

The information required by this item will be contained in the Proxy Statement under the caption "Principal Accountant Fees and Services" and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) (1) Financial Statements

The following consolidated financial statements required by this item are included in Part II Item 8 hereof under the caption "Financial Statements and Supplementary Data."

Page in this Annual Report on Form 10-K

(2) Financial Statement Schedules

The following financial statement schedule is filed as part of this report:

All other schedules have been omitted as they are either not required or not applicable, or the required information is included in the consolidated financial statements or the notes thereto.

(3) Exhibits

Exhibit
Number

3.1 Restated Articles of Incorporation of the Company filed June 25, 1986. (5)

3.2 Certificate of Amendment of Articles of Incorporation of the Company filed October 6, 1988. (6)

3.3 Certificate of Amendment of Articles of Incorporation of the Company filed July 18, 1990. (7)

3.4 Certificate of Determination of the Company filed February 19, 1999. (8)

3.5 Certificate of Amendment of Articles of Incorporation of the Company filed May 29, 2003. (20)

3.6 Certificate of Amendment of Articles of Incorporation of the Company filed March 4, 2004. (24)

3.8 Amended and Restated Bylaws of the Company. (23)

4.1 Specimen copy of certificate for shares of Common Stock of the Company. (1)

4.2 Preferred Shares Rights Agreement dated as of February 18, 1999. (4)

4.3 Agreement of Substitution and Amendment of Preferred Shares Rights Agreement dated September 10, 2004. (25)

4.4 First Amended and Restated Stock and Warrant Purchase Agreement between and among the Company and the investors thereto dated January 14, 2002. (15)

4.5 Form of Warrant to Purchase Shares of Common Stock dated January 14, 2002. (16)

4.6 Form of Warrant dated April 12, 2002. (17)

10.1+Form of Indemnification Agreement between the Company and its officers and directors. (25)

10.2+1990 Director Stock Option Plan, as amended, and form of Outside Director Non-statutory Stock Option Agreement. (3)

10.3+1992 Management Discount Stock Option and form of Non-statutory Stock Option Agreement. (2)

10.4+ 1993 Stock Option Plan, as amended May 11, 2000. (12)

10.5+ 1988 Employee Stock Purchase Plan, as amended May 11, 2000. (13)

10.6+Employment Agreement between the Company and Steven W. Berglund dated March 17, 1999. (9)

10.7+Nonqualified deferred Compensation Plan of the Company effective February 10, 1994. (10)

10.8***Supply Agreement dated August 10, 1999 by and among Trimble Navigation Limited and Solectron Corporation and Solectron Federal Systems, Inc. (11)

10.9+Australian Addendum to the Trimble Navigation 1988 Employee Stock Purchase Plan. (14)

10.10+ Amended and Restated 2002 Stock Plan (as of July 22, 2004), including forms of option agreements. (22)

10.11 Credit Agreement dated June 25, 2003. (19)

10.12Letter dated May 8, 2002 exercising renewal option of the Supply Agreement dated August 10, 1999 by and among Trimble Navigation Limited and Solectron Corporation and Solectron Federal Systems, Inc. (18)

10.13+ Employment Agreement between the Company and Rajat Bahri dated December 7, 2004. (25)

10.14+ Board of Directors annual compensation policy effective January 1, 2004. (25)

10.15+ Form of Change in Control agreement between the Company and certain Company officers. (21)

10.16+ Letter of Assignment between the Company and Alan Townsend dated November 12, 2003. (25)

10.17+ Supplemental agreement to Letter of Assignment between the Company and Alan Townsend dated January 19, 2004. (25)

21.1 Subsidiaries of the Company. (25)

23.1 Consent of Ernst & Young LLP, independent registered public accounting firm. (25)

24.1 Power of Attorney included on signature page herein.

31.1 Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (25)

31.2 Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (25)

32.1 Certification of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (25)

32.2 Certification of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (25)

*** Confidential treatment has been granted for certain portions of this exhibit pursuant to an order dated effective October 5, 1999.

+ Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Annual Report on Form 10-K pursuant to Item 14(c) thereof.

(1) Incorporated by reference to exhibit number 4.1 to the registrant's Registration Statement on Form S-1, as amended (File No. 33-35333), which became effective July 19, 1990.

(2) Incorporated by reference exhibit number 10.46 to the registrant's Registration Statement on Form S-1 (File No. 33-45990), which was filed February 25, 1992.

(3) Incorporated by reference to exhibit number 10.32 to the registrant's

Annual Report on Form 10-K for the fiscal year ended December 31, 1993.

(4) Incorporated by reference to exhibit number 1 to the registrant's Registration Statement on Form 8-A, which was filed on February 18, 1999.

(5) Incorporated by reference to exhibit number 3.1 to the registrant's Annual Report on Form 10-K for the fiscal year ended January 1, 1999.

(6) Incorporated by reference to exhibit number 3.2 to the registrant's Annual Report on Form 10-K for the fiscal year ended January 1, 1999.

(7) Incorporated by reference to exhibit number 3.3 to the registrant's Annual Report on Form 10-K for the fiscal year ended January 1, 1999.

(8) Incorporated by reference to exhibit number 3.4 to the registrant's Annual Report on Form 10-K for the fiscal year ended January 1, 1999.

(9) Incorporated by reference to exhibit number 10.67 to the registrant's Annual Report on Form 10-K for the fiscal year ended January 1, 1999.

(10) Incorporated by reference to exhibit number 10.68 to the registrant's Annual Report on Form 10-K for the fiscal year ended January 1, 1999.

(11) Incorporated by reference to exhibit number 10.69 to the registrant's Report on Form 8-K, which was filed on August 25, 1999.

(12) Incorporated by reference to exhibit number 10.59 to the registrant's registration statement on Form S-8 filed on June 1, 2000.

(13) Incorporated by reference to exhibit number 10.60 to the registrant's registration statement on Form S-8 filed on June 1, 2000.

(14) Incorporated by reference to exhibit number 10.77 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 29, 2000.

(15) Incorporated by reference to exhibit number 4.1 to the registrant's Current Report on Form 8-K filed on January 16, 2002.

(16) Incorporated by reference to exhibit number 4.2 to the registrant's Current Report on Form 8-K filed on January 16, 2002.

(17) Incorporated by reference to exhibit number 4.1 to the registrant's Registration Statement on Form S-3 filed on April 19, 2002.

(18) Incorporated by reference to exhibit number 10.83 to the registrant's Annual Report on Form 10-K for the year ended January 3, 2003.

(19) Incorporated by reference to exhibit number 10.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended July 4, 2003.

(20) Incorporated by reference to exhibit number 3.5 to the registrant's Quarterly Report on Form 10-Q for the quarter ended July 4, 2003.

(21) Incorporated by reference to exhibit number 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended October 1, 2004.

(22) Incorporated by reference to exhibit number 10.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended October 1, 2004.

