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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED October 2, 2020**

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: 001-14845

TRIMBLE INC.
(Exact name of registrant as specified in its charter)

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value per share	TRMB	NASDAQ Global Select Market

As of November 4, 2020, there were 250,175,639 shares of Common Stock, par value $0.001 per share, outstanding.

TRIMBLE INC.
FORM 10-Q for the Quarter Ended October 2, 2020
TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TRIMBLE INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

As of *(In millions, except par value)*	Third Quarter of 2020	Fiscal Year End 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 184.0	$ 189.2
Accounts receivable, net	488.9	608.2
Inventories	318.5	312.1
Other current assets	109.2	102.3
Total current assets	1,100.6	1,211.8
Property and equipment, net	251.6	241.4
Operating lease right-of-use assets	131.2	140.3
Goodwill	3,837.4	3,680.6
Other purchased intangible assets, net	610.1	678.7
Deferred income tax assets	456.5	475.5
Other non-current assets	236.9	212.4
Total assets	$ 6,624.3	$ 6,640.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	$ 279.6	$ 219.0
Accounts payable	131.4	159.3
Accrued compensation and benefits	152.7	123.5
Deferred revenue	445.2	490.4
Other current liabilities	182.6	198.1
Total current liabilities	1,191.5	1,190.3
Long-term debt	1,390.6	1,624.2
Deferred revenue, non-current	56.4	51.5
Deferred income tax liabilities	309.4	318.2
Income taxes payable	61.8	69.1
Operating lease liabilities	111.5	114.1
Other non-current liabilities	151.8	152.9
Total liabilities	3,273.0	3,520.3
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, $0.001 par value; 3.0 shares authorized; none issued and outstanding	—	—
Common stock, $0.001 par value; 360.0 shares authorized; 250.2 and 249.9 shares issued and outstanding at the end of the third quarter of 2020 and fiscal year end 2019, respectively	0.3	0.2
Additional paid-in-capital	1,778.7	1,692.8
Retained earnings	1,732.0	1,602.8
Accumulated other comprehensive loss	(161.0)	(176.8)
Total Trimble Inc. stockholders' equity	3,350.0	3,119.0
Noncontrolling interests	1.3	1.4
Total stockholders' equity	3,351.3	3,120.4
Total liabilities and stockholders' equity	$ 6,624.3	$ 6,640.7

See accompanying Notes to the Condensed Consolidated Financial Statements.

TRIMBLE INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(In millions, except per share amounts)	Third Quarter of 2020	Third Quarter of 2019	First Three Quarters of 2020	First Three Quarters of 2019
Revenue:				
Product	$ 461.4	$ 458.8	$ 1,337.6	$ 1,468.3
Service	160.7	168.0	479.7	501.8
Subscription	170.0	157.1	500.7	470.2
Total revenue	792.1	783.9	2,318.0	2,440.3
Cost of sales:				
Product	221.2	230.8	630.7	718.5
Service	55.5	58.9	175.1	192.2
Subscription	52.4	48.9	155.8	137.4
Amortization of purchased intangible assets	23.3	23.3	70.0	71.3
Total cost of sales	352.4	361.9	1,031.6	1,119.4
Gross margin	439.7	422.0	1,286.4	1,320.9
Operating expense:				
Research and development	117.9	112.3	350.1	350.1
Sales and marketing	111.6	119.7	346.9	375.9
General and administrative	79.4	77.2	221.2	239.9
Restructuring charges	12.1	3.6	20.1	10.0
Amortization of purchased intangible assets	16.7	17.5	50.2	57.3
Total operating expense	337.7	330.3	988.5	1,033.2
Operating income	102.0	91.7	297.9	287.7
Non-operating expense, net:				
Interest expense, net	(19.6)	(19.7)	(59.7)	(62.2)
Income from equity method investments, net	10.8	8.8	29.9	30.5
Other income (expense), net	3.2	(1.9)	(1.4)	13.5
Total non-operating expense, net	(5.6)	(12.8)	(31.2)	(18.2)
Income before taxes	96.4	78.9	266.7	269.5
Income tax provision	11.6	0.8	56.8	34.4
Net income	84.8	78.1	209.9	235.1
Net income attributable to noncontrolling interests	0.1	—	0.3	0.1
Net income attributable to Trimble Inc.	$ 84.7	$ 78.1	$ 209.6	$ 235.0
Earnings per share attributable to Trimble Inc.:				
Basic	$ 0.34	$ 0.31	$ 0.84	$ 0.94
Diluted	$ 0.34	$ 0.31	$ 0.83	$ 0.93
Shares used in calculating earnings per share:				
Basic	250.7	250.4	250.4	251.2
Diluted	252.8	252.1	251.9	253.4

See accompanying Notes to the Condensed Consolidated Financial Statements.

TRIMBLE INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	Third Quarter of		First Three Quarters of	
(In millions)	2020	2019	2020	2019
Net income	$ 84.8	$ 78.1	$ 209.9	$ 235.1
Foreign currency translation adjustments, net of tax	37.3	(26.9)	15.6	(21.4)
Net unrealized income, net of tax	—	—	0.2	0.2
Comprehensive income	122.1	51.2	225.7	213.9
Comprehensive income attributable to noncontrolling interests	0.1	—	0.3	0.1
Comprehensive income attributable to Trimble Inc.	$ 122.0	$ 51.2	$ 225.4	$ 213.8

See accompanying Notes to the Condensed Consolidated Financial Statements.

TRIMBLE INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Common stock							
	Shares	**Amount**	**Additional Paid-In Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Total Stockholders' Equity**	**Noncontrolling Interest**	**Total**
(In millions)								
Balance at the end of fiscal 2019	249.9	$ 0.2	$ 1,692.8	$ 1,602.8	$ (176.8)	$ 3,119.0	$ 1.4	$ 3,120.4
Net income	—	—	—	61.9	—	61.9	—	61.9
Other comprehensive income	—	—	—	—	(54.1)	(54.1)	—	(54.1)
Comprehensive income						7.8		7.8
Issuance of common stock under employee plans, net of tax withholdings	1.0	—	20.4	(7.7)	—	12.7	—	12.7
Stock repurchases	(1.2)	—	(8.4)	(41.6)	—	(50.0)	—	(50.0)
Stock-based compensation	—	—	11.8	—	—	11.8	—	11.8
Noncontrolling interest investments	—	—	—	—	—	—	(0.4)	(0.4)
Balance at the end of the first quarter of fiscal 2020	249.7	0.2	1,716.6	1,615.4	(230.9)	3,101.3	1.0	3,102.3
Net income	—	—	—	63.0	—	63.0	0.2	63.2
Other comprehensive income	—	—	—	—	32.6	32.6	—	32.6
Comprehensive income						95.6		95.8
Issuance of common stock under employee plans, net of tax withholdings	0.5	—	1.9	(6.0)	—	(4.1)	—	(4.1)
Stock-based compensation	—	—	19.1	—	—	19.1	—	19.1
Balance at the end of the second quarter of fiscal 2020	250.2	0.2	1,737.6	1,672.4	(198.3)	3,211.9	1.2	3,213.1
Net income	—	—	—	84.7	—	84.7	0.1	84.8
Other comprehensive income	—	—	—	—	37.3	37.3	—	37.3
Comprehensive income						122.0		122.1
Issuance of common stock under employee plans, net of tax withholdings	0.6	0.1	17.8	(1.2)	—	16.7	—	16.7
Stock repurchases	(0.6)	—	(4.1)	(23.9)	—	(28.0)	—	(28.0)
Stock-based compensation		—	27.4	—	—	27.4	—	27.4
Balance at the end of the third quarter of fiscal 2020	250.2	$ 0.3	$ 1,778.7	$ 1,732.0	$ (161.0)	$ 3,350.0	$ 1.3	$ 3,351.3

