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 January 3, 2003

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ___________to______________
Commission File Number: 0-18645

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

California	94-2802192
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
645 North Mary Avenue, Sunnyvale, CA	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]

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 June 28, 2002 was approximately $455 million.

There were 29,350,366 shares of the registrant's Common Stock issued and outstanding as of March 5, 2003.

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 20, 2003 (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

2002 FORM 10-K ANNUAL REPORT

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TRADEMARKS

Trimble, SiteVision, GeoExplorer, AgGPS, Thunderbolt, FirstGPS, and CrossCheck are trademarks of Trimble Navigation Limited registered in the United States Patent and Trademark Office. Spectra Precision, Lassen, Force, Galaxy, EZ-Guide, Placer, Trimble Toolbox and Telvisant are trademarks of Trimble Navigation Limited. 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 products and solutions to industrial, commercial, governmental entities, and professional customers in a number of markets including surveying, construction, agriculture, urban and resource management, military, transportation, and telecommunications. Customer benefits resulting from our products typically include cost savings or avoidance, improved quality, higher productivity, and increased efficiency. Examples of our products and solutions include guidance for earthmoving operations, surveying instrumentation, fleet management for specialized trucks such as concrete mixers, positioning technology for vehicle navigation and telematics products, tractor guidance for farming, field data collection equipment, and timing technology for synchronization of wireless networks.

Our expertise is focused in positioning, communication, and information technologies, which form the core of our products. Positioning technologies used include the Global Positioning System (GPS), laser, optical, and inertial, while communication techniques include both public networks such as cellular, and private networks such as business band radio. The unique nature of many of our products and solutions is created through information technologies – both 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. Assembly and manufacturing for many of our products are subcontracted to third parties. We conduct our business globally with major operations in the United States, Sweden, Germany, New Zealand, and the Netherlands. Products are sold through dealers, representatives, partners, and other channels throughout the world. Products are supported by sales offices in 22 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 major portion of our revenues 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, GPS provides extremely accurate time measurement.

The usefulness of GPS is dependent upon the locations of the receiver and the 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, altitude, and time. The accuracy of GPS may also be limited by distortion of GPS signals from ionospheric and other atmospheric conditions, and intentional or inadvertent signal interference or Selective Availability. Selective Availability, which was the largest component of GPS distortion, is controlled by the U.S. Department of Defense and was deactivated on May 1, 2000.

Our GPS products are based on proprietary receiver technology. The convergence of positioning, wireless, and information technologies enables significant new value to be added to positioning systems, thereby creating a more robust solution for the user. In addition, recent developments in wireless technology and deployments of 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.

Our laser and optical products measure distances and angles accurately using light. We generally use commercially available laser diodes to create light beams for distance measurement. In addition, our proprietary precision mechanics and software algorithms in these products combine to give robust, accurate distance and angle measurements for a variety of agricultural, surveying, and construction applications.

Business Strategy

Our business strategy leverages our expertise in positioning to provide solutions for our customers, built around several key initiatives:

- *Focus on attractive markets* – We focus on markets that offer potential for revenue growth, profitability, and market leadership.

- *Create innovative solutions that provide significant economic benefits to our customers* – We seek to apply our technology to applications for which position data has a high value. We anticipate that further advances in positioning, wireless, and information technologies will enable new classes of solutions to emerge that will create new opportunities.

- *Develop distribution channels to best access our markets* – We utilize a range of distribution channels to best serve the needs of individual markets. These channels can include independent dealers, direct sales, OEM sales, and distribution alliances with key partners. In addition, we will continue to extend our international distribution.

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. We also operate in smaller business areas, primarily Military and Advanced Systems, and Tripod Data Systems, which aggregate into the Portfolio Business segment. Our segments are distinguished by the markets they serve. Each division is responsible for product development, marketing, sales, strategy, financial performance, and is headed by a general manager.

Segment Realignment

In the first fiscal quarter of 2002, we realigned two of our reportable segments. The Agriculture segment was combined with the Mapping and Geographic Information Systems (GIS) business to form Field Solutions. Mapping and GIS were previously part of Fleet and Asset Management. The Mobile Positioning business that was part of Fleet and Asset Management is now Mobile Solutions.

We began breaking out Mobile Solutions as a separate reporting segment during the first quarter of 2002 to address the growing importance of the mobile asset management business and its impact on our profitability. At the same time, we combined our GIS and Agriculture businesses to create a new segment called Field Solutions in order to recognize the synergies and similar product requirements between the two businesses.

Engineering and Construction

We employ GPS, optical, lasers, communications, and information technology to pursue the opportunities in the Engineering and Construction industry segment. Products in this segment increase productivity and accuracy for the entire construction process including the initial survey, planning, design, earthmoving, and building phases. These products are aimed at making each individual task more efficient, as well as speeding up the entire process by improving information flow from one step to the next, and facilitating faster redesign when needed.

For example, our GPS and robotic optical technology allows surveying tasks to be completed faster and with a smaller crew. Similarly, construction machine guidance products allow the operator to achieve the desired landform by eliminating stakeout and reducing rework. These steps in the operation can be readily linked together with data collection modules and software to minimize the time and effort required to get the job done accurately.

We sell and distribute our products from this segment through a global network of independent dealers and our sales staff. This channel is supplemented by relationships that create additional channel breadth including our joint venture with Caterpillar and private branding arrangements with other companies.

Competition in this segment comes from 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:

5800 RTK Rover – This is an integrated unit that allows the surveyor to make centimeter-level measurements or do construction stakeout with only one person. Wireless technology eliminates cables that could otherwise snag on foliage and structures. The rover weighs 3.5kg for an entire system on a pole including batteries.

5600 Total Station – This optical total station series provides a choice of increasing levels of automation that allow the surveyor to choose a system that will best suit his work. Depending on the job, these configurations enable one-person stakeout and survey. The included Attachable Control Unit (ACU) also works with the 5800 RTK Rover providing complete measurement compatibility regardless of the technology used.

SiteVision® GPS System – SiteVision GPS is a machine-mounted, positioning system that guides the operator by comparing the actual position of the blade with the digitized design that resides in a computer on the machine. The use of this system enables faster machine speed, eliminates the need for placing stakes, and lowers the number of passes needed to get the desired grade. Applications include road construction and site preparation.

Spectra Precision™ Laser GL 700 Series – This laser product provides grade control capability for heavy equipment on a construction site. The level surface of the laser light can be precisely controlled, and machines with a laser receiver can be controlled to establish a precise and uniform grade over the desired area. Applications include trenching, pipe laying, machine control grading, and road construction applications.

Field Solutions

Our Field Solutions division addresses the two business areas of Agriculture and Geographical Information System (GIS). Products and solutions from the GIS business area are targeted at collecting feature and attribute information in the field to be used within GIS databases and providing position-related information directly to a person working in the field in the mobile GIS market. The manner in which information is presented or collected is of key importance to the customer, as well as the applicability and value of the information itself.

In the agricultural market, our products provide 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.

Our distribution to the agricultural market is through multiple channels. Revenue is generated through independent dealers and through 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, CSI Wireless, and Integrinautics.

The other principle market within Field Solutions is GIS. Our products enable the efficient acquisition of features, attributes, and positions of fixed infrastructure and natural resource assets. An example of the type of data being collected 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 collected 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.

Distribution for GIS applications is primarily through a network of independent dealers and business partners, supported by an internal sales staff. Competitors in this market are typically either survey instrument companies having GPS technology and/or consumer GPS companies. Two examples are Leica Geosystems and Garmin.

Approximate price points in this segment range from $2,500 for a handheld unit to $35,000 for a fully automated, farm equipment control system.

Representative products sold within this segment include:

GeoExplorer® 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® Autopilot 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® EZ-Guide™ 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 components for applications that require embedded position or time, primarily based on GPS technology. 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 telecommunication 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, UTStarcom, and Grayson Wireless.

In the automotive market, we provide a GPS component that is embedded into in-vehicle navigation systems. Our focus on high reliability, continuous improvement, and low cost has earned us supplier awards and continuing business in this market. Customers include IVN system manufacturers and integrators such as Siemens VDO Automotive AG, Blaupunkt, and Magnetti Marelli.

* The declining size and power requirements for GPS components, coupled with improving capabilities, allow GPS to potentially be used in a new class of applications such as position-aware cellular telephones or other wireless handheld devices. We expect our strength in GPS technology will expand our participation in this market.

Competitors in the telecommunication infrastructure market include Symmetricom. Competitors in the automotive market are typically component companies with GPS capability including Japan Radio Corporation, Motorola, and SiRF.

Representative products sold by this segment include:

Thunderbolt® 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 much higher reliability and much lower price.

FirstGPS® 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™ SQ Module – Our new Lassen SQ 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.

Mobile Solutions

Our Mobile Solutions segment addresses the market for fleet management by providing a bundled solution including both hardware and software needed to run the application. In almost all cases, the software solution is provided to the user through Internet-enabled access for a monthly service fee. The bundled 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.

Our agreement with McNeilus Companies, Inc., a major manufacturer of trucks for the ready mix concrete and waste management industries, facilitates the delivery of a complete management solution when a new fleet is acquired. McNeilus' sales team will market our solution, which includes our GPS-enabled hardware and hosted software provided for a monthly service fee to its customers as a retrofit for trucks already in the field, or as a factory-installed option.

Our Mobile Solutions segment maintains multiple distribution channels including independent dealers, key accounts and strategic partners such as McNeilus. Approximate prices for the hardware fall in the range of \$300 to \$3000, 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, @Track, Aether Systems, and Minorplanet.

Representative products sold by this division include:

Telvisant™ System – Our fleet management service offering, Telvisant provides different levels of service that run from snapshots of fleet activity to real-time fleet dispatch capability. Telvisant includes truck communication service and computer backbone support of the software. Variations of Telvisant are tailored for specific industry applications.

CrossCheck® 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 Business

Our Portfolio Business segment includes various operations that each equal less than 10 percent of our total operating revenue. The products in this segment are data collection products as well as navigation modules and embedded sensors that are used in avionics, flight, and military applications. The two most significant components in this segment are Tripod Data Systems (TDS), and Military and Advanced Systems (MAS).

TDS designs and markets handheld data collectors and data collection software for field use by surveyors and other professionals. Products are sold directly, through dealers, and other survey manufacturers. Competitors in this portion of the business are small and geographically diverse.

Our MAS business supplies GPS modules that use the military's GPS Precise Positioning Service. These modules are most often used in aviation or ground-based military equipment. Military products are sold directly by our sales force to either the U.S. Government or a contractor. Sales are also made to foreign governments, with the sales of the encrypted components taking place through the U.S. Government. Competitors in this market include Rockwell, L3, Raytheon, and Thales.

Representative products sold by this segment include:

TDS Ranger™ Series – The TDS Ranger device is a handheld data collector supporting Microsoft's Windows CE operating system. Running TDS survey software, this unit can control and collect data from all major brands of optical and GPS surveying instruments. The operator can also run his or her own application programs for the Microsoft Windows CE operating system on the platform.

Force™ 5 Module – The Force 5 GPS Receiver Application Module (GRAM) is a dual-frequency, GPS module that is used in a variety of military GPS signal embedded airborne and ground applications.

Acquisitions and Joint Ventures

The markets in which we compete require a wide variety of technologies, products, and capabilities. Through acquisitions, investments, and joint development agreements or alliances, we are able to deliver products and services to customers in target markets. We employ the following strategies to satisfy the need for new or enhanced products and solutions: develop new technologies and products internally; enter into joint ventures with strategic partners; resell another company's product; or acquire all or part of another company.

Acquisitions

* We have acquired a number of companies in the past and we expect to make acquisitions in the future. Mergers and acquisitions of high-technology companies are inherently risky. 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. The risks associated with acquisitions are more fully discussed in the "Risks and Uncertainties" section contained in Part II, Item 7 of this Report.

LeveLite - On August 15, 2002, we acquired LeveLite Technology, Inc. This was a strategic acquisition for us, as it not only extended the product portfolio of our commercial construction business in the entry-level market for laser-levels, but it also strengthened our presence in certain distribution channels, such as the construction supply houses and power tool manufacturers.

Caterpillar Joint Venture

On April 1, 2002, Trimble and Caterpillar established and began operations of a joint venture called Caterpillar Trimble Control Technologies, LLC, in which each company has a 50% ownership stake and have equal voting rights. The purpose of this joint venture is to develop the next generation of machine control products for the construction and mining markets.

* 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 that this "after-market" solution will spur future demand for a machine control product that can be integrated into the design of new Caterpillar machines, while also still being available for "after-market" installation.

Patents, Licenses and Intellectual Property

We hold 582 U.S. patents and 114 foreign patents, the majority of which cover GPS technology and applications, and over 100 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. Although this is not a significant factor in our business, from time to time we license technology from third parties.

There are 74 trademarks registered to Trimble and its subsidiaries. Specifically, "Trimble" with the sextant logo, "AgGPS", "GeoExplorer," and "GPS Total Station," are examples of trademarks of Trimble Navigation Limited registered in the United States and other countries. Additional trademarks are pending registration.

Although we believe that our patents and trademarks have value, we cannot be sure that those patents and trademarks, or any additional patents and trademarks that may be obtained in the future, will provide meaningful protection from competition. We actively develop and protect our intellectual property through a program of patenting, enforcement, and licensing.

We do not believe that any of our products infringe patent or other proprietary rights of third parties, but we cannot be certain that they do not do so. (See Note 20 of the Notes to the Consolidated Financial Statements.) If infringement is alleged, legal defense costs could be material, and there can be no assurance that the necessary licenses could be obtained on terms or conditions that would not have a material adverse effect on our profitability.

Sales and Marketing

We currently have regional sales offices throughout North America and Europe. Offices serving the rest of the world include Australia, China, Japan, Philippines, New Zealand, Singapore, and United Arab Emirates. We tailor the distribution channel to the needs of the product and regional market. Therefore, we have a number of forms of sales channel solutions around the world.

North America

We sell our products in the United States and Canada primarily through dealers, distributors, and authorized representatives. This channel is supplemented and supported by our employees who provide additional sales support. In some cases, where third party distribution is not available, we utilize a direct sales force. We also utilize distribution alliances and OEM relationships with other companies as a means to serve selected markets.

International

We market to end-users through a network of dealers and distributors in more than 85 countries. Distributors carry one or more product lines and are generally limited to selling either in one country or in a portion of a country. We occasionally grant exclusive rights to market certain products within specified countries.

Sales to unaffiliated customers outside the United States comprised approximately 49% in 2002, 50% in 2001, and 52% in 2000. During the 2002 fiscal year, North and South America represented 55%, and Europe, the Middle East and Africa represented 32%, and Asia represented 13%. In fiscal 2002, the United States comprised approximately 51% and Germany 16% of sales to unaffiliated customers.

Support and Warranty

The warranty periods for our products are generally between one and three years from date of shipment. Selected military programs may require extended warranty periods, and certain products sold by our TDS subsidiary have a 90-day 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 business areas. 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 and farming during the winter months. If other factors such as economic conditions or underlying growth in the business are removed, the historical variability in our total quarterly revenue from seasonality has generally been less than 10 percent.

Working Capital

Our working capital needs are typically for inventories, accounts receivable, and short-term debt. As the business is generally dependent upon a steady stream of new products, some amount of working capital is devoted to the ramp up and ramp down of product volumes as new products get introduced and older models are taken out of production.

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 for most of our GPS products is subcontracted to Solectron Corporation. Solectron is responsible for substantially all material procurement, assembly, and testing. We continue to manage product design up through pilot production for the subcontracted products, and we are directly involved in qualifying suppliers and key components used in all our products. During the fourth quarter of 2002, Solectron began assembling some of our Component Technologies products in China. Our current contract with Solectron is due to expire in August 2003.

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

Most of the components used in our products are standard parts readily available from more than one supplier. A few components are from sole suppliers or are custom parts unique to our company. While custom parts make our products hard to imitate, they also represent a manufacturing risk due to the lack of alternative suppliers. If these parts became unavailable, redesign or modification of our products could be required. In addition, suppliers may cease manufacturing common components, replacing them with newer parts, which require requalification. These risks could cause an interruption in our ability to provide a steady stream of products to our customers.

Research and Development

We believe that our competitive position is maintained through the development and introduction of new products having 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.

Recent developments have produced small, low-power, OEM GPS receivers, accurate and versatile rotating lasers for construction use, and light weight and compact GPS surveying rovers.

Our research and development expenditure, net of reimbursed amounts was $61.2 million for fiscal 2002, $62.9 million for fiscal 2001, and $46.5 million for fiscal 2000.

* 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 and satisfying new needs for positioning related solutions. There can be no assurance that we will succeed in doing so.

Employment

As of January 3, 2003, we employed a total of 2,050 employees, including 686 in sales and marketing, 631 in manufacturing, 505 in engineering, and 228 in general and administrative positions. Of these employees, 607 were located in Europe and in the Middle East (primarily in Germany and Sweden), 252 were situated in the Asia Pacific region (primarily in New Zealand), and 1,191 employed in the Americas (primarily in the United States).

Our employees are not represented by unions except for those in Sweden and 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

Our Internet address is www.trimble.com. Information contained on our website is not part of this annual report on Form 10-K. We make available free of charge on www.trimble.com, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

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

Trimble Navigation Limited
645 North Mary Avenue, Sunnyvale, CA 94088
Attention: Investor Relations
Telephone: 408-481-8000

Executive Officers

The names, ages, and positions of the Company's executive officers as of March 5, 2003 are as follows:

Name	Age	Position
Steven W. Berglund............	51	President and Chief Executive Officer
Mary Ellen P. Genovese.….	43	Chief Financial Officer
William C. Burgess.............	56	Vice President, Human Resources
Joseph F. Denniston, Jr. …	42	Vice President, Operations
Bryn A. Fosburgh. ……….	40	Vice President and General Manager, Geomatics and Engineering
John E. Huey.......................	53	Treasurer
Irwin L. Kwatek..................	63	Vice President and General Counsel
Michael W. Lesyna.............	42	Vice President and General Manager, Mobile Solutions
Bruce E. Peetz.....................	51	Vice President, Advanced Technology and Systems
Christopher J. Shephard....	40	Vice President and General Manager, Construction Instruments
Anup V. Singh ……...........	32	Corporate Controller
Alan R. Townsend.............	54	Vice President and General Manager, Field Solutions
Dennis L. Workman............	57	Vice President and General Manager, Component Technologies

Steven W. Berglund – Steven Berglund joined Trimble as president and chief executive officer in March 1999. Prior to joining Trimble, Mr. Berglund was president of Spectra Precision, Inc., a pioneer in the development of laser systems. He spent 14 years at Spectra Precision 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.

Mary Ellen Genovese – Mary Ellen Genovese, chief financial officer, has been responsible for the overall financial activities of Trimble since September 2000. Ms. Genovese was vice president of finance and corporate controller from 1997 to September 2000. From 1994 to 1997, Ms. Genovese served as business unit controller for Software and Component Technologies, and Tracking and Communications. She joined Trimble as controller of manufacturing operations in December 1992. Prior to joining Trimble, Ms. Genovese was chief financial officer for Minton Co., a distributing company to the commercial building market, from 1991 to 1992. Prior to 1991, she worked for 10 years with General Signal Corp. in several management positions. Ms. Genovese is a certified public accountant and received her B.S. in accounting from Fairfield University in Connecticut in 1981.

William C. Burgess – William Burgess joined Trimble in August of 2000 as vice president of Human Resources, with global responsibility for 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 strategy. Prior to Trimble, 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, 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 was appointed vice president and general manager of the Geomatics and Engineering (G&E) business area in July 2002, with responsibility for all the division-level activities associated with survey, construction, and infrastructure solutions. From October 1999 to July 2002, Mr. Fosburgh served as division vice president of survey and infrastructure. 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. Mr. Fosburgh joined Trimble in 1994 as technical service manager for surveying, mining, and construction. Prior to Trimble, Mr. Fosburgh was a civil engineer with the Wisconsin Department of Transportation where he was 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.

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 has been vice president and general manager of the Mobile Solutions business area since September 2000. 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 has served as corporate controller since joining Trimble in December 2001. 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.

Christopher J. Shephard – Chris Shephard was appointed vice president and general manager of the Construction Instruments (CI) business area in July 2002 after serving as division vice president of operations for Engineering and Construction since Trimble's acquisition of Spectra Precision Group in July 2000. Prior to Trimble, Mr. Shephard served from 1998 to 2000 as Spectra Precision's chief financial officer. Mr. Shephard also worked for more than eight years at Booz Allen & Hamilton. Prior to Booz Allen & Hamilton, Mr. Shephard spent three years at Copeland Corporation, a division of Emerson, in their management-training program. Mr. Shephard received a B.A. in business studies from Manchester Polytechnic in England in 1985 and an M.M. from the J.L. Kellogg Graduate School of Management at Northwestern University, Evanston, Illinois in 1990.