(23) Incorporated by reference to exhibit number 3.8 to the registrant's Annual Report on Form 10-K for the year ended January 2, 2004.

(24) Incorporated by reference to exhibit number 3.6 to the registrant's Quarterly Report on Form 10-Q for the quarter ended April 2, 2004.

(25) Filed herewith.

EXHIBIT LIST

Exhibit
Number

3.1 Restated Articles of Incorporation of the Company filed June 25, 1986. (5)

3.2 Certificate of Amendment of Articles of Incorporation of the Company filed October 6, 1988. (6)

3.3 Certificate of Amendment of Articles of Incorporation of the Company filed July 18, 1990. (7)

3.4 Certificate of Determination of the Company filed February 19, 1999. (8)

3.5 Certificate of Amendment of Articles of Incorporation of the Company filed May 29, 2003. (20)

3.6 Certificate of Amendment of Articles of Incorporation of the Company filed March 4, 2004. (24)

3.8 Amended and Restated Bylaws of the Company. (23)

4.1 Specimen copy of certificate for shares of Common Stock of the Company. (1)

4.2 Preferred Shares Rights Agreement dated as of February 18, 1999. (4)

4.3 Agreement of Substitution and Amendment of Preferred Shares Rights Agreement dated September 10, 2004. (25)

4.4 First Amended and Restated Stock and Warrant Purchase Agreement between and among the Company and the investors thereto dated January 14, 2002. (15)

4.5 Form of Warrant to Purchase Shares of Common Stock dated January 14, 2002. (16)

4.6 Form of Warrant dated April 12, 2002. (17)

10.1+Form of Indemnification Agreement between the Company and its officers and directors. (25)

10.2+1990 Director Stock Option Plan, as amended, and form of Outside Director Non-statutory Stock Option Agreement. (3)

10.3+1992 Management Discount Stock Option and form of Non-statutory Stock Option Agreement. (2)

10.4+ 1993 Stock Option Plan, as amended May 11, 2000. (12)

10.5+ 1988 Employee Stock Purchase Plan, as amended May 11, 2000. (13)

10.6+Employment Agreement between the Company and Steven W. Berglund dated March 17, 1999. (9)

10.7+Nonqualified deferred Compensation Plan of the Company effective February 10, 1994. (10)

10.8 ***Supply Agreement dated August 10, 1999 by and among Trimble Navigation Limited and Solectron Corporation and Solectron Federal Systems, Inc. (11)

10.9+Australian Addendum to the Trimble Navigation 1988 Employee Stock Purchase Plan. (14)

10.10+ Amended and Restated 2002 Stock Plan (as of July 22, 2004), including forms of option agreements. (22)

10.11 Credit Agreement dated June 25, 2003. (19)

10.12Letter dated May 8, 2002 exercising renewal option of the Supply Agreement dated August 10, 1999 by and among Trimble Navigation Limited and Solectron Corporation and Solectron Federal Systems, Inc. (18)

10.13+ Employment Agreement between the Company and Rajat Bahri dated December 7, 2004. (25)

10.14+ Board of Directors annual compensation policy effective January 1, 2004. (25)

10.15+ Form of Change in Control agreement between the Company and certain Company officers. (21)

10.16+ Letter of Assignment between the Company and Alan Townsend dated November 12, 2003. (25)

10.17+ Supplemental agreement to Letter of Assignment between the Company and Alan Townsend dated January 19, 2004. (25)

21.1 Subsidiaries of the Company. (25)

23.1 Consent of Ernst & Young LLP, independent registered public accounting firm. (25)

24.2 Power of Attorney included on signature page herein.

31.1 Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (25)

31.2 Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (25)

32.1 Certification of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (25)

32.2 Certification of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (25)

*** Confidential treatment has been granted for certain portions of this exhibit pursuant to an order dated effective October 5, 1999.

+ Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Annual Report on Form 10-K pursuant to Item 14(c) thereof.

(1) Incorporated by reference to exhibit number 4.1 to the registrant's Registration Statement on Form S-1, as amended (File No. 33-35333), which became effective July 19, 1990.

(2) Incorporated by reference exhibit number 10.46 to the registrant's Registration Statement on Form S-1 (File No. 33-45990), which was filed February 25, 1992.

(3) Incorporated by reference to exhibit number 10.32 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1993.

(4) Incorporated by reference to exhibit number 1 to the registrant's Registration Statement on Form 8-A, which was filed on February 18, 1999.

(5) Incorporated by reference to exhibit number 3.1 to the registrant's Annual Report on Form 10-K for the fiscal year ended January 1, 1999.

(6) Incorporated by reference to exhibit number 3.2 to the registrant's Annual Report on Form 10-K for the fiscal year ended January 1, 1999.

(7) Incorporated by reference to exhibit number 3.3 to the registrant's Annual Report on Form 10-K for the fiscal year ended January 1, 1999.

(8) Incorporated by reference to exhibit number 3.4 to the registrant's Annual Report on Form 10-K for the fiscal year ended January 1, 1999.

(9) Incorporated by reference to exhibit number 10.67 to the registrant's Annual Report on Form 10-K for the fiscal year ended January 1, 1999.

(10) Incorporated by reference to exhibit number 10.68 to the registrant's Annual Report on Form 10-K for the fiscal year ended January 1, 1999.

(11) Incorporated by reference to exhibit number 10.69 to the registrant's Report on Form 8-K, which was filed on August 25, 1999.

(12) Incorporated by reference to exhibit number 10.59 to the registrant's

registration statement on Form S-8 filed on June 1, 2000.

(13) Incorporated by reference to exhibit number 10.60 to the registrant's registration statement on Form S-8 filed on June 1, 2000.

(14) Incorporated by reference to exhibit number 10.77 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 29, 2000.

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(23) Incorporated by reference to exhibit number 3.8 to the registrant's Annual Report on Form 10-K for the year ended January 2, 2004.

(24) Incorporated by reference to exhibit number 3.6 to the registrant's Quarterly Report on Form 10-Q for the quarter ended April 2, 2004.