	Common stock							
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interest	Total
(In millions)								
Balance at the end of fiscal 2018	250.9	$ 0.3	$ 1,591.9	$ 1,268.3	$ (186.1)	$ 2,674.4	$ 0.4	$ 2,674.8
Net income	—	—	—	62.3	—	62.3	0.1	62.4
Other comprehensive income	—	—	—	—	3.6	3.6	—	3.6
Comprehensive income						65.9		66.0
Issuance of common stock under employee plans, net of tax withholdings	1.6	—	33.3	(7.7)	—	25.6	—	25.6
Stock repurchases	(1.0)	—	(6.5)	(33.5)	—	(40.0)	—	(40.0)
Stock-based compensation	—	—	16.6	—	—	16.6	—	16.6
Non-controlling interest investment	—	—	(0.8)	—	—	(0.8)	0.8	—
Balance at the end of the first quarter of fiscal 2019	251.5	0.3	1,634.5	1,289.4	(182.5)	2,741.7	1.3	2,743.0
Net income	—	—	—	94.6	—	94.6	—	94.6
Other comprehensive income	—	—	—	—	2.1	2.1	—	2.1
Comprehensive income						96.7		96.7
Issuance of common stock under employee plans, net of tax withholdings	0.7	—	1.7	(13.5)	—	(11.8)	—	(11.8)
Stock repurchases	(0.4)	—	(2.9)	(16.1)	—	(19.0)	—	(19.0)
Stock-based compensation	—	—	16.4	—	—	16.4	—	16.4
Balance at the end of the second quarter of fiscal 2019	251.8	0.3	1,649.7	1,354.4	(180.4)	2,824.0	1.3	2,825.3
Net income	—	—	—	78.1	—	78.1	—	78.1
Other comprehensive income	—	—	—	—	(26.9)	(26.9)	—	(26.9)
Comprehensive income						51.2		51.2
Issuance of common stock under employee plans, net of tax withholdings	0.6	—	15.5	(0.7)	—	14.8	—	14.8
Stock repurchases	(3.3)	(0.1)	(21.2)	(99.5)	—	(120.8)		(120.8)
Stock-based compensation	—	—	17.6	—	—	17.6		17.6
Balance at the end of the third quarter of fiscal 2019	249.1	$ 0.2	$ 1,661.6	$ 1,332.3	$ (207.3)	$2,786.8	$ 1.3	$ 2,788.1

See accompanying Notes to the Condensed Consolidated Financial Statements.

TRIMBLE INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	First Three Quarters of	
(In millions)	2020	2019
Cash flow from operating activities:		
Net income	$ 209.9	$ 235.1
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	29.4	29.7
Amortization expense	120.2	128.6
Provision for doubtful accounts	7.8	5.4
Deferred income taxes	12.1	4.4
Non-cash restructuring expense	8.7	2.6
Stock-based compensation	57.1	52.1
Income from equity method investments, net of dividends	(22.4)	(9.5)
Provision for excess and obsolete inventories	13.3	4.8
Other, net	21.3	(8.5)
(Increase) decrease in assets:		
Accounts receivable, net	108.4	16.8
Inventories	(19.1)	1.7
Other current and non-current assets	12.3	10.4
Increase (decrease) in liabilities:		
Accounts payable	(26.7)	13.6
Accrued compensation and benefits	26.1	(52.3)
Deferred revenue	(42.0)	33.4
Other current and non-current liabilities	(32.7)	(5.5)
Net cash provided by operating activities	483.7	462.8
Cash flow from investing activities:		
Acquisitions of businesses, net of cash acquired	(198.9)	(28.6)
Acquisitions of property and equipment	(45.1)	(54.6)
Other, net	(0.1)	14.5
Net cash used in investing activities	(244.1)	(68.7)
Cash flow from financing activities:		
Issuance of common stock, net of tax withholdings	25.3	28.4
Repurchases of common stock	(78.0)	(179.8)
Proceeds from debt and revolving credit lines	1,030.1	818.0
Payments on debt and revolving credit lines	(1,209.6)	(1,033.6)
Other, net	(10.9)	(10.2)
Net cash used in financing activities	(243.1)	(377.2)
Effect of exchange rate changes on cash and cash equivalents	(1.7)	(4.8)
Net increase (decrease) in cash and cash equivalents	(5.2)	12.1
Cash and cash equivalents - beginning of period	189.2	172.5
Cash and cash equivalents - end of period	$ 184.0	$ 184.6

See accompanying Notes to the Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

NOTE 1. OVERVIEW AND BASIS OF PRESENTATION

Company and Background

Trimble began operations in 1978 and was originally incorporated in California as Trimble Navigation Limited in 1981. On October 1, 2016, Trimble Navigation Limited changed its name to Trimble Inc. ("Trimble" or the "Company" or "we" or "our" or "us") and changed its state of incorporation from the State of California to the State of Delaware.

Basis of Presentation

We use a 52- to 53-week fiscal year ending on the Friday nearest to December 31. Fiscal 2020 is a 52-week year ending on January 1, 2021, and fiscal 2019 was a 53-week year ended on January 3, 2020. The quarters ended October 2, 2020 and September 27, 2019 each included 13 weeks. Unless otherwise stated, all dates refer to our fiscal year and fiscal periods.

The Condensed Consolidated Financial Statements include our results and our consolidated subsidiaries. Inter-company accounts and transactions have been eliminated. Noncontrolling interests represent the noncontrolling stockholders' proportionate share of the net assets and results of operations of our consolidated subsidiaries.

The unaudited interim Condensed Consolidated Financial Statements and accompanying notes are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). In the opinion of management, the unaudited interim Condensed Consolidated Financial Statements reflect all adjustments of a normal recurring nature that are necessary for a fair presentation of the results for the interim periods presented. Interim results are not necessarily indicative of results for the full year. The information included in this Form 10-Q should be read in conjunction with information included in Trimble's Form 10-K filed with the U.S. Securities and Exchange Commission on February 28, 2020.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in its Condensed Consolidated Financial Statements and accompanying notes. Estimates and assumptions are used for revenue recognition, including determining the nature and timing of satisfaction of performance obligations and determining standalone selling price of performance obligations, allowances for doubtful accounts, sales returns reserve, inventory valuation, warranty costs, investments, acquired intangibles, goodwill and intangibles impairments, other long-lived asset impairments, stock-based compensation, and income taxes. Management bases its estimates on historical experience and various other assumptions believed to be reasonable. The global economic climate and unanticipated effects from the COVID-19 pandemic make these estimates more complex, and actual results could differ materially from those estimates.

NOTE 2. UPDATES TO SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

There have been no material changes to our significant accounting polices during the first three quarters of fiscal 2020 from those disclosed in our most recent Form 10-K, except for the adoption of the standards discussed below.

Recently Adopted Accounting Pronouncements

Financial Instruments - Credit Losses

In June 2016, the FASB issued a new standard that requires credit losses on financial assets measured at amortized cost basis to be presented based on the net amount expected to be collected. Application of this standard replaces the incurred loss impairment methodology with a methodology that reflects all expected credit losses. Additionally, credit losses on available-for-sale debt securities are recorded through an allowance for credit losses limited to the amount by which fair value is below amortized cost.

We adopted the new standard at the beginning of fiscal year 2020 by applying a modified retrospective method without restating comparative periods. The adoption did not have a material impact on our Condensed Consolidated Financial Statements. We continue to actively monitor the impact of the COVID-19 pandemic on expected credit losses.

Intangibles - Goodwill and Other

In January 2017, the FASB issued new guidance that simplifies the accounting for goodwill impairment by requiring impairment charges to be based on the first step in the current two-step impairment test. The impairment test is performed by comparing the fair value of a reporting unit with its carrying amount, and an impairment charge would be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value.

We adopted the new standard on a prospective basis at the beginning of fiscal year 2020. The adoption did not have a material impact on our Condensed Consolidated Financial Statements.

Intangibles - Internal-Use Software

In August 2018, the FASB issued new guidance that clarifies the accounting for implementation costs incurred in a cloud computing arrangement that is a service contract. This guidance aligns the accounting for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the accounting for implementation costs incurred to develop or obtain internal-use software.

We adopted the guidance on a prospective basis for all implementation costs incurred after the beginning of fiscal year 2020. The adoption of the new guidance did not have a material impact on our Condensed Consolidated Financial Statements.

Recently issued Accounting Pronouncements not yet adopted

Income Taxes - Simplifying the Accounting for Income Taxes

In December 2019, the FASB issued amendments to the accounting for Income Taxes to reduce complexity by removing certain exceptions and implementing targeted simplifications. The new standard is effective for us beginning in fiscal 2021. Early adoption is permitted. We are currently evaluating the effect of the amendments and do not expect the adoption to have a material impact on our Condensed Consolidated Financial Statements.

NOTE 3. STOCKHOLDERS' EQUITY

Stock Repurchase Activities

In November 2017, our Board of Directors approved a stock repurchase program ("2017 Stock Repurchase Program") authorizing the Company to repurchase up to $600.0 million of Trimble's common stock.