Alan R. Townsend – Alan Townsend has served as vice president and general manager of the Field Solutions business area since November 2001. He also serves as the managing director of Trimble Navigation New Zealand Ltd. for which he has overall site responsibility. 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 Datacomm group of companies in New Zealand including Managing Director of Datacomm 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 business area 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 9-year tenure at Datum, he held the position of CTO. Mr. Workman received a B.S. in mathematics and physics from St. Marys 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	Size in sq. feet	Segment(s) served	Commitment
Sunnyvale, California; 14 buildings	309,400	All	Leased, expiring 2003 – 2005; approximately 100,000 sq. ft. subleased
Corvallis, Oregon	20,000	Engineering & Construction	Owned, encumbered by $1.8M mortgage
Chandler, Arizona	12,500	Mobile Solutions	Leased, expiring 2003
Westminster, Colorado; 2 buildings	73,000	Engineering & Construction, Field Solutions	Leased, expiring 2006; 44,000 sq. ft. vacant
Huber Heights (Dayton), Ohio	150,000	Engineering & Construction, Field Solutions	Owned, no encumbrances
	57,200		Leased, expiring in 2011
	32,800	Distribution	Leased, month to month
Danderyd, Sweden	93,900	Engineering & Construction	Leased, expiring 2005, 24 month notice, auto renewal for 3 years
Jena, Germany	28,700	Engineering & Construction	Leased, no expiration date, 12 month notice
Kaiserslautern, Germany	26,000	Engineering & Construction	Leased, expiring 2005
Raunheim, Germany	28,700	Sales	Leased, expiring 2011
Christchurch, New Zealand; 2 buildings	65,000	Engineering & Construction, Mobile Solutions, Field Solutions	Leased, expiring 2005 – 2010

In addition, we lease a number of smaller offices around the world primarily for sales.

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

ITEM 3 LEGAL PROCEEDINGS

In January of 2001, Philip M. Clegg instituted a lawsuit in the United States District Court for the District of Utah, Central Division, against Spectra-Physics Laserplane, Inc., Spectra Precision AB and Trimble Navigation Limited. On January 29, 2003, we settled this patent infringement lawsuit with Mr. Clegg whereby we have purchased a fully paid-up, non-exclusive license under U.S. Patent No. 4,807,131 from Mr. Clegg.

* In November of 2001, Qualcomm Inc. filed a lawsuit against us in the Superior Court of the State of California. The complaint alleges claims for an unspecified amount of money damages arising out of Qualcomm's perceived lack of assurances in early 1999 that our products purchased by Qualcomm would

work properly after a scheduled week number rollover event that took place in August of 1999. Qualcomm is the only customer to make a claim against us based on the week number rollover event. In the opinion of management, the resolution of this lawsuit is not expected to have a material adverse effect on our overall financial position.

* We are also a party to other disputes 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 2002.

PART II

ITEM 5 MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

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 bid prices for our common stock as reported on the Nasdaq National Market.

	2002		2001	
	High	Low	High	Low
First Quarter	$17.14	$11.76	$28.50	$16.50
Second Quarter	18.50	14.97	21.25	12.75
Third Quarter	15.00	10.28	19.80	13.06
Fourth Quarter	14.47	8.02	18.41	12.89

As of January 3, 2003, there were approximately 1,132 holders of record of our common stock. We made no sales of unregistered securities during the year-ended January 3, 2003.

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 currently restricted from paying dividends and are limited as to the amount of our common stock that we can repurchase under the terms of our credit facilities. We are allowed to pay dividends and repurchase shares of our common stock up to 25% of net income in the previous fiscal year.

Equity Compensation Plan Information

The following table sets forth, as of January 3, 2003, 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.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	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))
	(a)	(b)	(c)
Equity compensation plans approved by security holders.…..….	5,126,633	$18.53	1,859,656
Equity compensation plans not approved by security holders …….	-	-	-
Total ……………….	5,126,633	$18.53	1,859,656

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 statement of operations and balance sheet 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.

We have significant intangible assets on our balance sheet 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. We reclassified identifiable intangible assets with indefinite lives, with a net book value of $73.6 million, as defined by SFAS 142, to goodwill at the date of adoption.

For comparative purposes, the pro forma adjusted net income per share excluding amortization of goodwill, distribution channel, and assembled workforce is as follows:

	January 3, 2003	December 28, 2001	December 29, 2000
(In thousands)			
Net income (loss)	$ 10,324	$ (22,879)	$ 14,185
Add back SFAS 142 adjustments:			
Amortization of goodwill		7,817	3,116
Amortization of distribution channel		11,230	5,176
Amortization of assembled workforce		1,834	1,225
Adjusted net income (loss)	$ 10,324	$ (1,998)	$ 23,702
Weighted average shares outstanding			
Basic	28,573	24,727	23,601
Diluted	29,052	24,727	25,976
Diluted net income (loss) per share	$ 0.36	$ (0.93)	$ 0.55
Pro forma adjusted diluted net income (loss) per share	$ 0.36	$ (0.08)	$ 0.92

SUMMARY CONSOLIDATED STATEMENTS OF OPERATIONS DATA

Fiscal Years Ended	January 3, 2003	December 28, 2001	December 29, 2000	December 31, 1999	January 1, 1999
(In thousands of dollars, except per share data)					
Revenue	$ 466,602	$ 475,292	$ 369,798	$ 271,364	$ 268,323
Cost of revenue	232,170	238,057	173,237	127,117	141,075
Gross margin	$ 234,432	$ 237,235	$ 196,561	$ 144,247	$ 127,248
Operating expenses					
Research and development	61,232	62,881	46,520	36,493	45,763
Sales and marketing	89,344	103,778	79,901	53,543	61,874
General and administrative	40,634	37,407	30,514	33,750	33,245
Restructuring charges	1,099	3,599	--	--	10,280
Amortization of goodwill and other purchased intangible assets	8,300	29,389	13,407	--	--
Total operating expenses	200,609	237,054	170,342	123,786	151,162
Operating income (loss) from continuing operations	33,823	181	26,219	20,461	(23,914)
Non-operating income (expense), net	(19,999)	(21,773)	(10,459)	274	(2,041)
Income (loss) before income taxes from continuing operations	13,824	(21,592)	15,760	20,735	(25,955)
Income tax provision	3,500	1,900	1,575	2,073	1,400
Net income (loss) from continuing operations	$ 10,324	$ (23,492)	$ 14,185	$ 18,662	$ (27,355)
Loss from discontinued operations (net of tax)	--	--	--	--	(5,760)
Gain (loss) on disposal of discontinued operations (net of tax)	--	613	--	2,931	(20,279)
Net income (loss)	$ 10,324	$ (22,879)	$ 14,185	$ 21,593	$ (53,394)
Basic earnings (loss) per share from continuing operations	$ 0.36	$ (0.95)	$ 0.60	$ 0.83	$ (1.22)
Basic earnings (loss) per share from discontinued operations	--	0.02	--	0.13	(1.16)
Basic earnings (loss) per share	$ 0.36	$ (0.93)	$ 0.60	$ 0.96	$ (2.38)
Shares used in calculating basic earnings per share	28,573	24,727	23,601	22,424	22,470
Diluted earnings (loss) per share from continuing operations	$ 0.36	$ (0.95)	$ 0.55	$ 0.82	$ (1.22)
Diluted earnings (loss) per share from discontinued operations	--	0.02	--	0.13	(1.16)
Diluted net income (loss) per share	$ 0.36	$ (0.93)	$ 0.55	$ 0.95	$ (2.38)
Shares used in calculating diluted earnings per share	29,052	24,727	25,976	22,852	22,470
Cash dividends per share	$ --	$ --	$ --	$ --	$ --

OTHER OPERATING DATA

Fiscal Years ended	January 3 2003	December 28, 2001	December 29, 2000	December31, 1999	January 1, 1999
(In thousand of dollars, except where shown as a percentage of revenue)					
Gross margin percentage	50%	50%	53%	53%	47%
Operating income (loss) percentage	7%	0%	7%	8%	(9%)
EBITDA (1)	$ 46,025	$41,038	$49,196	$29,345	$(13,637)
EBITDA as a percentage of revenue (1)	10%	9%	13%	11%	(5%)
Depreciation and amortization	$ 18,150	$41,524	$23,476	$9,073	$12,510
Cash provided by operating activities	$ 35,096	$25,093	$19,835	$23,625	$6,968
Cash provided (used) by investing activities	$ (5,766)	$(11,441)	$(167,180)	$(17,882)	$22,484
Cash provided (used) by financing activities	$ (31,729)	$(23,450)	$138,957	$2,656	$(8,538)

SELECTED CONSOLIDATED BALANCE SHEET DATA

As of	January 3, 2003	December 28, 2001	December 29, 2000	December 31, 1999	January 1, 1999
(In thousands)					
Working capital (deficit)	$ 65,044	$ 19,304	$ (10,439)	$ 111,808	$ 81,956
Total assets	441,656	419,395	488,628	181,751	156,279
Non-current portion of long-term debt and other liabilities	114,051	131,759	143,553	33,821	31,640
Shareholders' equity	201,351	138,489	134,943	100,796	74,691

(1) EBITDA consists of earnings from continuing operations before interest income, interest expense, income taxes, depreciation and amortization. Our EBITDA is presented because it is a widely accepted financial indicator. EBITDA is not a measure of financial performance in accordance with generally accepted accounting principles and should not be considered in isolation or as an alternative to net income (loss) as an indicator of our performance or to cash flows from operating activities as a measure of liquidity. Our EBITDA may not be comparable to similarly titled measures as defined by other companies.

The following table sets forth, for the periods indicated, certain financial data as a percentage of total revenue:

Fiscal Years ended	January 3, 2003	December 28, 2001	December 29, 2000	December 31, 1999	January 1, 1999
Revenue	100%	100%	100%	100%	100%
Cost of revenue	50%	50%	47%	47%	53%
Gross margin	50%	50%	53%	53%	47%
Operating expenses:					
Research and development	13%	13%	13%	13%	17%
Sales and marketing	19%	22%	22%	21%	23%
General and administrative	9%	8%	8%	12%	12%
Restructuring charges	-	1%	-	-	4%
Amortization of goodwill and other purchased intangibles	2%	6%	4%	0%	0%
Total operating expense	43%	50%	46%	46%	56%
Operating income (loss) from continuing operations	7%	-	7%	8%	(9%)
Non-operating income (expense), net	(4%)	(5%)	(3%)	-	(1%)
Income (loss) before income taxes from continuing operations	3%	(5%)	4%	8%	(10%)
Income tax provision	1%	-	-	1%	1%
Net income (loss) from continuing operations	2%	(5%)	4%	7%	(10%)
Loss from discontinued operations, (net of tax)	-	-	-	-	(2%)
Gain (loss) on disposal of discontinued operations (net of tax)	-	-	-	1%	(8%)
Net income (loss)	2%	(5%)	4%	8%	(20%)

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."

Critical Accounting Policies And Estimates

Our critical accounting estimates and the related assumptions are evaluated periodically as conditions warrant, and changes to such estimates are recorded as new information or changed conditions require revision. Application of the critical accounting policies requires management's judgments, often as the result of the need to make estimates of matters that are inherently uncertain. If actual results were to differ materially from the estimates made, the reported results could be materially affected. For a summary of all of our significant accounting policies, including critical accounting policies discussed below, see Note 1 - "Summary of Significant Accounting Policies" of the Notes to the Consolidated Financial Statements.

Revenue Recognition

Our revenues are recorded in accordance with the Securities and Exchange Commission's (SEC) Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition." Prior to recognizing revenue, we require the following: (i) execution of a written customer order, (ii) delivery of the product, (iii) a fixed or determinable fee, and (iv) probable collectibility of the proceeds. We recognize revenue from product sales when the products are shipped to the customer, title has transferred, and no significant obligations remain. We defer revenue if there is uncertainty about customer acceptance. We reduce product revenue for estimated customer returns and for any discounts that may occur under programs we have with our customers and partners.

Our shipment terms are either FOB shipping point or FCA shipping point. FOB (Free on Board) shipping point term means that the seller fulfills the obligation to deliver when the goods have passed over the ship's rail at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that point. The FOB term requires the seller to clear the goods for export. FCA (Free Carrier) shipping point term means that the seller 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, the seller may choose within the place or range stipulated where the carrier shall take the goods into carrier's charge.

Our shipment terms for domestic orders are typically FOB shipping point. International orders fulfilled from our European distribution center are typically shipped FCA shipping point. Other international orders are shipped FOB destination, and accordingly these international orders are not recognized as revenue until the product is delivered and title has transferred.

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.

Sales to distributors and resellers are recognized upon shipment providing that there is evidence of such an arrangement through a distribution agreement or purchase order, title has transferred, no remaining performance obligations exist, the price and terms of the sale are fixed, and collection is probable. Distributors and resellers do not have a right of return.

Our software arrangements 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 price of 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 period of the PCS agreement.

Allowance for Doubtful Accounts

We evaluate the collectibility of our trade accounts receivable based on a number of factors. 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.

Inventory Valuation

Our inventory is recorded at the lower of cost or market. We 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 for estimated excess and obsolete inventory based on management's assessment of future demand and market conditions. If actual future demand or market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

Deferred Taxes

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and deferred liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when it is determined to be more likely than not that some portion or all of the deferred tax assets will not be 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. If we determine that we would not be able to realize all or part of our deferred tax assets in the future, an adjustment to the carrying value of the deferred tax assets would be charged to income in the period in which such determination was made.

Goodwill and Other Purchased Intangible Assets

We have significant intangible assets on our balance sheet 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 the prior year. We reclassified identifiable intangible assets with indefinite lives and net book value of $73.6 million, as defined by SFAS 142, to goodwill at the date of adoption.

For comparative purposes, the pro forma adjusted net income per share excluding amortization of goodwill, distribution channel, and assembled workforce is as follows:

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Diluted net income (loss) per share	$ 0.36	$ (0.93)	$ 0.55
Pro forma adjusted diluted net income (loss) per share	$ 0.36	$ (0.08)	$ 0.92

In assessing the recoverability of goodwill and indefinite life intangible assets, we must make assumptions about the estimated future cash flows and other factors to determine the fair value of these assets. Assumptions about future revenue and cash flows require significant judgment because of the current state of the economy, the fluctuation of actual revenue, and the timing of expenses.

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.

Similarly, the impairment evaluation for indefinite life intangible assets includes a comparison of the asset's carrying value to the asset's fair value. When the carrying value exceeds fair value an impairment charge is recorded for the amount of the difference. An intangible asset is determined to have an indefinite useful life when there are no legal, regulatory, contractual, competitive, economic or any other factors that may limit the period over which the asset is expected to contribute directly or indirectly to the future cash flows of our company. In each reporting period, we also evaluate the remaining useful life of an intangible asset that is not being amortized to determine whether events and circumstances continue to support an indefinite useful life. If an intangible asset that is not being amortized is determined to have a finite useful life, the asset will be amortized prospectively over the estimated remaining useful life and accounted for in the same manner as intangible assets subject to amortization.

We tested goodwill for impairment using the process prescribed in SFAS No. 142. The first step is a screen for potential impairment, while the second step measures the amount of the impairment, if any. No impairment charge resulted from the impairment tests. For comparative purposes that depict the effect of adopting SFAS No. 141 and 142 above, we have included the pro forma adjusted net income per share excluding amortization of goodwill, distribution channel, and assembled workforce.

Accounting for the Long-Lived Assets Including Intangibles Subject to Amortization

We adopted Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets," at the beginning of fiscal 2002. The effect of adopting SFAS 144 did not have a material impact on our financial position or results of operations.

Depreciation and amortization of our long-lived assets is provided using accelerated and 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.

Warranties

We provide for the estimated cost of product warranties at the time revenue is recognized. 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

As permitted by the provisions of Statement of Financial Accounting Standards (SFAS) No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure," and Statement of Financial Accounting Standards ("SFAS 123") No. 123, "Accounting for Stock-Based 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 14 of the Notes to the Consolidated Financial Statements describes the plans we operate, and Note 1 of the Notes to the Consolidated Financial Statements contains a summary of the pro forma effects to reported net income (loss) and earnings (loss) per share for fiscal 2002, 2001, and 2000 as if we had elected to recognize compensation cost based on the fair value of the options granted at grant date, as prescribed by SFAS No. 123.

Investment in the Caterpillar Trimble Control Technologies LLC (CTCT or "Joint Venture")

We have adopted the equity method of accounting for our investment in the Joint Venture. This requires that we record our share of the Joint Venture profits or losses in a given fiscal period. During fiscal year 2002, the Joint Venture reported a loss of $0.4 million of which our share is $0.2 million, which was recorded as a Non-operating expense under the heading of "Expense for affiliated operations, net," but which was offset by the amortization of an equal amount of the original deferred gain on the sale of technology to the Joint Venture.

We have elected to treat the cash distribution of $11.0 million as a deferred gain, being amortized to the extent that losses are attributable from the 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 un-amortized. To the extent that it is possible that we will have any future-funding obligation relating to the Joint Venture, then the relevant amount of the $11.0 million will be deferred until such time, the funding obligation no longer exists. Both our share of profits (losses) under the equity method and the amortization of our $11.0 million deferred gain are recorded under the heading of "Expense for affiliated operations, net" in Non-operating income (expense).

For further information, see 'Recent Business Developments – Caterpillar Joint Venture' section of Item 7 in this Report.

Recent Business Developments

Caterpillar Joint Venture

On April 1, 2002, Caterpillar Trimble Control Technologies LLC, a Joint Venture formed by Trimble and Caterpillar, began operations. The Joint Venture, 50 percent owned by Trimble and 50 percent owned by Caterpillar, with equal voting rights, is developing and marketing next generation advanced electronic guidance and control products for earthmoving machines in the construction, mining, and waste industries. The Joint Venture is based in Dayton, Ohio. 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 we 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 the Joint Venture. During the first fiscal quarter of 2002, we received a special cash distribution of $11.0 million from the Joint Venture.

During fiscal year 2002, we recorded approximately $4.0 million of expenses under the heading of "Expense for affiliated operations, net" in Non-operating income (expense) related to certain transactions between the Joint Venture and us. This was comprised of approximately $4.9 million of incremental costs incurred by us as a result of purchasing products from the Joint Venture at a higher transfer price than our original manufacturing costs, offset by approximately $0.9 million of contract manufacturing fees charged to the Joint Venture by us. Due to the nature of the transfer price agreements between Trimble and the Joint Venture, a related party, the impact of these agreements is classified under Non-operating income (expense).

In addition, during fiscal year 2002, we recorded lower operating expenses of approximately $4.2 million due to the transfer of employee-related expenses for research and development ($2.8 million), and sales, marketing and administrative functions ($1.4 million) to the Joint Venture. These employees are devoted to the Joint Venture and are primarily engaged in developing next generation products and technology for that entity.

Acquisition of LeveLite Technology, Inc

On August 15, 2002, we acquired LeveLite Technology, Inc. ("LeveLite"), a California corporation, for approximately $5.7 million. This strategic acquisition complements our entry-level construction instrument product line. The purchase price consisted of 437,084 shares of our common stock. The merger agreement provides for Trimble to make 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. On January 22, 2003, we issued the first earn-out payment (stock and cash combination) with a fair market value of approximately $0.4 million, related to the earn-out for the quarter ended January 3, 2003. Also, if we receive any proceeds from a pending litigation, a portion will be paid to the former shareholders of LeveLite. The additional payments, if earned, will result in additional goodwill.

