TRIMBLE NAVIGATION LTD /CA/

FORM 10-Q
(Quarterly Report)

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Sector	Technology
Fiscal Year	12/31

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

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED APRIL 1, 2005
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 (State or other jurisdiction of incorporation or organization)	94-2802192 (I.R.S. Employer Identification Number)

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

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

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

Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes [X] No [ ]

As of May 6, 2005, there were 52,765,548 shares of Common Stock (no par value) outstanding.

TRIMBLE NAVIGATION LIMITED

FORM 10-Q for the Quarter ended April 1, 2005

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PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TRIMBLE NAVIGATION LIMITED
CONDENSED CONSOLIDATED BALANCE SHEETS

As at (in thousands)	April 1, 2005 (UNAUDITED)	December 31, 2004 (1)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 50,193	$ 71,872
Accounts receivable, net	154,540	123,938
Other receivables	3,605	4,182
Inventories, net	91,309	87,745
Deferred income taxes	21,684	21,852
Other current assets	9,377	7,878
Total current assets	330,708	317,467
Property and equipment, net	31,264	30,991
Goodwill and other intangible assets, net	274,879	273,357
Deferred income taxes	8,054	8,019
Other assets	23,982	24,144
Total non-current assets	338,179	336,511
Total assets	$ 668,887	$ 653,978
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 12,500	$ 12,500
Accounts payable	45,672	43,551
Accrued compensation and benefits	27,928	31,202
Accrued liabilities	11,328	11,510
Deferred revenues	10,775	9,317
Accrued warranty expense	6,844	6,425
Deferred income taxes	1,466	2,521
Income taxes payable	16,823	11,951
Total current liabilities	133,336	128,977
Non-current portion of long-term debt	16,336	26,496
Deferred gain on joint venture	9,304	9,179
Deferred income tax	6,363	5,435
Other non-current liabilities	13,360	11,730
Total liabilities	178,699	181,817
Commitments and contingencies	--	--
Shareholders' equity:		
Preferred stock no par value; 3,000 shares authorized; none outstanding	--	--
Common stock, no par value; 90,000 shares authorized; 52,680 and 52,213 shares issued and outstanding at April 1, 2005 and December 31, 2004, respectively	354,449	345,127
Retained earnings	100,109	82,670
Accumulated other comprehensive income	35,630	44,364
Total shareholders' equity	490,188	472,161
Total liabilities and shareholders' equity	$ 668,887	$ 653,978

(1) Derived from the December 31, 2004 audited Consolidated Financial Statements included in the Annual Report on Form 10-K of Trimble Navigation Limited for fiscal year 2004.

See accompanying Notes to the Condensed Consolidated Financial Statements.

TRIMBLE NAVIGATION LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(in thousands, except per share amounts)	Three Months Ended April 1, 2005	Three Months Ended April 2, 2004
Revenue (1)	$ 195,383	$ 156,510
Cost of revenue	97,576	80,750
Gross margin	97,807	75,760
Operating expenses		
Research and development	21,828	18,848
Sales and marketing	30,371	26,304
General and administrative	12,832	10,386
Restructuring charges	278	--
Amortization of purchased intangible assets	2,298	1,984
Total operating expenses	67,607	57,522
Operating income	30,200	18,238
Non-operating income (expense), net		
Interest income	129	98
Interest expense	(740)	(1,076)
Foreign currency transaction loss, net	(157)	(636)
Expenses for affiliated operations, net	(3,039)	(1,599)
Other income, net	30	80
Total non-operating expense, net	(3,777)	(3,133)
Income before taxes	26,423	15,105
Income tax provision	8,984	2,265
Net income	$ 17,439	$ 12,840
Basic earnings per share	$ 0.33	$ 0.25
Shares used in calculating basic earnings per share	52,500	50,418
Diluted earnings per share	$ 0.31	$ 0.24
Shares used in calculating diluted earnings per share	56,371	54,215

(1) Sales to related parties were $2.2 million and $0.8 million for the three month periods ended April 1, 2005 and April 2, 2004, respectively, while cost of sales to those related parties were $0.9 and $0.3 million for the comparable periods.

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

	Three Months Ended	
(In thousands)	April 1, 2005	April 2, 2004
Cash flow from operating activities:		
Net income	$ 17,439	$ 12,840
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation expense	2,512	2,191
Amortization expense	2,339	2,035
Provision for doubtful accounts	388	390
Amortization of debt issuance cost	122	122
Deferred income taxes	488	(93)
Other	(51)	(113)
Decrease (increase) in assets and liabilities:		
Accounts receivable, net	(32,155)	(18,479)
Deferred revenues	1,513	685
Other receivables	456	698
Inventories	(4,739)	6,561
Other current and non-current assets	1,054	(760)
Effect of foreign currency translation adjustment	943	(403)
Accounts payable	2,121	5,600
Accrued compensation and benefits	(3,033)	(1,675)
Deferred gain on joint venture	125	(151)
Accrued liabilities	765	(1,588)
Income taxes payable	8,521	825
Net cash provided by (used in) operating activities	(1,192)	8,685
Cash flow from investing activities:		
Acquisition of property and equipment	(3,164)	(2,544)
Proceeds from sale of assets	-	47
Cost of acquisitions, net of cash acquired	(11,197)	(9,179)
Costs of capitalized patents	(75)	(26)
Net cash used in investing activities	(14,436)	(11,702)
Cash flow from financing activities:		
Issuance of common stock and warrants	5,566	4,211
Collection of notes receivable	110	53
Proceeds from long-term debt and revolving credit lines	--	9,000
Payments on long-term debt and revolving credit lines	(10,125)	(14,823)
Net cash used in financing activities	(4,449)	(1,559)
Effect of exchange rate changes on cash and cash equivalents	(1,602)	(639)
Net decrease in cash and cash equivalents	(21,679)	(5,215)
Cash and cash equivalents, beginning of period	71,872	45,416
Cash and cash equivalents, end of period	$ 50,193	$ 40,201

See accompanying Notes to the Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

NOTE 1. OVERVIEW AND BASIS OF PRESENTATION

Trimble Navigation Limited ("we," "Trimble" or the "Company"), incorporated in California in 1981, provides positioning product solutions to commercial and government users in a large number of markets. These markets include surveying, construction, agriculture, urban and resource management, military, transportation and telecommunications.

Trimble has a 52-53 week fiscal year, ending on the Friday nearest to December 31, which for fiscal 2004 was December 31. The first fiscal quarters of 2005 and 2004 ended on April 1, 2005 and April 2, 2004, respectively. Fiscal 2005 and 2004 are 52-week years. Unless otherwise stated, all dates refer to its fiscal year and fiscal periods.