(25) Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

TRIMBLE NAVIGATION LIMITED

By: /s/ Steven W. Berglund

Steven W. Berglund,
President and Chief Executive Officer

March 14, 2005

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual

Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Capacity in which Signed	Date
/s/ Steven W. Berglund Steven W. Berglund	President, Chief Executive Officer, Director	March 14, 2005
/s/ Rajat Bahri Rajat Bahri	Chief Financial Officer and Assistant Secretary (Principal Financial Officer)	March 14, 2005
/s/ Anup Singh Anup V. Singh	Corporate Controller (Principal Accounting Officer)	March 14, 2005
/s/ Robert S. Cooper Robert S. Cooper	Director	March 10, 2005
_________________ John B. Goodrich	Director	March __, 2005
/s/ William Hart William Hart	Director	March 14, 2005
/s/ Ulf J. Johansson Ulf J. Johansson	Director	March 10, 2005
/s/ Bradford W. Parkinson Bradford W. Parkinson	Director	March 12, 2005
/s/ Nickolas W. Vande Steeg Nickolas W. Vande Steeg	Director	March 11, 2005

SCHEDULE II

TRIMBLE NAVIGATION LIMITED
VALUATION AND QUALIFYING ACCOUNTS
(IN THOUSANDS OF DOLLARS)

Allowance for doubtful accounts:	December 31, 2004	January 2, 2004	January 3, 2003
Balance at beginning of period	$ 9,953	$ 9,900	$ 8,540
Acquired allowance	116	752	-
Bad debt expense	1,210	(32)	5,443
Write-offs, net of recoveries	(2,327)	(667)	(4,083)
Balance at end of period	$ 8,952	$ 9,953	$ 9,900
Inventory allowance:			
Balance at beginning of period	$ 25,885	$ 25,150	$ 23,274
Acquired allowance	591	1,292	-
Additions to allowance	3,765	5,762	3,901
Write-offs, net of recoveries	(4,024)	(6,319)	(2,025)
Balance at end of period	$ 26,217	$ 25,885	$ 25,150

EXHIBIT 4.3

AGREEMENT OF SUBSTITUTION AND AMENDMENT OF PREFERRED SHARES RIGHTS AGREEMENT

This Agreement of Substitution and Amendment is entered into as of September 10, 2004, by and between Trimble Navigation Limited, a California corporation (the "Company") and American Stock Transfer & Trust Company, a New York banking corporation ("AST").

RECITALS

A. On or about February 18, 1999, the Company entered into a Preferred Shares Rights Agreements (the "Rights Agreement") with ChaseMellon Shareholder Services, L.L.C. (the "Predecessor Agent") as rights agent.

B. The Company wishes to remove the Predecessor Agent and substitute AST as rights agent pursuant to Section 21 of the Rights Agreement, effective October 1, 2004 (the "Effective Date").

C. The Company has given the Predecessor Agent notice of removal of the Predecessor Agent as rights agent.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing and of other consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Section 21 of the Rights Agreement is hereby amended to provide that any successor rights agent shall, at the time of its appointment as rights agent, have a combined capital and surplus of at least $ 10 million, rather than $50 million.

2. The Company hereby appoints AST as rights agent pursuant to Section 21 of the Rights Agreement, from and after the Effective Date, to serve in that capacity for the consideration and subject to all of the terms and conditions of the Rights Agreement.

3. AST hereby accepts the appointment as rights agent pursuant to Section 21 of the Rights Agreement and agrees to serve in that capacity for the consideration and subject to all of the terms and conditions of the Rights Agreement.

4. From and after the Effective Date, each and every reference in the Rights Agreement to a "Rights Agent" shall be deemed to be a reference to AST.

5. Section 26 of the Rights Agreement is amended to provide that notices or demands shall be addressed as follows (until another address is filed):

If to the Company:
Trimble Navigation Limited
749 N. Mary Avenue
Sunnyvale, California 94085
Attention: Vice President & General Counsel

If to AST:
American Stock Transfer & Trust Company
59 Maiden Lane
New York, NY 10038
Attention: Corporate Trust Department

6. Except as expressly modified herein, the Rights Agreement shall remain in full force and effect.

7. This Agreement of Substitution and Amendment may be executed in one or more counterparts, each of which shall together constitute one and the same document.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date indicated above.

TRIMBLE NAVIGATION LIMITED

By: /s/ Irwin Kwatek

Name: Irwin Kwatek, Vice President

AMERICAN STOCK TRANSFER & TRUST COMPANY

By: /s/ Herb Lemmer

Name:

EXHIBIT 10.13+

December 6, 2004

Mr. Rajat Bahri
224 Forest Hill Road
Toronto, Ontario M5P 2N5

Subject: Offer of employment

Dear Raj,

I am pleased to extend to you this offer of employment to serve as Chief Financial Officer of Trimble Navigation Limited. Your position becomes official upon your election as an officer by the Board of Directors. We believe you are well suited to be a primary factor in taking Trimble to the next level or performance. We anticipate your start date to be January 17, 2005.

Your base salary compensation will be $275,000 per year. In addition, you will participate in the Trimble Management Incentive Plan with a potential payout level, at target, of 50%.

You will be awarded options to purchase 100,000 shares of stock upon commencing employment. In addition, you will be granted an additional 50,000 stock options upon the one year anniversary of your employment. In both cases the options will vest at the first anniversary of the grant and monthly thereafter for five years from the day of the grant.

You will be granted a special bonus to defray some of the costs of northern California housing. For each of the first three years of your employment you will be granted a $55,000 per year bonus at the completion of each calendar year. For the fourth and fifth year, the bonus will be $40,000 per year.

In the event of a change of control of the company, you will be provided the coverage as specified in the change in control agreement approved by the Board of Directors. The agreement, under defined circumstances, generally allows for the payment of one year's base salary and bonus upon your termination of employment resulting from a change in control. In addition, it accelerates the vesting of stock options.

You will be eligible for the Trimble Executive Non-qualified Deferred Compensation Plan. Under this plan, you may defer up to 100% of future salary and up to 100% of any future bonus. Details can be provided under separate cover.

Trimble will assist you in your relocation to Sunnyvale. This will include:

- Up to 6 months interim housing;
- Car rental (for up to 30 days) until your car arrives;
- Movement of household goods from primary location to Sunnyvale (Trimble to determine the carrier)
- Storage of household goods for a maximum of 90 days;
- A relocation allowance of $15,000 provided to offset miscellaneous expenses related to the relocation;
- The reasonable costs of two house-hunting trips (five days each) for you and your family including transportation, lodging and meals;
- Closing costs on the purchase of your home.

The reimbursable cost elements of the non-tax deductible elements of the move are as follows. The maximum extended costs are to include all "grossed up" tax elements.

	Maximum base cost	Maximum extended cost
Temporary living	$ 13,200	$ 18,500

Realtor and other reasonable closing cost on purchase of home	$ 10,000	$ 14,000
Realtor and other reasonable closing cost on sale of home	$ 70,000	$100,000
Other house hunting costs	$ 1,000	$ 1,400

If you voluntarily terminate your employment within 18 months of hire date, Trimble will seek pro-rated reimbursement of relocation costs.

Trimble has an attractive benefits package for employees including medical, dental, life, short and long-term disability insurance, and a Savings and Retirement Plan (401k) with a company match, and Employee Stock Purchase Plan. Details of these, and other benefits, will be given during your employee orientation. You will be entitled to 18 days of paid time off each year in addition to the 10 standard U.S. holidays. In addition, you will be eligible for company-paid membership at a fitness club.

Trimble is an "at-will" employer, meaning that an employer or employee can terminate the employment relationship at any time, with or without cause.