Under the 2017 Stock Repurchase Program, we may repurchase shares from time to time in open market transactions, privately negotiated transactions, accelerated share buyback programs, tender offers, or by other means. The timing and amount of repurchase transactions are determined by management based on their evaluation of market conditions, share price, legal requirements, and other factors. The program may be suspended, modified, or discontinued at any time without prior notice.

During the third quarter and first three quarters of fiscal 2020, we repurchased approximately 0.6 million and 1.8 million, respectively, shares of common stock in open market purchases at an average price of $48.70 per share and $43.03 per share for a total of $28.0 million and $78.0 million, respectively, under the 2017 Stock Repurchase Program.

Stock repurchases are reflected as a decrease to common stock based on par value and additional-paid-in-capital based on the average book value per share for all outstanding shares calculated at the time of each individual repurchase transaction. The excess of the purchase price over this average for each repurchase is charged to retained earnings. Common stock repurchases under the 2017 Stock Repurchase Program were recorded based upon the trade date for accounting purposes. At the end of the third quarter of fiscal 2020, the 2017 Stock Repurchase Program had remaining authorized funds of $94.4 million.

NOTE 4. BUSINESS COMBINATIONS

During the first quarter of fiscal 2020, we acquired Kuebix with total purchase consideration of $201.1 million. There were no other material acquisitions during the first three quarters of fiscal 2020. Kuebix is a leading transportation management system provider and creator of North America's largest connected shipping community. This acquisition will enable us to create a new platform for planning, execution, and freight demand-capacity matching. The Condensed Consolidated Statements of Income include the operating results of the acquired business from the date of acquisition. The acquisition contributed less than 1% to our total revenue during the first three quarters of fiscal 2020.

The fair value of identifiable assets acquired and liabilities assumed were determined under the acquisition method of accounting for business combinations as of the date of acquisition. The excess of purchase consideration over the fair value of net tangible and identifiable intangible assets acquired was recorded as goodwill. The fair value of intangible assets acquired is determined based on a discounted cash flow analysis. For the acquisition in the first quarter of fiscal 2020, the preliminary fair value of net tangible assets and intangible assets acquired was based on preliminary valuations and estimates, and assumptions are subject to change within the measurement period (up to one year from the acquisition date).

Intangible Assets

The following table presents details of the Company's total intangible assets:

As of	Third Quarter of Fiscal 2020			Fiscal Year End 2019		
(In millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed product technology	$ 1,318.7	$ (993.4)	$ 325.3	$ 1,266.7	$ (923.4)	$ 343.3
Trade names and trademarks	76.4	(68.4)	8.0	74.8	(59.8)	15.0
Customer relationships	779.8	(507.7)	272.1	769.8	(465.6)	304.2
Distribution rights and other intellectual property	68.7	(64.0)	4.7	79.7	(63.5)	16.2
	$ 2,243.6	$ (1,633.5)	$ 610.1	$ 2,191.0	$ (1,512.3)	$ 678.7

The estimated future amortization expense of purchased intangible assets as of the end of the third quarter of fiscal 2020 was as follows:

(In millions)	
2020 (Remaining)	$ 37.8
2021	138.1
2022	118.9
2023	105.6
2024	80.1
Thereafter	129.6
Total	$ 610.1

Goodwill

The changes in the carrying amount of goodwill by segment for the first three quarters of fiscal 2020 were as follows:

(In millions)	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
Balance as of fiscal year end 2019	$ 1,973.0	$ 401.5	$ 445.4	$ 860.7	$ 3,680.6
Additions due to acquisitions	—	—	0.4	147.6	148.0
Purchase price and foreign currency translation adjustments	9.1	4.0	(0.4)	(3.9)	8.8
Balance as of the end of the third quarter of fiscal 2020	$ 1,982.1	$ 405.5	$ 445.4	$ 1,004.4	$ 3,837.4

NOTE 5. INVENTORIES

Inventories consisted of the following:

As of	Third Quarter of 2020	Fiscal Year End 2019
(In millions)		
Raw materials	$ 95.7	$ 95.8
Work-in-process	16.1	13.2
Finished goods	206.7	203.1
Total inventories	$ 318.5	$ 312.1

NOTE 6. SEGMENT INFORMATION

Our operating segments are determined based on how the Company's chief operating decision maker views and evaluates operations. Our reportable segments are described below:

- Buildings and Infrastructure: This segment primarily serves customers working in architecture, engineering, construction, and operations and maintenance.
- Geospatial: This segment primarily serves customers working in surveying, engineering, government, and land management.
- Resources and Utilities: This segment primarily serves customers working in agriculture, forestry, and utilities.
- Transportation: This segment primarily serves customers working in long haul trucking, field service management, rail, and military aviation.

The following Reporting Segment tables reflect the results of our reportable operating segments under our management reporting system. These results are not necessarily in conformity with U.S. GAAP. We present segment revenue and income excluding the effects of certain acquired deferred revenue that was written down to fair value in purchase accounting. Segment income presented also excludes the effects of certain acquired capitalized commissions that were eliminated in purchase accounting, as though the acquired companies operated independently in the periods presented. This is consistent with the way the chief operating decision maker evaluates each of the segment's performance and allocates resources.

	Reporting Segments				
(In millions)	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
Third Quarter of Fiscal 2020					
Revenue	$ 317.4	$ 165.6	$ 150.2	$ 158.9	$ 792.1
Acquired deferred revenue adjustment	—	—	0.4	0.3	0.7
Segment revenue	$ 317.4	$ 165.6	$ 150.6	$ 159.2	$ 792.8
Operating income	$ 97.2	$ 51.4	$ 53.9	$ 8.3	$ 210.8
Acquired deferred revenue adjustment	—	—	0.4	0.3	0.7
Amortization of acquired capitalized commissions	(1.3)	—	—	—	(1.3)
Segment operating income	$ 95.9	$ 51.4	$ 54.3	$ 8.6	$ 210.2
Depreciation expense	$ 2.0	$ 1.5	$ 1.5	$ 0.9	$ 5.9
Third Quarter of Fiscal 2019					
Revenue	$ 309.6	$ 155.1	$ 120.9	$ 198.3	$ 783.9
Acquired deferred revenue adjustment	0.2	—	0.2	—	0.4
Segment revenue	$ 309.8	$ 155.1	$ 121.1	$ 198.3	$ 784.3
Operating income	$ 83.0	$ 30.6	$ 34.3	$ 31.2	$ 179.1
Acquired deferred revenue adjustment	0.2	—	0.2	—	0.4

Amortization of acquired capitalized commissions	(1.5)	—	—	—	(1.5)
Segment operating income	$ 81.7	$ 30.6	$ 34.5	$ 31.2	$ 178.0
Depreciation expense	$ 1.9	$ 1.5	$ 1.0	$ 1.0	$ 5.4
First Three Quarters of Fiscal 2020					
Revenue	$ 909.4	$ 457.0	$ 472.1	$ 479.5	$ 2,318.0
Acquired deferred revenue adjustment	0.2	—	2.6	1.2	4.0
Segment revenue	$ 909.6	$ 457.0	$ 474.7	$ 480.7	$ 2,322.0
Operating income	$ 245.9	$ 119.3	$ 167.8	$ 38.8	$ 571.8
Acquired deferred revenue adjustment	0.2	—	2.6	1.2	4.0
Amortization of acquired capitalized commissions	(4.0)	—	(0.1)	(0.1)	(4.2)
Segment operating income	$ 242.1	$ 119.3	$ 170.3	$ 39.9	$ 571.6
Depreciation expense	$ 6.1	$ 4.4	$ 4.1	$ 3.1	$ 17.7
First Three Quarters of Fiscal 2019					
Revenue	$ 940.6	$ 480.7	$ 432.8	$ 586.2	$ 2,440.3
Acquired deferred revenue adjustment	3.8	—	0.5	—	$ 4.3
Segment revenue	$ 944.4	$ 480.7	$ 433.3	$ 586.2	$ 2,444.6
Operating income	$ 229.7	$ 91.1	$ 130.7	$ 95.3	546.8
Acquired deferred revenue adjustment	3.8	—	0.5	—	4.3
Amortization of acquired capitalized commissions	(4.7)	—	(0.1)	—	(4.8)
Segment operating income	$ 228.8	$ 91.1	$ 131.1	$ 95.3	$ 546.3
Depreciation expense	$ 6.1	$ 4.7	$ 3.2	$ 3.3	$ 17.3