Results From Continuing Operations Excluding Infrequent, And Acquisition Related Adjustments

Income (loss) from continuing operations include certain infrequent and acquisition-related charges that management believes are not reflective of on-going operations. The following table, which does not purport to present the results of continuing operations in accordance with generally accepted accounting principles, reflects results of operations to exclude the effects of such items as follows (in thousands):

Fiscal Years Ended	January 3, 2003	December 28, 2001	December 29, 2000
Income (loss) before income taxes from continuing operations	$13,824	$(21,592)	$15,760
Infrequent and acquisition-related charges:			
Loss on sale of business (other income and expense)	—	113	—
Amortization of goodwill and other purchased intangibles	8,300	29,389	13,407
Restructuring charges	1,099	3,599	—
Gain on sale of minority investment (other income and expense)	(165)	(270)	(1,274)
Inventory purchase accounting adjustment (cost of sales)	—	—	4,600
Debt extinguishment costs (interest income and expense)	—	—	1,185
Write down of investment (other income and expense)	1,453	136	—
Facility relocation costs – Boulder, Colorado (general and administrative)	—	—	917
Total infrequent and acquisition-related charges	10,687	32,967	18,835
Adjusted income before income taxes from continuing operations	24,511	11,375	34,595
Income tax provision	3,500	1,900	3,460
Adjusted net income	$ 21,011	$ 9,475	$ 31,135

Results Of Continuing Operations

Our annual revenues from continuing operations decreased from $475.3 million in fiscal 2001 to $466.6 million in fiscal 2002. In fiscal 2001, our annual revenues from continuing operations increased to $475.3 million from $369.8 million in fiscal 2000. In fiscal 2002, we had net income from continuing operations of $10.3 million, or $0.36 diluted earnings per share, compared to a net loss of $23.5 million, or $0.95 loss per share, in fiscal 2001, and a net income from continuing operations of $14.2 million, or $0.55 diluted earnings per share, in fiscal 2000. The total net income for fiscal 2002, including discontinued operations, was $10.3 million, or $0.36 diluted earnings per share, compared to a total net loss for 2001, including discontinued operations of $22.9 million, or $0.93 loss per share, and a total net income for fiscal 2000, including discontinued operations of $14.2 million, or $0.55 diluted earnings per share. A summary of financial data by business segment is as follows.

The following table shows revenue and operating income by segment for the periods indicated and should be read in conjunction with the narrative descriptions below. Operating income by segment excludes unallocated corporate expenses, which are comprised primarily of general and administrative costs, amortization of goodwill and other purchased intangibles as well as other items not controlled by the business segment.

In the first fiscal quarter of fiscal 2002, we realigned two of our reportable segments and therefore the following table shows restated revenue and operating income by segment to reflect this realignment. The Agriculture segment was combined with the Mapping and GIS business to form Field Solutions. Mapping and GIS were previously part of Fleet and Asset Management. The Mobile Positioning business that was part of Fleet and Asset Management is now Mobile Solutions.

We began breaking out Mobile Solutions as a separate reporting segment during the first quarter of 2002 to address the growing importance of the mobile asset management business and its impact on our profitability. At the same time, we combined our GIS and Agriculture businesses to create a new segment called Field Solutions in order to recognize the synergies and similar product requirements between the two businesses.

Fiscal Years Ended	January 3, 2003	% of Total Revenue	December 28, 2001	% of Total Revenue	December 29, 2000	% of Total Revenue
(Dollars in thousands)						
Engineering and Construction						
Revenue	$ 305,490	66%	$ 303,944	64%	$ 195,150	53%
Segment operating income from continuing operations	54,931		51,625		43,937	
Segment operating income as a percent of segment revenue	18%		17%		23%	
Field Solutions						
Revenue	67,259	14%	68,519	14%	70,652	19%
Segment operating income from continuing operations	12,395		13,652		19,834	
Segment operating income (loss) as a percent of segment revenue	18%		20%		28%	
Mobile Solutions						
Revenue	8,486	2%	13,791	3%	20,471	6%
Segment operating loss from continuing operations	(10,830)		(8,966)		(369)	
Segment operating loss as a percent of segment revenue	(128%)		(65%)		(2%)	
Component Technologies						
Revenue	59,755	13%	58,083	12%	60,230	16%
Segment operating income from continuing operations	11,290		10,882		14,850	
Segment operating income as a percent of segment revenue	19%		19%		25%	
Portfolio Technologies						
Revenue	25,612	5%	30,955	7%	23,295	6%
Segment operating income from continuing operations	5,072		4,037		965	
Segment operating income as a percent of segment revenue	20%		13%		4%	
Total Revenue	$466,602		$475,292		$369,798	
Total Segment operating income from continuing operations	$72,858		$71,230		$79,217	

A reconciliation of our consolidated segment operating income from continuing operations to consolidated income (loss) before income taxes from continuing operations follows:

Fiscal Years Ended	January 3, 2003	December 28, 2001	December 29, 2000
(In thousands)			
Consolidated segment operating income from continuing operations	$ 72,858	$ 71,230	$ 79,217
Unallocated corporate expense	(29,636)	(38,061)	(39,591)
Amortization of goodwill and other purchased intangible assets	(8,300)	(29,389)	(13,407)
Restructuring charges	(1,099)	(3,599)	-
Non-operating expense, net	(19,999)	(21,773)	(10,459)
Income (loss) from continuing operations before income taxes	$ 13,824	$ (21,592)	$ 15,760

Basis of Presentation

We have a 52-53 week fiscal year, ending on the Friday nearest to December 31, which for fiscal 2002 was January 3, 2003. Fiscal 2002 was a 53-week year and as a result, we recorded an extra week of revenues, costs, and related financial activities.

Therefore, the financial results of fiscal year 2002, having the extra week, will not be exactly comparable to the prior and subsequent 52-week fiscal years. Thus, due to the inherent nature of adopting a 52-53 week fiscal year, Trimble, 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. Fiscal years 2001 and 2000 were both comprised of 52-weeks.

Revenue

In fiscal 2002, total revenue decreased by $8.7 million or 1.8% to $466.6 million from $475.3 million in fiscal 2001. The decrease in fiscal 2002 was primarily due to the reduction of revenue in Mobile Solutions and Portfolio Technologies. Total revenue in fiscal 2001 increased by $105.5 million or 28.5% to $475.3 million from $369.8 million in fiscal 2000, primarily due to the full-year revenue effect of the Spectra Precision Group, acquired in July 2000.

Engineering and Construction

Revenue

Engineering and Construction revenues increased by $1.5 million or 0.5% during fiscal 2002 as compared to fiscal 2001 due to the following:

- Revenues increased due to the LeveLite acquisition by $3.6 million;
- Strong performance by our machine control product offering as we continue to penetrate the after-market for machine guidance on earthmoving equipment;
- Increased revenues were partially offset by a reduction in revenues in several other product areas due to continued difficult global economic conditions.

Engineering and Construction revenues increased by $108.8 million or 56% in fiscal 2001 over fiscal 2000 due to the following:

- In fiscal 2001, we recorded a full year of revenues generated from the Spectra Precision Group compared to approximately half-year results in fiscal 2000, which accounted for approximately $85.0 million;
- Strong demand for our land survey product line primarily due to the introduction of the Trimble Toolbox™ in the first fiscal quarter of 2001;
- Higher demand for GPS machine guidance equipment.

Operating Income

Engineering and Construction operating income increased by $3.3 million or 6.4% in fiscal 2002 over fiscal 2001 due to the following:

- A reduction of $4.2 million of operating expenses, due to the transfer of employee-related expenses to Caterpillar Trimble Control Technologies;
- Higher revenues and lower operating expenses were partially offset by a reduction in gross margin as a result of product sales mix during fiscal 2002.

Engineering and Construction operating income increased by $7.7 million or 17% in fiscal 2001 over fiscal 2000 due to the following:

- Fiscal 2001 included a full year of revenue from the Spectra Precision Group acquisition and the benefits of the consolidation of product lines in the Engineering and Construction business areas;
- The worldwide cost reduction program, implemented as part of Trimble and the Spectra Precision Group integration, also favorably impacted operating income.

Field Solutions

Revenue

Field Solutions experienced a revenue decline in fiscal 2002 of $1.3 million or 1.9% compared with fiscal 2001 due to the following:

- Overall revenue decreased during the year due to the decline in the United States federal, state, and local government spending and a delay in the release of the new GeoExplorer® CE Series due to component supply issues;

- This decrease was partially offset by the increased demand for both the manual and auto guidance product lines.

Field Solutions revenue decreased by $2.1 million or 3% in fiscal 2001 over fiscal 2000 due to the following:

- Small decrease in GIS revenues due to lower demand in the second half of fiscal 2001;
- Significant decrease in price points in the Agriculture market on flat demand.

Operating Income

Field Solutions operating income decreased by $1.3 million or 9.2% in fiscal 2002 over fiscal 2001 due to the following:

- Lower revenues primarily from the decrease in government spending described above;
- Lower gross margin due to product sales mix, which was more weighted toward the relatively lower margin Agricultural business area.

Field Solutions operating income decreased by $6.2 million or 31.2% in fiscal 2001 over fiscal 2000 due to the following:

- A product mix shift toward lower-priced products with a general reduction in prices;
- Overall weak demand in the agricultural market in fiscal 2001;
- The startup development, selling, and support costs associated with the ramp up of the Autopilot product line.

Mobile Solutions

Revenue

Mobile Solutions revenues decreased by $5.3 million or 39% in fiscal 2002 over fiscal 2001 due to the following:

- Revenue reduction of approximately $3 million in our satellite communications business as a result of our decision to discontinue the Galaxy™ Inmarsat-C product line in early 2001;
- Slow down in system integration projects due to reduced spending at municipalities;
- Reduced sales of wireless products of $0.9 million due to a transition from a sensor provider to a fully integrated service provider;
- Sales of some product lines were down as a result of the economic slow down and the shift of technology from analog to digital.

Mobile Solutions revenues decreased by $6.7 million or 33% in fiscal 2001 over fiscal 2000 due to the following:

- A reduction of approximately $3.7 million in our Galaxy™ Inmarsat-C line due to the announcement of our intention to discontinue certain of these product lines in early 2001, Mexico's satellite communications systems capacity limitations, and the general economic slow-down;

- Sales of the CrossCheck and Placer™ receiver product lines were down by approximately $3.0 million as a result of the economic slow down.

Operating Loss

Mobile Solutions operating loss increased by $1.9 million or 21% in fiscal 2002 over fiscal 2001 due to the following:

- Lower revenues as described above;
- Increased costs incurred in the development and marketing of a service platform to enable a range of asset management solutions.

Mobile Solutions operating loss increased by $8.6 million in fiscal 2001 over fiscal 2000 due to the following:

- Lower revenues as described above;
- Decrease in margins due to the sell-off of existing Satcom inventory at reduced prices;
- Significant costs incurred in the development of a service platform to enable a range of asset management solutions including an Internet delivered, cellular-based solution for vehicle fleet management.

Component Technologies

Revenue

Component Technologies revenues increased by $1.7 million or 3% in fiscal 2002 over fiscal 2001 due to the following:

- Timing revenue increased $4.6 million in fiscal 2002 over fiscal 2001 due to significant demand during the second half of fiscal 2002 from new and existing wireless infrastructure customers;
- In-vehicle navigation revenue decreased $1.0 million in fiscal 2002 over fiscal 2001 as average selling prices declined by more than 9%;
- License revenue decreased $1.7 million in fiscal 2002 over fiscal 2001 due to an expired license contract.

Component Technologies revenues decreased by $2.1 million or 4% in fiscal 2001 over fiscal 2000 due to the following:

- Embedded product lines were down approximately $2.7 million due to the economic slowdown;
- Timing product lines were down by $1.5 million due to reduced spending in the telecommunications market;
- In-vehicle navigation sales increased by approximately $0.9 million. Volume grew by 29%, which was offset by a decrease of 19% in an average selling price of these products during the year.

Operating Income

Component Technologies operating income increased by $0.4 million or 4% in fiscal 2002 over fiscal 2001 due to the following factors:

- Higher gross margins resulting from higher revenues and favorable product mix;
- This increase was partially offset by higher operating expenses, primarily in research & development and marketing.

Component Technologies operating income decreased by $4.0 million or 27% in fiscal 2001 over fiscal 2000 due to the following:

- Lower revenue as described above;
- Higher expenses primarily due to new product development and channel development.

Portfolio Technologies

Revenue

Portfolio Technologies revenues decreased by $5.3 million or 17 % in fiscal 2002 over fiscal 2001 due to the following:

- Reduction of $4.4 million due to the sale of our air transport product line to Honeywell in fiscal 2001;
- Revenues from the military business declined by $1.1 million.

Portfolio Technologies revenues increased by $7.7 million or 33% in fiscal 2001 over fiscal 2000 due to the following:

- In fiscal 2001, Trimble experienced a full year of revenues generated from the purchase of Tripod Data Systems as compared to one and one-half months in fiscal 2000, which accounted for an increase of approximately $12.2 million;
- The above increase was partially offset by a $4.5 million reduction in our commercial aviation product line during fiscal 2001. The sale of the air transport product line to Honeywell was completed in March 2001.

Operating Income

Portfolio Technologies operating income increased by $1 million or 26% in fiscal 2002 over fiscal 2001 due to the following:

- Increased operating performance from Tripod Data Systems business.

Portfolio Technologies operating income increased by $3.1 million or 318% in fiscal 2001 over fiscal 2000 primarily due to the following:

- An incremental increase resulting from a full years operating results of Tripod Data Systems acquired on November 14, 2000.

International Revenues

Sales to unaffiliated customers outside the United States comprised approximately 49% in 2002, 50% in 2001, and 52% in 2000. During the 2002 fiscal year, North and South America represented 55%, Europe, the Middle East and Africa represented 32%, and Asia represented 13%. In fiscal 2002, the United States comprised approximately 51% and Germany 16% of sales to unaffiliated customers. We anticipate that sales to international customers will continue to account for a significant portion of our revenue. For this reason, we are subject to the risks inherent in these foreign sales, including unexpected changes in regulatory requirements, exchange rates, governmental approval, tariffs, or other barriers. Even though the U.S. Government announced on March 29, 1996, that it supports and maintains the GPS system, and on May 1, 2000, stated that it has no intent to ever again use Selective Availability (SA), a method of degrading GPS accuracy, there may be reluctance in certain foreign markets to purchase such products given the control of GPS by the U.S. Government. Our results of operations could be adversely affected if we were unable to continue to generate significant sales in locations outside the U.S.

No single customer accounted for 10% or more of our total revenues in fiscal 2002, 2001, and 2000. 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

Gross margin varies due to a number of factors including product mix, international sales mix, customer type, the effects of production volumes and fixed manufacturing costs on unit product costs, and new product start-up costs. Gross margin as a percentage of total revenues was 50.2% in fiscal 2002 and 49.9% in fiscal 2001. The slight increase in gross margin percentage for fiscal 2002, compared with fiscal 2001, was due partially to approximately $3.3 million of additional charges associated with the write-down of excess and obsolete inventory in fiscal 2001, related to the rationalization and simplification of product lines, and partially due to inventories in excess of our forecasted 12-month demand.

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 further, gross margin could be further adversely impacted.

Operating Expenses

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

Fiscal Years Ended	January 3, 2003	December 28, 2001	December 29, 2000
(In thousands)			
Research and development	$ 61,232	$ 62,881	$ 46,520
Sales and marketing	89,344	103,778	79,901
General and administrative	40,634	37,407	30,514
Restructuring charges	1,099	3,599	--
Amortization of goodwill and other purchased intangible assets	8,300	29,389	13,407
Total	$ 200,609	$ 237,054	$ 170,342

Research and Development

Research and development spending decreased by $1.6 million during fiscal 2002 and represented 13% of revenue, consistent with 13% in fiscal 2001 due primarily to:

- The transfer of employee-related expenses to the Caterpillar joint venture of approximately $2.8 million, partially offset by an increase in engineering expenses associated with the introduction of new products.

Research and development spending increased by $16.4 million during fiscal 2001, and represented 13% of revenue, consistent with 13% in fiscal 2000 due primarily to the following:

- In fiscal 2001, we experienced a full year of operations of the Spectra Precision Group compared with half a year in fiscal 2000, which accounted for approximately $11.7 million of the increase;
- The increase was also due to approximately $5.0 million related to a full year of operations of Tripod Data Systems in fiscal 2001 compared with one and one-half months for fiscal 2000, as well as the inclusion of Grid Data for approximately nine months in fiscal 2001.

* We believe that the development and introduction of new products are critical to the Company's future success and expects to continue its active development of new products.

Sales and Marketing

Sales and marketing expense decreased by $14.4 million in fiscal 2002 and represents 19% of revenue, compared with 22% in fiscal 2001 due primarily to the following:

- During fiscal 2001, we sold off many of our direct sales offices, which decreased sales and marketing expenses by approximately $7.0 million for fiscal 2002;
- A decrease in overall compensation, travel, advertising, promotional, and trade show expenses of approximately $7.4 million for fiscal 2002 compared to the corresponding period in fiscal 2001.

Sales and marketing expense increased by $23.9 million in fiscal 2001 and represents 22% of revenue, consistent with 22% in fiscal 2000 primarily due to the following:

- Inclusion of a full year of operations of the Spectra Precision Group as compared with half a year in fiscal 2000, which accounted for approximately $23.1 million of the increase.

* 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

General and administrative expense increased by $3.2 million in fiscal 2002 representing 9% of revenue, compared with 8% in fiscal 2001 primarily due to the following:

- Increase in bad debt provisions related to customers in an uncertain economic environment;
- Bad debt expenses for accounts written off during the year due to customer defaults.

General and administrative expense increased by $6.9 million in fiscal 2001 representing 8% of revenue, consistent with 8% in fiscal 2000 due primarily to the following:

- In fiscal 2001, we experienced a full year of operations of the Spectra Precision Group as compared with half a year in fiscal 2000, which accounted for approximately $5.6 million of the increase;
- The increase was also due to approximately $0.9 million related to a full year of operations of Tripod Data Systems in fiscal 2001, as compared with one and one-half months for fiscal 2000.

Restructuring Charges

Restructuring charges of $1.1 million were recorded in fiscal 2002 and $3.6 million were recorded in fiscal 2001, which related to severance costs. As a result of these actions, our headcount decreased in fiscal 2002 by 49 and in fiscal 2001 by 207 individuals. As of January 3, 2003, all of the restructuring charges have been paid.

Amortization of Goodwill, Purchased and Other Intangible Assets

Fiscal Years Ended	January 3, 2003	December 28, 2001	December 29, 2000
(in thousands)			
Amortization of goodwill	$ -	$ 7,647	$ 3,116
Amortization of purchased intangibles	8,300	21,742	10,291
Amortization of other intangible assets	868	917	930
Total amortization of goodwill, purchased, and other intangible assets	$ 9,168	$ 30,306	$ 14,337

We adopted SFAS No. 142 on January 1, 2002. As a result, goodwill is no longer amortized and intangible assets with indefinite lives with net book value of $73.6 million were reclassified to goodwill.

Amortization expense of goodwill, purchased and other intangibles decreased in fiscal 2002 by approximately $21.1 million representing 2% of revenue, compared with 6% in fiscal 2001. The decrease was primarily due to the adoption of FAS 142 that does not require the amortization of goodwill and intangible assets with indefinite lives.

Amortization expense of goodwill and other purchased intangibles increased in fiscal 2001 by approximately $16.0 million representing 6% of revenue, compared with 4% in fiscal 2000. The increase was primarily due to the acquisition of the Spectra Precision Group in July 2000, which resulted in a year-over-year increase of approximately $15.0 million in goodwill and intangibles amortization.

Non-operating Expense, Net

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

Fiscal Years Ended	January 3, 2003	December 28, 2001	December 29, 2000
(in thousands)			
Interest income	$ 659	$ 1,118	$ 4,478
Interest expense	(14,710)	(22,224)	(14,438)
Foreign exchange loss	(823)	(237)	(376)
Expenses for affiliated operations, net	(3,954)	-	-
Other expense	(1,171)	(430)	(123)
Total	$ (19,999)	$ (21,773)	$ (10,459)

Non-operating expense, net decreased by $1.8 million during fiscal 2002 as compared with fiscal 2001. The primary reasons for the decrease were as follows:

- Decrease in net interest expense of $7.1 million due to significant repayment of debt balances during the year of approximately $52 million, combined with the effect of lower interest rates;
- This was partially offset by expenses recorded for affiliated operations of $4.0 million as a result of transfer pricing effects on transactions between Trimble and CTCT, an increase in foreign exchange loss of $0.6 million, and a write-down of minority investment of $1.5 million.

Non-operating expense, net increased by $11.3 million during fiscal 2001 as compared with fiscal 2000. The primary reasons for the increase were as follows:

- Increase in interest expenses related to loans and credit facilities incurred primarily to finance the acquisition of the Spectra Precision Group accounted for approximately $7.8 million;
- Decreased interest income resulting from the sale and maturities of short-term investments used to finance the acquisition of the Spectra Precision Group accounted for approximately $3.4 million.

Income Tax Provision

Our effective income tax rates from continuing operations for fiscal years 2002, 2001, and 2000 were 25%, (9%) and 10%, respectively. The fiscal 2002 and 2001 income tax rates differ from the federal statutory rate of 35%, due primarily to foreign taxes and the inability to realize the benefit of net operating losses. The fiscal 2000 income tax rate is less than the federal statutory rate due primarily to the realization of the benefits from prior net operating losses and previously reserved deferred tax assets.