The accompanying financial data as of April 1, 2005 and for the three months ended April 1, 2005 and April 2, 2004 has been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the U.S. have been condensed or omitted pursuant to such rules and regulations. The following discussion should be read in conjunction with Trimble's 2004 Annual Report on Form 10-K.

In the opinion of management, all adjustments (which include normal recurring adjustments) necessary to present a fair statement of financial position as of April 1, 2005, results of operations for the three months ended April 1, 2005 and April 2, 2004 and cash flows for the three months ended April 1, 2005 and April 2, 2004, as applicable, have been made. The results of operations for the three months ended April 1, 2005 are not necessarily indicative of the operating results for the full fiscal year or any future periods.

The preparation of financial statements in accordance with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the amounts reported in its condensed consolidated financial statements and accompanying notes. Management bases its estimates on historical experience and various other assumptions believed to be reasonable. Although these estimates are based on management's best knowledge of current events and actions that may impact the company in the future, actual results may be different from the estimates. Trimble's critical accounting policies are those that affect its financial statements materially and involve difficult, subjective or complex judgments by management.

NOTE 2. NEW ACCOUNTING PRONOUNCEMENTS

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment." SFAS No. 123R requires employee stock options and rights to purchase shares under stock participation plans to be accounted for under the fair value method, and eliminates the ability to account for these instruments under the intrinsic value method prescribed by APB Opinion No. 25, and allowed under the original provisions of SFAS No. 123. SFAS No. 123R requires the use of an option pricing model for estimating fair value, which is amortized to expense over the service periods. The requirements of SFAS No. 123R are effective for fiscal periods beginning after December 15, 2005. If the Company had applied the provisions of SFAS No. 123R to the financial statements for the three month ended April 1, 2005 and April 2, 2004, assuming that adoption would result in amounts similar to the current pro forma disclosures under SFAS 123, net income would have been reduced by approximately $2.1 million and $2.2 million, respectively. SFAS No. 123R allows for either prospective recognition of compensation expense or retrospective recognition, which may be back to the original issuance of SFAS No. 123 or only to interim periods in the year of adoption. The Company is currently evaluating these transition methods.

NOTE 3. STOCK-BASED 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 generally does not recognize compensation cost for stock options granted at fair market value.

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.

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

Options

The fair value of options granted during the quarter was estimated at the date of grant using a Black-Scholes option-pricing model with the following weighted-average assumptions at April 1, 2005 and April 2, 2004:

Fiscal Years Ended	April 1, 2005	April 2, 2004
Expected dividend yield	--	--
Expected stock price volatility	57.42%	52.14%
Risk free interest rate	4.16%	2.83%
Expected life of options after vesting	1.71	1.58

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

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:

	Three Months Ended	
	April 1, 2005	April 2, 2004
(in thousands, except per share amounts)		
Net income - as reported	$ 17,439	$ 12,840
Stock-based compensation expense, net of tax(1)	2,062	2,229
Net income - pro forma	$ 15,377	$ 10,611
Basic earnings per share - as reported	$ 0.33	$ 0.25
Basic earnings per share - pro forma	$ 0.29	$ 0.21
Diluted earnings per share - as reported	$ 0.31	$ 0.24
Diluted earnings per share - pro forma	$ 0.27	$ 0.20

(1) Our stock-based compensation expense reflects effective tax rates of 34% and 15% for the first three months of fiscal 2005 and 2004, respectively, consistent with the income tax provision for the same periods.

NOTE 4. JOINT VENTURES:

Caterpillar Trimble Control Technologies Joint Venture

On April 1, 2002, Caterpillar Trimble Control Technologies LLC ("CTCT"), a joint venture formed by Trimble and Caterpillar began operations, as described in Trimble's 2004 Annual Report on Form 10-K. The joint venture is equally owned by Trimble and Caterpillar, with equal voting rights.

During the first quarter of fiscal 2002, Trimble received a special cash distribution of $11.0 million from CTCT. Trimble has recorded the cash distribution of $11.0 million as a deferred gain, being amortized to the extent that losses are attributable from CTCT under the equity method of accounting. When and if CTCT is profitable on a sustainable basis, and future operating losses are not anticipated, then Trimble will recognize as a gain, the un-amortized portion of the $11.0 million. To the extent that it is possible that the Company will have any future-funding obligation relating to CTCT, then the relevant amount of the $11.0 million will be deferred until such a time as the funding obligation no longer exists. This un-amortized portion of the deferred gain was approximately $9.3 million at April 1, 2005 and $9.2 million at December 31, 2004. Both Trimble's share of profits (losses) under the equity method and the amortization of the $11.0 million deferred gain are included in expense for affiliated operations, net in the Condensed Consolidated Statements of Income.

The net expenses for affiliated operations at CTCT also includes incremental costs as a result of purchasing products from CTCT at a higher price than Trimble's original manufacturing costs, partially offset by contract manufacturing fees charged to CTCT. In addition, Trimble received reimbursement of employee-related costs from CTCT for Trimble employees dedicated to CTCT totaling $2.6 million and $2.3 million for the three months ended April 1, 2005 and April 2, 2004, respectively. The reimbursements were offset against operating expenses.

Three Months Ended (In millions)	April 1, 2005	April 2, 2004
CTCT incremental pricing effects, net	$ 3.1	$ 1.7
Trimble's 50% share of CTCT's reported (gain) loss	(0.3)	0.2
Amortization of deferred gain	0.0	(0.2)
Total CTCT expense for affiliated operations, net (1)	$ 2.8	$ 1.7

(1) Due to the nature of the relationship between Trimble and CTCT, a related party, the impact of these agreements is classified under non-operating income (expense) under the heading of "Expense for affiliated operations, net".

At April 1, 2005, the net outstanding balance due to CTCT from Trimble was approximately $0.5 million recorded under the heading of accounts payable. The net outstanding balance due from CTCT was $0.7 million at December 31, 2004 and is included in account receivables, net.

Nikon-Trimble Joint Venture

On March 28, 2003, Trimble and Nikon Corporation entered into an agreement to form a joint venture in Japan, Nikon-Trimble Co., Ltd., as described in Trimble's 2004 Annual Report on Form 10-K. Nikon-Trimble began operations in July, 2003 and is equally owned by Trimble and Nikon, with equal voting rights.