	Reporting Segments				
(In millions)	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
As of the end of the Third Quarter of Fiscal 2020					
Accounts receivable, net	$ 169.9	$ 106.7	$ 75.2	$ 137.1	$ 488.9
Inventories	59.6	125.0	46.4	87.5	318.5
Goodwill	1,982.1	405.5	445.4	1,004.4	3,837.4
As of Fiscal Year End 2019					
Accounts receivable, net	232.0	115.5	93.3	167.4	608.2
Inventories	67.1	125.0	45.5	74.5	312.1
Goodwill	1,973.0	401.5	445.4	860.7	3,680.6

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

(In millions)	Third Quarter of 2020	Third Quarter of 2019	First Three Quarters of 2020	First Three Quarters of 2019
Consolidated segment operating income	$ 210.2	$ 178.0	$ 571.6	$ 546.3
Unallocated corporate expense	(18.4)	(16.1)	(48.7)	(52.9)
Restructuring charges / executive transition costs	(13.5)	(3.6)	(21.9)	(10.2)
COVID-19 expenses	(1.2)	—	(4.8)	—
Acquired deferred revenue adjustment	(0.7)	(0.4)	(4.0)	(4.3)
Amortization of purchased intangible assets	(40.0)	(40.8)	(120.2)	(128.6)
Stock-based compensation / deferred compensation	(32.0)	(18.5)	(61.9)	(55.9)
Amortization of acquired capitalized commissions	1.3	1.5	4.2	4.8
Acquisition / divestiture items	(3.7)	(8.4)	(16.4)	(11.5)
Consolidated operating income	102.0	91.7	297.9	287.7
Non-operating expense, net	(5.6)	(12.8)	(31.2)	(18.2)
Consolidated income before taxes	$ 96.4	$ 78.9	$ 266.7	$ 269.5

On a total Company basis, the disaggregation of revenue by geography is summarized in the tables below. Revenue is defined as revenue from external customers attributed to countries based on the location of the customer and excludes the effects of certain acquired deferred revenue that was written down to fair value in purchase accounting, consistent with the Reporting Segment tables above.

	Reporting Segments				
(In millions)	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
Third Quarter of Fiscal 2020					
North America	$ 179.5	$ 64.8	$ 42.5	$ 128.4	$ 415.2
Europe	85.5	56.9	62.5	18.5	223.4
Asia Pacific	45.3	35.0	16.8	8.7	105.8
Rest of World	7.1	8.9	28.8	3.6	48.4
Total consolidated revenue	$ 317.4	$ 165.6	$ 150.6	$ 159.2	$ 792.8
Third Quarter of Fiscal 2019					
North America	$ 180.9	$ 63.4	$ 35.9	$ 157.5	$ 437.7
Europe	79.9	49.5	54.2	21.9	205.5
Asia Pacific	41.3	30.4	10.4	9.3	91.4
Rest of World	7.7	11.8	20.6	9.6	49.7
Total consolidated revenue	$ 309.8	$ 155.1	$ 121.1	$ 198.3	$ 784.3
First Three Quarters of Fiscal 2020					
North America	$ 527.2	$ 179.3	$ 148.0	$ 377.2	$ 1,231.7
Europe	245.1	152.7	216.2	58.3	672.3
Asia Pacific	118.8	97.1	48.3	26.2	290.4
Rest of World	18.5	27.9	62.2	19.0	127.6
Total consolidated revenue	$ 909.6	$ 457.0	$ 474.7	$ 480.7	$ 2,322.0
First Three Quarters of Fiscal 2019					
North America	$ 545.7	$ 197.6	$ 130.7	$ 471.4	$ 1,345.4
Europe	253.8	160.2	211.1	65.9	691.0
Asia Pacific	121.9	88.3	35.0	29.6	274.8
Rest of World	23.0	34.6	56.5	19.3	133.4
Total consolidated revenue	$ 944.4	$ 480.7	$ 433.3	$ 586.2	$ 2,444.6

Trimble’s total revenue in the United States as included in the Condensed Consolidated Statements of Income was $377.5 million and $1,125.0 million and $404.1 million and $1,228.8 million for the third quarter and first three quarters of fiscal 2020 and 2019, respectively. No single customer or country other than the United States accounted for 10% or more of Trimble’s total revenue.

NOTE 7. DEBT

Debt consisted of the following:

As of Instrument	Date of Issuance		Third Quarter of 2020	Fiscal Year End 2019
(In millions)		Effective interest rate		
Senior Notes:				
2023 Senior Notes, 4.15%, due June 2023	June 2018	4.36%	$ 300.0	$ 300.0
2028 Senior Notes, 4.90%, due June 2028	June 2018	5.04%	600.0	600.0
2024 Senior Notes, 4.75%, due December 2024	November 2014	4.95%	400.0	400.0
Credit Facilities:				
2018 Credit Facility, floating rate:				
Term Loan, due July 2022	May 2018	3.33%	100.0	225.0
Revolving Credit Facility, due May 2023	May 2018	1.55%	—	110.0
Uncommitted facilities, floating rate		1.16%	279.6	218.7
Promissory notes and other debt			0.1	0.3
Unamortized discount and issuance costs			(9.5)	(10.8)
Total debt			1,670.2	1,843.2
Less: Short-term debt			279.6	219.0
Long-term debt			$ 1,390.6	$ 1,624.2

Each of our debt agreements requires us to maintain compliance with certain debt covenants. We were compliant with all debt covenants at the end of the third quarter of fiscal 2020.

Debt Maturities

At the end of the third quarter of fiscal 2020, our debt maturities based on outstanding principal were as follows (in millions):

Year Payable	
2020 (Remaining)	$ 279.6
2021	0.1
2022	100.0
2023	300.0
2024	400.0
Thereafter	600.0
Total	$ 1,679.7

Senior Notes

All series of Senior Notes in the above table bear interest that is payable semi-annually in June and December of each year. For the 2023 and 2028 Senior Notes, the interest rate is subject to adjustment from time to time if Moody’s or S&P (or, if applicable, a substitute rating agency) downgrades (or subsequently upgrades) its rating assigned to the notes.

Senior Notes are unsecured and rank equally in right of payment with all of our other senior unsecured indebtedness. We may redeem the notes of each series of Senior Notes at our option in whole or in part at any time. Such indenture also contains covenants limiting our ability to create certain liens, enter into sale and lease-back transactions, and consolidate or merge with or into, or convey, transfer, or lease all or substantially all of our properties and assets, each subject to certain exceptions.

2018 Credit Facilities

The Credit Facility in the above table provides for unsecured credit facilities in the aggregate principal amount of $1.75 billion, which is comprised of $1.25 billion revolving credit facility maturing May 2023 and $500.0 million delayed draw term loan facility that is fully prepayable. As part of the Credit Facility, we may request an additional loan facility up to $500.0 million prior to the maturity of the Credit Facility and subject to approval.

On May 4, 2020, we entered into a loan amendment to extend the maturity date of the remaining term loan amount of $225.0 million to July 2, 2022. The applicable margin for the term loan was changed as part of the loan amendment. The term loan bears interest, at the Company's option, at either the alternate base rate (determined in accordance with the Credit Agreement), plus a margin of between 0.750% and 1.625%; (b) an adjusted LIBOR rate (based on one, two, three or six-month interest periods), plus a margin of between 1.750% and 2.625%, with a 1.0% LIBOR rate floor; or (c) an adjusted EURIBOR rate (based on one, two, three or six-month interest periods), plus a margin of between 1.750% and 2.625%, with a 1.0% EURIBOR rate floor. The applicable margin in each case is determined based on either the Company's credit rating at such time or the Company's leverage ratio as of its most recently ended fiscal quarter, whichever results in more favorable pricing to the Company. At the end of the third quarter of fiscal 2020, $100.0 million was outstanding under the Term Loan.

Uncommitted Facilities

On February 24, 2020 we entered into a line of credit to borrow an amount up to £55.0 million. At the end of the third quarter of fiscal 2020, we had one £55.0 million, two $75.0 million, and one €100.0 million revolving credit facilities, which are uncommitted (the "Uncommitted Facilities"). Generally, these uncommitted facilities may be redeemed upon demand. Borrowings under uncommitted facilities are classified as short-term debt in the Condensed Consolidated Balance Sheet.

For further information, refer to Note 7 of the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for fiscal year 2019.

NOTE 8. FAIR VALUE MEASUREMENTS

We determine fair value based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Hierarchical levels are directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities and are as follows:

Level I—Observable inputs such as unadjusted, quoted prices in active markets for identical assets or liabilities.