Litigation Matters

* In November 2001, Qualcomm Inc. filed a lawsuit against Trimble in the Superior Court of the State of California. The complaint alleges claims for an unspecified amount of money damages arising out of Qualcomm's perceived lack of assurances in early 1999 that our products purchased by Qualcomm would work properly after a scheduled week number rollover event that took place in August of 1999. Qualcomm is the only customer to make a claim against us based on the week number rollover event. In our opinion, the resolution of this lawsuit is not expected to have a material adverse effect on our overall financial position.

*	We are also a party to other disputes 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.

Off-Balance Sheet Financings and Liabilities

Other than lease commitments incurred in the normal course of business, we do not have any off-balance sheet financing arrangements or liabilities. 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 year ended	January 3, 2003	December 28, 2001	December 29, 2000
(dollars in thousands)			
Cash and cash equivalents	$28,679	$ 31,078	$ 40,876
As a percentage of total assets	6.5%	7.4%	8.4%
Accounts receivable days sales outstanding (DSO)	58	55	57
Inventory turns per year	5.3	4.1	4.2
Cash provided by operating activities	$35,096	$ 25,093	$ 19,835
Cash used by investing activities	$(5,766)	$(11,441)	$(167,180)
Cash provided (used) by financing activities	$(31,729)	$(23,450)	$ 138,957
Net decrease in cash and cash equivalents	$(2,399)	$ (9,798)	$ (8,388)

In fiscal 2002, our cash and cash equivalents decreased by $2.4 million from fiscal 2001. We repaid $52.1 million of our debt outstanding. This was financed by the issuance of common stock of approximately $21.4 million and cash generated from operating activities of approximately $35.1 million. We also used approximately $7.2 million for capital expenditures.

At January 3, 2003, our debt mainly consisted of $67.6 million outstanding under senior secured credit facilities, and $69.1 million outstanding under the subordinated promissory note related to the acquisition of the Spectra Precision Group. We have relied primarily on cash provided by operating activities to fund capital expenditures and other investing activities.

On March 20, 2002, we used $21.4 million of net proceeds from our private placement to retire accrued interest and principal under our subordinated note with Spectra-Physics Holdings, Inc., a subsidiary of Thermo Electron Corporation, reducing the outstanding principal amount to $68.7 million. In addition, we renegotiated the terms of the subordinated note. Under the revised agreement, the maturity of the note was extended until July 14, 2004, at the current interest rate of approximately 10.4% per year. In connection with the amendment, on March 20, 2002 we agreed to issue to Thermo Electron a five-year warrant to purchase 200,000 shares of our common stock at an exercise price of $15.11. Under the five-year warrant, the total number of warrants issued will not exceed 376,233 shares. On a quarterly basis beginning July 14, 2002, Spectra-Physics' warrant became exercisable for an additional 250 shares of common stock for every $1 million of principal and interest outstanding until the note is paid off in full. These shares are purchasable at a price equal to the average of our stock's closing price for the five days immediately preceding the last trading day of each quarter. On July 14, 2002 an additional 17,364 shares became exercisable at an exercise price of $14.46 per share. On October 14, 2002 an additional 17,824 shares became exercisable at an exercise price of $9.18. On January 14, 2003 an additional 18,284 shares became exercisable at an exercise price of $13.54. These additional shares are exercisable over a 5-year period. The approximate fair value of the warrants of $1.5 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 is amortized to interest expense over the term of the subordinated note.

* In fiscal 2002, cash provided by operating activities was $35.1 million, as compared to $25.1 million in fiscal 2001. The increase of $10 million was primarily due to a one-time special cash distribution of $11 million from Caterpillar Trimble Control Technologies upon its formation in the first quarter of fiscal 2002. Trimble's ability to continue to generate cash from operations will depend in large part on revenues, the rate of collections of accounts receivable, and profitability. Both the inventory turns and accounts receivable days sales outstanding metrics were similar at the end of fiscal 2002 to the fiscal 2001 level.

Cash flows used in investing activities were $5.8 million in fiscal 2002 as compared to $11.4 million in fiscal 2001, mostly due to investment activities associated with the acquisition of an additional 25 percent equity interest in Terrasat, a German Corporation, and the acquisition in property and equipment partially offset by cash acquired through LeveLite acquisition. Cash used in investing activities in fiscal 2001 included amounts paid for the Grid Data acquisition.

Cash used in financing activities was $31.7 million in fiscal 2002, as compared to $23.5 million in fiscal 2001. During fiscal 2002, we made $52.1 million of payments against our debt outstanding. These payments were offset by proceeds from the issuance of common stock to employees pursuant to our stock option plan and employee stock purchase plan of $4.1 million, as well as issuance of common stock under a private equity placement of $17 million.

In July 2000, we obtained $200 million of senior, secured credit facilities (the "Credit Facilities") from a syndicate of banks to support our acquisition of the Spectra Precision Group, the Company's ongoing working capital requirements, and to refinance certain existing debt (see Note 10 of the Notes to the to the Consolidated Financial Statements). The Credit Facilities consisted of $100 million available as a term loan and $100 million available under the two revolvers. On January 14, 2003, Trimble executed an Amended and Restated Credit Agreement, which restructured the $100 million revolver into four Tranches. Tranches A and C belong to the $50 million U.S. dollar revolver and Tranches B and D belong to the $50 million multi-currency revolver. Allocated to Tranche A is $12,500,000 with an expiration date of July 14, 2003 and allocated to Tranche C is $37,500,000 with an expiration date of April 7, 2004. Allocated to Tranche B is $1,500,000 with an expiration date of July 14, 2003 and allocated to Tranche D is $48,500,000 with an expiration date of April 7, 2004. As a result, the $100 million revolver will remain in effect through July 14, 2003 and be reduced to $86 million for the period starting July 15, 2003 through April 7, 2004. As of January 3, 2003, outstanding balance under the revolver was $35 million and under the term loan was $32.6 million.

The Credit Facilities are secured by all material assets of our company, except for assets that are subject to foreign tax considerations. Financial covenants of the Credit Facilities include leverage, fixed charge, and minimum net worth tests and all were amended during the third quarter of fiscal 2002. At January 3, 2003, and as of the date of this report, we are in compliance with debt covenants. The amounts due under the revolver loans are paid as the loans mature, and the loan commitment fees are paid on a quarterly basis. Under the five-year term loan portion of the Credit Facility, we are due to make payments (excluding interest) of approximately $24 million in fiscal 2003 and the remaining $8.6 million in fiscal 2004.

* 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 January 3, 2003, we had $28.7 million of cash and cash equivalents, as well as access to $65 million of cash under the terms of our revolver loans.

Under the terms of the Credit Facilities, we are currently restricted from paying dividends and are limited as to the amount of our common stock that we can repurchase. We are allowed to pay dividends and repurchase shares of our common stock up to 25% of net income in the previous fiscal year. We have obligations under non-cancelable operating leases for our office facilities (see Note 11 of the Notes to the

Consolidated Financial Statements). In fiscal 2003, the payments under these non-cancelable operating leases are expected to be approximately $12.1 million.

* We expect fiscal 2003 capital expenditures to be approximately $8 million to $11 million, primarily for computer equipment, software, 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.

The following table summarizes our future repayment obligations (excluding interest):

January 3, 2003	Total	2003	2004	2005	2006	2006 and Beyond
(in thousands)						
Credit facilities:						
Five year term loan	$32,600	$ 24,000	$8,600	$ -	$ -	$ -
U.S. and multi-currency revolving credit facility	35,000	6,550	28,450	-	-	-
Subordinated note	69,136	-	69,136	-	-	-
Promissory note and other	1,789	110	110	110	110	1,349
Total contractual cash obligations	$138,525	$ 30,660	$ 106,296	$ 110	$ 110	$ 1,349

Our future minimum payments required under non-cancelable operating leases are follows:

	Operating Lease Payments
(In thousands)	
2003	$ 12,067
2004	7,438
2005	6,958
2006	1,795
2007	1,461
Thereafter	5,115
Total	$ 34,834

New Accounting Standards

We adopted Statement of Financial Accounting Standards ("SFAS") No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets, at the beginning of fiscal 2002. Application of the non-amortization provisions of SFAS No. 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 the prior year. We reclassified identifiable intangible assets with indefinite lives with net book value of $73.6 million, as defined by SFAS No. 142, to goodwill at the date of adoption. We tested goodwill for impairment using the two-step process prescribed in SFAS No. 142. The first step is a screen for potential impairment, while the second step measures the amount of the impairment, if any. No impairment charge resulted from the impairment tests.

In October of 2001, the FASB issued SFAS No.144, "Accounting for the Impairment or Disposal of Long-lived Assets," which amends accounting guidance on asset impairment and provides a single accounting model for long-lived assets to be disposed of. Among other provisions, the new rules change the criteria for classifying an asset as held-for-sale. The standard also broadens the scope of businesses to be disposed of that qualify for reporting as discontinued operations, and changes the timing of recognizing losses on such operations. We adopted SFAS No. 144 at the beginning of fiscal 2002. The effect of adopting SFAS No. 144 did not have a material impact on our financial position or results of operations.

In July of 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses the financial accounting and reporting for obligations associated with an exit activity, including restructuring, or with a disposal of long-lived assets. Exit activities include, but are not limited to, eliminating or reducing product lines, terminating employees and contracts, and relocating plant facilities or personnel. SFAS No. 146 specifies that a company will record a liability for a cost associated with an exit or disposal activity only when that liability is incurred and can be measured at fair value. Therefore, commitment to an exit plan or a plan of disposal expresses only our intended future actions and, therefore, does not meet the requirement for recognizing a liability and the related expense. SFAS No. 146 is effective prospectively for exit or disposal activities initiated after December 31, 2002, with earlier adoption encouraged. We do not anticipate that the adoption of SFAS No. 146 will have a material effect on our financial position or results of operations.

In November of 2002, the FASB issued FASB Interpretation ("FIN") No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN No. 45 requires that a liability be recorded in the guarantor's balance sheet upon issuance of a guarantee. In addition, FIN No. 45 requires disclosures about the guarantees that an entity has issued, including a roll-forward of the entity's product warranty liabilities. We will apply the recognition provisions of FIN No. 45 prospectively to guarantees issued after December 31, 2002.

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.

Changes in our product warranty liability during the 12 months, ended January 3, 2003 are as follows:

	(in thousands)
Balance at December 28, 2001	$ 6,827
Warranties accrued	2,821
Warranty claims	(3,254)
Balance at January 3, 2003	$ 6,394

Our product warranty liability is classified as accrued warranty in the accompanying balance sheet.

In November of 2002, the EITF reached a consensus on Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables." EITF Issue No. 00-21 provides guidance on how to account for arrangements that involve the delivery or performance of multiple products, services, and/or rights to use assets. The provisions of EITF Issue No. 00-21 will apply to revenue arrangements entered into in fiscal periods beginning after June 15, 2003. We are currently evaluating the effect that the adoption of EITF Issue No. 00-21 will have on our results of operations and financial condition.

In December of 2002, FASB issued FASB No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure." SFAS No. 148 amends FASB No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for an entity that changes to the fair value method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure provisions of SFAS No. 123 to require expanded and more prominent disclosure of the effects of an entity's accounting policy with respect to stock-based employee compensation. This disclosure is required in the summary of significant accounting policies footnote or its equivalent in annual and interim financial statements. SFAS No. 148 does not amend SFAS No. 123 to require companies to account for their stock-based employee awards using the fair value method. As discussed in Note 1 of the Notes to the Consolidated Financial Statements, for purposes of pro forma disclosures, we amortized the estimated fair value of the options 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.

In January of 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities." FIN No. 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. The consolidation requirements of FIN No. 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year or interim period beginning after June 15, 2003. We are currently evaluating the provisions of FIN No. 46; however, we do not believe as of January 3, 2003, the Company has any investments in variable interest entities.

Risks And Uncertainties

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 accruals. 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, 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 Sole Manufacturer and Assembler for Many of Our Products and on Sole Suppliers of Critical Parts for Our Products.

Since August 1999, we have been substantially dependent upon Solectron Corporation as the exclusive 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 sixty calendar days in advance of the scheduled delivery of products to our customers. Although purchase orders placed with Solectron are cancelable, the terms of the agreement would require us to purchase from Solectron all material 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 expires in August of 2003.

During the fourth quarter of 2002, Solectron began assembling some of our Component Technology products in China. Although we believe that this initiative in China will bring significant cost savings, we cannot predict potential effects that may result from this program.

In addition, we rely on sole suppliers for a number of our critical components. We have experienced shortages of components in the past. As an example, we were affected by the inability of a display supplier to provide adequate quantities to meet our requirements in the third fiscal calendar quarter of 2002 that resulted in the deferral of $2.4 million in orders into the fourth quarter of 2002. Our current reliance on sole or a limited group of suppliers involves several risks, including a potential inability to obtain an adequate supply of required components and reduced control over pricing. 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, which 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, especially in our Mobile Solutions business
- 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 sale of licensing rights, 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, since our Engineering and Construction (E&C) and Geographic Information Systems (GIS) products generally have higher gross margins than our Component Technologies (CT) products, absent other factors, a shift in sales toward E&C and GIS products would lead to a gross margin improvement. On the other hand, if market conditions in the highly competitive E&C and GIS market segments forced us to lower unit prices, we would suffer a decline in gross margin unless we were able to timely offset the price reduction by a reduction in production costs or by sales of other products with higher gross margins. A decline in gross margin could negatively impact our earnings per share.

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 Substantial Indebtedness Could Materially Restrict Our Operations and Adversely Affect Our Financial Condition.

We now have, and for the foreseeable future expect to have, a significant level of indebtedness. Our substantial indebtedness could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to fund future working capital, capital expenditures, research and development and other general corporate requirements, or to make certain investments that could benefit us;
- require us to dedicate a substantial portion of our cash flow to service interest and principal payments on our debt;
- limit our flexibility to react to changes in our business and the industry in which we operate; and
- limit our ability to borrow additional funds.

Our Credit Agreement Contains Stringent Financial Covenants.

Two of the financial covenants in our Credit Agreement with The Bank of Nova Scotia and certain other banks, dated July 14, 2000 as amended (the "Credit Agreement"), minimum fixed charge coverage and maximum leverage ratio, are extremely sensitive to changes in earnings before interest, taxes, depreciation and amortization ("EBITDA"). In turn, EBITDA is highly correlated to revenues and costs. Due to uncertainties associated with the downturn in the worldwide economy, our future revenues by quarter are more difficult to forecast and we have put in place various cost cutting measures, including the consolidation of service functions and centers, offices, and of redundant product lines and reductions in staff. If revenues should decline at a faster pace than the rate of these cost cutting measures, on a quarter-to-quarter basis we may not be in compliance with the two above-mentioned financial covenants. 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. In addition, a default under one of our debt instruments may also trigger cross defaults under our other debt instruments. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on us. In September of 2002, we reached an agreement to ease our financial covenants. These revised covenants will remain in effect through the term of the current credit facility. On January 14, 2003, Trimble executed an Amended and Restated Credit Agreement, which restructured the $100 million revolver into four Tranches. Tranches A & C belong to the $50 million US dollar revolver and Tranches B & D belong to the $50 million multi-currency revolver. Allocated to Tranche A is $12,500,000 with an expiration date of July 14, 2003 and allocated to Tranche C is $37,500,000 with an expiration date of April 07, 2004. Allocated to Tranche B is $1,500,000 with an expiration date of July 14, 2003 and allocated to Tranche D is $48,500,000 with an expiration date of April 07, 2004. As a result, the $100 million revolver will remain in effect through July 14, 2003 and be reduced to $86 million for the period starting July 15, 2003 through April 7, 2004.

We Are Dependent on Key Customers.

An increasing amount of our revenue is generated from large original equipment manufacturers such as Siemens VDO Automotive AG, Nortel, McNeilus, Caterpillar, CNH Global, DeWalt, Hilti, and Blaupunkt. A reduction or loss of business with these customers could have a material adverse effect on our financial condition and results of operations. There can be no assurance that we will be able to continue to realize value from these relationships in the future.

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.

We Face Risks of Entering Into and Maintaining Alliances.

We believe that in certain emerging markets our success will depend on our ability to form and maintain alliances with established system providers and industry leaders. Our failure to form and maintain such alliances, or the preemption of such alliances by actions of other competitors or us will adversely affect our ability to penetrate emerging markets. 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 U.S. Government's Global Positioning System (GPS). The GPS SPS operates in radio frequency bands that are globally allocated for radio navigation satellite services. International allocations of radio frequency are made by the International Telecommunications Union (ITU), a specialized technical agency of the United Nations. These allocations are further governed by radio regulations 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 kinematics precision. The continuing availability of these non-GPS radio frequencies is essential to provide enhanced GPS products to our precision survey 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 real-time kinematics products, such as our Land Survey 5700, that use integrated radio communication technology requiring access to available radio frequencies allocated by the FCC. 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, including the state of California. An inability to obtain access to these radio frequencies 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 28 satellites in place, some have already been in operation for 13 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 U.S. Government will remain committed to the operation and maintenance of GPS satellites over a long period, or that the policies of the U.S. Government for the use of GPS without charge will remain unchanged. However, a 1996 Presidential Decision Directive marks the first time in the evolution of GPS that access for civilian use free of direct user fees is specifically recognized and supported by Presidential policy. In addition, Presidential policy has been complemented by corresponding legislation, signed into law. Because of ever-increasing commercial applications of GPS, other U.S. Government agencies may become involved in the administration or the regulation of the use of GPS signals. Any of the foregoing factors could affect the willingness of buyers of our products to select GPS-based systems instead of products based on competing technologies.

Any resulting change in market demand for GPS products could have a material adverse effect on our financial results. For example, European governments have expressed interest in building an independent satellite navigation system, known as Galileo. Depending on the as yet undetermined design and operation of this system, there may be interference to the delivery of the GPS SPS and may materially and adversely affect the utility and reliability of our products, which could result in a material adverse effect on our business and operating results.

We Face Risks in Investing in and Integrating New Acquisitions.

We are continuously evaluating external investments in technologies related to our business, and have made relatively small strategic equity investments in a number of GPS-related and laser-related technology companies. 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. 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 domestic and international 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 foreign 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, as a result of our acquisitions. We are expanding our sales, accounting, manufacturing, and other information systems to meet these challenges. These systems, procedures or controls may not be adequate to support our operations and 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 location is intense, and there can be no assurance that we will be able to attract, motivate and retain enough qualified employees necessary for the future continued development of our business and products.

We May Encounter Problems Associated With International Operations and Sales.

Our customers are located throughout the world. Sales to unaffiliated customers in foreign locations represented approximately 49% of our revenues in our fiscal year 2002, 50% in our fiscal year 2001 and 52% in our fiscal year 2000. In addition, we have significant international operations, including manufacturing facilities, sales personnel and customer support operations. Our international sales organization contains offices in 21 foreign countries. Our international manufacturing facilities are in Sweden and Germany, and we have a regional fulfillment center in the Netherlands. Our international presence exposes us to risks not faced by wholly domestic companies. Specifically, we have experienced issues relating to integration of foreign 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 foreign markets, particularly in those markets in which we maintain manufacturing and research facilities;
- difficulties in staffing and management;
- language and cultural barriers; seasonal reductions in business activities in the summer months in Europe and some other countries;
- war and acts of terrorism; and
- potentially adverse tax consequences.

Although we implemented a program to attempt to manage foreign exchange risks through hedging and other strategies, there can be no assurance that this program will be successful and that currency exchange rate fluctuations will not have a material adverse effect on our results of operations. In addition, in certain foreign markets, there may be reluctance to purchase products based on GPS technology, given the control of GPS by the U.S. Government.

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 adverse movements in non-U.S. 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. Compared to fiscal 2001, in fiscal 2002, the US currency has weakened against other currencies.

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

The affect of the movement in foreign exchange rates has been reflected in the Cumulative Translation Adjustment included in the Accumulative Other Comprehensive Loss under Shareholders' Equity on our Consolidated Balance Sheet Statement located in this Report.

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, 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 kinematics 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.

Our Stock Price May Be Volatile.

The price of our common stock can be expected to fluctuate substantially as it has in the past. The price could react to actual or anticipated quarterly variations in results of operations, announcements of technological innovations or new products by us or our competitors, developments related to patents or other intellectual property rights, developments in our relationship with customers, suppliers, or strategic partners and other events or factors. In addition, any shortfall or changes in revenue, gross margins, earnings, or other financial results from analysts' expectations could cause the price of our common stock to fluctuate significantly. Additionally, macro-economic factors as well as market climate for the high-technology sector could also impact the trading price of our stock.