Trimble has adopted the equity method of accounting for its investment in Nikon-Trimble, with 50% share of profit or loss from this joint venture to be reported by Trimble in the Non-operating section of the Condensed Consolidated Statement of Income under the heading of "Expenses for affiliated operations, net." For the three months ended April 1, 2005 and April 2, 2004, Trimble reported a loss of $0.2 million and a profit of $0.1 million, respectively, as its proportionate share of the net income. At April 1, 2005 and December 31, 2004, the net payable by Trimble to Nikon-Trimble related to the purchase and sale of products from and to Nikon-Trimble is $0.2 million and $2.5 million, respectively, recorded under the heading of "Accounts Payable" on the Condensed Consolidated Balance Sheets.

NOTE 5. GOODWILL AND INTANGIBLE ASSETS:

Goodwill and purchased intangible assets consisted of the following:

As of (in thousands)	April 1, 2005	December 31, 2004
Intangible assets:		
Intangible assets with definite life:		
Existing technology	$ 36,144	$ 35,037
Trade names, trademarks, patents, and other intellectual properties	21,529	22,111
Total intangible assets with definite life	57,673	57,148
Less accumulated amortization	(44,864)	(43,313)
Total net intangible assets	$ 12,809	$ 13,835
Total goodwill	$ 262,070	$ 259,522

NOTE 6. CERTAIN BALANCE SHEET COMPONENTS:

Inventories consisted of the following:

As of (in thousands)	April 1, 2005	December 31, 2004
Raw materials	$ 28,658	$ 26,062
Work-in-process	5,814	3,989
Finished goods	56,837	57,694
	$ 91,309	$ 87,745

Property and equipment consisted of the following:

As of (in thousands)	April 1, 2005	December 31, 2004
Machinery and equipment	$ 74,225	$ 71,882
Furniture and fixtures	11,176	10,521
Leasehold improvements	5,950	5,861
Buildings	5,298	5,297
Land	1,231	1,231
	97,880	94,792
Less accumulated depreciation	(66,616)	(63,801)
	$ 31,264	$ 30,991

Other current assets consisted of the following:

As of (in thousands)	April 1, 2005	December 31, 2004
Prepaid expenses	$ 6,201	$ 5,775
Other	3,176	2,103
	$ 9,377	$ 7,878

NOTE 7. THE COMPANY AND SEGMENT INFORMATION:

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

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

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

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

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

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

o Portfolio Technologies -- The various operations that comprise this segment were aggregated on the basis that no single operation accounted for more than 10% of Trimble's total revenue. This segment is comprised of the Military and Advanced Systems and Applanix businesses, as well as Trimble Outdoors which was introduced during the fourth quarter of fiscal 2004.

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

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

	Reporting Segments					
	Engineering and Construction	Field Solutions	Component Technologies	Mobile Solutions	Portfolio Technologies	Total
(In thousands)						
Three Months Ended April 1, 2005						
External net revenues	$120,198	$ 45,425	$ 14,197	$ 7,401	$ 8,162	$195,383
Operating income (loss) before corporate allocations	21,490	15,577	2,600	(636)	632	39,663
Three Months Ended April 2, 2004						
External net revenues	$102,482	$ 24,713	$ 16,415	$ 5,262	$ 7,638	$156,510
Operating income (loss) before corporate allocations	16,498	6,054	3,926	(1,643)	902	25,737
As of April 1, 2005						
Accounts receivable (1)	105,511	36,047	8,525	7,969	7,919	165,971
Inventories	64,518	9,672	6,977	5,211	4,931	91,309
Goodwill	232,876	-	-	16,189	13,005	262,070
As of December 31, 2004						
Accounts receivable (1)	90,743	19,141	9,377	9,073	8,283	136,617
Inventories	65,116	7,016	5,271	5,735	4,607	87,745
Goodwill (2)	230,856	-	-	15,605	13,061	259,522

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

(2) Our December 31, 2004 disclosure of goodwill by segment included $7.9 million in Engineering and Construction that should have been included in Mobile Solutions. The classification has been corrected for the purposes of the April 1, 2005 Form 10-Q.

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

Three Months Ended	April 1, 2005	April 2, 2004
(in thousands)		
Operating income:		
Total for reporting segments	$ 39,663	$ 25,737
Unallocated corporate expenses	(9,463)	(7,499)

Operating income from continuing operations	$ 30,200	$ 18,238

As of	April 1, 2005	December 31, 2004
(in thousands)		
Assets:		
Accounts receivable total for reporting segments	$ 165,971	$ 136,617
Unallocated (1)	(11,431)	(12,679)
Total	$ 154,540	$ 123,938

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

NOTE 8. LONG-TERM DEBT:

Long-term debt consisted of the following:

As of	April 1, 2005	December 31, 2004
(in thousands)		
Credit Facilities:		
Term loan	$ 28,125	$ 31,250
Revolving credit facility	-	7,000
Promissory notes and other	711	746
	28,836	38,996
Less current portion of long-term debt	(12,500)	(12,500)
Non-current portion	$ 16,336	$ 26,496

Credit Facilities

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

At April 1, 2005, Trimble had approximately $28.1 million of borrowings under the 2003 Credit Facility, consisting of a $28.1 million term loan. The Company has access to an additional $125 million of cash under the terms of the revolving credit facility. The Company has commitment fees on the unused portion of 0.5% if the Leverage Ratio (which is defined as total indebtedness to Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA), as defined in the related agreement) is 2.0 or greater and 0.375% if the Leverage Ratio is less than 2.0.

Pricing of interest for borrowings under the 2003 Credit Facility as of April 1, 2005 is at LIBOR plus a spread of 1.50%. The spread is tied to a formula based on the Leverage Ratio.

The 2003 Credit Facility is secured by all of the Company's material assets, except for assets that are subject to foreign tax considerations. Financial covenants of the 2003 Credit Facility include leverage, fixed charge, and minimum net worth tests. At April 1, 2005 and as of the date of this report, Trimble was in compliance with all financial debt covenants. The amount due under the revolver loan is payable as the loan matures on June 25, 2006, and the loan commitment fees are paid on a quarterly basis.

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

Promissory Note and Others

As of April 1, 2005, the Company had other notes payable totaling approximately $0.7 million primarily consisting of government loans in its foreign subsidiaries.

NOTE 9. PRODUCT WARRANTIES:

Changes in the Company's product warranty liability during the three months ended April 1, 2005 and April 2, 2004 are as follows:

Three Months Ended (In thousands)	April 1, 2005	April 2, 2004
Beginning balance	$ 6,425	$ 5,147
Warranties accrued	2,357	1,611
Warranty claims	(1,938)	(1,131)
Ending Balance	$ 6,844	$ 5,627

The product warranty liability is classified as accrued warranty in the accompanying condensed consolidated balance sheets.