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

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

Fair Value on a Recurring Basis

The fair value of assets and liabilities measured and recorded at fair value on a recurring basis at the end of period were as follows:

(In millions)	Fair Values as of the end of the Third Quarter of Fiscal 2020 Level I	Level II	Level III	Total	Fair Values as of Fiscal Year End 2019 Level I	Level II	Level III	Total
Assets								
Deferred compensation plan assets (1)	$ 37.2	$ —	$ —	$ 37.2	$ 36.2	$ —	$ —	$ 36.2
Derivatives assets (2)	—	0.4	—	0.4	—	0.3	—	0.3
Total assets measured at fair value	$ 37.2	$ 0.4	$ —	$ 37.6	$ 36.2	$ 0.3	$ —	$ 36.5
Liabilities								
Deferred compensation plan liabilities (1)	$ 37.2	$ —	$ —	$ 37.2	$ 36.2	$ —	$ —	$ 36.2
Derivatives liabilities (2)	—	0.3	—	0.3	—	1.0	—	1.0
Contingent consideration liabilities (3)	—	—	8.8	8.8	—	—	19.9	19.9
Total liabilities measured at fair value	$ 37.2	$ 0.3	$ 8.8	$ 46.3	$ 36.2	$ 1.0	$ 19.9	$ 57.1

1. We maintain a self-directed, non-qualified deferred compensation plan for certain executives and other highly compensated employees. The plan assets and liabilities are invested in actively traded mutual funds and individual stocks valued using observable quoted prices in active markets. Deferred compensation plan assets and liabilities are included in Other non-current assets and Other non-current liabilities, respectively, on the Company's Condensed Consolidated Balance Sheets.

2. Derivative assets and liabilities primarily represent forward currency exchange contracts to minimize the short-term impact of foreign currency exchange rates on certain trade and inter-company receivables and payables. Derivative assets and liabilities are included in Other current assets and Other current liabilities on the Company's Condensed Consolidated Balance Sheets.

3. Contingent consideration liabilities represent arrangements to pay the former owners of certain companies that we acquired. The fair values are estimated using scenario-based methods or option pricing methods based upon estimated future revenues, gross margins, or other milestones. Contingent consideration liabilities are included in Other current liabilities and Other non-current liabilities on the Company's Condensed Consolidated Balance Sheets.

Additional Fair Value Information

The total estimated fair value of all outstanding financial instruments that are not recorded at fair value on a recurring basis (debt) was approximately $1.8 billion and $1.9 billion at the end of the third quarter of fiscal 2020 and at the end of fiscal 2019, respectively, relatively consistent with the carrying values.

The fair value of the Senior Notes was determined based on observable market prices in less active markets and is categorized accordingly as Level II in the fair value hierarchy. The fair value of the bank borrowings and promissory notes has been calculated using an estimate of the interest rate we would have had to pay on the issuance of notes with a similar maturity and by discounting the cash flows at that rate and is categorized as Level II in the fair value hierarchy. The fair values do not give an indication of the amount that we would currently have to pay to extinguish any of this debt.

NOTE 9. DEFERRED COSTS TO OBTAIN CUSTOMER CONTRACTS

Deferred cost to obtain customer contracts of $47.3 million and $45.4 million is included in Other non-current assets in the Condensed Consolidated Balance Sheets at the end of the third quarter of fiscal 2020 and fiscal year end 2019, respectively.

Amortization expense related to deferred costs to obtain customer contracts for the third quarter and the first three quarters of fiscal 2020 and 2019 was $5.7 million and $16.8 million and $5.3 million and $16.2 million, respectively. This expense was included in Sales and marketing expenses in the Condensed Consolidated Statements of Income. There was no impairment loss related to the deferred commissions for either period presented.

NOTE 10. PRODUCT WARRANTIES

We accrue for warranty costs as part of our cost of sales based on associated material product costs, technical support, labor costs, and costs incurred by third parties performing work on our behalf. Our expected future costs are primarily estimated based upon historical trends in the volume of product returns within the warranty period and the costs to repair or replace the equipment. When products sold include warranty provisions, they are covered by a warranty for periods ranging generally from one year to two years.

Accrued warranty expenses of $14.1 million and $16.3 million is included in Other current liabilities in the Condensed Consolidated Balance Sheets at the end of the third quarter of fiscal 2020 and at the end of fiscal 2019.

NOTE 11. DEFERRED REVENUE AND REMAINING PERFORMANCE OBLIGATIONS

Deferred Revenue

Changes to our deferred revenue during the third quarter and first three quarters of fiscal 2020 and 2019 were as follows:

	Third Quarter of		First Three Quarters of	
(In millions)	2020	2019	2020	2019
Beginning balance of the period	$ 531.0	$ 452.4	$ 541.9	$ 387.2
Revenue recognized	(87.6)	(76.7)	(419.5)	(300.5)
Net deferred revenue activity	58.2	43.3	379.2	332.3
Ending balance of the period	$ 501.6	$ 419.0	$ 501.6	$ 419.0

Remaining Performance Obligations

As of the end of the third quarter of fiscal 2020, approximately $1.2 billion of revenue is expected to be recognized from remaining performance obligations for which goods or services have not been delivered, primarily subscription and software maintenance, and to a lesser extent, hardware and professional services contracts. We expect to recognize $0.8 billion or 70% of our remaining performance obligations as revenue during the next 12 months. We expect to recognize the remaining $0.4 billion or 30% of our remaining performance obligations as revenue thereafter.

NOTE 12. EARNINGS PER SHARE

Basic earnings per share is computed by dividing Net income attributable to Trimble Inc. by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing Net income attributable to Trimble Inc. by the weighted-average number of shares of common stock outstanding during the period increased to include the number of additional shares of common stock that would have been outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include outstanding stock options, shares to be purchased under the Company’s employee stock purchase plan, restricted stock units, and contingently issuable shares.

The following table shows the computation of basic and diluted earnings per share:

	Third Quarter of		First Three Quarters of	
	2020	2019	2020	2019
(In millions, except per share amounts)				
Numerator:				
Net income attributable to Trimble Inc.	$ 84.7	$ 78.1	$ 209.6	$ 235.0
Denominator:				
Weighted average number of common shares used in basic earnings per share	250.7	250.4	250.4	251.2
Effect of dilutive securities	2.1	1.7	1.5	2.2
Weighted average number of common shares and dilutive potential common shares used in diluted earnings per share	252.8	252.1	251.9	253.4
Basic earnings per share	$ 0.34	$ 0.31	$ 0.84	$ 0.94
Diluted earnings per share	$ 0.34	$ 0.31	$ 0.83	$ 0.93

For the third quarter and the first three quarters of fiscal 2020 and 2019, 0.3 million and 1.1 million and 0.1 million and 0.3 million, respectively, of shares were excluded from the calculation of diluted earnings per share because their effect would have been antidilutive.

NOTE 13. INCOME TAXES

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), enacted on March 27, 2020, provides tax relief to individuals and businesses in light of the impacts of COVID-19. It did not result in material adjustments to our income tax provision or to our net deferred tax assets as of the end of the third quarter of fiscal 2020.

For the third quarter of fiscal 2020, our effective income tax rate was 12.0%, as compared to 1.0% in the corresponding period in fiscal 2019; the increase was primarily due to a lower tax benefit from reserve releases due to expiration of the U.S. federal statute of limitations for certain tax years. For the first three quarters of fiscal 2020, our effective income tax rate was 21.3%, as compared to 12.8% in the corresponding period in fiscal 2019; the increase was primarily due to a one-time charge related to increased valuation allowance arising from California tax legislation, a lower tax benefit from reserve releases due to expiration of the U.S. federal statute of limitations for certain tax years, and geographic income mix.

We and our subsidiaries are subject to U.S. federal and state and foreign income tax. Currently, we are in different stages of multiple year examinations by various state and foreign taxing authorities. We believe our reserves are more likely than not to be adequate to cover final resolution of all open tax matters.

Although timing of the resolution and/or closure of audits in other jurisdictions is not certain, we do not believe that our gross unrecognized tax benefits would materially change in the next twelve months.

Unrecognized tax benefits of $56.4 million and $59.5 million as of the end of the third quarter of fiscal 2020 and fiscal year end 2019, respectively, if recognized, would favorably affect the effective income tax rate in future periods. Unrecognized tax benefits are recorded in Other non-current liabilities and in Deferred income tax liabilities or assets on our Condensed Consolidated Balance Sheets.