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 senior secured credit facilities. Our credit facilities are comprised of a U.S. dollar-only revolver, a multi-currency revolver both expiring April 7, 2004, and a five-year term loan expiring July 14, 2004. 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. As of January 3, 2003, our senior debt to EBITDA (senior leverage ratio) was approximately 1.41. At this leverage ratio our pricing on the Credit Facility is LIBOR plus 125 basis points. The U.S. dollar and the multi-currency revolvers run through April 2004 and have outstanding principal balances at January 3, 2003 of $25.0 million and $10.0 million, respectively. As of January 3, 2003, we have borrowed from the Multi-Currency revolver in U.S. currency only. The term loan expires on July 14, 2004 and has an outstanding principal balance of $32.6 million at January 3, 2003. The three-month LIBOR effective rate at January 3, 2003 was 1.38%. A hypothetical 10% increase in three-month LIBOR rates could result in approximately $93,000 annual increase in interest expense on the existing principal balances.

In addition, we have a $1.8 million promissory note, of which $110,000 was classified as a current liability at the end of fiscal 2002. The note is payable in monthly installments, bearing a variable interest rate of 5.4% as of January 3, 2003. A hypothetical 10% increase in interest rates would not have a material impact on the results of our operations.

* 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 transact business in various foreign currencies and hedges identified risks associated with foreign currency transactions in order to minimize the impact of changes in foreign currency exchange rates on earnings. We utilize forward contracts to hedge certain trade and inter-company receivables and payables. These contracts reduce the exposure to fluctuations in exchange rate movements as the gains and losses associated with foreign currency balances are generally offset with the gains and losses on the hedge contracts. These hedge instruments are marked to market through earnings every period. From time to time, we may also utilize forward foreign exchange contracts designated as cash flow hedges of operational exposures represented by firm backlog orders to specific accounts over a specific period of time. We record changes in the fair value of cash flow hedges in accumulated, other comprehensive income (loss), until the firm backlog transaction ships. Upon recognition of revenue, we reclassify the gain or loss on the cash flow hedge to the statement of operations. For the fiscal year ended January 3, 2003, we recorded a gain of $57,000 reflecting the net change and ending balance in relation to a firm backlog hedge. The critical terms of the cash flow hedging instruments are the same as the underlying forecasted transactions. The changes in fair value of the derivatives are intended to offset changes in the expected cash flow from the forecasted transactions. All forward contracts have maturity of less than 12 months.

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

The following table provides information about our foreign exchange forward contracts outstanding as of January 3, 2003:

Currency	Buy/Sell	Foreign Currency Amount (in thousands)	Contract Value USD (in thousands)	Fair Value in USD (in thousands)
CAD	Sell	1,630	$ 1,033	$ 1,039
MXN	Sell	5,000	469	475
JPY	Sell	751,668	6,259	6,302
EUR	Buy	(6,200)	(6,348)	(6,024)
EUR	Sell	14,939	14,652	15,534
NZD	Buy	(2,017)	(967)	(1,060)
SEK	Buy	(158,572)	(17,099)	(17,988)
SEK	Sell	19,836	2,126	2,144
			$ 125	$ 422

The following table provides information about our foreign exchange forward contracts outstanding as of December 28, 2001:

Currency	Buy/Sell	Foreign Currency Amount (in thousands)	Contract Value USD (in thousands)	Fair Value in USD (in thousands)
EURO	Sell	3,769	$ 3,365	$ 3,332
EURO	Buy	(800)	(716)	(712)
STERLING	Buy	(298)	(423)	(433)
YEN	Sell	225,000	1,903	1,714
YEN	Buy	(44,000)	(363)	(335)
			$ 3,766	$ 3,566

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED BALANCE SHEETS

As at	January 3, 2003	December 28, 2001
(in thousands)		
ASSETS		
Current assets:		
Cash and cash equivalents	$ 28,679	$ 31,078
Accounts receivable, less allowance for doubtful accounts of $9,900 and $8,540, respectively	79,645	71,680
Inventories, net	61,144	51,810
Other current assets	8,477	6,536
Total current assets	177,945	161,104
Property and equipment, at cost less accumulated depreciation	22,037	27,542
Goodwill, less accumulated amortization	205,933	120,052
Other intangible assets, less accumulated amortization	23,238	100,252
Deferred income taxes	417	383
Other assets	12,086	10,062
Total non-current assets	263,711	258,291
Total assets	$ 441,656	$ 419,395
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank and other short-term borrowings	$ 6,556	$ 40,025
Current portion of long-term debt	24,104	23,443
Accounts payable	30,669	21,494
Accrued compensation and benefits	17,728	13,786
Accrued liabilities	21,000	28,822
Accrued warranty expense	6,394	6,827
Income taxes payable	6,450	7,403
Total current liabilities	112,901	141,800
Non-current portion of long-term debt	107,865	127,097
Deferred gain on joint venture	10,792	-
Deferred income tax	2,561	7,347
Other non-current liabilities	6,186	4,662
Total liabilities	240,305	280,906
Commitments and Contingencies		
Shareholders' equity:		
Preferred stock no par value; 3,000 shares authorized; none outstanding	--	--
Common stock, no par value; 40,000 shares authorized; 29,309, and 26,862 shares outstanding, respectively	225,872	191,224
Accumulated deficit	(23,495)	(33,819)
Accumulated other comprehensive loss	(1,026)	(18,916)
Total shareholders' equity	201,351	138,489
Total liabilities and shareholders' equity	$ 441,656	$ 419,395

**See accompanying Notes to the Consolidated Financial Statements.*

CONSOLIDATED STATEMENTS OF OPERATIONS

Fiscal Years Ended	January 3, 2003	December 28, 2001	December 29, 2000
(in thousands, except per share data)			
Revenue	$ 466,602	$ 475,292	$ 369,798
Cost of revenue	232,170	238,057	173,237
Gross margin	234,432	237,235	196,561
Operating expenses			
Research and development	61,232	62,881	46,520
Sales and marketing	89,344	103,778	79,901
General and administrative	40,634	37,407	30,514
Restructuring charges	1,099	3,599	--
Amortization of goodwill and other purchased intangible assets	8,300	29,389	13,407
Total operating expenses	200,609	237,054	170,342
Operating income from continuing operations	33,823	181	26,219
Non-operating income (expense), net			
Interest income	659	1,118	4,478
Interest expense	(14,710)	(22,224)	(14,438)
Foreign exchange loss	(823)	(237)	(376)
Expenses for affiliated operations, net	(3,954)	--	--
Other expense	(1,171)	(430)	(123)
Total non-operating expense, net	(19,999)	(21,773)	(10,459)
Income (loss) before income taxes from continuing operations	13,824	(21,592)	15,760
Income tax provision	3,500	1,900	1,575
Net income (loss) from continuing operations	10,324	(23,492)	14,185
Gain on disposal of discontinued operations (net of tax)	--	613	--
Net income (loss)	$ 10,324	$ (22,879)	$ 14,185
Basic earnings (loss) per share from continuing operations	$ 0.36	$ (0.95)	$ 0.60
Basic earnings per share from discontinued operations	--	0.02	--
Basic earnings (loss) per share	$ 0.36	$ (0.93)	$ 0.60
Shares used in calculating basic earnings per share	28,573	24,727	23,601
Diluted earnings (loss) per share from continuing operations	$ 0.36	$ (0.95)	$ 0.55
Diluted earnings per share from discontinued operations	--	0.02	--
Diluted earnings (loss) per share	$ 0.36	$ (0.93)	$ 0.55
Shares used in calculating diluted earnings per share	29,052	24,727	25,976

**See accompanying Notes to the Consolidated Financial Statements.*

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	Common stock and warrants				
	Shares	Amount	Retained earnings (deficit)	Accumulative Other Comprehensive Income/(loss)	Total Shareholders' Equity
(in thousands)					
Balance at January 1, 2000	22,742	$ 126,962	$ (25,125)	$ (1,041)	$ 100,796
Components of comprehensive income (loss):					
Net income			14,185		14,185
Unrealized gain on short-term investments				123	123
Foreign currency translation adjustments				(8,045)	(8,045)
Comprehensive income					6,263
Subtotal					107,059
Issuance of stock under employee plans and exercise of warrants	843	12,043			12,043
Issuance of stock for acquisition	577	14,995			14,995
Issuance of warrants	--	846			846
Balance at December 29, 2000	24,162	154,846	(10,940)	(8,963)	134,943
Components of comprehensive income (loss):					
Net loss			(22,879)		(22,879)
Loss on interest rate swap				(203)	(203)
Unrealized gain on investments				16	16
Foreign currency translation adjustments				(9,766)	(9,766)
Comprehensive loss					(32,832)
Subtotal					102,111
Issuance of stock under employee plans and exercise of warrants	917	11,344			11,344
Issuance of stock in private placement	1,783	25,034			25,034
Balance at December 28, 2001	26,862	$ 191,224	$ (33,819)	$ (18,916)	$ 138,489
Components of comprehensive income (loss):					
Net income			10,324		10,324
Gain on interest rate swap				210	210
Unrealized loss on investments				(17)	(17)
Foreign currency translation adjustments				17,697	17,697
Comprehensive income					28,214
Subtotal					166,703
Issuance of stock for acquisition	793	12,033			12,033
Issuance of stock under employee plans	374	4,091			4,091
Issuance of warrants		1,528			1,528
Issuance of stock in private placement	1,280	16,996			16,996
Balance at January 3, 2003	29,309	$ 225,872	$ (23,495)	$ (1,026)	$ 201,351

**See accompanying Notes to the Consolidated Financial Statements.*

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal Years Ended	January 3, 2003	December 28, 2001	December 29, 2000
(In thousands)			
Cash flow from operating activities:			
Net income (loss)	$ 10,324	$ (22,879)	$ 14,185
Adjustments to reconcile net income (loss) to cash flows provided by operating activities:			
Depreciation expense	9,850	11,218	9,139
Amortization expense	9,168	30,306	14,337
Provision for doubtful accounts	5,443	5,077	1,198
(Gain) loss on sale of fixed assets	423	(135)	--
Amortization of deferred gain	(1,061)	(1,584)	(2,555)
Amortization of debt issuance cost	1,197	960	440
Deferred income taxes	1,464	(887)	(908)
Other	193	(508)	(2,505)
Decrease (increase) in assets:			
Accounts receivable, net	(10,615)	6,842	(7,289)
Inventories	(7,649)	7,442	(5,994)
Other current and non-current assets	(3,920)	2,393	(3,743)
Effect of foreign currency translation adjustment	3,218	(4,538)	(1,116)
Increase (decrease) in liabilities:			
Accounts payable	8,593	(4,954)	7,554
Accrued compensation and benefits	3,452	(3,112)	(6,362)
Deferred gain on joint venture	10,792	--	--
Accrued liabilities	(4,823)	(2,946)	5,595
Income taxes payable	(953)	2,398	(2,141)
Net cash provided by operating activities	35,096	25,093	19,835
Cash flow from investing activities:			
Acquisition of property and equipment	(7,157)	(7,254)	(7,555)
Proceeds from sale of assets	1,407	1,177	--
Acquisitions, net of cash acquired	1,718	(4,430)	(211,488)
Costs of capitalized patents	(1,734)	(934)	(900)
Purchase of short-term investments	--	--	(6,423)
Maturities/sales of short-term investments	--	--	59,186
Net cash used by investing activities	(5,766)	(11,441)	(167,180)
Cash flow from financing activities:			
Issuance of common stock and warrants	21,393	36,378	12,043
(Payment)/collection of notes receivable	(1,082)	872	196
Proceeds from long-term debt and revolving credit lines	18,000	30,062	162,000
Payments on long-term debt and revolving credit lines	(70,040)	(90,762)	(35,282)
Net cash provided (used) by financing activities	(31,729)	(23,450)	138,957
Decrease in cash and cash equivalents	(2,399)	(9,798)	(8,388)
Cash and cash equivalents, beginning of period	31,078	40,876	49,264
Cash and cash equivalents, end of period	$ 28,679	$ 31,078	$ 40,876

**See accompanying Notes to the Consolidated Financial Statements.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of Significant 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. Due to the inherent nature of those estimates, actual results could differ from expectations.

Basis of Presentation

Trimble has a 52-53 week fiscal year, ending on the Friday nearest to December 31, which for fiscal 2002 was January 3, 2003. Fiscal 2002 was a 53-week year and as a result, the Company has included an extra week of revenues, costs and related financial activities.

Therefore, the financial results of those fiscal years (as this fiscal year 2002) having the extra week will not be exactly comparable to the prior and subsequent 52-week fiscal years. Fiscal years 2001 and 2000 were both comprised of 52 weeks.

The 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. Accrued interest expense and Deferred gain on sale of assets have been reclassified to Accrued liability in the Consolidated Balance Sheet at December 28, 2001. Certain previously allocated corporate charges to the Portfolio Technologies business segment have been reclassified to unallocated corporate charges in fiscal 2001 and fiscal 2000 to conform to current year presentation.

Foreign Currency

Assets and liabilities of the Company's foreign subsidiaries are translated into U.S. dollars at year-end exchange rates, and revenues and expenses are translated at average rates prevailing during the year. Local currencies are considered to be the functional currencies for the Company's non-U.S. subsidiaries. Translation adjustments are included in shareholders' equity in the consolidated balance sheet caption "Accumulated other comprehensive income (loss)." Foreign currency transaction gains and losses are included in results of operations as incurred, and have not been significant to the Company's operating results in any fiscal year presented. The effect of foreign currency rate changes on cash and cash equivalents is not material.

Cash and Cash Equivalents

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

Concentration of Risk

In entering into forward foreign exchange contracts, Trimble has assumed the risk that might arise from the possible inability of counter-parties to meet the terms of their contracts. The counter-parties to these contracts are major multinational investment and commercial banks, and the Company does not expect any losses as a result of counter-party defaults (see Note 6 of the Notes to the Consolidated Financial Statements). 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.

Many of Trimble's products use GPS as the positioning technology. GPS is a system of 24 orbiting satellites established and funded by the U.S. Government, which has been fully operational since March 1995. A significant reduction in the number of operating satellites would impair the current utility of the GPS system and the growth of current and additional market opportunities. In addition, the U.S. Government may not remain committed to the operation and maintenance of GPS satellites over a long period, and the policy of the U.S. Government for the use of GPS without charge may change.

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. 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. The expenses recorded for doubtful accounts were approximately $5.4 million in fiscal 2002, $5.1 million in fiscal 2001, and $1.2 million in fiscal 2000.

Inventories

Inventories are stated at the lower of standard cost or market (net realizable value). Standard costs approximate average actual costs. 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 for the inventory value for estimated excess and obsolete inventory, based on management's assessment of future demand and market conditions. If actual future demand or market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

Intangible and Non-Current Assets

Intangible assets include goodwill, assembled workforce, distribution channels, patents, licenses, technology, and trademarks, which are capitalized at cost. Intangible assets with definite lives are amortized on the straight-line basis. Useful lives generally range from 2 to 10 years, with weighted average useful life of 5.5 years. Prior to January 1, 2002, goodwill was amortized over 20 years, except for goodwill from the Grid Data purchase, which was amortized over 5 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 impairment test of goodwill upon transition to FAS No. 142 on January 1, 2002, and an annual impairment test on September 30, 2002, and found no impairment. 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.

Trimble adopted SFAS No. 142 on January 1, 2002. As a result, goodwill is no longer amortized and intangible assets with indefinite lives were reclassified to goodwill.

Revenue Recognition

Trimble's revenues are recorded in accordance with the Securities and Exchange Commission's (SEC) Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition." The Company requires the following: (i) execution of a written customer order, (ii) delivery of the product, (iii) fee is fixed or determinable, and (iv) collectibility of the proceeds is probable. The Company recognizes revenue from product sales when the products are shipped to the customer, title has transferred, and no significant obligations remain. Trimble defers revenue if there is uncertainty about customer acceptance. Deferred revenue is included in accrued liabilities on the consolidated balance sheet. Trimble reduces product revenue for estimated customer returns, and any discount, which may occur under programs it has with its customers and partners.

The Company's shipment terms are either FOB shipping point or FCA shipping point. FOB (Free on Board) - shipping point term means that the seller fulfills the obligation to deliver when the goods have passed over the ship's rail at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that point. The FOB term requires the seller to clear the goods for export. FCA (Free Carrier) shipping point term means that the seller 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, the seller may choose within the place or range stipulated where the carrier shall take the goods into carrier's charge.

The Company's shipment terms for domestic orders are typically FOB shipping point. International orders fulfilled from the European distribution center are typically shipped FCA shipping point. Other international orders are shipped FOB destination, and accordingly these international orders are not recognized as revenue until the product is delivered and title has transferred.

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 the Company has no remaining obligations.

Sales to distributors and resellers are recognized upon shipment providing that there is evidence of the arrangement through a distribution agreement or purchase order, title has transferred, no remaining performance obligations exist, the price and terms of the sale are fixed, and collection is probable. Distributors and resellers do not have a right of return.

Software arrangements 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 price of the renewal rate. The remaining value of the software arrangement is allocated to the license fee using the residual method, under 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 period of the PCS agreement.

Support and Warranty

The warranty periods for the Company's products are generally between one and three years from date of shipment. Selected military programs may require extended warranty periods, and certain products sold by Trimble's TDS business have a 90-day warranty period. Trimble supports its 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 Trimble's non-GPS products are available from company-owned or authorized facilities. The Company reimburses dealers and distributors for all authorized warranty repairs they perform.

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 January 3, 2003 are as follows:

	(in thousands)
Balance at December 28, 2001	$ 6,827
Warranties accrued	2,821
Warranty claims	(3,254)
Balance at January 3, 2003	$ 6,394

The Company's warranty liability is classified as accrued warranty in the accompanying balance sheet.

Guarantees, Including Indirect Guarantees of Indebtedness of Others

In November of 2002, the FASB issued FIN No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN No. 45 requires that a liability be recorded in the guarantor's balance sheet upon issuance of a guarantee. In addition, FIN No. 45 requires disclosures about the guarantees that an entity has issued including a roll-forward of the entity's product warranty liabilities. Trimble will apply the recognition provisions of FIN No. 45 prospectively to guarantees issued after December 31, 2002.

Advertising Costs

Trimble's expenses advertising costs as incurred. Advertising expenses were approximately $6.3 million, $6.8 million, and $7.9 million in fiscal 2002, 2001, and 2000, respectively.

Research and Development Costs

Research and development costs are charged to expense when incurred. Trimble received third party funding of approximately $5.3 million, $4.1 million, and $4.8 million in fiscal 2002, 2001, and 2000, respectively. Trimble offsets research and development expenses with any third party funding received.

The Company retains the rights to any technology developed.

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 14 of the Notes to the Consolidated Financial Statements describes the plans operated by Trimble.

In December of 2002, the Financial Accounting Standards Board issued SFAS No. 148, which amends SFAS No. 123, to provide alternative methods of transition for an entity that changes to the fair value method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure provisions of SFAS No. 123 to require expanded and more prominent disclosure of the effects of an entity's accounting policy with respect to stock-based employee compensation.

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 (loss) and earnings (loss) 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. The fair value for these options was estimated at the date of grant using a Black-Scholes option-pricing model with the following weighted-average assumptions for fiscal 2002, 2001, and 2000:

	January 3, 2003	December 28, 2001	December 29, 2000
Expected dividend yield	-	-	-
Expected stock price volatility	52.70%	69.59%	66.41%
Risk free interest rate	3.13%	4.15%	6.21%
Expected life of options after vesting	1.18	1.20	1.22

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because Trimble'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 management's opinion, the existing models do not necessarily provide a reliable single measure of its employee stock options.

Trimble's pro forma information is as follows:

Fiscal Years Ended	January 3, 2003	December 28, 2001	December 29, 2000
(dollars in thousands)			
Net income (loss) – as reported	$10,324	$ (22,879)	$ 14,185
Stock-based employee compensation expense determined under fair value method based for all awards, net of related tax effects	11,641	12,718	8,287
Net earnings (loss) – pro forma	(1,317)	(35,597)	5,898
Basic earnings (loss) per share – as reported	0.36	(0.93)	0.60
Basic earnings (loss) per share – pro forma	(0.05)	(1.44)	0.25
Diluted earnings (loss) per share – as reported	0.36	(0.93)	0.55
Diluted earnings (loss) per share – pro forma	(0.05)	(1.44)	0.23

Depreciation

Depreciation of property and equipment owned or under capitalized leases 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 four years for machinery and equipment, four to five years for furniture and fixtures, and four to five years 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.

Earnings (Loss) 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

Trimble adopted SFAS No. 144, at the beginning of fiscal 2002. The effect of adopting SFAS No. 144 did not have a material impact on the Company's financial position or results of operations.