Raj, Trimble's success is derived from the people who work here. Your acceptance of this offer will be enthusiastically received and we feel confident that you will make a significant contribution to our continued success.

Please call me if you have any questions of if I can be of assistance at 408-481-7200.

Sincerely,

/s/ Steven W. Berglund

Steven W. Berglund
President and CEO

I accept the above offer of employment

/s/ Rajat Bahri, Dec 7, 04

Rajat Bahri

EXHIBIT 10.14+
Trimble Navigation Limited

Board of Directors Compensation Policy

The following is a schedule of the elements of compensation and expense reimbursement for nonemployee members of the board of directors. This policy is effective January 1, 2004.

- A stock option grant of 15,000 shares under the Trimble 2002 Stock Option Plan upon the initial appointment or election to the board.

- An additional annual grant of 7,500 shares to be granted to each director upon re-election by the shareholders at Trimble's Annual Shareholders' Meeting.

- Options granted to directors are at fair market value on the date of grant and will have a term of ten years, vesting monthly, on a pro-rated basis, over three years. The options will terminate 90 days after the individual ceases to be a member of the board.

- An annual retainer of $20,000 paid on a quarterly basis.

- A payment of $2,000 for each day in attendance at a board meeting.

- A payment of $2,000 for each day devoted to specific board matters, provided that such activity has been requested by either the board of directors or the chairman in consultation with the CEO.

- A payment of $500 for participation in a telephonic board meeting.

- A payment of $1,000 for each board committee meeting attended, that is not held on the same day as a board meeting.

- A payment of $500 for participation in a telephonic board committee meeting.

- A director will be paid a travel and transportation allowance, in lieu of reimbursement for expenses, in accordance with the following schedule:

  $4,000 for travel to a meeting held between 1,000 miles and 3,000 miles from the director's place of residence.

  $8,000 for travel to a meeting held more than 3,000 miles from the director's place of residence.

  Note: Miles are one-way and will be measured by air miles between airports.

- Reimbursement of travel expenses consistent with Trimble policy for travel to a meeting held less than 1,000 miles from the director's place of residence and all necessary travel on Trimble business, other than to attend a board meeting.

EXHIBIT 10.15+

TRIMBLE NAVIGATION LIMITED
CHANGE IN CONTROL SEVERANCE AGREEMENT

THIS AGREEMENT is entered into as of the ___ day of _____, 20__, by and between Trimble Navigation Limited (the "Company") and ____________________ (the "Executive").

W I T N E S S E T H

WHEREAS, the Company considers the establishment and maintenance of a sound and vital management to be essential to protecting and enhancing the best interests of the Company and its shareholders; and

WHEREAS, the Company recognizes that, as is the case with many publicly held corporations, the possibility of a change in control may arise and that such possibility may result in the departure or distraction of management personnel to the detriment of the Company and its shareholders; and

WHEREAS, the Board of Directors of the Company has determined that it is in the best interests of the Company and its shareholders to secure the Executive's continued services and to ensure the Executive's continued and undivided dedication to his duties in the event of any threat or occurrence of a change in control of the Company; and

WHEREAS, the Board of Directors of the Company has authorized the Company to enter into this Agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Company and the Executive hereby agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the respective meanings set forth below:

(a) "Board" means the Board of Directors of the Company.

(b) "Bonus" means the annual or quarterly bonuses payable pursuant to the Company's Management Incentive Plan or such other plan that provides for the payment of incentive bonuses as may be, from time to time, authorized by the Board.

(c) "Cause" means (i) the Executive's engagement in acts of embezzlement, dishonesty or moral turpitude; (ii) the conviction of the Executive for having committed a felony; (iii) a breach by the Executive of the Executive's fiduciary duties and responsibilities to the Company having the potential to result in a material adverse effect on the Company's business, operations, prospects or reputation; or (iv) the repeated failure of the Executive to perform duties and responsibilities as an employee of the Company to the reasonable satisfaction of the Board (except in the case of death or disability) that has not been cured within thirty (30) days after a written demand for substantial performance has been delivered to the Executive by the Board. The determination of Cause shall be made by the Board.

(d) "Change in Control" means the occurrence of any of the following events:

(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities; or

(ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; or

(iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least sixty percent (60%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

(iv) a change in the composition of the Board, as a result of which fewer than a majority of the directors are Incumbent Directors. "Incumbent Directors" shall mean directors who either (A) are directors of the Company as of the date hereof, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of those directors whose election or nomination was not in connection with any transaction described in subsections (i), (ii) or (iii) or in connection with an actual or threatened proxy contest relating to the election of directors of the Company.

Notwithstanding anything in this Agreement to the contrary, if the Executive's employment is terminated prior to a Change in Control, and the Executive reasonably demonstrates that such termination was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control, then for all purposes of this Agreement, the date immediately prior to the date of such termination of employment shall be deemed to be the date of a Change in Control.

(e) "Company" means Trimble Navigation Limited, a California corporation.

(f) "Date of Termination" means the date on which the Executive's employment by the Company terminates.

(g) "Good Reason" means, without the Executive's express written consent, the occurrence of any of the following events after a Change in Control:

(i) the assignment to the Executive of any duties (including a diminution of duties) inconsistent in any adverse respect with the Executive's position(s), duties, responsibilities or status with the Company immediately prior to such Change in Control; (ii) an adverse change in the Executive's reporting responsibilities, titles or offices with the Company as in effect immediately prior to such Change in Control; (iii) any removal or involuntary termination of the Executive from the Company otherwise than as expressly permitted by this Agreement or any failure to re-elect the Executive to any position with the Company held by the Executive immediately prior to such Change in Control; (iv) a reduction by the Company in the Executive's rate of annual base salary as in effect immediately prior to such Change in Control or as the same may be increased from time to time thereafter; (v) any requirement of the Company that the Executive (A) be based anywhere more than twenty-five (25) miles from the facility where the Executive is located at the time of the Change in Control or (B) travel on Company business to an extent substantially more burdensome than the travel obligations of the Executive immediately prior to such Change in Control; (vi) the failure of the Company to (A) continue in effect any compensation plan in which the Executive is participating immediately prior to such Change in Control, or the taking of any action by the Company which would adversely affect the Executive's participation in or reduce the Executive's benefits under any such plan (including the failure to provide the Executive with a level of discretionary incentive award grants consistent with the past practice of the Company in granting such awards to the Executive during the three-Year period immediately preceding the Change in Control), (B) provide the Executive and the Executive's dependents with welfare benefits (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive immediately prior to such Change in Control, (C) provide fringe benefits in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive immediately prior to such Change in Control, or (D) provide the

Executive with paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive immediately prior to such Change in Control, unless in the case of any violation of (A), (B) or (C) above, the Executive is permitted to participate in other plans, programs or arrangements which provide the Executive (and, if applicable, the Executive's dependents) with no less favorable benefits at no greater cost to the Executive; or (vii) the failure of the Company to obtain the assumption agreement from any successor as contemplated in Section 10(b) hereof.