Our practice is to recognize interest and/or penalties related to income tax matters in income tax expense. As of the end of the third quarter of fiscal 2020 and fiscal year end 2019, we accrued $11.1 million and $11.5 million, respectively, for interest and penalties, which are recorded in Other non-current liabilities on our Condensed Consolidated Balance Sheets.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Commitments

As of the end of the third quarter of fiscal 2020, we had unconditional purchase obligations of approximately $234.7 million. These unconditional purchase obligations primarily represent open non-cancellable purchase orders for material purchases with our vendors.

Litigation

From time to time, we are involved in litigation arising out of the ordinary course of our business. There are no material legal proceedings, other than ordinary routine litigation incidental to the business, to which we or any of our subsidiaries are a party or of which any of the Company's or its subsidiaries' property is subject.

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are subject to the “safe harbor” created by those sections. These statements include, among other things:

- impact of the COVID-19 pandemic, including upon global or local macroeconomic conditions, our results of operations, and estimates or judgments;
- seasonal fluctuations in our construction equipment revenues, sales to U.S. governmental agencies, agricultural equipment business revenues, and expectations that we may experience less seasonality in the future;
- the portion of our revenue expected to come from sales to customers located in countries outside of the U.S.;
- our plans to continue to invest in research and development to actively develop and introduce new products and to deliver targeted solutions to the markets we serve;
- a continued shift in revenue towards a more significant mix of software, recurring revenue, and services;
- our belief that increases in recurring revenue from our software and subscription solutions will provide us with enhanced business visibility over time;
- our belief that our cash and cash equivalents, together with borrowings under the commitments for our credit facilities and senior notes, will be sufficient to meet our anticipated operating cash needs, debt service, and planned capital expenditures for at least the next twelve months;
- any anticipated benefits to us from our acquisitions and our ability to successfully integrate the acquired businesses;
- fluctuations in interest rates and foreign currency exchange rates;
- our belief that our gross unrecognized tax benefits will not materially change in the next twelve months; and
- our growth strategy, including our focus on historically underserved large markets, the relative importance of organic growth versus strategic acquisitions, and the reasons that we acquire businesses.

The forward-looking statements regarding future events and the future results of Trimble Inc. ("Trimble" or "the Company" or "we" or "our" or "us") are based on current expectations, estimates, forecasts, and projections about the industries in which Trimble operates, Trimble's current tax structure, including where Trimble's assets are deemed to reside for tax purposes, and the beliefs and assumptions of the management of Trimble. Discussions containing such forward-looking statements may be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” 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 involve certain risks and uncertainties that could cause actual results, levels of activity, performance, achievements, and events to differ materially from those implied by such forward-looking statements, including but not limited to those discussed in "Risk Factors" in the Company’s Annual Report on Form 10-K for fiscal year 2019, as updated by the Company’s Quarterly Report on Form 10-Q for the quarter ended April 3, 2020, and in other reports Trimble files with the Securities and Exchange Commission, each as it may be amended from time to time. These forward-looking statements are made as of the date of this Quarterly Report on Form 10-Q. We reserve the right to update these forward-looking statements for any reason, including the occurrence of material events, but assume no duty to update these statements to reflect subsequent events.

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations is based on our Condensed Consolidated Financial Statements. The preparation of financial statements and related disclosures in conformity with U.S. generally accepted accounting principles requires us to make judgments, assumptions, and estimates that affect the amounts reported in the Condensed Consolidated Financial Statements and accompanying Notes. Management bases its estimates on historical experience and various other assumptions believed to be reasonable. Management believes that the Notes to the Condensed Consolidated Financial Statements have had no significant changes during the first three quarters of fiscal 2020 as compared to the items that we disclosed as our critical accounting policies and estimates in the Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2019 Annual Report on Form 10-K.

RECENT ACCOUNTING PRONOUNCEMENTS

For a summary of recent accounting pronouncements applicable to our Condensed Consolidated Financial Statements, see Note 2 of the Notes to our Condensed Consolidated Financial Statements in Item 1, which is incorporated herein by reference.

EXECUTIVE LEVEL OVERVIEW

Trimble began operations in 1978 and was originally incorporated in California as Trimble Navigation Limited in 1981. On October 1, 2016, Trimble Navigation Limited changed its name to Trimble Inc. and changed its state of incorporation from the State of California to the State of Delaware.

Trimble is a leading provider of technology solutions that enable professionals and field mobile workers to improve or transform their work processes. Our comprehensive work process solutions are used across a range of industries including agriculture, architecture, civil engineering, survey and land administration, construction, geospatial, government, natural resources, transportation, and utilities. Representative Trimble customers include engineering and construction firms, contractors, owners, surveying companies, farmers and agricultural companies, trucking companies, energy, utility companies, and state, federal, and municipal governments.

Trimble focuses on integrating its broad technological and application capabilities to create vertically-focused, system-level solutions that transform how work is done within the industries we serve. The integration of sensors, software, connectivity, and information in our portfolio gives us the unique ability to provide an information model specific to the customer’s workflow. For example, in construction, our strategy is centered on the concept of a “constructible model” that is at the center of our “Connected Construction” solutions, which provides real-time, connected, and cohesive information environments for the design, build, and operational phases of construction projects. In agriculture, we continue to develop “Connected Farm” solutions to optimize operations across the agriculture workflow. In long haul trucking, our “Connected Fleet” solutions provide transportation companies with tools to enhance fuel efficiency, safety, and transparency through connected vehicles and fleets across the enterprise.

Our growth strategy is centered on multiple elements:

- *Focus on attractive markets with significant growth and profitability potential* - We focus on large markets historically underserved by technology that offer significant potential for long-term revenue growth, profitability, and market leadership. Our core industries such as construction, agriculture, and transportation markets are each multi-trillion dollar global industries that operate in increasingly demanding environments with technology adoption in the early phases relative to other industries. With the emergence of mobile computing capabilities, the increasing technological know-how of end users and the compelling return on investment to our customers, we believe many of our markets are attractive for substituting Trimble’s technology and solutions in place of traditional operating methods.
- *Domain knowledge and technological innovation that benefit a diverse customer base* - We have redefined our technological focus from hardware-driven point solutions to integrated work process solutions by developing domain expertise and heavily reinvesting in R&D and acquisitions. We have been spending approximately 15% of revenue over the past two years on R&D and currently have over 1,200 unique patents. We intend to continue to take advantage of our technology portfolio and deep domain knowledge to quickly and cost-effectively deliver specific, targeted solutions to each of the vertical markets we serve. We look for opportunities where the potential for technological change is high and that have a requirement for the integration of multiple technologies into complete vertical solutions.
- *Increasing focus on software and subscription offerings* - Software and subscription services are increasingly important elements of our solutions and are core to our growth strategy. Trimble has an open application programming interface philosophy and open vendor environment, which leads to increased adoption of our software and subscription offerings. We believe that increased recurring revenue from these solutions will provide us with enhanced business visibility over time. Professional services constitute an additional growth channel that helps our customers integrate and optimize the use of our offerings in their environment.
- *Geographic expansion with localization strategy* - We view international expansion as an important element of our strategy, and we continue to position ourselves in geographic markets that will serve as important sources of future growth. We currently have a physical presence in over 40 countries and distribution channels in over 85 countries.
- *Optimized go to market strategies to best access our markets* - We utilize vertically focused distribution channels that leverage domain expertise to best serve the needs of individual markets both domestically and abroad. These channel capabilities include independent dealers, joint ventures, original equipment manufacturers ("OEM"), and sales and distribution alliances with key partners, such as CNH Global, Caterpillar, and Nikon, as well as direct sales to end-users. This provides us with broad market reach and localization capabilities to effectively serve our markets.

- *Strategic acquisitions* - Organic growth continues to be our primary focus, while acquisitions serve to enhance our market position. We acquire businesses that bring domain expertise, technology, products, or distribution capabilities that augment our portfolio and allow us to penetrate existing markets more effectively, or to establish a market beachhead. Our success in targeting and effectively integrating acquisitions is an important aspect of our growth strategy.

Trimble’s focus on these growth drivers has led, over time, to growth in revenue and profitability as well as an increasingly diversified business model. Software and subscription growth is driving increased recurring revenue and leading to improved visibility in some of our businesses. As our solutions have expanded, our go-to-market model has also evolved with a balanced mix between direct, distribution, and OEM customers, and an increasing number of enterprise level customer relationships.