Trimble adopted SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets, at the beginning of fiscal 2002. Application of the non-amortization provisions of SFAS No. 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 the prior year. The Company reclassified identifiable intangible assets with indefinite lives with net book value of $73.6 million, as defined by SFAS No. 142, to goodwill at the date of adoption. The Company tested goodwill for impairment using the two-step process prescribed in SFAS No. 142. The first step is a screen for potential impairment, while the second step measures the amount of the impairment, if any. No impairment charge resulted from the impairment tests.

In October of 2001, the FASB issued SFAS No.144, "Accounting for the Impairment or Disposal of Long-lived Assets," which amends accounting guidance on asset impairment and provides a single accounting model for long-lived assets to be disposed of. Among other provisions, the new rules change the criteria for classifying an asset as held-for-sale. The standard also broadens the scope of businesses to be disposed of that qualify for reporting as discontinued operations, and changes the timing of recognizing losses on such operations.

In July of 2002, the FASB approved SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses the financial accounting and reporting for obligations associated with an exit activity, including restructuring, or with a disposal of long-lived assets. Exit activities include, but are not limited to, eliminating or reducing product lines, terminating employees and contracts and relocating plant facilities or personnel. SFAS No. 146 specifies that a company will record a liability for a cost associated with an exit or disposal activity only when that liability is incurred and can be measured at fair value. Therefore, commitment to an exit plan or a plan of disposal expresses only management's intended future actions and, therefore, does not meet the requirement for recognizing a liability and the related expense. SFAS No. 146 is effective prospectively for exit or disposal activities initiated after December 31, 2002, with earlier adoption encouraged. The Company does not anticipate that the adoption of SFAS No. 146 will have a material effect on its financial position or results of operations.

In November of 2002, the FASB issued FIN No. 45 "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN No. 45 requires that a liability be recorded in the guarantor's balance sheet upon issuance of a guarantee. In addition, FIN No. 45 requires disclosures about the guarantees that an entity has issued, including a roll-forward of the entity's product warranty liabilities. Trimble will apply the recognition provisions of FIN No. 45 prospectively to guarantees issued after December 31, 2002. The disclosure provisions of FIN No. 45 are effective for financial statements of Trimble's fiscal year 2002.

In November of 2002, the EITF reached a consensus on Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables." EITF Issue No. 00-21 provides guidance on how to account for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. The provisions of EITF Issue No. 00-21 will apply to revenue arrangements entered into in fiscal periods beginning after June 15, 2003. Trimble is currently evaluating the effect that the adoption of EITF Issue No. 00-21 will have on its results of operations and financial condition.

In January of 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities." FIN No. 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. The consolidation requirements of FIN No. 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year or interim period beginning after June 15, 2003. The Company is currently evaluating the provisions of FIN No. 46, however, it does not believe as at January 3, 2003, that the Company has any investment in variable interest entities.

Note 2 - Acquisitions:

The following is a summary of acquisitions made by Trimble during fiscal 2002, 2001, and 2000, all of which were accounted for as purchases:

Acquisition	Primary Service or Product	Acquisition Date
Spectra Precision Group	Optical and laser products	July 14, 2000
Tripod Data Systems	Software for data collection applications	November 14, 2000
Grid Data	Wireless application service provider	April 2, 2001
LeveLite Technology	Low-end construction instrument products	August 15, 2002

The consolidated financial statements include the results of operations of acquired companies commencing on the date of acquisition. 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 Grid Data transaction was an asset purchase.

Allocation Of Purchase Consideration

The following is a summary of purchase price, acquisition costs and purchase price allocation of the Spectra Precision Group, Tripod Data Systems, Grid Data, and LeveLite acquisitions:

(In thousands)	**Spectra Precision Group**	**Tripod Data Systems**	**Grid Data**	**LeveLite Technology**
Purchase price	$292,700	$14,995	$8,248	$6,031
Acquisition costs	7,719	391	50	144
Restructuring costs	7,851	-	-	555
Total purchase price	$308,270	$15,386	$8,298	$6,730
Purchase Price Allocation:				
Fair value of tangible net assets acquired	65,913	4,261	(141)	6,115
Deferred tax	(9,138)	-	-	-
Identified intangible assets:				
Distribution Channel	78,600	-	-	-
Existing Technology	25,200	-	-	-
Assembled Workforce	18,300	-	-	-
Trade names, trademarks, patents, and other intellectual properties	10,800	-	-	-
Goodwill	118,595	11,125	8,439	615
Total	$308,270	$15,386	$8,298	$6,730

Spectra Precision Group

Spectra Precision, a group of wholly-owned businesses, formerly owned by Thermo Electron Corporation, collectively known as the "Spectra Precision Group," was acquired on July 14, 2000. The acquisition was completed for an aggregate purchase price, excluding acquisition and restructuring costs, of approximately $293.8 million. Subsequently, in March 2002, the purchase price was adjusted by $1.1 million as a result of the completion of final negotiations with Thermo Electron relating to certain assets and liabilities acquired. This adjustment subsequently decreased the purchase price to approximately $292.7 million and goodwill to approximately $118.6 million. The acquisition included 100% of the stock of Spectra Precision Inc., a Delaware corporation; Spectra Precision SRL, an Italian corporation; Spectra

Physics Holdings GmbH, a German corporation; and Spectra Precision BV, a Netherlands corporation. The acquisition also included certain assets and liabilities of Spectra Precision AB, a Swedish corporation; including 100% of the shares of Spectra Precision SA, a French corporation; Spectra Precision Scandinavia AB, a Swedish corporation; Spectra Precision of Canada Ltd., a Canadian corporation; and Spectra Precision Handelsges GmbH, an Austrian corporation.

Spectra Precision Group Restructuring Activities

At the time the Company acquired the Spectra Precision Group, the management formulated a restructuring plan and provided approximately \$9.0 million for costs to close certain duplicative office facilities, combine operations including redundant domestic and foreign legal entities, reduce workforce in overlapping areas, and relocate certain employees. These costs were accrued for as part of the allocation of the purchase price. Included in the total cost was approximately \$2.7 million related to the discontinuance of overlapping product lines, which was included in the accrual for excess and obsolete inventory. The facility consolidation and employee relocations resulted primarily from combining certain office facilities and duplicative functions, including management functions, of the Spectra Precision Group.

In fiscal 2002, the Company used approximately \$1.9 million of the accrual, which consisted of \$1.5 million for legal and tax consulting expenses relating to consolidation of legal entities and, \$0.4 million for facilities and direct sales office closures. As of January 3, 2003, the accrual was fully utilized.

In fiscal 2001, the Company had used approximately \$3.3 million of the accrual, which consisted of \$0.9 million for legal and tax consulting expenses relating to consolidation of legal entities, \$1.3 million for severance expenses, \$0.7 million for facilities and direct sales office closures, \$0.3 million for an underfunded pension plan, and other costs of \$0.1 million. The Company revised its final estimates for costs to complete the remaining planned activities and accordingly reduced its restructuring accrual by approximately \$1.1 million, with a corresponding adjustment to goodwill, in the fourth quarter of fiscal 2001.

The elements of the restructuring accrual, which are included in accrued liabilities in the balance sheet, are as follows:

(in thousands)	Employee Severance and Relocation	Facility Closure, Legal and Tax Expense	Total
Total accrual	$ 1,945	$ 4,370	$ 6,315
Amounts paid	(1,685)	(1,610)	(3,295)
Revision to estimates	(260)	(812)	(1,072)
Balance as of December 28, 2001	$ -	$ 1,948	$ 1,948
Amounts paid	-	(1,948)	(1,948)
Balance as of January 3, 2003	$ -	$ -	$ -

Tripod Data Systems

Tripod Data Systems, Inc., an Oregon corporation, was purchased on November 14, 2000 for an aggregate final purchase price of approximately \$15.0 million. The purchase price consisted of 576,726 shares of Trimble's common stock valued at the average closing price for the five trading days preceding the closing date.

Grid Data, Inc.

On April 2, 2001, Trimble acquired certain assets of Grid Data, an Arizona corporation, for approximately $3.5 million in cash and the assumption of certain liabilities. In addition, the purchase agreement provided for Trimble to make earn-out payments based upon the completion of certain business milestones. In June 2002, Trimble issued 268,352 in settlement of all earn-out payments, which resulted in additional goodwill of $4.8 million, with a final purchase price of approximately $8.3 million.

LeveLite Technology, Inc.

On August 15, 2002, Trimble acquired LeveLite Technology, Inc. ("LeveLite"), a California corporation, for approximately $5.7 million. This strategic acquisition complements our entry-level construction instrument product line. The purchase price consisted of 437,084 shares of our common stock. The merger agreement provides for Trimble to make 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. On January 22, 2003, Trimble issued the first earn-out payment (stock and cash combination) with a fair market value of approximately $0.4 million, related to the earn-out for the quarter ended January 3, 2003. Also, if Trimble receives any proceeds from a pending litigation, a portion will be paid to the former shareholders of LeveLite. The additional payments, if earned, will result in additional goodwill.

Note 3 - Unaudited Pro Forma Information:

The consolidated statements of operations of Trimble presented throughout this report include the operating results of the acquired companies from the date of the respective acquisitions. The following pro forma information for fiscal 2002, 2001, and 2000 presents net revenue, net loss from continuing operations, and net loss for each of these periods as if the transactions with Spectra Precision Group were consummated on January 1, 2000. The following pro forma information does not include Tripod Data Systems, Grid Data, and Levelite, as these acquisitions were not material to the Company. This unaudited pro forma data does not purport to represent the Company's actual results of operations had the Spectra Precision Group acquisition occurred on January 1, 2000, and should not serve as a forecast of the Company's operating results for any future periods.

Fiscal Years Ended	January 3, 2003	December 28, 2001	December 29, 2000
(In thousands, except for per share amounts)			
Net revenue	$ 466,602	$ 475,292	$ 491,436
Net income (loss) from continuing operations	10,324	(23,492)	(1,920)
Net income (loss)	10,324	(22,879)	(1,920)
Basic earnings (loss) per share from continuing operations	$ 0.36	$ (0.95)	$ (0.08)
Basic earnings per share from discontinued operations	--	0.02	--
Basic earnings (loss) per share	$ 0.36	$ (0.93)	$ (0.08)
Diluted earnings (loss) per share from continuing operations	$ 0.36	$ (0.95)	$ (0.08)
Diluted earnings per share from discontinued operations	--	0.02	--
Diluted earnings (loss) per share	$ 0.36	$ (0.93)	$ (0.08)

Note 4 – Goodwill and Intangible Assets:

Goodwill and purchased intangible assets consisted of the following:

As of	January 3, 2003	December 28, 2001
(in thousands)		
Intangible assets:		
Intangible assets with indefinite life:		
Distribution channel	$ -	$ 73,363
Assembled workforce	-	17,773
Total intangible assets with indefinite life	-	91,136
Intangible assets with definite life:		
Existing technology	25,986	23,907
Trade names, trademarks, patents, and other intellectual properties	21,594	18,394
Total intangible assets with definite life	47,580	42,301
Total intangible assets	47,580	$ 133,437
Less accumulated amortization	(24,342)	(33,185)
Total net intangible assets	$ 23,238	$ 100,252
Goodwill:		
Goodwill, Spectra Precision acquisition*	185,277	116,001
Goodwill, other acquisitions*	20,656	14,710
Total goodwill	205,933	130,711
Less accumulated amortization *	-	(10,659)
Total net goodwill	$ 205,933	$ 120,052

* Goodwill as of January 3, 2003 includes assembled workforce and distribution channel amounts, which were reclassified to goodwill in accordance with SFAS 142. Also, January 3, 2003 amounts are shown net of accumulated depreciation from December 28, 2001.

The intangible asset amortization expense as of January 3, 2003 for the five years following fiscal 2002 is projected as follows:

Year	*(in thousands)*
2003	$ 7,126
2004	7,084
2005	5,327
2006	1,892
2007	1,116
Thereafter	693
Total	$ 23,238

Trimble adopted SFAS No. 142 on January 1, 2002. As a result, goodwill is no longer amortized and intangible assets with indefinite lives were reclassified to goodwill.

For comparative purposes, the pro forma adjusted net income per share excluding amortization of goodwill, distribution channel, and assembled workforce is as follows:

	January 3, 2003	December 28, 2001	December 29, 2000
(in thousands)			
Net income (loss)	$ 10,324	$ (22,879)	$ 14,185
Add back SFAS 142 adjustments:			
Amortization of goodwill		7,817	3,116
Amortization of distribution channel		11,230	5,176
Amortization of assembled workforce		1,834	1,225
Adjusted net income (loss)	$ 10,324	$ (1,998)	$ 23,702
Weighted average shares outstanding			
Basic	28,573	24,727	23,601
Diluted	29,052	24,727	25,976
Diluted net income (loss) per share	$ 0.36	$ (0.93)	$ 0.55
Pro forma adjusted diluted net income (loss) per share	$ 0.36	$ (0.08)	$ 0.92

Note 5 – Certain Balance Sheet Components:

Inventories consisted of the following:

	January 3, 2003	December 28, 2001
(in thousands)		
Raw materials	$ 21,098	$ 25,790
Work-in-process	5,187	7,177
Finished goods	34,859	18,843
	$ 61,144	$ 51,810

Property and equipment consisted of the following:

	January 3, 2003	December 28, 2001
in thousands)		
Machinery and equipment	$ 70,660	$ 66,265
Furniture and fixtures	6,538	6,367
Leasehold improvements	6,451	5,882
Buildings	2,905	3,979
Land	1,391	1,657
	87,945	84,150
Less accumulated depreciation	(65,908)	(56,608)
	$ 22,037	$ 27,542

Other current assets consisted of the following:

(in thousands)	January 3, 2003	December 28, 2001
Notes receivable	$ 1,685	$ 2,130
Prepaid expenses	5,495	4,150
Other	1,297	256
	$ 8,477	$ 6,536

Other non-current assets consisted of the following:

(in thousands)	January 3, 2003	December 28, 2001
Debt issuance costs, net	$ 2,493	$ 3,046
Other investments	1,381	2,737
Deposits	1,196	1,241
Demo inventory, net	2,665	1,961
Receivables from employees	1,223	955
Other	3,128	122
	$ 12,086	$ 10,062

Note 6 - Derivative Financial Instruments:

Trimble transacts business in various foreign currencies and hedges identified risks associated with foreign currency transactions in order to minimize the impact of changes in foreign currency exchange rates on earnings. Trimble utilizes forward contracts to hedge certain trade and inter-company receivables and payables. These contracts reduce the exposure to fluctuations in exchange rate movements, as the gains and losses associated with foreign currency balances are generally offset with the gains and losses on the hedge contracts. These hedge instruments are marked to market through earnings every period. From time to time, Trimble may also utilize forward foreign exchange contracts designated as cash flow hedges of operational exposures represented by firm backlog orders to specific accounts over a specific period of time. Trimble records changes in the fair value of cash flow hedges in accumulated other comprehensive income (loss), until the firm backlog transaction ships. Upon recognition of revenue, the Company reclassifies the gain or loss on the cash flow hedge to the statement of operations. For the fiscal year ended January 3, 2003, Trimble recorded a gain of $57,000 reflecting the net change and ending balance in relation to a firm backlog hedge. The critical terms of the cash flow hedging instruments are the same as the underlying forecasted transactions. The changes in fair value of the derivatives are intended to offset changes in the expected cash flow from the forecasted transactions. All forward contracts have maturity of less than 12 months. As of January 3, 2003, the effect of all outstanding derivative instruments does not have a material impact on the Company’s financial position or results of operations.

In July 2002, Trimble expanded its worldwide hedging program to include inter-company transactions among the former Spectra Precision Group entities in order to minimize the impact of changes in foreign exchange rates on earnings. The forward foreign currency exchange contracts mature over the next twelve months. As of January 3, 2003, the effect of all outstanding derivative instruments does not have a material impact on the Company’s financial position or results of operations.

Note 7 - Disposition of Line of Business and Assets:

On March 6, 2001, the Company sold certain product lines of its Air Transport Systems to Honeywell Inc. for approximately $4.5 million in cash. Under the asset purchase agreement, Honeywell International, Inc. purchased product lines that included the HT 1000, HT 9000, HT 9100 and Trimble's TNL 8100. As part of this sale, during the third quarter of fiscal 2001, the Company also sold other product lines and discontinued its manufacturing operations in Austin, Texas. The Company also incurred severance costs of approximately $1.7 million, which are included in restructuring charges, related to the termination of employees associated with the product lines disposed of in fiscal 2001.

At January 3, 2003, the Company had an accrual of approximately $1.1 million for related liabilities associated with the disposition of these product lines and the discontinuance of its manufacturing operations.

Note 8 - The Company, Industry Segment, Geographic, and Customer Information:

Trimble is a designer and distributor of positioning products and applications enabled by GPS, optical, laser, and wireless communications technology. The Company designs and markets products, by delivering integrated information solutions such as collecting, analyzing, and displaying position data to its end-users. Trimble offers an integrated product line for diverse applications in its targeted markets.

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

- Engineering and Construction — Consists of products currently used by survey and construction professionals in the field for positioning data collection, field computing, data management, and 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.

- 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 GIS operation and the Agriculture operation. 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.

- Mobile Solutions — Consists of products that enable end-users to monitor and manage their mobile assets by communicating location-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.

- Component Technologies — Currently, Trimble markets its GPS component products through an extensive network of OEM relationships. These products include proprietary chipsets, modules, and a variety of intellectual property. The applications into which end-users currently incorporate the component products include: timing applications for synchronizing wireless and computer systems; in-vehicle navigation and telematics (tracking) systems; fleet management; security systems; data collection systems; and wireless handheld consumer products.

- Portfolio Technologies — The various operations that comprise this segment were aggregated on the basis that no single operation accounted for more than 10% of the total revenue. These markets include the operations of the Military and Advanced Systems business and Tripod Data Systems.

In the first fiscal quarter of fiscal 2002, Trimble realigned two of its reportable segments and therefore the following table shows restated revenue and operating income by segment to reflect this realignment. The Agriculture segment was combined with the Mapping and GIS business to form Field Solutions. Mapping and GIS were previously part of Fleet and Asset Management. The Mobile Positioning business that was part of Fleet and Asset Management is now Mobile Solutions.

The Company began breaking out Mobile Solutions as a separate reporting segment during the first quarter of 2002 to address the growing importance of the mobile asset management business and its impact on Trimble's profitability. At the same time, the Company combined its GIS and Agriculture businesses to create a new segment called Field Solutions in order to recognize the synergies and similar product requirements between the two businesses.

Trimble evaluates each of these segment's performance and allocates resources based on profit and loss from operations before income taxes, and some corporate allocations.

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

The following table presents revenues, operating income (loss), and identifiable assets for the five segments. The information includes the operations of Spectra Precision Group after July 14, 2000, Tripod Data Systems after November 14, 2000, Grid Data after April 2, 2001, and LeveLite Technology, Inc. after August 15, 2002. Operating income (loss) is net revenue less operating expenses, excluding general corporate expenses, goodwill 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 Year Ended January 3, 2003 *(in thousands)*					
	Engineering and Construction	**Field Solutions**	**Mobile Solutions**	**Component Technologies**	**Portfolio Technologies**	**Total**
External net revenue	$ 305,490	$ 67,259	$ 8,486	$ 59,755	$ 25,612	$ 466,602
Inter-segment net Revenue	6,193	-	-	-	(6,193)	-
Operating income (loss) before corporate allocations	54,931	12,395	(10,830)	11,290	5,072	72,858
Operating income (loss)	$ 54,931	$ 12,395	$ (10,830)	$ 11,290	$ 5,072	$ 72,858
Assets:						
Accounts receivable (2)	$ 71,415	$ 11,598	$ 1,960	$ 11,276	$ 4,025	$ 100,274
Inventories	$ 44,905	$ 7,337	$ 1,986	$ 2,853	$ 4,063	$ 61,144

	Fiscal Year Ended December 28, 2001 (in thousands)					
	Engineering and Construction	**Field Solutions**	**Mobile Solutions**	**Component Technologies**	**Portfolio Technologies**	**Total**
External net revenue	$ 303,944	$ 68,519	$ 13,791	$ 58,083	$ 30,955	$ 475,292
Inter-segment net revenue	2,080	-	-	-	(2,080)	-
Operating income (loss) before corporate allocations	51,625	13,652	(8,966)	10,882	4,037	71,230
Operating income (loss)	$ 51,625	$ 13,652	$ (8,966)	$ 10,882	$ 4,037	$ 71,230
Assets:						
Accounts receivable (2)	$ 62,471	$ 10,191	$ 4,274	$ 7,392	$ 7,249	$ 91,577
Inventories	$ 36,896	$ 4,639	$ 1,992	$ 2,490	$ 5,463	$ 51,480

	Fiscal Year Ended December 29, 2000 (in thousands)					
	Engineering and Construction	**Field Solutions**	**Mobile Solutions**	**Component Technologies**	**Portfolio Technologies**	**Total**
External net revenue	$ 195,150	$ 70,652	$ 20,471	$ 60,230	$ 23,295	$ 369,798
Operating income (loss) before corporate allocations	43,937	19,834	(369)	14,850	965	79,217
Corporate allocations (1)	(15,120)	(8,112)	(2,844)	(4,788)	(2,687)	(33,551)
Operating income (loss)	$ 28,817	$ 11,722	$ (3,213)	$ 10,062	$ (1,722)	$ 45,666
Assets:						
Accounts receivable (2)	$ 58,693	$ 12,439	$ 4,374	$ 11,892	$ 8,522	$ 95,920
Inventories	$ 39,146	$ 4,416	$ 3,133	$ 2,360	$ 8,074	$ 57,129

(1) In fiscal 2002 and 2001, Trimble did not allocate corporate expenses to its individual business segments. In fiscal 2000, the Company determined the amount of corporate allocations charged to each of its segments based on a percentage of the segments' monthly revenue, gross profit, and controllable spending (research and development, sales and marketing, and general and administrative).