Any event or condition described in Sections 1(g)(i) through (vi) which occurs prior to a Change in Control, but was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control, shall constitute Good Reason following a Change in Control for purposes of this Agreement (as if a Change in Control had occurred immediately prior to the occurrence of such event or condition) notwithstanding that it occurred prior to the Change in Control.

For purposes of this Agreement, any good faith determination of Good Reason made by the Executive shall be conclusive; provided, however, that an isolated, insubstantial and inadvertent action taken in good faith and which is remedied by the Company promptly after receipt of notice thereof given by an Executive shall not constitute Good Reason. The Executive's continued employment shall not constitute consent to or a waiver of rights with respect to any event or condition constituting Good Reason. The Executive must provide notice of termination within ninety (90) days of his knowledge of an event or condition constituting Good Reason hereunder or such event shall not constitute Good Reason hereunder. A transaction which results in the Company no longer being a publicly traded entity shall not in and of itself be treated as Good Reason unless and until one of the events or conditions set forth in Sections 1(g)(i) through (vii) occurs.

(h) "Nonqualifying Termination" means a termination of the Executive's employment (i) by the Company for Cause, (ii) by the Executive for any reason other than Good Reason, (iii) as a result of the Executive's death, or (iv) by the Company due to the Executive's absence from his duties with the Company on a full-time basis for at least one hundred eighty (180) consecutive days as a result of the Executive's incapacity due to physical or mental illness.

(i) "Projected Bonus Amount" means, with respect to any Year, the greater of (i) the Executive's Target Bonus Amount for such Year; or (ii) to the extent calculable after at least one calendar quarter of the Year, the Bonus the Executive would have earned in the Year in which the Executive's Date of Termination occurs had the Company's financial performance through the end of the fiscal quarter immediately preceding the Date of Termination continued throughout said Year (the "Earned Bonus Amount").

(l) "Subsidiary" means any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities of such corporation or other entity.

(m) "Target Bonus Amount" means, with respect to any Year, the Participant's target Bonus for such Year based upon the Company's forecasted operational plan.

(n) "Termination Period" means the period of time beginning with a Change in Control and ending one (1) year following such Change in Control.

(o) "Year" means the fiscal year of the Company.

2. Acceleration of Options Upon Change in Control. Upon a Change in Control each of the Executive's outstanding stock options granted under any of the Company's stock option or incentive plans shall accelerate and become vested and exercisable with respect to the total number of shares covered by all such outstanding stock options.

3. Termination of Employment.

(a) If during the Termination Period the employment of the Executive shall terminate, other than by reason of a Nonqualifying Termination, then the Company shall pay to the Executive, within five (5) business days following the Date of Termination, as compensation for services rendered to the Company:

(i) a lump-sum cash amount equal to the sum of (A) the Executive's base salary from the Company and its Subsidiaries through the Date of Termination and any outstanding Bonus for which payment is due and owing at such time, (B) any accrued vacation pay, and (C) to the extent not provided under the Company's Bonus plans, a pro-rata portion of the Executive's Projected Bonus Amount for the Year in which the Executive's Date of Termination occurs, in each case to the extent not theretofore paid; plus

(ii) a lump-sum cash amount equal to the sum of (A) twelve (12) months of base salary calculated using the Executive's highest monthly rate of base salary during the 12-month period immediately preceding the Date of Termination, or if greater, immediately preceding the Change in Control and (B) the highest of (x) the Executive's average Bonus (annualized for any partial Years of employment) earned during the 3-Year period immediately preceding the Year in which the Date of Termination occurs (or shorter annualized period if the Executive had not been employed for the full three-Year period), (y) the Executive's Target Bonus Amount for the Year in which the Change in Control occurs and (z) the Executive's Target Bonus Amount for the Year in which the Date of Termination occurs; provided, that any amount paid pursuant to this Section 3(a)(ii) shall offset an equal amount of any severance relating to salary or bonus continuation to be received by the Executive upon termination of employment of the Executive under any severance plan, policy, or arrangement of the Company.

(b) If during the Termination Period, the employment of the Executive shall terminate, other than by reason of a Nonqualifying Termination, for a period of one (1) year commencing on the Date of Termination, the Company shall continue to keep in full force and effect (or otherwise provide) all policies of medical, dental, accident, disability and life insurance with respect to the Executive and his dependents with the same level of coverage, upon the same terms and otherwise to the same extent (and on the same after-tax basis), as such policies shall have been in effect immediately prior to the Date of Termination (or, if more favorable to the Executive, immediately prior to the Change in Control), and the Company and the Executive shall share the costs of the continuation of such insurance coverage in the same proportion as such costs were shared immediately prior to the Date of Termination.

(c) If during the Termination Period, the employment of the Executive shall terminate, other than by reason of a Nonqualifying Termination, each of the Executive's outstanding stock options granted under any of the Company's stock option or incentive plans shall be exercisable by the Executive until the earlier of (A) the expiration of the term of the option or (B) one (1) year following the Date of Termination.

(d) If during the Termination Period the employment of the Executive shall terminate by reason of a Nonqualifying Termination, then the Company shall pay to the Executive (or the Executive's beneficiary or estate) such payments and provide to the Executive such benefits, if any, as the Company customarily pays or provides to executives of the Company upon termination of employment.

4. Golden Parachute. In the event that the benefits provided for in this Agreement (together with any other benefits or amounts) otherwise constitute "parachute payments" within the meaning of Section 280G of the Code and would, but for this Section 4 be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Executive's benefits under this Agreement shall be either: (i) delivered in full, or (ii) delivered as to such lesser extent as would result in no portion of such benefits being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the

applicable federal, state and local income taxes and the Excise Tax, results in the receipt by the Executive on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. Unless the Company and the Executive otherwise agree in writing, all determinations required to be made under this Section 4, including the manner and amount of any reduction in the Executive's benefits under this Agreement, and the assumptions to be utilized in arriving at such determinations, shall be made in writing in good faith by Ernst & Young LLP (the "Consulting Firm"). In the event that the Consulting Firm (or any affiliate thereof) is unable or unwilling to act, the Executive may appoint a nationally recognized public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Consulting Firm hereunder). All fees and expenses of the Consulting Firm shall be borne solely by the Company and the Company shall enter into any agreement requested by the Consulting Firm in connection with the performance of the services hereunder. For purposes of making the calculations required by this Section 4, the Consulting Firm may make reasonable assumptions and approximations concerning the application of Sections 280G and 4999 of the Code. The Company and the Executive shall furnish to the Consulting Firm such information and documents as the Consulting Firm may reasonably request to make a determination under this Section 4.