We continue to experience a shift in revenue towards a more significant mix of software, recurring revenue, and services, which represented 58% of revenue for the first three quarters of fiscal 2020. Our annualized recurring revenue ("ARR") is a performance measure we use to assess the health and trajectory of our business. ARR represents the estimated annualized value of recurring revenue contracts for the quarter, including subscription, maintenance and support, and term licenses. See the section entitled “SUPPLEMENTAL DISCLOSURE OF NON-GAAP FINANCIAL MEASURES AND ANNUALIZED RECURRING REVENUE” for additional details. Our success in driving growth in ARR has positively affected our revenue mix and growth over time. At the end of the third quarter of fiscal 2020, ARR was $1,259.1 million, as compared to $1,147.6 million for the corresponding period in fiscal 2019, representing 10% year over year growth. The growth was driven by organic conversion from perpetual licenses to term licenses and subscription revenue, and to a lesser extent, acquisition growth.

COVID-19 UPDATE

In early March 2020, the World Health Organization characterized COVID-19 as a pandemic. As the COVID-19 pandemic unfolded globally, we implemented protocols intended to safeguard our employees, customers, suppliers, third-party business partners, and communities and ensure business continuity.

During the third quarter of fiscal 2020, overall revenue was up 1%. Consistent with the prior quarters, recurring revenue, including software maintenance and subscription, increased. Hardware sales were relatively flat, with increased sales across Buildings and Infrastructure, Geospatial, and Resources and Utilities, partially offset by a decline in Transportation. Professional services revenue was significantly down. During the first three quarters, due to the economic disruptions related to COVID-19 that began in the last weeks of March, we experienced an overall revenue decline, primarily due to significantly reduced hardware and professional services sales in the first two quarters. For the first three quarters of 2020, our recurring revenue increased.

Operating income increased during the third quarter and first three quarters of fiscal 2020 due to gross margin expansion and reduced spending related to cost containment measures as well as natural reductions in spending resulting from COVID-19 restrictions. Although revenue and operating income increased for the third quarter, as the COVID-19 pandemic is continually evolving, we are uncertain of its ultimate duration, the nature and extent of the impact to our business, our condensed consolidated results of operations, and our financial condition. To the extent that regions where we do business or source our products experience additional closures or restrictions on business activity, our results of operations could be harmed.

See "Risk Factors" in Item 1A of Part II of our Quarterly Report on Form 10-Q for the quarter ended April 3, 2020 for further discussion of the possible impact of the COVID-19 pandemic on our business.

RESULTS OF OPERATIONS

Overview

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

	Third Quarter of		First Three Quarters of	
	2020	2019	2020	2019
(In millions, except per share amounts)				
Revenue:				
Product	$ 461.4	$ 458.8	$ 1,337.6	$ 1,468.3
Service	160.7	168.0	479.7	501.8
Subscription	170.0	157.1	500.7	470.2
Total revenue	$ 792.1	$ 783.9	2,318.0	2,440.3
Gross margin	$ 439.7	$ 422.0	$ 1,286.4	$ 1,320.9
Gross margin as a % of revenue	55.5 %	53.8 %	55.5 %	54.1 %
Operating income	$ 102.0	$ 91.7	$ 297.9	$ 287.7
Operating income as a % of revenue	12.9 %	11.7 %	12.9 %	11.8 %
Diluted earnings per share	$ 0.34	$ 0.31	$ 0.83	$ 0.93
Total non-GAAP revenue *	$ 792.8	$ 784.3	$ 2,322.0	$ 2,444.6
Non-GAAP operating income *	$ 191.8	$ 161.9	$ 522.9	$ 493.4
Non-GAAP operating income as a % of Non-GAAP Revenue*	24.2 %	20.6 %	22.5 %	20.2 %
Non-GAAP diluted earnings per share *	$ 0.60	$ 0.48	$ 1.61	$ 1.45

*** See SUPPLEMENTAL DISCLOSURE OF NON-GAAP FINANCIAL MEASURES for further information.**

Revenue

Total revenue increased $8.2 million or 1% and decreased $122.3 million or 5% for the third quarter and the first three quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019.

By revenue category, product revenue increased $2.6 million or 1%, service revenue decreased $7.3 million or 4%, and subscription revenue increased $12.9 million or 8% for the third quarter of fiscal 2020, compared to the corresponding period in fiscal 2019. Product revenue increased slightly due to higher hardware sales, particularly in Geospatial and Resources and Utilities, largely offset by weakness in Transportation sales. Service revenue decreased due to lower professional services associated with customer installations. Subscription revenue increased primarily due to strong organic growth in Building and Infrastructure, and, to a lesser extent, acquisition revenue from Resources and Utilities, partially offset by weakness in Transportation.

For the first three quarters of fiscal 2020, product revenue decreased $130.7 million or 9%, service revenue decreased $22.1 million or 4%, and subscription revenue increased $30.5 million or 6%, compared to the corresponding period in fiscal 2019. Product revenue decreased due to weakness in our hardware sales for the first two quarters, particularly in Buildings and Infrastructure, Geospatial, and Transportation, partially offset by growth in Resources and Utilities. Service revenue decreased due to lower professional services associated with customer installations. Subscription revenue increased primarily due to strong organic growth in Buildings and Infrastructure, and, to a lesser extent, acquisition revenue from Resources and Utilities, partially offset by weakness in Transportation.

Gross Margin

Gross margin varies due to a combination of factors including product mix, pricing, and customer mix, including distribution partners and end user sales.

Gross margin increased by $17.7 million for the third quarter of fiscal 2020, compared to the corresponding period in fiscal 2019, primarily due to an increase in higher margin revenue in Buildings and Infrastructure, Geospatial, and Resources and Utilities, partially offset by a decrease in lower margin revenue in Transportation. Gross margin decreased by $34.5 million for the first three quarters of fiscal 2020, compared to the corresponding period in fiscal 2019, primarily due to revenue declines, partially offset by improved revenue mix.

Gross margin as a percentage of total revenue was 55.5% for the third quarter and the first three quarters of fiscal 2020, compared to 53.8% and 54.1% for the corresponding periods in fiscal 2019, driven by improved revenue mix, including increased higher margin software and subscription sales in Buildings and Infrastructure and Resources and Utilities and new product introductions and less discounting in Geospatial.

Operating Income

Operating income increased by $10.3 million and increased by $10.2 million for the third quarter and the first three quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019, primarily due to increased revenue and gross margin expansion in Buildings and Infrastructure, Geospatial, and Resources and Utilities, particularly in the third quarter, partially offset by weaker results in Transportation. Despite higher restructuring costs, operating expense reductions also contributed to the increase.

Operating income as a percentage of total revenue was 12.9% for the third quarter and the first three quarters of fiscal 2020, compared to 11.7% and 11.8% for the corresponding periods in fiscal 2019, due to improved gross margin and operating expense reductions as described in the preceding paragraph.

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

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

	Third Quarter of		First Three Quarters of	
	2020	2019	2020	2019
(In millions)				
Research and development	$ 117.9	$ 112.3	$ 350.1	$ 350.1
Percentage of revenue	14.9 %	14.3 %	15.1 %	14.3 %
Sales and marketing	$ 111.6	$ 119.7	$ 346.9	$ 375.9
Percentage of revenue	14.1 %	15.3 %	15.0 %	15.4 %
General and administrative	$ 79.4	$ 77.2	$ 221.2	$ 239.9
Percentage of revenue	10.0 %	9.8 %	9.5 %	9.8 %
Total	$ 308.9	$ 309.2	$ 918.2	$ 965.9

Overall, R&D, S&M, and G&A expenses decreased by $0.3 million or less than 1% and decreased by $47.7 million or 5% for the third quarter and the first three quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019.

Research and development expense increased $5.6 million or 5% and remained flat for the third quarter and the first three quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019. The increase in the third quarter of fiscal 2020 was primarily due to higher compensation expense, including incentive compensation and Cityworks and Kuebix expenses not applicable in the corresponding prior period, partially offset by lower consulting and outside services and travel reductions.

Overall, research and development expense was 14.9% and 15.1% of revenue in the third quarter and the first three quarters of fiscal 2020, compared to 14.3% and 14.3% in the corresponding periods in fiscal 2019. We believe that the development and introduction of new solutions are critical to our future success, and we expect to continue active development of new products.

Sales and marketing expense decreased by $8.1 million or 7% and decreased by $29.0 million or 8% for the third quarter and the first three quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019. The decrease was primarily due to travel reductions, lower advertising costs, and lower compensation expense, partially offset by Cityworks and Kuebix expenses not applicable in the corresponding prior periods.

Overall, spending for sales and marketing was 14.1% and 15.0% of revenue in the third quarter and the first three quarters of fiscal 2020, respectively, compared to 15.3% and 15.4% in the corresponding periods in fiscal 2019.