(2) As presented, accounts receivable excludes cash received in advance and allowances for doubtful accounts, which are not allocated between segments.

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

Fiscal Years Ended	January 3, 2003	December 28, 2001	December 29, 2000
(in thousands)			
Operating income from continuing operations:			
Total for reportable divisions	$ 72,858	$ 71,230	$45,666
Unallocated corporate expenses	(39,035)	(71,049)	(19,447)
Operating income from continuing operations	$ 33,823	$ 181	$ 26,219

As of	January 3, 2003	December 28, 2001
(in thousands)		
Assets:		
Accounts receivable total for reportable segments	$ 100,274	$ 91,577
Unallocated (1)	(20,629)	(19,897)
Total	$ 79,645	$ 71,680
Inventory total for reportable segments	$ 61,144	$ 51,480
Common inventory (2)	-	330
Total	$ 61,144	$ 51,810

(1) Includes cash in advance, other receivables, and accruals that are not allocated by segment.
(2) Consists of common inventory that can be used by multiple segments.

The following table presents revenues by product groups.

Fiscal Years Ended	January 3, 2003	December 28, 2001	December 29, 2000
(in thousands)			
GPS products	$ 269,835	$ 274,439	$ 274,215
Laser and optical products	182,650	186,948	93,879
Other	14,117	13,905	1,704
Total revenue	$ 466,602	$ 475,292	$ 369,798

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 year ended	U.S.	Europe/ Middle East/Africa	Asia	Other Foreign Countries	Eliminations	Total
(In thousands)						
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
December 28, 2001						
Sales to unaffiliated customers (1)	$ 236,665	$ 143,051	$ 54,710	$ 40,866	$ -	$475,292
Inter-geographic transfers	57,481	49,940	2,137	-	(109,558)	-
Total revenue	$ 294,146	$ 192,991	$ 56,847	$ 40,866	$ (109,558)	$475,292
Identifiable assets	$ 120,403	$ 71,081	$ 10,048	$ 3,829	$ (5,494)	$199,867
December 29, 2000						
Sales to unaffiliated customers (1)	$ 175,993	$ 103,455	$ 43,922	$ 46,428	$ -	$369,798
Inter-geographic transfers	65,117	12,108	8,320	-	(85,545)	-
Total revenue	$ 241,110	$ 115,563	$ 52,242	$ 46,428	$ (85,545)	$369,798
Identifiable assets	$ 146,821	$ 84,358	$ 12,016	$ 4,588	$ (6,274)	$241,509

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

Transfers between U.S. and foreign geographic areas are made at prices based on total costs and contributions of the supplying geographic area. The Company's subsidiaries in Asia, except for Japan, which is a buy/sell entity, have derived revenue from commissions from domestic 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. The Japanese entity's revenue and expenses are included in total revenue and operating income (loss) in the preceding table. In fiscal 2002, the United States comprised approximately 51% and Germany 16% of sales to unaffiliated customers.

No single customer accounted for 10% or more of Trimble's total revenues in fiscal years 2002, 2001, and 2000.

Note 9 - Restructuring Charges:

Restructuring charges of $1.1 million were recorded in fiscal 2002 and $3.6 million was recorded in fiscal 2001, which related to severance costs. As a result of these actions, Trimble's headcount decreased in fiscal 2002 by 49 and in fiscal 2001 by 207 individuals. As of January 3, 2003, all of the restructuring charges have been paid.

Note 10 - Long-term Debt:

Trimble's long-term debt consists of the following:

As of	January 3, 2003	December 28, 2001
(in thousands)		
Credit Facilities:		
Five-year term loan	$ 32,600	$ 61,300
U.S. and multi-currency revolving credit facility	35,000	40,000
Subordinated note	69,136	84,000
Promissory notes and other	1,789	5,265
	138,525	190,565
Less bank and other short-term borrowings	6,556	40,025
Less current portion of long-term debt	24,104	23,443
Non-current portion	$ 107,865	$ 127,097

The following summarizes the future cash payment obligations (excluding interest):

January 3, 2003	Total	2003	2004	2005	2006	2006 and Beyond
(in thousands)						
Credit Facilities:						
Five-year term loan	$32,600	$ 24,000	$ 8,600	$ -	$ -	$ -
U.S. and multi-currency revolving credit facility	35,000	6,550	28,450	-	-	-
Subordinated note	69,136	-	69,136	-	-	-
Promissory note and other	1,789	110	110	110	110	1,349
Total contractual cash obligations	$138,525	$ 30,660	$ 106,296	$ 110	$ 110	$ 1,349

Credit Facilities

In July of 2000, Trimble obtained $200 million of senior, secured credit facilities (the "Credit Facilities") from a syndicate of banks to support the acquisition of Spectra Precision Group and its ongoing working capital requirements and to refinance certain existing debt. At January 3, 2003, Trimble has approximately $67.6 million outstanding under the Credit Facilities, comprised of $32.6 million under a $100 million five-year term loan, $25 million under a $50 million U.S. dollar only revolving credit facility ("revolver"), and $10 million under a $50 million multi-currency revolver. The Company has access to an additional $65 million of cash under the terms of the revolver loans. The Company has commitment fees on the unused portion of 0.5% if the leverage ratio (which is defined as all outstanding debt, excluding the seller subordinated note, over 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 for any borrowings under the Credit Facilities was fixed for the first six months at LIBOR plus 275 basis points and is thereafter tied to a formula, based on the leverage ratio. The weighted average interest rate under the Credit Facilities was 4.9% for the month of December ending January 3, 2003.

The Credit Facilities are secured by all of the Company's material assets, except for assets that are subject to foreign tax considerations. Financial covenants of the Credit Facilities include leverage, fixed charge, and minimum net worth tests, all of which were amended during the third quarter of 2002. At January 3, 2003, Trimble was in compliance with these debt covenants. The amounts due under the revolver loans are paid as the loans mature, and the loan commitment fees are paid on a quarterly basis.

Two of the financial covenants, minimum fixed charge coverage and maximum leverage ratios are sensitive to EBITDA. EBITDA is correlated to Trimble's results of operations. Due to uncertainties associated with the downturn in the worldwide economy and other factors, future revenues by quarter are difficult to forecast. Cost cutting measures have been put in place by the management team; however, if revenues should decline at a higher rate than cost cutting measures on a quarter-to-quarter basis, Trimble may violate the two above-mentioned financial covenants.

Subordinated Note

In July of 2000, as part of the acquisition of Spectra Precision Group, the Company issued Spectra-Physics Holdings USA, Inc., a subordinated seller note that had a stated two-year maturity ($40 million was due in fiscal 2001 and $40 million in fiscal 2002). On March 20, 2002, the Company renegotiated the terms of the subordinated note. Under the revised agreement, Spectra-Physics Holdings, Inc., a subsidiary of Thermo Electron, extended the due date of the note until July 14, 2004, at the current interest rate of approximately 10.4% per year.

As of January 3, 2003 the principal amount outstanding was approximately $69.1 million. To the extent that interest and principal due on the maturity date becomes delinquent, an additional 4% interest rate per annum will apply.

The Credit Facilities allow Trimble to repay the subordinated note at any time (in part or in whole), provided that (a) Trimble's leverage ratio (Debt (excluding the seller note)/EBITDA) prior to such repayment is less than 1.0x and (b) after giving effect to such repayment Trimble would have (i) a leverage ratio (Debt (excluding any remaining portion of the subordinated note)/EBITDA) of less than 2.0x and (ii) cash and unused availability under the revolvers of the Credit Facilities of at least $35 million. The note, by its terms, is subordinated to the Credit Facilities.

Promissory Note

The promissory note consists of a $1.8 million liability arising from the purchase of a building for Trimble's Corvallis, Oregon site. The note is payable in monthly installments through April 2015, bearing a variable interest rate (5.4% as of January 3, 2003).

Weighted Average Cost of Debt

The weighted average cost of debt is approximately 7.6% for fiscal 2002 and 8.0% for fiscal 2001.

Note 11 - Lease Obligations and Commitments:

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
2003	$ 12,067
2004	7,438
2005	6,958
2006	1,795
2007	1,461
Thereafter	5,115
Total	$ 34,834

Rent expense under operating leases was $11.6 million in fiscal 2002, $13.1 million in fiscal 2001, and $10.6 million in fiscal 2000.

Note 12 - Fair Value of Financial Instruments:

Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments" requires disclosure of the following information about the fair value of certain financial instruments for which it is currently practicable to estimate such value. None of the Company's financial instruments are held or issued for trading purposes. The carrying amounts and fair values of Trimble's financial instruments are as follows:

	January 3, 2003		December 28, 2001	
(In thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Values
Assets:				
Cash and cash equivalents (See Note 1*)	$28,679	$28,679	$ 31,078	$ 31,078
Forward foreign currency exchange contracts (See Note 6*)	93	93	191	191
Accounts receivable	79,645	79,645	71,680	71,680
Liabilities:				
Subordinated notes (See Note 10*)	$69,136	$65,798	$ 84,000	$ 81,290
Credit facilities (See Note 10*)	67,600	67,600	101,300	101,300
Promissory notes and other (See Note 10*)	1,789	1,421	5,189	4,958
Accounts payable	30,669	30,669	21,494	21,494

** See the Notes to the Consolidated Financial Statements*

The fair value of the subordinated notes, bank borrowings, promissory note, and the long-term commitment 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 quoted market prices of comparable contracts. These contracts are adjusted to fair value at the end of every month.

Note 13 - Income Taxes:

Trimble's income tax provision consists of the following:

Fiscal Years Ended	January 3, 2003	December 28, 2001	December 29, 2000
(in thousands)			
Federal:			
Current	$ -	$ -	$ 1, 408
Deferred	-	-	-
	-	-	1,408
State:			
Current	142	58	144
Deferred		-	-
	142	58	144
Foreign:			
Current	2,052	2,729	931
Deferred	1,306	(887)	(908)
	3,358	1,842	23
Income tax provision	$ 3,500	$ 1,900	$ 1,575

The domestic (loss) income from continuing operations before income taxes was approximately $3.3 million, $(29.3) million and $14.4 million in fiscal years 2002, 2001 and 2000, respectively.

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

Fiscal Years Ended	January 3, 2003	December 28, 2001	December 29, 2000
(dollars in thousands)			
Expected tax from continuing operations at 35% in all years	$ 4,839	$ (7,557)	$ 5,516
Operating loss not utilized (utilized)	(1,156)	9,704	(5,115)
Foreign withholding taxes	-	115	141
Foreign tax rate differential	(137)	(970)	307
Goodwill amortization	-	747	370
Other	(46)	(139)	356
Income tax provision	$ 3,500	$ 1,900	$ 1,575
Effective tax rate	25%	(9%)	10%

The components of deferred taxes consist of the following:

(in thousands)	January 3, 2003	December 28, 2001
Deferred tax liabilities:		
Purchased intangibles	$ 381	$ 6,933
Depreciation and amortization	2,258	-
Other items	(78)	300
Total deferred tax liabilities	2,561	7,233
Deferred tax assets:		
Inventory valuation differences	12,069	11,741
Expenses not currently deductible	5,762	5,103
Federal credit carry forwards	8,172	7,300
Deferred revenue	4,317	808
State credit carry forwards	6,215	5,377
Warranty	2,374	2,596
Depreciation and amortization	3,184	6,091
Federal net operating loss (NOL) carry forward	4,451	11,086
Other items	1,827	1,147
Total deferred tax assets	48,371	51,249
Valuation allowance	(47,878)	(50,974)
Total deferred tax assets	493	275
Total net deferred tax liabilities	$ (2,068)	$ (6,958)

The Company has $12.7 million federal net operating loss carry forwards, which expire beginning in 2022. The total federal credit carry forwards of $8.2 million expire beginning in 2005. The Company has state research and development credit carry forwards of approximately $6.2 million, which do not expire.

Valuation allowances reduce the deferred tax assets to that amount that, based upon all available evidence, is more likely than not to be realized. The valuation allowance decreased by $3.1 million in 2002 and increased by $13.1 million in 2001. Approximately $12.1 million of the valuation allowance at January 3, 2003 relates to the tax benefits of stock option deductions, which will be credited to equity if and when realized.

Note 14 – Shareholder's Equity:

Common Stock

On December 21, 2001, Trimble completed a private placement of 1,783,337 shares of its common stock at a price of $15.00 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 1,280,004 shares of common stock at $15.00 per share resulting in gross proceeds of an additional $19.2 million.

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 2,000,000 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 January 3, 2003, options to purchase 782,715 shares were outstanding and 1,217,285 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, provides for the granting of incentive and non-statutory stock options for up to 6,375,000 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 January 3, 2003, options to purchase 4,009,585 shares were outstanding, and 606,955 shares were available for future grant under the 1993 Plan.

1990 Director Stock Option Plan

In December 1990, Trimble adopted a Director Stock Option Plan under which an aggregate of 380,000 shares of Common Stock have been reserved for issuance to non-employee directors as approved by the shareholders to date. At January 3, 2003, options to purchase 208,333 shares were outstanding, and 35,416 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, 300,000 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 January 3, 2003, 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 grant. There were no discounted options granted in the plan in fiscal 2002, 2001, and 2000. As of January 3, 2003, options to purchase 126,000 shares were outstanding under the 1992 Management Discount Stock Option Plan.

1988 Employee Stock Purchase Plan

In 1988, Trimble established an employee stock purchase plan under which an aggregate of 3,350,000 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. In fiscal 2002 and 2001, 241,608 shares and 208,154 shares, respectively, were issued under the plan for aggregate proceeds to the Company of $2.9 million and $3.1 million, respectively. At January 3, 2003, the number of shares reserved for future purchases by eligible employees was 504,203.

SFAS 123 Disclosures

As stated in Note 1 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.

For purposes of pro forma disclosure assumptions, see the related SFAS 123 information in Note 1 of the Notes to the Consolidated Financial Statements.

Exercise prices for options outstanding as of January 3, 2003, ranged from $8.00 to $51.69. The weighted average remaining contractual life of those options is 7.13 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:

				Currently exercisable	
Range	Number (in thousands)	Total Weighted-average Exercise price	Weighted-average Remaining contractual life	Number (in thousands)	Weighed-average Exercise price
$8.00 - $ 8.66	574,141	$8.13	5.64	444,958	8.14
$8.88 - $11.94	819,055	$10.99	6.25	583,583	$10.90
$12.00 - $13.99	344,701	$12.81	6.55	190,177	$12.57
$15.34 - $15.34	608,765	$15.34	9.47	-	-
$15.38 - $17.05	545,163	$15.80	6.23	350,324	$15.60
$17.13 - $17.47	734,211	$17.35	8.51	230,411	$17.34
$17.50 - $19.94	557,278	$18.63	6.22	400,771	$18.48
$21.00 - $34.13	228,382	$26.92	7.02	134,454	$27.20
$41.13 - $41.13	688,037	$41.13	7.65	321,806	$41.13
$51.69 - $51.69	26,900	$51.69	7.55	13,401	$51.69
$8.00 - $51.69	5,126,633	$18.53	7.13	2,669,885	$17.54

Activity during fiscal 2002, 2001, and 2000, under the combined plans was as follows:

	January 3, 2003		December 28, 2001		December 29, 2000	
Fiscal Years Ended	Options	Weighted average exercise price	Options	Weighted average exercise price	Options	Weighted average exercise price
(In thousands, except for per share data)						
Outstanding at beginning of year	4,621	$19.04	4,260	$19.09	4,009	$12.36
Granted	850	14.82	1,070	17.08	1,379	34.39
Exercised	(132)	10.00	(291)	12.91	(706)	13.08
Cancelled	(211)	20.19	(418)	18.55	(422)	15.51
Outstanding at end of year	5,127	$18.53	4,621	$19.04	4,260	$19.07
Exercisable at end of year	2,670	$17.54	2,006	$16.26	1,429	$12.94
Available for grant	1,860		1,043		1,527	
Weighted-average fair value of options granted during year		$8.46		$9.58		$19.04

Non-Statutory Options

On May 3, 1999, Trimble entered into an agreement to grant a non-statutory option to purchase up to 30,000 shares of common stock at an exercise price of $9.75 per share, with an expiration date of March 29, 2004.

As of January 3, 2003, these non-statutory options have not been exercised.

Warrants

On December 21, 2001, Trimble granted five-year warrants to purchase 356,670 shares of common stock at an exercise price of $19.475 per share. These warrants were granted to investors as part of a private placement of the Company's common stock.

On January 15, 2002, in connection with the second closing of the December 21, 2001 private placement of the Company's common stock, Trimble granted five-year warrants to purchase an additional 256,002 shares of common stock, subject to certain adjustments, at an exercise price of $19.475 per share.

On April 12, 2002, the Company issued to Spectra-Physics Holdings USA, Inc., a warrant to purchase up to 376,233 shares of Trimble's common stock over a fixed period of time. Initially, Spectra-Physics' warrant entitles it to purchase 200,000 shares of common stock over a five-year period at an exercise price of $15.11 per share. On a quarterly basis beginning July 14, 2002, Spectra-Physics' warrant became exercisable for an additional 250 shares of common stock for every $1 million of principal and interest outstanding until the note is 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 preceding the last trading day of each quarter. On July 14, 2002 an additional 17,364 shares became exercisable at an exercise price of $14.46 per share. On October 14, 2002 an additional 17,824 shares became exercisable at an exercise price of $9.18. On January 14, 2003, an additional 18,284 shares became exercisable at an exercise price of $13.54. The additional shares are exercisable over a 5-year period.

The approximate fair value of the warrants of $1.5 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 is amortized to interest expense over the term of the subordinated note.

Common Stock Reserved for Future Issuances

As of January 3, 2003, Trimble had reserved 8,478,397 common shares for issuance upon exercise of options and warrants outstanding and options available for grant under the 2002 Plan, the 1993 Plan, the 1990 Director Plan, and the 1992 Management Discount Plan, and available for issuance under the 1988 Employee Stock Purchase Plan.

Note 15 – Benefit Plans:

401(k) Plan

Under Trimble's 401(k) Plan, U.S. 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 23,813 shares of Common Stock for an aggregate of $291,565 in fiscal 2002. 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 $1.8 million in fiscal 2002, $1.7 million in fiscal 2001, and $0.8 million in fiscal 2000.

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 2002, 2001 and 2000 were $1.1 million, $0.9 million, and $2.1 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 $1.4 million for fiscal 2002, $1.4 million for fiscal 2001, and $0.3 million for fiscal 2000.

Defined Benefit Pension Plan

The Swedish and German subsidiaries have an unfunded defined benefit pension plan that covered substantially all of their 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 2002 and 2001 were not material.

The fair value of the plan assets were as follows:

	January 3, 2003	December 28, 2001
(in thousands)		
Fair value of plan assets at beginning of year	$ 503	$ 465
Actual return on plan assets	60	56
Employer contribution	-	-
Plan participants' contributions	23	33
Benefits paid	-	-
Translation adjustment	76	(51)
Fair value of plan assets at end of year	$ 662	$ 503

The defined benefit plan activity was as follows:

(in thousands)	January 3, 2003	December 28, 2001
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 4,706	$ 4,811
Interest cost	131	134
Translation adjustment	(237)	(312)
Actuarial (gain) loss	282	73
Benefit obligation at end of year	$ 4,318	$ 4,706
Unrecognized prior service cost	-	-
Unrecognized net actuarial gain	-	-
Accrued pension costs (included in accrued liabilities)	$ 4,318	$ 4,706

Actuarial assumptions used to determine the net periodic pension costs for the year ended January 3, 2003 were as follows:

	Swedish Subsidiary	German Subsidiaries
Discount rate	5.5%	6.25%
Rate of compensation increase	2.5%	1.5%

Note 16 - Earnings Per Share:

The following data show the amounts used in computing earnings (loss) per share and the effect on the weighted-average number of shares of dilutive potential Common Stock.