5. Withholding Taxes. The Company may withhold from all payments due to the Executive (or his beneficiary or estate) hereunder all taxes which, by applicable federal, state, local or other law, the Company is required to withhold therefrom.

6. Reimbursement of Expenses. If any contest or dispute shall arise under this Agreement involving termination of the Executive's employment with the Company or involving the failure or refusal of the Company to perform fully in accordance with the terms hereof, the Company shall reimburse the Executive, on a current basis, for all legal fees and expenses, if any, incurred by the Executive in connection with such contest or dispute (regardless of the result thereof), together with interest in an amount equal to the prime rate of Bank of America from time to time in effect, but in no event higher than the maximum legal rate permissible under applicable law, such interest to accrue from the date the Company receives the Executive's statement for such fees and expenses through the date of payment thereof.

7. Termination of Agreement. This Agreement shall be effective on the date hereof and shall continue until the first to occur of (i) the termination of the Executive's employment with the Company prior to a Change in Control (except as otherwise provided hereunder), (ii) a Nonqualifying Termination, or (iii) the termination of the Executive's employment following the Termination Period.

8. Scope of Agreement. Nothing in this Agreement shall be deemed to entitle the Executive to continued employment with the Company or its Subsidiaries, and if the Executive's employment with the Company shall terminate prior to a Change in Control, the Executive shall have no further rights under this Agreement (except as otherwise provided hereunder); provided, however, that notwithstanding anything herein to the contrary, any termination of the Executive's employment following a Change in Control shall be subject to all of the benefit and payment provisions of this Agreement.

9. Obligations of the Executive. The Executive agrees that if a Change in Control shall occur, the Executive shall not voluntarily leave the employ of the Company without Good Reason during the 90-day period immediately following a Change in Control.

10. Successors' Binding Obligation.

(a) This Agreement shall not be terminated by any merger, consolidation or corporate reorganization of the Company (a "Company Change") or transfer of assets. In the event of any Company Change or transfer of assets, the provisions of this Agreement shall be binding upon the surviving or resulting corporation or any person or entity to which the assets of the Company are transferred.

(b) The Company agrees that concurrently with any Company Change or transfer of assets, it will cause any successor or transferee unconditionally to assume by written instrument delivered to the Executive (or his beneficiary or estate) all of the obligations of the Company hereunder. Failure of the Company to obtain such assumption prior to the effectiveness of any such Company Change or transfer of assets that results in a Change in Control shall constitute Good Reason hereunder and shall entitle the Executive to compensation and other benefits from the Company in the same amount and on the same terms as the Executive would be entitled hereunder if the Executive's employment were terminated following a Change in Control other than by reason of a Nonqualifying Termination. For purposes of implementing the foregoing, the date on which any such Company Change or transfer of assets becomes effective shall be deemed the date Good Reason occurs, and the Executive may terminate employment for Good Reason on or following such date.

(c) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amounts would be payable to the Executive hereunder had the Executive continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to such person or persons appointed in writing by the Executive to receive such amounts or, if no person is so appointed, to the Executive's estate.

11. Notice.

(a) For purposes of this Agreement, all notices and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered or five (5) days after deposit in the United States mail, certified and return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

____
____

If to the Company:

Trimble Navigation Limited
749 N. Mary Avenue
Sunnyvale, California 94085
Attention: General Counsel

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt. Alternatively, notice may be deemed to have been delivered when sent by facsimile to a location provided by the other party hereto.

(b) A written notice of the Executive's Date of Termination by the Company or the Executive, as the case may be, to the other, shall (i) indicate the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated and (iii) specify the termination date (which date shall not be less than fifteen (15) nor more than sixty (60) days after the giving of such notice). The failure by the Executive or the Company to set forth in such notice any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company hereunder or preclude the Executive or the Company from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

12. Full Settlement; No Mitigation. The Company's obligation to make any payments provided for by this Agreement to the Executive and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment.

13. Employment with Subsidiaries. Employment with the Company for purposes of this Agreement shall include employment with any Subsidiary.

14. Governing Law; Validity. The interpretation, construction and performance of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of California without regard to the principle of conflicts of laws. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which other provisions shall remain in full force and effect.

15. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

16. Miscellaneous. No provision of this Agreement may be modified or waived unless such modification or waiver is agreed to in writing and signed by the Executive and by a duly authorized officer of the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Failure by the Executive or the Company to insist upon strict compliance with any provision of this Agreement or to assert any right the Executive or the Company may have hereunder, including without limitation, the right of the Executive to terminate employment for Good Reason, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement. Except as otherwise specifically provided herein, the rights of, and benefits payable to, the Executive, his estate or his beneficiaries pursuant to this Agreement are in addition to any rights of, or benefits payable to, the Executive, his estate or his beneficiaries under any other employee benefit plan or compensation program of the Company.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by a duly authorized officer of the Company and the Executive has executed this Agreement as of the day and year first above written.

Trimble Navigation Limited

By: ________________________________

Name: ______________________________

Title: _____________________________

Executive

____

Name: ______________________________

Title: _____________________________

EXHIBIT 10.16+

Letter of Assignment

November 12, 2003

Mr. Alan Townsend
44B Glandovey Road
Christchurch 8005
New Zealand

Dear Alan:

This letter confirms our mutual understanding of the terms and conditions applying to your international assignment. Such employment is subject to your acceptance of the terms and conditions outlined in this letter. If the terms are acceptable to you, please sign and return the attached copy of this letter.

The effective date of your international assignment will be February 20, 2004 for purposes of benefits and compensation.

Your assignment location will be Westminster, Colorado, United States (U.S.) with your point of origin designated as Christchurch, New Zealand (NZ). Your job title and general duties will remain unchanged.

Compensation

Your base salary will be $215,000 USD annually. In addition you will be eligible to receive a potential bonus with a target of 35% of your base salary. You will be paid through the standard U.S. payroll system. Salary reviews and performance evaluations will be conducted in accordance with Trimble Navigation Limited policies.

Duration of Assignment

This assignment has no defined interval although, based on our discussions, a period of roughly five years seems to be consistent with your plans. This is dependent on proper approval and extensions to an L1a visa. An L1a visa can be issued for a period of 3 years with two 2 year extensions possible.

Termination

While employed by Trimble in the United State you will be subject to all personnel policies that normally apply to Trimble employees in the United States. These policies include "employment at will" which means that either you or the company may terminate the employment relationship at any time and for any reason, with or without notice. If you are terminate by Trimble for any reason, other than gross negligence or gross misconduct, you will be offered severance

consistent with standard Trimble severance policy, providing you with service credit from your start date at Datacom in 1971. In addition, should either you or Trimble terminate the employment relationship you will have sixty (60) days from the effective date of the termination to request and receive approval for repatriating yourself, your family and your household effects back to your home country. Repatriation benefits are detailed on attachment "A." Failure to repatriate within sixty (60) days after the effective date of termination will result in the forfeiture of repatriation benefits. Prior to and in exchange for these severance benefits, you will be asked to sign a full and final release of the company from any further obligations.