NOTE 10. RESTRUCTURING CHARGES:

During the first quarter of fiscal 2005, the Company recorded a restructuring charge of approximately $0.2 million associated with closure of one of its offices as a result of integration efforts of a previous acquisition. The restructuring amount is expected to be paid over several years based on the underlying lease agreement. Payments of $0.1 million were made during the quarter relating to previous restructuring plans. As of April 1, 2005, the remaining restructuring accrual balance is $0.5 million of which $0.3 million relates to employee severance costs expected to be paid by the end of fiscal year 2005 under previous restructuring plans and approximately $0.2 million associated with the exit under the plan previously described above. The restructuring accrual is included on the Condensed Consolidated Balance Sheets under the heading of "Accrued Liabilities". No restructuring charges were recorded during the three months ended April 2, 2004.

NOTE 11. EARNINGS PER SHARE:

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

Three Months Ended (in thousands, except per share amounts)	April 1, 2005	April 2, 2004
Numerator:		
Income available to common shareholders:		
Used in basic and diluted earnings per share	$ 17,439	$ 12,840
Denominator:		
Weighted-average number of common shares used in basic earnings per share	52,571	50,418
Effect of dilutive securities (using treasury stock method):		
Common stock options	3,009	2,961
Common stock warrants	791	836
Weighted-average number of common shares and dilutive potential common shares used in diluted earnings per share	56,371	54,215
Basic earnings per share	$ 0.33	$ 0.25
Diluted earnings per share	$ 0.31	$ 0.24

NOTE 12. COMPREHENSIVE INCOME:

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

Three Months Ended (in thousands)	April 1, 2005	April 2, 2004
Net income	$ 17,439	$ 12,840
Foreign currency translation adjustments, net of tax	(8,828)	(3,645)
Net gain (loss) on hedging transactions	118	98
Net unrealized gain (loss) on foreign currency	(24)	--
Total comprehensive income	$ 8,705	$ 9,293

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

As of (in thousands)	April 1, 2005	December 31, 2004
Accumulated foreign currency translation adjustments	$ 35,363	$ 44,191
Accumulated net gain on hedging transactions	224	106
Accumulated net unrealized gain on foreign currency	43	67
Total accumulated other comprehensive income	$ 35,630	$ 44,364

NOTE 13. RELATED-PARTY TRANSACTIONS:

Related-Party Lease

Trimble currently leases office space in Ohio from an association of three individuals, one of whom is an employee of the Company, under a non-cancelable operating lease arrangement expiring in 2011. The annual rent is subject to adjustment based on the terms of the lease. The Condensed Consolidated Statements of Income include expenses from this operating lease of approximately $86,000 for both of the three months ended April 1, 2005 and April 2, 2004.

Related-Party Notes Receivable

Trimble has notes receivable from officers and employees of approximately $0.2 million as of April 1, 2005 and $0.4 million as of December 31, 2004. The notes bear interest from 4.52% to 6.62% and have an average remaining life of 0.8 years as of April 1, 2005.

See Note 4 to the Notes to the Condensed Consolidated Financial Statements for additional information regarding Trimble's related party transactions with joint venture partners.

NOTE 14. LITIGATION:

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

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and
Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the "safe harbor" created by those sections. Actual results could differ materially from those indicated in the forward-looking statements due to a number of factors including, but not limited to, the risk factors discussed in "Risks and Uncertainties" below and elsewhere in this report as well as in the Company's Annual Report on Form 10-K for fiscal year 2004 and other reports and documents that the Company files from time to time with the Securities and Exchange Commission. The Company has attempted to identify forward-looking statements in this report by placing an asterisk (*) before paragraphs. Discussions containing such forward-looking statements may be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" below. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "could," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," and similar expressions. These forward-looking statements are made as of the date of this Quarterly Report on Form 10-Q, and the Company disclaims any obligation to update these statements or to explain the reasons why actual results may differ.

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

The discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to product returns, doubtful accounts, inventories, investments, intangible assets, income taxes, warranty obligations, restructuring costs, and contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the amount and timing of revenue and expenses and the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. See the discussion of our critical accounting policies under the heading Management's Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K for fiscal 2004.

RECENT BUSINESS DEVELOPMENTS

Apache

* During the second quarter of fiscal 2005, we acquired Apache Technologies, Inc. Apache designs, manufactures, and distributes professional laser products for construction leveling and alignment applications. We expect the Apache acquisition to extend our laser product portfolio for handheld laser detectors and entry-level machine displays and control systems. Apache's performance will be reported under our Engineering and Construction segment.

Pacific Crest

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

Trimble Outdoors

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

GeoNav

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

The effects of these acquisitions were not material to our results.

RESULTS OF OPERATIONS

Overview

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

	Three Months Ended	
	April 1, 2005	April 2, 2004
(in thousands)		
Total consolidated revenue	$ 195,383	$ 156,510
Gross margin	97,807	75,760
Total consolidated operating income	30,200	18,238

Revenue

In the fiscal quarter ended April 1, 2005, total revenue increased by $38.9 million or 24.8%, as compared to the same corresponding period in fiscal 2004. The increase was primarily due to stronger performances in most of our operating segments, particularly our Engineering and Construction and Field Solutions businesses. Additionally, revenue was favorably impacted by new products such as the Trimble S6 Total Station, AgGPS(R) EZ-Steer(TM) systems, and the GCS Grade Control systems. Continued subscriber growth in the Mobile Solutions business also contributed to revenue growth in the quarter.

Total revenue outside the United States comprised approximately 46% and 50% for the three months ended April 1, 2005 and April 2, 2004, respectively. During the first quarter of fiscal 2005, North and South America represented 63%, Europe, the Middle East and Africa represented 25%, and Asia/Pacific Rim represented 12% of total revenues. For the comparable period in fiscal 2004, North and South America represented 57%, Europe, the Middle East and Africa represented 30%, and Asia/Pacific Rim represented 13% of total revenues.

Gross Margin

Gross margin as a percentage of total revenues was 50.1% and 48.4% for the first quarter of fiscal 2005 and 2004, respectively. The increase was primarily due to higher margins in new agriculture products in our Field Solutions business, and a move towards profitability in the Mobile Solutions business, partially offset by a decline in margins in the Component Technologies business.

* Gross margin could be impacted by product mix, changes in unit selling prices, fluctuations in unit manufacturing costs and foreign currencies, and alternative sourcing strategies.

Operating Income

Operating income as a percentage of total revenue was 15.5% and 11.7% for the first quarter of fiscal 2005 and 2004, respectively. The increase is driven by an increase in revenues, higher gross margins, and greater leverage of operating expenses.