Fiscal Years Ended	January 3, 2003	December 28, 2001	December 29, 2000
(in thousands, except per share data)			
Numerator:			
Income available to common shareholders:			
Used in basic and diluted earnings (loss) per share from continuing operations	$ 10,324	$ (23,492)	$ 14,185
Used in basic and diluted earnings per share from discontinued operations	--	613	-
Used in basic and diluted earnings (loss) per share	$ 10,324	$ (22,879)	$ 14,185
Denominator:			
Weighted-average number of common shares used in basic earnings (loss) per share	28,573	24,727	23,601
Effect of dilutive securities (using treasury stock method):			
Common stock options	470	-	2,098
Common stock warrants	9	-	277
Weighted-average number of common shares and dilutive potential common shares used in diluted income per share	29,052	24,727	25,976
Basic earnings (loss) per share from continuing operations	$ 0.36	$ (0.95)	$ 0.60
Basic earnings per share from discontinued operations	-	0.02	-
Basic earnings (loss) per share	$ 0.36	$ (0.93)	$ 0.60
Diluted earnings (loss) per share from continuing operations	$ 0.36	$ (0.95)	$ 0.55
Diluted earnings per share from discontinued operations	-	0.02	-
Diluted income (loss) per share	$ 0.36	$ (0.93)	$ 0.55

Due to the fact that the Company reported a net loss in fiscal 2001, options and warrants were not included in the computation of earnings per share in fiscal 2001. If the Company had reported net income in 2001, additional 938,000 common equivalent shares related to outstanding options and warrants would have been included in the calculation of diluted loss per share.

Note 17 - Comprehensive Income (Loss):

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

Fiscal Years Ended	January 3, 2003	December 28, 2001	December 29, 2000
(in thousands)			
Cumulative foreign currency translation adjustments	$ 17,697	$ (9,766)	$ (8,045)
Net gain (loss) on interest rate swap	210	(203)	-
Net unrealized gain (loss) on investments	(17)	16	123
Other comprehensive income (loss)	$ 17,890	$ (9,953)	$ (7,922)

Accumulated other comprehensive income (loss) on the consolidated balance sheets consists of unrealized gains on available for sale investments and foreign currency translation adjustments.

The components of accumulated other comprehensive (loss), net of related tax as follows:

	January 3 2003	December 28, 2001
(in thousands)		
Cumulative foreign currency translation adjustments	$ (1,032)	$ (18,729)
Unrealized gain-hedges of forecasted transactions	7	0
Net gain (loss) on interest rate swap	-	(203)
Net unrealized gain (loss) on investments	(1)	16
Accumulated other comprehensive loss	$ (1,026)	$ (18,916)

Note 18 - 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 one of the U.S. operating units, 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 Operations include expenses from this operating lease of $0.345 million for fiscal 2002, $0.345 million for fiscal 2001, and $0.172 million for fiscal 2000.

Related –Party Notes Receivable

Trimble has notes receivable from officers and employees of approximately $1.2 million as of January 3, 2003 and $955,000 as of December 28, 2001. The notes bear interest from 4.49% to 6.62% and have an average remaining life of 2.89 years as of January 3, 2003.

Caterpillar Joint Venture

On April 1, 2002, Caterpillar Trimble Control Technologies LLC (CTCT, or "Joint Venture"), a Joint Venture formed by Trimble and Caterpillar began operations. The Joint Venture, 50 percent owned by Trimble and 50 percent owned by Caterpillar, with equal voting rights, is developing and marketing next generation advanced electronic guidance and control products for earthmoving machines in the construction, mining, and waste industries. The Joint Venture is based in Dayton, Ohio. 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 the Joint Venture. During the first fiscal quarter of 2002, Trimble received a special cash distribution of $11.0 million from the Joint Venture.

Trimble has elected to treat the cash distribution of $11.0 million as a deferred gain, being amortized to the extent that losses are attributable from the 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 Trimble will recognize as a gain, the portion of the $11.0 million, which is un-amortized. To the extent that it is possible that the Company will have any future-funding obligation relating to the Joint Venture, then the relevant amount of the $11.0 million will be deferred until such a time, as the funding obligation no longer exists. Both Trimble's share of profits (losses) under the equity method and the amortization of our $11.0 million deferred gain are recorded under the heading of "Expense for affiliated operations, net" in Non-operating income (expense).

During fiscal year 2002, Trimble recorded approximately $4.0 million of expenses under the heading of "Expense for affiliated operations, net" in Non-operating income (expense) related to certain transactions between the Joint Venture and Trimble. This was comprised of approximately $4.9 million of incremental costs incurred by Trimble as a result of purchasing products from the Joint Venture at a higher transfer price than its original manufacturing costs, offset by approximately $0.9 million of contract manufacturing fees charged to the Joint Venture by Trimble. Due to the nature of the transfer price agreements between Trimble and the Joint Venture, a related party, the impact of these agreements is classified under Non-operating income (expense).

In addition, during fiscal year 2002, Trimble recorded lower operating expenses of approximately $4.2 million due to the transfer of employee related expenses for research and development ($2.8 million), and sales, marketing, and administrative functions ($1.4 million) to the Joint Venture. These employees are devoted to the Joint Venture and are primarily engaged in developing next generation products and technology for that entity.

Trimble has adopted the equity method of accounting for its investment in the Joint Venture. This requires that the Company records its share of the Joint Venture profits or losses in a given fiscal period. During fiscal year 2002, the Joint Venture reported a loss of $0.4 million of which Trimble's share is $0.2 million, which was recorded as a Non-operating expense under the heading of "Expense for affiliated operations, net", but which was offset by the amortization of an equal amount of the original deferred gain on the sale of technology to the Joint Venture.

Note 19 - Statement of Cash Flow Data:

Fiscal Years Ended	January 3, 2003	December 28, 2001	December 29, 2000
(in thousands)			
Supplemental disclosure of cash flow information:			
Interest paid	$ 12,215	$ 17,363	$ 9,037
Income taxes paid	$ 2,635	$ 825	$ 3,835

Note 20 - Litigation:

In January of 2001, Philip M. Clegg instituted a lawsuit in the United States District Court for the District of Utah, Central Division, against Spectra-Physics Laserplane, Inc., Spectra Precision AB and Trimble Navigation Limited. On January 29, 2003, Trimble and Mr. Clegg settled this patent infringement lawsuit whereby Trimble has purchased a fully paid up, non-exclusive license under U.S. Patent No. 4,807,131 from Mr. Clegg.

In November of 2001, Qualcomm Inc. filed a lawsuit against Trimble in the Superior Court of the State of California. The complaint alleges claims for an unspecified amount of money damages arising out of Qualcomm's perceived lack of assurances in early 1999 that Trimble's products purchased by Qualcomm would work properly after a scheduled week number rollover event that took place in August of 1999. Qualcomm is the only customer to make a claim against Trimble based on the week number rollover event. In the opinion of management, the resolution of this lawsuit is not expected to have a material adverse effect on the Company's overall financial position.

The Company is also a party to other disputes incidental to its business. Trimble believes that its ultimate liability as a result of such disputes, if any, would not be material to its overall financial position, results of operations, or liquidity.

Note 21 - Selected Quarterly Financial Data (unaudited):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
(in thousands, except per share data)				
Fiscal 2002				
Total revenue	$ 104,029	$ 123,256	$ 114,748	$ 124,569
Gross margin	54,333	60,951	57,581	61,567
Net income (loss)	(715)	4,326	2,708	4,005
Basic net income (loss) per share	$ (0.03)	$ 0.15	$ 0.09	$ 0.14
Diluted net income (loss) per share	$ (0.03)	$ 0.15	$ 0.09	$ 0.14
Fiscal 2001				
Total revenue	$ 117,863	$ 133,587	$ 117,437	$ 106,405
Gross margin	57,500	65,531	60,315	53,889
Net loss	(11,587)	(1,974)	(2,686)	(6,632)
Basic net loss per share	$ (0.48)	$ (0.08)	$ (0.11)	$ (0.26)
Diluted net loss per share	$ (0.48)	$ (0.08)	$ (0.11)	$ (0.26)

Significant quarterly items include the following: (i) in the first quarter of 2002 a $0.3 million charge or $0.01 per diluted share relating to workforce reduction (ii) in the second quarter of 2002 a $0.2 million charge, or $0.01 per diluted share relating to work force reduction (iii) in the third quarter of 2002 a $0.2 million charge, or $0.01 per diluted share relating to work force reduction and a $0.2 million gain, or $0.01 per diluted share relating to the sale of an investment; (iv) in the fourth quarter of 2002 a $0.5 million charge, or $0.02 per diluted share relating to work force reduction and a $1.5 million charge, or $0.05 per diluted share relating to the write-down of an investment.

Significant quarterly items include the following: (i) in the first quarter of 2001 a $2.0 million charge or $0.08 per diluted share relating to loss on sale of Air Transport business and the exiting of certain product lines; (ii) in the second quarter of 2001 a $0.9 million charge, or $0.04 per diluted share relating to work force reduction; and $0.2 million in income or $0.01 per diluted share relating to a gain on the sale of a minority investment; (iii) in the third quarter of 2001 a $0.4 million charge, or $0.01 per diluted share relating to work force reduction; (iv) in the fourth quarter of 2001 a $0.5 million charge, or $0.02 per diluted share relating to work force reduction; a $0.1 million gain, or $0.01 per diluted share on sale of business; and a $0.1 million charge, or $0.01 per diluted share relating to the write-down of an investment.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Shareholders, Trimble Navigation Limited

We have audited the accompanying consolidated balance sheets of Trimble Navigation Limited as of January 3, 2003 and December 28, 2001, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended January 3, 2003. Our audits also included the financial statement schedule listed in the index at Item 14(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 and schedule, based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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 and schedule referred to above present fairly, in all material respects, the consolidated financial position of Trimble Navigation Limited at January 3, 2003 and December 28, 2001, and the consolidated results of its operations and its cash flows for each of the three years in the period ended January 3, 2003, in conformity with accounting principles generally accepted in the United States. 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.

/s/ Ernst & Young LLP

January 24, 2003
Palo Alto, California

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

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 Beneficial Ownership Reporting Compliance" in the Proxy Statement and is incorporated herein by reference.

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 CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

Our chief executive officer and chief financial officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-14(c) and 15(d)-14(c) under the Securities Exchange Act of 1934, as amended) within 90 days of the filing of this Form 10-K (the "Evaluation Date") and, based on that evaluation, concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective to timely alert management to material information relating to Trimble during the period when our periodic reports are being prepared.

(b) Changes in internal controls.

Since the Evaluation Date, there have not been any significant changes to our internal controls or in other factors that could significantly affect these controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(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
Consolidated Balance Sheets at January 3, 2003 and December 28, 2001	56
Consolidated Statements of Operations for each of the three fiscal years in the period ended January 3, 2003	57
Consolidated Statement of Shareholders' Equity for the three fiscal years in the period ended January 3, 2003	58
Consolidated Statements of Cash Flows for each of the three fiscal years in the period ended January 3, 2003	59
Notes to Consolidated Financial Statements	60 - 92
Report of Ernst & Young LLP, Independent Auditors	93

2. Financial Statement Schedules

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

	Page in this Annual Report on Form 10-K
Schedule II - Valuation and Qualifying Accounts	S-1

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. (6)
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. (6)
3.4	Certificate of Determination of the Company filed February 19, 1999. (6)

3.8 Amended and Restated Bylaws of the Company. (15)

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. (5)

4.3 First Amended and Restated Stock and Warrant Purchase Agreement between and among the Company and the investors thereto dated January 14, 2002. (10)

4.4 Form of Warrant to Purchase Shares of Common Stock dated January 14, 2002. (11)

4.5 Form of Warrant dated April 12, 2002. (12)

10.4+ Form of Indemnification Agreement between the Company and its officers and directors. (1)

10.32+ 1990 Director Stock Option Plan, as amended, and form of Outside Director Non-statutory Stock Option Agreement. (4)

10.35 Sublease Agreement dated January 2, 1991, between the Company, Aetna Insurance Company, and Poqet Computer Corporation for property located at 650 North Mary Avenue, Sunnyvale, California. (2)

10.40 Industrial Lease Agreement dated December 3, 1991, between the Company and Aetna Life Insurance Company for property located at 585 North Mary Avenue, Sunnyvale, California. (3)

10.41 Industrial Lease Agreement dated December 3, 1991, between the Company and Aetna Life Insurance Company for property located at 570 Maude Court, Sunnyvale, California. (3)

10.42 Industrial Lease Agreement dated December 3, 1991, between the Company and Aetna Life Insurance Company for property located at 580 Maude Court, Sunnyvale, California. (3)

10.46+ 1992 Management Discount Stock Option and form of Non-statutory Stock Option Agreement. (3)

10.59+ 1993 Stock Option Plan, as amended May 11, 2000. (8)

10.60 + 1988 Employee Stock Purchase Plan, as amended May 11, 2000. (8)

10.65+ Standby Consulting Agreement between the Company and Bradford W. Parkinson dated September 1, 1998. (6)

10.66+ Standby Consulting Agreement between the Company and Robert S. Cooper dated September 1, 1998. (6)

10.67+ Employment Agreement between the Company and Steven W. Berglund dated March 17, 1999. (6)

10.68+ Nonqualified deferred Compensation Plan of the Company effective February 10, 1994. (6)

10.70***Supply Agreement dated August 10, 1999 by and among Trimble Navigation Limited and Solectron Corporation and Solectron Federal Systems, Inc. (7)

10.77+ Australian Addendum to the Trimble Navigation 1988 Employee Stock Purchase Plan. (9)

10.80 Amended and Restated Subordinated Promissory Note dated March 20, 2002. (13)

10.81+ 2002 Stock Plan, including form of Option. (14)

10.82 Amended and Restated Credit Agreement dated January 14, 2003. (16)

10.83 Letter 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. (16)

21.1 Subsidiaries of the Company. (16)

23.1 Consent of Ernst & Young LLP, independent auditors. (16)

24.1 Power of Attorney included on signature page herein.

99.1 Certification of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (16)

99.2 Certification of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (16)

*** 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 identically numbered exhibits to the registrant's Registration Statement on Form S-1, as amended (File No. 33-35333), which became effective July 19, 1990.

(2) Incorporated by reference to identically numbered exhibits to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990.

(3) Incorporated by reference to identically numbered exhibits to the registrant's Registration Statement on Form S-1 (File No. 33-45990), which was filed February 18, 1992.

(4) Incorporated by reference to identically numbered exhibits to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1993.

(5) Incorporated by reference to Exhibit No. 1 to the registrant's Registration Statement on Form 8-A, which was filed on February 18, 1999.

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

(7) Incorporated by reference to identically numbered exhibits to the registrant's Report on Form 8-K, which was filed on August 25, 1999.

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

(9) Incorporated by reference to identically numbered exhibits to the registrant's Annual Report on Form 10-K for the fiscal year ended December 29, 2000.

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

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

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

(13) Incorporated by reference to exhibit number 10.80 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 29, 2002.

(14) Incorporated by reference to exhibit number 10.82 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 28, 2002.

(15) Incorporated by reference to exhibit number 3.8 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 27, 2002.

(16) Filed herewith.

(b) Reports on Form 8-K.

On October 24, 2002, the Company filed a report on Form 8-K reporting the Company's quarterly earnings for the third fiscal quarter of 2002.

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 6, 2003

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 6, 2003
/s/ Mary Ellen Genovese Mary Ellen Genovese	Chief Financial Officer and Assistant Secretary (Principal Financial Officer)	March 7, 2003
/s/ Anup V. Singh Anup V. Singh	Corporate Controller (Principal Accounting Officer)	March 7, 2003

/s/ Robert S. Cooper Robert S. Cooper	Director	March 4, 2003
/s/ John B. Goodrich John B. Goodrich	Director	March 7, 2003
/s/ William Hart William Hart	Director	March 6, 2003
/s/ Ulf J. Johansson Ulf J. Johansson	Director	March 4, 2003
/s/ Bradford W. Parkinson Bradford W. Parkinson	Director	March 4, 2003

CERTIFICATIONS
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 Annual 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 Annual Report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 Annual Report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) Designed such disclosure controls and procedures 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 Annual Report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Annual Report (the "Evaluation Date"); and

   c) Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date.

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls;

6. The registrant's other certifying officers and I have indicated in this Annual Report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 6, 2003 /s/ Steven W. Berglund

Steven W. Berglund
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Mary Ellen Genovese, certify that:

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

2. Based on my knowledge, this Annual 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 Annual Report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 Annual Report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) Designed such disclosure controls and procedures 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 Annual Report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Annual Report (the "Evaluation Date"); and

   c) Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls;

6. The registrant's other certifying officers and I have indicated in this Annual Report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 7, 2003

/s/ Mary Ellen Genovese

Mary Ellen Genovese
Chief Financial Officer

EXHIBIT NO. 99.1

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 January 3, 2003 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) 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 6, 2003

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 NO. 99.2

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 January 3, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Mary Ellen Genovese, 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) 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/ Mary Ellen Genovese
Mary Ellen Genovese
Chief Financial Officer

March 7, 2003

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.

SCHEDULE II

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

Allowance for doubtful accounts:	January 3, 2003	December 28, 2001	December 29, 2000
Balance at beginning of period	$ 8,540	$ 6,538	$ 2,949
Acquired allowance (1)	-	-	4,445
Bad debt expense	5,443	5,077	1,198
Write-offs, net of recoveries	(4,083)	(3,075)	(2,054)
Balance at end of period	$ 9,900	$ 8,540	$ 6,538
Inventory allowance:			
Balance at beginning of period	$ 23,274	$ 19,285	$ 14, 109
Acquired allowance (2)	-	-	7,672
Additions to allowance	3,901	7,242	188
Write-offs, net of recoveries	(2,025)	(3,253)	(2,684)
Balance at end of period	$ 25,150	$ 23,274	$ 19,285

(1) Includes $4,419,000 acquired at July 14, 2000 as part of the acquisition of Spectra Precision Group and $26,000 acquired at November 14, 2000 as part of the acquisition of Tripod Data Systems.

(2) Includes $7,659,000 acquired at July 14, 2000 as part of the acquisition of Spectra Precision Group and $13,000 acquired at November 14, 2000 as part of the acquisition of Tripod Data Systems.

EXHIBIT 21.1
TRIMBLE NAVIGATION LIMITED
LIST OF SUBSIDIARIES OF REGISTRANT

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
Datacom Software Limited	California
Jamestown Manufacturing Corporation	California
Trimble Export Limited	California
Trimble Navigation International Limited	California
Trimble Specialty Products, Inc.	California
TR Navigation Corporation	California
Trimble Canada Ltd.	Canada
Trimble Navigation Technology (Shanghai) Co. Ltd.	China
SPHM Inc.	Delaware
Trimble Middle East WLL	Egypt
Trimble France S.A.S.	France
Trimble GmbH	Germany
Trimble Holdings GmbH	Germany
Trimble Kaiserslautern GmbH	Germany
Trimble Terrasat GmbH	Germany
ZSP Geodetic Systems GmbH	Germany
Trimble Italia SRL	Italy
Trimble Navigation Italia s.r.l	Italy
Trimble Japan K.K.	Japan
Spectra Precision de Mexico, SA de CV	Mexico

EXHIBIT 21.1 (continued)
TRIMBLE NAVIGATION LIMITED
LIST OF SUBSIDIARIES OF REGISTRANT

Trimble Mexico S de RL	Mexico
Trimble Europe B.V.	Netherlands
Trimble Navigation New Zealand Limited	New Zealand
Datacom Software Research 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
Trimble Navigation Europe Limited	United Kingdom
Trimble Pty Ltd.	United Kingdom

EXHIBIT 23.1
TRIMBLE NAVIGATION LIMITED

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form 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, and 333-97979) pertaining to the 1983 Stock Option Plan, the Trimble Navigation Savings and Retirement Plan, the 1990 Director Stock Option Plan, the "Position for Us for Progress" 1992 Employee Stock Bonus Plan, the 1992 Management Discount Stock Option Plan, the 1993 Stock Option Plan, C. Trimble Non-statutory Option Plan, and the 2002 Stock Option Plan and the related Prospectuses, of our report dated January 24, 2003 with respect to the consolidated financial statements and schedule of Trimble Navigation Limited included in the Annual Report (Form 10-K) for the year ended January 3, 2003.

/s/ Ernst & Young LLP

March 4, 2003
Palo Alto, California