Voluntary Separation

If you resign prior to having completed one full calendar year or 330 days out of a 12 consecutive month period overseas, you will reimburse the Company for your total relocation expenses according to the following formula:

(12 minus the number of months worked) times (total expense divided by 12) equals amount of reimbursement to Trimble.

Transition

In lieu of a house hunting trip, Trimble will pay for up to 6 weeks of a rental. The estimated cost is expected to be approximately $2,500.

Entrance/Work Permits/Visas

You can coordinate with the appropriate immigration attorney to obtain the necessary documentation required for your relocation to Westminster (i.e. passports, visa, work permits, etc.). The Company will pay for these and other costs incurred in obtaining permits for the employee to work in the assignment location and for the family to live in the location.

Benefits

You will participate in the Trimble Navigation Limited U.S. benefits program. Summaries of the available plans are attached.

Vacations

You will accrue vacation (PTO) time as is standard in the United States.

Holiday/Work Schedule

You will follow the hours, work days and public holidays observed in the U.S., even if they are substantially different from those observed in your home country.

Relocation Provisions and Allowances

Relocation Allowance

You will receive a relocation allowance equivalent to reasonable miscellaneous costs related to your relocation. This allowance is provided to help defray costs that will incurred during the relocation process. Any costs anticipated should be discussed before being incurred and approved by me. The relocation allowance will be grossed up to cover taxes.

Home Sale and Purchase Expenses

Trimble will reimburse you for standard real estate commissions involved in the sale of your primary residence in New Zealand. Standard Home sale commissions in New Zealand are defined for our purpose as 3.95% on the first NZ$300,000 and 2% on amounts exceeding NZ$300,000 + 12.5% GST (tax).

If you purchase a home in the U.S. within 12 months of the effective date of your U.S. assignment, Trimble will reimburse you up to 1% of the mortgage loan for loan origination fees and up to 1% of the purchase price for closing costs.

Sale of Home in U.S.

Upon a possible future sale of your U.S. home it is our intent to protect you against a purchase prices that is lower than the one you paid for the house. A side agreement will be developed in the next three weeks to cover the exact details of the arrangement.

Temporary Living Expense

At the departure location (NZ), Trimble will provide temporary lodging, rental car if necessary and a meal and miscellaneous per diem for the employee and spouse for a period not to exceed 5 days. Costs for such temporary lodging, rental car and per diem is not to exceed $1,345 USD.

Moving of Household Goods

Shipment of household goods will be provided for you, according to the maximum weigh guidelines provided below, to the Westminster, Colorado, U.S. and at the completion of the assignment back to Christchurch, New Zealand.

Shipment of Household Goods

A Trimble approved carrier handles the movement of household goods from/to the point of origin. You are authorized to ship, at the company's expense, a maximum weight of goods according to the following schedule:

Air Shipment: up to 125 Cubic Feet
Surface Shipment: 13,000 pounds

Covered expenses including packing, unpacking, insurance, surface shipping, storage-in-transit, and delivery or normal household goods and personal effects. Weight allowances on the surface shipment excludes interior cartons, packing materials, and exterior containers. The cost of any items shipped in excess of the weight allowances listed above will be assumed by the employee. Weight allowances on the surface shipment exclude interior cartons, packing materials, and exterior containers. The cost of any items shipped in excess of the weight allowances listed above and all import duties will be assumed by the employee.

This shipment of large items (such as cars, boats, planes, trailers) and hazardous items will not be the responsibility of, nor will the shipment be paid for by the Company. However, you have identified the need to ship 5-6 antiques items. Although we would generally expect the costs to the within the limits of the policy, you and I will resolve any special requirements which are beyond the scope of the policy.

There are established maximums on the insurance of personal effects shipped at Company expense. These are based on the replacement value as stated by the assignee on the inventory list provided at the time of move. Coverage is in effect from the time the goods are picked up at the home country residence until they are delivered to the host country residence. Since coverage ends when the goods are delivered, insurance at the host country location is the responsibility of the assignee.

Repatriation Guidelines for Shipment of Household Goods

These guidelines also apply on repatriation or relocation at the end of the assignment, with additional weight limits of 20% more than those established for expatriation.

Tax Services

Due to increased financial complexities associated with international assignments, the Company has made arrangements for the first year of your assignment to provide professional tax services through the offices of Pricewaterhouse Coopers (PxC). Those services will include:

- N.Z. exit interview to discuss the tax ramifications of your assignment
- Entrance interview with PwC representatives in the U.S.
- Preparation of all required U.S. and New Zealand tax returns with confidential client relationship.
- Representation with respect to any tax notices or audits of returns prepared by PwC if related to your assignment.

All costs associated with these services will be borne by the Company, and, therefore, tax consultation will be limited to that necessary for the preparation of income tax returns representing the first year of assignment. In the event you wish to engage PwC for non-company related consultation, related fees will be at your expense. While the company is paying for tax services, the actual payment of any taxes are the responsibility of the employee.

Travel Arrangements

Travel arrangements are to be made through a Trimble designated travel coordinator.

While it is anticipated that the terms of this Letter of Assignment will continue throughout your international assignment, Trimble reserves the right to change any of the terms of this letter, including, but not limited to, the duration of your international assignment and the Company's international policies and procedures. However, if a significant change is made in your job duties or place of employment and you choose to resign as a result, Trimble pay for your relocation back to New Zealand.

Please sign and return one copy of this letter, as your acknowledgement of receipt, understanding and acceptance of the conditions outlined in this letter.

SIGNED AND AGREED:

Employee	/s/ Alan R. Townsend
Date	12 Nov 2003
Steven W. Berglund, President & CEO	/s/ Steven W. Berglund
Date	12 Nov 2003

After all signatures have been affixed, please
return this agreement to:
Trimble Navigation
C/O Bill Burgess
645 N. Mary Ave.
Sunnyvale, CA 94088

ATTACHMENT A

Repatriation Estimate		
Airfare - Coach $1500 x 2		$ 3,000.00
Household Goods Sea Shipment (lbs) - Estimate		$18,488.00
Household Goods Air Shipment (lbs) - Estimate		$4,274.00
Household Goods Storage (30 days) plus warehouse handling		$1,000.00
Repatriation Departure: Hotel 5 days		$753.00
Repatriation Departure: Rental Car (5 days)		$606.00
Repatriation Departure: Per Diem		$250.00
Repatriation Destination: Temporary Living (30 days)		$2,112.84
Repatriation Destination: Per Diem		$1,500.00
Repatriation Destination: Rental Car		$1,386.00
Repatriation Tax Consultation, USA		$610.00
Home Sale in U.S.		$51,000.00
Repatriation Tax Consultation, New Zealand		$1,096.00
	Sub-Total	$86,075.84
Tax Gross-ups		$9,000.00
	Total in USD	$95,075.84

Exhibit 10.17+

January 19, 2004

Mr. Alan Townsend
44B Glandovey Road
Christchurch 8005 New Zealand

Dear Alan,

This letter supplements the Letter of Assignment with you, dated November 12, 2003. That letter provides for certain benefits in connection with your move to Colorado and the purchase of a home there (your "US Home").