Results by Segment

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

The following table is a breakdown of revenue and operating income by segment (in thousands, except percentages):

	Three Months Ended April 1, 2005	Three Months Ended April 2, 2004
Engineering and Construction		
Revenue	120,198	102,482
Segment revenue as a percent of total revenue	62%	66%
Operating income	21,490	16,498
Operating income as a percent of segment revenue	18%	16%
Field Solutions		
Revenue	45,425	24,713
Segment revenue as a percent of total revenue	23%	16%
Operating income	15,577	6,054
Operating income as a percent of segment revenue	34%	24%
Component Technologies		
Revenue	14,197	16,415
Segment revenue as a percent of total revenue	7%	10%
Operating income	2,600	3,926
Operating income as a percent of segment revenue	18%	24%
Mobile Solutions		
Revenue	7,401	5,262
Revenue as a percent of total revenue	4%	3%
Operating loss	(636)	(1,643)
Operating loss as a percent of segment revenue	(9%)	(31%)
Portfolio Technologies		
Revenue	8,162	7,638
Segment revenue as a percent of total revenue	4%	5%
Operating income	632	902
Operating income as a percent of segment revenue	8%	12%

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

Three Months Ended (In thousands)	April 1, 2005	April 2, 2004
Consolidated segment operating income	$ 39,663	$ 25,737
Unallocated corporate expense	(6,887)	(5,515)
Amortization of purchased intangible assets	(2,298)	(1,984)
Restructuring charges	(278)	--
Non-operating expense, net	(3,777)	(3,133)
Consolidated income before income taxes	$ 26,423	$ 15,105

Engineering and Construction

Engineering and Construction revenues increased by $17.7 million or 17.3% while segment operating income increased $5.0 million or 30.3% for the three months ended April 1, 2005 as compared to the same corresponding period in fiscal 2004. Demand for machine control and survey products solutions, in particular the new survey product, Trimble S6 Total Station, resulted in increased sales across all product categories. Sales of the S6 Total Station are driven by product upgrades, while machine control products are penetrating the engineering and construction markets as these markets increasingly move toward technology solutions to reduce rework and increase productivity. Segment operating income increased as a result of higher revenues and leveraging of operating expense.

Field Solutions

Field Solutions revenues increased by $20.7 million or 83.8% while segment operating income increased $9.5 million or 157.3% for the three months ended April 1, 2005 as compared to the same corresponding periods in fiscal 2004. Revenues increased primarily as a result of higher demand for both automated and manual guidance products into the agricultural market. Guidance products are now beginning to penetrate the agriculture market as farmers begin to utilize technology to increase yields and improve productivity. For example, in the last year the Company has introduced several new products into the market including the AgGPS(R) EZ-Guide(R) and AgGPS(R) EZ-Steer(TM) systems. The increase in segment operating income was primarily due to higher revenues and a more favorable product mix.

Component Technologies

Component Technologies revenues decreased by $2.2 million or 13.5% while segment operating income decreased by $1.3 million or 33.8% for the three months ended April 1, 2005 as compared to the corresponding period in fiscal 2004. The decrease in revenues for the three months ended April 1, 2005 as compared to the same period in fiscal 2004 was primarily due to the decline in demand for our in-vehicle navigation and higher margin timing businesses. The segment operating income decrease was primarily due to lower revenues and a less favorable product mix.

Mobile Solutions

Mobile Solutions revenues increased by $2.1 million or 40.6% while segment operating loss decreased by $1.0 million or 61.3% for the three months ended April 1, 2005 as compared to the corresponding period in fiscal 2004. Revenues grew due to increased subscriber growth which was up by approximately 300% compared to the same prior fiscal quarter, an increase in sales into the construction materials vertical, primarily ready-mix suppliers, and increased sales from our dealer channel as we continue to develop and extend this channel. Losses decreased for the first three months of fiscal 2005 versus the same period last year due to increased revenues.

Portfolio Technologies

Portfolio Technologies revenues increased by $0.5 million or 6.9% while operating income decreased by $0.3 million or 29.9% for the three months ended April 1, 2005 as compared to the corresponding period in fiscal 2004. The increase in revenue was primarily due to strong performance of Applanix' Airborne Business Unit and in particular its Digital Sensor System (DSS) product which was launched in 2004, offset by lower sales of defense products. Operating income decreased primarily due to investment in our recently announced business, Trimble Outdoors.

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

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

	Three Months Ended April 1, 2005	Three Months Ended April 2, 2004	Variance in Dollars	Variance in Percent
Research and development	$ 21,828	$ 18,848	$ 2,980	15.8%
Percentage of revenue	11.2%	12.0%		
Sales and marketing	30,371	26,304	4,067	15.5%
Percentage of revenue	15.5%	16.8%		
General and administrative	12,832	10,386	2,446	23.6%
Percentage of revenue	6.6%	6.6%		
Total	65,031	55,538	9,493	17.1%
Percentage of revenue	33.3%	35.5%		

The increase in R&D expenses in the first quarter of fiscal 2005 as compared with the first quarter of fiscal 2004 was primarily due to the continued investment in next generation technologies and spending on the development of new products, primarily within our Engineering and Construction and Field Solutions businesses. All of our R&D costs have been expensed as incurred.

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

The increase in sales and marketing expenses in the first quarter of fiscal 2005 as compared with the first quarter of fiscal 2004 was primarily due to increased promotional activities associated with the launch of new products (primarily related to the Engineering and Construction and Field Solutions businesses), trade show expense, increased commissions as a result of higher revenues, and higher compensation costs.

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

The increase in G&A expenses in the first quarter of fiscal 2005 as compared with the first quarter of fiscal 2004 was primarily due to higher compensation costs and compliance costs including those related to Section 404 of the Sarbanes Oxley Act.

Restructuring Charges

During the first quarter of fiscal 2005, we recorded a restructuring charge of approximately $0.2 million associated with closure of one of our offices as a result of integration efforts of a previous acquisition. The restructuring amount is expected to be paid over several years based on the underlying lease agreement. Payments of $0.1 million were made during the quarter relating to previous restructuring plans. As of April 1, 2005, the remaining restructuring accrual balance is $0.5 million of which $0.3 million relates to employee severance costs expected to be paid by the end of fiscal year 2005 under previous restructuring plans and approximately $0.2 million associated with the exit under the plan previously described above. The restructuring accrual is included on the Condensed Consolidated Balance Sheets under the heading of "Accrued Liabilities". No restructuring charges were recorded during the three months ended April 2, 2004.