In the event that (i) you are returning to New Zealand on a date that is more than four (4) years after your employment start date in Colorado or you are terminated by Trimble for any reason, other than gross negligence or gross misconduct, and (ii) you sell your US Home, within six (6) months following your last day of employment by Trimble in the US, for a Net Sales Price that is lower than the Purchase Price you paid for it, Trimble will pay you the difference between the Net Sales Price and the Purchase Price of your US Home. The "Purchase Price" means the price paid plus all usual and customary closing costs paid by you less any amounts for closing costs that were reimbursed to you by Trimble. The "Net Sales Price" means the amount you receive from the sale of your US Home after deduction of all usual and customary closing costs paid by you plus any amounts for these closing costs to be paid to you by Trimble as repatriation benefits pursuant to the Letter of Assignment, or otherwise. No payment will be made to you if your US Home is sold for a price that is more than 5% below a recent appraisal of the US Home.

In the event that (i) you are returning to New Zealand or you are terminated by Trimble for any reason, other than gross negligence or gross misconduct, and (ii) you sell your US Home for a Net Sales Price that is greater than the Purchase Price you paid for it, Trimble will reduce the amount to be paid to you as repatriation benefits pursuant to the Letter of Assignment for closing costs by an amount equal to the difference between the Purchase Price and the Net Sales Price, less any exchange rate (determined by reference to the exchange rate published in the Wall Street Journal on the date of transfer of the funds) loss, in New Zealand Dollar terms, on the down payment for your residence. For example, if you put down a US$100,000 down payment and the NZD exchange is NZ$150,000 and you later sell your house when the NZD exchange for NZ$150,000 is US$92,000, and you have a gain of US$40,000 on the sale of your house, we will consider that gain to be US$32,000 for the purpose of calculating a reduction in the repatriation benefits payable to you.

This letter supplements and is in addition to the terms of the Letter of Assignment, which remains in effect.

Very truly yours,

/s/ Steven W. Berglund

Steven W. Berglund
President & CEO

ACCEPTED AND AGREED:

/s/ Alan R. Townsend

Alan Townsend

EXHIBIT 21.1

SUBSIDIARIES OF THE COMPANY

Name of Subsidiary	Jurisdiction of Incorporation
Trimble Navigation Australia Pty Limited	Australia
Spectra Precision Pty Ltd.	Australia
Trimble Austria Ges.mbH	Austria
Trimble Belgium BVBA	Belgium
Trimble Brasil Limitada	Brazil
Jamestown Manufacturing Corporation	California
Pacific Crest Corporation	California
Trimble Export Limited	California
Trimble Navigation International Limited	California
Trimble Specialty Products, Inc.	California
TR Navigation Corporation	California
Applanix Corporation	Canada
Trimble Canada Ltd.	Canada
Trimble Exchangeco Ltd.	Canada
Trimble Holdings Co.	Canada
Trimble Electronic Products (Shanghai) Co. Ltd.	China
Trimble Navigation Technology (Shanghai) Co. Ltd.	China
Mensi, Inc.	Delaware
SPHM Inc.	Delaware
Trimble Middle East WLL	Egypt
Mensi, S.A.	France
Trimble France S.A.S.	France
GeoNav GmbH	Germany
Trimble GmbH	Germany
Trimble Holdings GmbH	Germany
Trimble Jena	Germany
Trimble Kaiserslautern GmbH	Germany
Trimble terraSat GmbH	Germany
Trimble Italia SRL	Italy
Trimble Navigation Italia s.r.l	Italy
Mensi, KK	Japan
Trimble Japan K.K.	Japan
Spectra Precision de Mexico, SA de CV	Mexico
Trimble Mexico S de RL	Mexico

Trimble Europe B.V.	Netherlands
Trimble Navigation New Zealand Limited	New Zealand
Tripod Data Systems	Oregon
Trimble Navigation Singapore PTE Limited	Singapore
Trimble International Holdings S.L.	Spain
Trimble Navigation Iberica S.L.	Spain
Spectra Precision Scandinavia AB	Sweden
Trimble AB	Sweden
TNL Flight Services, Inc	Texas
Applanix LLC	Texas
Trimble Navigation Europe Limited	United Kingdom
Trimble Pty Ltd.	United Kingdom
Trimble Mobile Solutions, Inc.	Virginia

EXHIBIT 23.1
TRIMBLE NAVIGATION LIMITED

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Forms S-8 Nos. 33-37384, 33-39647, 33-45167, 33-45604, 33-46719, 33-50944, 33-57522, 33-62078, 33-78502, 33-84362, 33-91858, 333-04670, 333-28429, 333-53703, 333-84949, 333-38264, 333-65758, 333-65760, 333-97979, 333-118212), pertaining to the 1983 Stock Option Plan, the Trimble Navigation Savings and Retirement Plan, the 1990 Director Stock Option Plan, the "Position Us for Progress" 1992 Employee Stock Bonus Plan, the 1992 Management Discount Stock Option Plan, the 1993 Stock Option Plan, Trimble Non-statutory Option Plan, the 2002 Stock Option Plan, and the 1988 Employee Stock Purchase Plan, and Forms S-3 Nos. 333-76986, 333-86656, 333-103676, 333-106893, and the related Prospectuses, of our reports dated March 11, 2005, with respect to the consolidated financial statements and schedule of Trimble Navigation Limited, Trimble Navigation Limited management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Trimble Navigation Limited, included in this Annual Report (Form 10-K) for the year ended December 31, 2004.

/s/ Ernst & Young LLP

Palo Alto, California
March 11, 2005

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Steven W. Berglund, certify that:

1. I have reviewed this annual report on Form 10-K of Trimble Navigation Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 14, 2005

/s/ Steven W. Berglund

Steven W. Berglund
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Rajat Bahri, certify that:

1. I have reviewed this annual report on Form 10-K of Trimble Navigation Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 14, 2005

/s/ Rajat Bahri

Rajat Bahri
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CEO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Trimble Navigation Limited (the "Company") for the period ended December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Steven W. Berglund, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Steven W. Berglund

Steven W. Berglund
Chief Executive Officer

March 14, 2005

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

EXHIBIT 32.2

CERTIFICATION OF CFO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Trimble Navigation Limited (the "Company") for the period ended December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Rajat Bahri, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Rajat Bahri

Rajat Bahri
Chief Financial Officer

March 14, 2005

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.