Amortization of Purchased Intangible Assets

Amortization of purchased intangible assets included in operating expenses was $2.3 million in the first quarter of fiscal 2005, compared with $2.0 million in the first quarter of fiscal 2004. The increase was primarily due to the acquisition of certain technology and patent intangibles as a result of the Pacific Crest and GeoNav acquisitions not applicable in the comparable periods of fiscal 2004.

Non-operating Expense, Net

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

	Three Months Ended	
	April 1, 2005	April 2, 2004
Interest income	$ 129	$ 98
Interest expense	(740)	(1,076)
Foreign currency transaction loss, net	(157)	(636)
Expenses for affiliated operations, net	(3,039)	(1,599)
Other income, net	30	80
Total non-operating expense, net	$ (3,777)	$ (3,133)

Non-operating expense, net increased by $0.6 million or 20.5% during the first quarter of fiscal 2005, as compared with the corresponding period in fiscal 2004 primarily due to an increase in expense for affiliated operations, offset by a reduction in foreign currency transaction loss and interest expense. The increase in expense for affiliated operations was primarily due to transfer pricing effects of transactions between us and the Caterpillar joint venture.

Income Tax Provision

Our income tax provision reflects an effective tax rate of 34% for the three months ended April 1, 2005 and 15% for the three months ended April 2, 2004. The 2004 first fiscal quarter tax rate of 15% reflects benefits from utilizing net operating loss and tax credit carry-forwards. The 2005 first fiscal quarter tax rate of 34% is higher than the 2004 first fiscal quarter tax rate due to higher levels of profits and limited remaining benefits of tax carry-forwards and other deferred tax assets.

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

OFF-BALANCE SHEET FINANCINGS AND LIABILITIES

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

LIQUIDITY AND CAPITAL RESOURCES

As of (dollars in thousands)	April 1, 2005	December 31, 2004
Cash and cash equivalents	$ 50,193	$ 71,872
Accounts receivable days sales outstanding	62	63
Inventory turns per year	4	4
Total debt	$ 28,836	$ 38,996

Three Months Ended (in thousands)	April 1, 2005	April 2, 2004
Net cash provided by (used in) operating activities	$ (1,192)	$ 8,685
Net cash used in investing activities	(14,436)	(11,702)
Net cash used in financing activities	(4,449)	(1,559)
Net decrease in cash and cash equivalents	(21,679)	(5,215)

Cash and Cash Equivalents

Cash and cash equivalents decreased by $21.7 million or 30.2% from December 31, 2004 primarily due to acquisitions and payment of our debt.

* For the first three months of fiscal 2005, cash used in operating activities was $1.2 million, compared to $8.7 million cash provided by operating activities during the first three months of fiscal 2004. This decrease was driven by an increase in accounts receivable of $32.2 million, offset by an increase in net income. Our ability to continue to generate cash from operations will depend in large part on our profitability, the rate of collections of accounts receivable, inventory turns, and our ability to manage other areas of working capital. Our accounts receivable days sales outstanding decreased to 62 days from 63 days at the end of fiscal 2004. Inventory turns were four in both the first quarter of fiscal 2005 and in the fourth quarter of fiscal 2004.

We used $14.4 million in net cash for investing activities during the first three months of 2005, compared to $11.7 million in the first three months of 2004. The increase was primarily due to cash acquisitions.

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

We used $4.4 million in net cash for financing activities in the first three months of 2005, compared to $1.6 million in the first three months of 2004. This increase was primarily a result of more debt repayments ($10.1 million) compared to net repayments of $5.8 million during the same period in 2004.

* We believe that our cash and cash equivalents, together with available funds under our credit facilities ($125 million as of April 1, 2005), will be sufficient to meet our anticipated operating cash needs for at least the next twelve months.

Debt

At April 1, 2005, our total debt was approximately $28.8 million as compared with approximately $39.0 million at the end of fiscal 2004. This balance primarily consists of a term loan. The senior secured revolving credit facility has been fully repaid.

Our Credit Facility is secured by all material assets of our Company, except for a portion of assets that are not pledged due to foreign tax considerations. Financial covenants of the Credit Facility include leverage, fixed charge, and minimum net worth tests. At April 1, 2005 and as of the date of this report, we are in compliance with all debt covenants. The amortized principal, interest, and commitment fees due under the Credit Facility are paid quarterly. Under the four-year term loan portion of the Credit Facility, we are due to make payments (excluding interest) of approximately $9.3 million in fiscal 2005, $12.5 million in fiscal 2006, and $6.3 million in fiscal 2007.

Under the terms of the Credit Facility, we are allowed to pay dividends and repurchase shares of our common stock up to 25% of net income in the previous fiscal year. For additional discussion of our debt, see Note 8 of Notes to the Condensed Consolidated Financial Statements.

New Accounting Standards

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment." SFAS No. 123R requires employee stock options and rights to purchase shares under stock participation plans to be accounted for under the fair value method, and eliminates the ability to account for these instruments under the intrinsic value method prescribed by APB Opinion No. 25, and allowed under the original provisions of SFAS No. 123. SFAS No. 123R requires the use of an option pricing model for estimating fair value, which is amortized to expense over the service periods. The requirements of SFAS No. 123R are effective for fiscal periods beginning after December 15, 2005. SFAS No. 123R allows for either prospective recognition of compensation expense or retrospective recognition, which may be back to the original issuance of SFAS No. 123 or only to interim periods in the year of adoption. We are currently evaluating these transition methods.

RISKS AND UNCERTAINTIES

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

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

We have not been able in the past to consistently predict when our customers will place orders and request shipments so that we cannot always accurately plan our manufacturing requirements. As a result, if orders and shipments differ from what we predict, we may incur additional expenses and build excess inventory, which may require additional reserves and allowances. Any significant change in our customers' purchasing patterns could have a material adverse effect on our operating results and reported earnings per share for a particular quarter.

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

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

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

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

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

In addition, we rely on specific suppliers for a number of our critical components. We have experienced shortages of components in the past. Our current reliance on specific or a limited group of suppliers involves several risks, including a potential inability to obtain an adequate supply of required components and reduced control over pricing. Any inability to obtain adequate deliveries or any other circumstance that would require us to seek alternative sources of supply or to manufacture such components internally could significantly delay our ability to ship our products, which could damage relationships with current and prospective customers and could harm our reputation and brand, and could have a material adverse effect on our business.

Our Annual and Quarterly Performance May Fluctuate.

Our operating results have fluctuated and can be expected to continue to fluctuate in the future on a quarterly and annual basis as a result of a number of factors, many of which are beyond our control. Results in any period could be affected by:

o changes in market demand,
o competitive market conditions,
o market acceptance of existing or new products,
o fluctuations in foreign currency exchange rates,
o the cost and availability of components,
o our ability to manufacture and ship products,
o the mix of our customer base and sales channels,
o the mix of products sold,
o our ability to expand our sales and marketing organization effectively,
o our ability to attract and retain key technical and managerial employees,
o the timing of shipments of products under contracts and
o general global economic conditions.

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

Our Gross Margin Is Subject to Fluctuation.

Our gross margin is affected by a number of factors, including product mix, product pricing, cost of components, foreign currency exchange rates and manufacturing costs. For example, sales of Nikon-branded products generally have lower gross margins as compared to our GPS survey products. Absent other factors, a shift in sales towards Nikon-branded products would lead to a reduction in our overall gross margins. A decline in gross margin could potentially negatively impact our earnings per share.

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

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

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

We Are Dependent on New Products.

Our future revenue stream depends to a large degree on our ability to bring new products to market on a timely basis. We must continue to make significant investments in research and development in order to continue to develop new products, enhance existing products and achieve market acceptance of such products. We may incur problems in the future in innovating and introducing new products. Our development stage products may not be successfully completed or, if developed, may not achieve significant customer acceptance. If we were unable to successfully define, develop and introduce competitive new products, and enhance existing products, our future results of operations would be adversely affected. Development and manufacturing schedules for technology products are difficult to predict, and we might not achieve timely initial customer shipments of new products. The timely availability of these products in volume and their acceptance by customers are important to our future success. A delay in new product introductions could have a significant impact on our results of operations.

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

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

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

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

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

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

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

Any ITU reallocation of radio frequency bands, including frequency band segmentation or sharing of spectrum, may materially and adversely affect the utility and reliability of our products, which would, in turn, cause a material adverse effect on our operating results. Many of our products use other radio frequency bands, together with the GPS signal, to provide enhanced GPS capabilities, such as real-time kinematic precision. The continuing availability of these non-GPS radio frequencies is essential to provide enhanced GPS products to our precision survey and construction machine controls markets. Any regulatory changes in spectrum allocation or in allowable operating conditions may materially and adversely affect the utility and reliability of our products, which would, in turn, cause a material adverse effect on our operating results.

In addition, unwanted emissions from mobile satellite services and other equipment operating in adjacent frequency bands or in-band from licensed and unlicensed devices may materially and adversely affect the utility and reliability of our products, which could result in a material adverse effect on our operating results. The FCC continually receives proposals for novel technologies and services, such as ultra-wideband technologies, which may seek to operate in, or across, the radio frequency bands currently used by the GPS SPS and other public safety services. Adverse decisions by the FCC that result in harmful interference to the delivery of the GPS SPS and other radio frequency spectrum also used in our products may materially and adversely affect the utility and reliability of our products, which could result in a material adverse effect on our business and financial condition.

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

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

Many of Our Products Rely on the GPS Satellite System.

The GPS satellites and their ground support systems are complex electronic systems subject to electronic and mechanical failures and possible sabotage. The satellites were originally designed to have lives of 7.5 years and are subject to damage by the hostile space environment in which they operate. However, of the current deployment of 29 satellites in place, some have already been in operation for 12 years. To repair damaged or malfunctioning satellites is currently not economically feasible. If a significant number of satellites were to become inoperable, there could be a substantial delay before they are replaced with new satellites. A reduction in the number of operating satellites may impair the current utility of the GPS system and the growth of current and additional market opportunities.

In addition, there can be no assurance that the US Government will remain committed to the operation and maintenance of GPS satellites over a long period, or that the policies of the US Government for the use of GPS without charge will remain unchanged. However, a 1996 Presidential Decision Directive marks the first time in the evolution of GPS that access for civilian use free of direct user fees is specifically recognized and supported by Presidential policy reaffirmed in 2004. In addition, Presidential policy has been complemented by corresponding legislation, signed into law. Because of ever-increasing commercial applications of GPS, other US Government agencies may become involved in the administration or the regulation of the use of GPS signals. Any of the foregoing factors could affect the willingness of buyers of our products to select GPS-based systems instead of products based on competing technologies.

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

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

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

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

We Face Risks in Investing in and Integrating New Acquisitions.

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

o potential inability to successfully integrate acquired operations and products or to realize cost savings or other anticipated benefits from integration;
o diversion of management's attention;
o loss of key employees of acquired operations;
o the difficulty of assimilating geographically dispersed operations and personnel of the acquired companies;
o the potential disruption of our ongoing business;
o unanticipated expenses related to such integration;
o 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;
o the impairment of relationships with employees and customers of either an acquired company or our own business;
o the potential unknown liabilities associated with acquired business; and
o inability to recover strategic investments in development stage entities.

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

We Face Competition in Our Markets.

Our markets are highly competitive and we expect that both direct and indirect competition will increase in the future. Our overall competitive position depends on a number of factors including the price, quality and performance of our products, the level of customer service, the development of new technology and our ability to participate in emerging markets. Within each of our markets, we encounter direct competition from other GPS, optical and laser suppliers and competition may intensify from various larger US and non-US competitors and new market entrants, some of which may be our current customers. The competition in the future may, in some cases, result in price reductions, reduced margins or loss of market share, any of which could materially and adversely affect our business, operating results and financial condition. We believe that our ability to compete successfully in the future against existing and additional competitors will depend largely on our ability to execute our strategy to provide systems and products with significantly differentiated features compared to currently available products. We may not be able to implement this strategy successfully, and our products may not be competitive with other technologies or products that may be developed by our competitors, many of whom have significantly greater financial, technical, manufacturing, marketing, sales and other resources than we do.

We Are Dependent on Proprietary Technology.

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

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

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

We Must Carefully Manage Our Future Growth.

Growth in our sales or continued expansion in the scope of our operations could strain our current management, financial, manufacturing and other resources, and may require us to implement and improve a variety of operating, financial and other systems, procedures, and controls. Specifically we have experienced strain in our financial and order management system. We are expanding our sales, accounting, manufacturing, and other information systems to meet these challenges. Problems associated with any improvement or expansion of these systems, procedures or controls may adversely affect our operations and these systems, procedures or controls may not be designed, implemented or improved in a cost-effective and timely manner. Any failure to implement, improve and expand such systems, procedures, and controls in a timely and efficient manner could harm our growth strategy and adversely affect our financial condition and ability to achieve our business objectives.

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

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

We May Encounter Problems Associated With International Operations and Sales.

Our customers are located throughout the world. Sales to unaffiliated customers in non-US locations represented approximately 46% of our revenues in our first fiscal quarter of 2005 and 50% in our fiscal year 2004. In addition, we have significant international operations, including a joint venture, manufacturing facilities, sales personnel and customer support operations. We have sales offices outside the US. Our non-US manufacturing facilities are in Sweden, Canada, France, and Germany, and we have a regional fulfillment center in the Netherlands. Our non-US presence exposes us to risks not faced by wholly US companies.

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

o unexpected changes in regulatory requirements;
o tariffs and other trade barriers;
o political, legal and economic instability in non-US markets, particularly in those markets in which we maintain manufacturing and research facilities;
o difficulties in staffing and management;
o language and cultural barriers;
o seasonal reductions in business activities in the summer months in Europe and some other countries;
o war and acts of terrorism; and
o potentially adverse tax consequences.

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

We Are Exposed to Fluctuations in Currency Exchange Rates.

A significant portion of our business is conducted outside the United States, and as such, we face exposure to movements in non-US currency exchange rates. These exposures may change over time as business practices evolve and could have a material adverse impact on our financial results and cash flows. In the first quarter of fiscal 2005, the US dollar continued to weaken against several major currencies in which we do business, adversely impacting our financial results. The weaker US dollar negatively impacts our operating income due to significant manufacturing, distribution, research and development, and selling expenses incurred outside of the US, while the weaker US dollar positively impacts our revenues generated in foreign currencies, primarily the Euro.

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

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

We market certain products that are subject to governmental and similar certifications before they can be sold. For example, CE certification for radiated emissions is required for most GPS receiver and data communications products sold in the European Union. An inability to obtain such certifications in a timely manner could have an adverse effect on our operating results. Also, some of our products that use integrated radio communication technology require an end user to obtain licensing from the Federal Communications Commission (FCC) for frequency-band usage. These are secondary licenses that are subject to certain restrictions. During the fourth quarter of 1998, the FCC temporarily suspended the issuance of licenses for certain of our real-time kinematic products because of interference with certain other users of similar radio frequencies. An inability or delay in obtaining such certifications or changes to the rules by the FCC could adversely affect our ability to bring our products to market which could harm our customer relationships and have a material adverse effect on our business.

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

The market price of our common stock has been, and may continue to be, highly volatile. During the first fiscal quarter of 2005, our stock price ranged from $38.24 to $30.04. We believe that a variety of factors could cause the price of our common stock to fluctuate, perhaps substantially, including:

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

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

We may be Materially Affected by New Regulatory Requirements.

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

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

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

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

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

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

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

Market Interest Rate Risk

We are exposed to market risk due to the possibility of changing interest rates under our secured Credit Facility. Our Credit Facility is comprised of a three-year, US dollar-only revolver that expires on June 25, 2006, and a four-year term loan that expires on June 25, 2007. Borrowings under the Credit Facility have interest payments based on a floating rate of LIBOR plus a number of basis points tied to a formula based on our Leverage Ratio. The revolver has an outstanding principal balance of $0, while the term loan has an outstanding principal balance of $28.1 million, as of April 1, 2005 (all in US currency only). The three-month LIBOR effective rate at April 1, 2005 was 3.0925%. A hypothetical 10% increase in three-month LIBOR rates could result in approximately $87,000 annual increase in interest expense on the existing principal balances. We have hedged the market risk with an interest rate swap on 50% of our term loan at a fixed rate (LIBOR) of 2.517%.

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

Foreign Currency Exchange Rate Risk

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

Foreign exchange forward contracts outstanding as of April 1, 2005 are summarized as follows (in thousands):

	April 1, 2005	
	Nominal Amount	Fair Value
Forward contracts:		
Purchased	$ (18,145)	$ (221)
Sold	$ 25,713	$ 338

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

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures.

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act.

(b) Internal Control Over Financial Reporting.

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 6. EXHIBITS

3.1 Restated Articles of Incorporation of the Company filed June 25, 1986. (3)

3.2 Certificate of Amendment of Articles of Incorporation of the Company filed October 6, 1988. (3)

3.3 Certificate of Amendment of Articles of Incorporation of the Company filed July 18, 1990. (3)

3.4 Certificate of Determination of the Company filed February 19, 1999. (3)

3.5 Certificate of Amendment of Articles of Incorporation of the Company filed May 29, 2003. (7)

3.6 Certificate of Amendment of Articles of Incorporation of the Company filed March 4, 2004. (9)

3.8 Amended and Restated Bylaws of the Company. (8)

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

4.2 Preferred Shares Rights Agreement dated as of February 18, 1999. (2)

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

4.4 First Amended and Restated Stock and Warrant Purchase Agreement between and among the Company and the investors thereto dated January 14, 2002. (4)

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

(5)

4.6 Form of Warrant dated April 12, 2002. (6)

31.1 Certification of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated May 10, 2005. (11)

31.2 Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated May 10, 2005. (11)

32.1 Certification of Chief Executive Officer pursuant to section 18 U.S.C. section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated May 10, 2005. (11)

32.2 Certification of Chief Financial Officer pursuant to section 18 U.S.C. section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated May 10, 2005. (11)

---

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

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

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

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

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

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

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

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

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

(10) Incorporated by reference to exhibit number 4.3 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2004.

(11) Filed herewith.

SIGNATURES

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

TRIMBLE NAVIGATION LIMITED
(Registrant)

By:/s/ Rajat Bahri

Rajat Bahri
Chief Financial Officer
(Authorized Officer and Principal Financial Officer)

DATE: May 10, 2005

EXHIBIT INDEX

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(11) Filed herewith.

Exhibit 31.1

Certification of CEO Pursuant to

Securities Exchange Act Rules 13a-14 and 15d-14 as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Steven W. Berglund, the Chief Executive Officer of Trimble Navigation Limited, certify that:

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

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: May 10, 2005

/s/ Steven W. Berglund

Steven W. Berglund
Chief Executive Officer

Exhibit 31.2

Certification of CFO Pursuant to

Securities Exchange Act Rules 13a-14 and 15d-14 as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Rajat Bahri, the Chief Financial Officer of Trimble Navigation Limited, certify that:

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

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: May 10, 2005

/s/ Rajat Bahri

Rajat Bahri
Chief Financial Officer

Exhibit 32.1

Certification of CEO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Trimble Navigation Limited (the "Company") for the quarterly period ended April 1, 2005 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. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Steven W. Berglund

Name: Steven W. Berglund
Title: Chief Executive Officer
Dated: May 10, 2005

Exhibit 32.2

Certification of CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Trimble Navigation Limited (the "Company") for the quarterly period ended April 1, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Rajat Bahri, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Rajat Bahri

Name: Rajat Bahri
Title: Chief Financial Officer
Dated: May 10, 2005