General and administrative expense increased by $2.2 million or 3% for the third quarter of fiscal 2020, compared to the corresponding period in fiscal 2019, mainly due to higher compensation expense, including incentive compensation and Cityworks and Kuebix expenses not applicable in the corresponding prior period, partially offset by lower consulting and outside services as well as lower merger and acquisitions costs. General and administrative expense decreased by $18.7 million or 8% for the first three quarters of fiscal 2020, compared to the corresponding period in fiscal 2019, primarily due to lower compensation expense, including incentive compensation, lower consulting and outside services, and, to a lesser extent, travel reductions, partially offset by Cityworks and Kuebix expenses not applicable in the corresponding prior period.

Overall, general and administrative spending was 10.0% and 9.5% of revenue in the third quarter and the first three quarters of fiscal 2020, compared to 9.8% and 9.8% in the corresponding periods in fiscal 2019.

Amortization of Purchased Intangible Assets

	Third Quarter of		First Three Quarters of	
	2020	2019	2020	2019
(In millions)				
Cost of sales	$ 23.3	$ 23.3	$ 70.0	$ 71.3
Operating expenses	16.7	17.5	50.2	57.3
Total amortization expense of purchased intangibles	$ 40.0	$ 40.8	$ 120.2	$ 128.6

Total amortization expense of purchased intangibles represented 5% of revenue in each of the third quarter and the first three quarters of fiscal 2020 and the corresponding periods in fiscal 2019. The expense for the third quarter and the first three quarters of fiscal 2020 was lower as compared to the corresponding periods in fiscal 2019 due to the expiration of prior acquisitions' amortization.

Non-operating Expense, Net

The components of Non-operating expense, net, were as follows:

	Third Quarter of		First Three Quarters of	
	2020	2019	2020	2019
(In millions)				
Interest expense, net	$ (19.6)	$ (19.7)	$ (59.7)	$ (62.2)
Income from equity method investments, net	10.8	8.8	29.9	30.5
Other income (expense), net	3.2	(1.9)	(1.4)	13.5
Total non-operating expense, net	$ (5.6)	$ (12.8)	$ (31.2)	$ (18.2)

Non-operating expense, net decreased by $7.2 million for the third quarter of fiscal 2020, compared to the corresponding period in fiscal 2019, due to fluctuations in our deferred compensation plan included in Other income (expense), net, and to a lesser extent, an increase in joint venture profitability.

Non-operating expense, net increased by $13.0 million for the first three quarters of fiscal 2020, compared to the corresponding period in fiscal 2019, primarily due to a prior year gain on sale of an equity interest included in Other income (expense), net, partially offset by lower interest expense associated with lower debt balance and a decrease in interest rates.

Income Tax Provision

Our effective income tax rate for the third quarter of fiscal 2020 was 12.0%, as compared to 1.0% in the corresponding period in fiscal 2019; the increase was primarily due to a lower tax benefit from reserve releases due to expiration of the U.S. federal statute of limitations for certain tax years.

For the first three quarters of fiscal 2020, our effective income tax rate was 21.3%, as compared to 12.8% in the corresponding period in fiscal 2019; the increase was primarily due to a one-time charge related to increased valuation allowance arising from California tax legislation, a lower tax benefit from reserve releases due to expiration of the U.S. federal statute of limitations for certain tax years, and geographic income mix.

Results by Segment

We report our financial performance, including revenue and operating income, based on four reportable segments: Buildings and Infrastructure, Geospatial, Resources and Utilities, and Transportation.

Our Chief Executive Officer (chief operating decision maker) views and evaluates operations based on the results of our reportable operating segments under our management reporting system. For additional discussion of our segments, see Note 6 of the Notes to the Condensed Consolidated Financial Statements.

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

	Third Quarter of		First Three Quarters of	
	2020	2019	2020	2019
(In millions)				
Buildings and Infrastructure				
Segment revenue	$ 317.4	$ 309.8	$ 909.6	$ 944.4
Segment revenue as a percent of total revenue	40 %	40 %	39 %	39 %
Segment operating income	$ 95.9	$ 81.7	$ 242.1	$ 228.8
Segment operating income as a percent of segment revenue	30.2 %	26.4 %	26.6 %	24.2 %
Geospatial				
Segment revenue	$ 165.6	$ 155.1	$ 457.0	$ 480.7
Segment revenue as a percent of total revenue	21 %	20 %	20 %	20 %
Segment operating income	$ 51.4	$ 30.6	$ 119.3	$ 91.1
Segment operating income as a percent of segment revenue	31.0 %	19.7 %	26.1 %	19.0 %
Resources and Utilities				
Segment revenue	$ 150.6	$ 121.1	$ 474.7	$ 433.3
Segment revenue as a percent of total revenue	19 %	15 %	20 %	18 %
Segment operating income	$ 54.3	$ 34.5	$ 170.3	$ 131.1
Segment operating income as a percent of segment revenue	36.1 %	28.5 %	35.9 %	30.3 %
Transportation				
Segment revenue	$ 159.2	$ 198.3	$ 480.7	$ 586.2
Segment revenue as a percent of total revenue	20 %	25 %	21 %	24 %
Segment operating income	$ 8.6	$ 31.2	$ 39.9	$ 95.3
Segment operating income as a percent of segment revenue	5.4 %	15.7 %	8.3 %	16.3 %

The following table is a reconciliation of our consolidated segment operating income to consolidated income before taxes:

	Third Quarter of		First Three Quarters of	
(In millions)	2020	2019	2020	2019
Consolidated segment operating income	$ 210.2	$ 178.0	$ 571.6	$ 546.3
Unallocated corporate expense	(18.4)	(16.1)	(48.7)	(52.9)
Restructuring charges / executive transition costs	(13.5)	(3.6)	(21.9)	(10.2)
COVID-19 expenses	(1.2)	—	(4.8)	—
Acquired deferred revenue adjustment	(0.7)	(0.4)	(4.0)	(4.3)
Amortization of purchased intangible assets	(40.0)	(40.8)	(120.2)	(128.6)
Stock-based compensation / deferred compensation	(32.0)	(18.5)	(61.9)	(55.9)
Amortization of acquired capitalized commissions	1.3	1.5	4.2	4.8
Acquisition / divestiture items	(3.7)	(8.4)	(16.4)	(11.5)
Consolidated operating income	102.0	91.7	297.9	287.7
Non-operating expense, net	(5.6)	(12.8)	(31.2)	(18.2)
Consolidated income before taxes	$ 96.4	$ 78.9	$ 266.7	$ 269.5

Buildings and Infrastructure

Buildings and Infrastructure revenue increased $7.6 million or 2% and decreased $34.8 million or 4% for the third quarter and the first three quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019. Segment operating income increased $14.2 million or 17% and increased $13.3 million or 6% for the third quarter and the first three quarters of fiscal 2020, respectively, compared to the corresponding periods in fiscal 2019.

For the third quarter of fiscal 2020, revenue increased primarily due to an increase in software maintenance and subscription revenue. Hardware sales were relatively flat, an improvement from the second quarter of fiscal 2020, driven in part by pent up demand, particularly in civil engineering and construction. Professional services continued to be down. For the first three quarters of fiscal 2020, revenue decreased primarily due to a decline in civil engineering and construction hardware, especially in the first two quarters of fiscal 2020, and lower professional services due to the economic impacts of COVID-19, partially offset by higher software maintenance and subscription revenue.

Segment operating income increased for the third quarter and the first three quarters of fiscal 2020 primarily due to gross margin expansion resulting from a higher mix of software maintenance and subscription revenue as well as cost reductions.

Geospatial

Geospatial revenue increased $10.5 million or 7% and decreased $23.7 million or 5% for the third quarter and the first three quarters of fiscal 2020, respectively, compared to the corresponding periods in fiscal 2019. Segment operating income increased $20.8 million or 68% and increased $28.2 million or 31% for the third quarter and the first three quarters of fiscal 2020, respectively, compared to the corresponding periods in fiscal 2019.

For the third quarter of fiscal 2020, revenue increased primarily due to an increase in hardware sales to OEMs. Geospatial survey sales were flat, an improvement from the second quarter of fiscal 2020, driven by new product introductions and pent up demand. For the first three quarters of fiscal 2020, revenue decreased mainly from a decline in geospatial survey sales due to the economic impacts of COVID-19.

Segment operating income increased for the third quarter and the first three quarters of fiscal 2020 primarily due to gross margin expansion resulting from new higher margin product introductions and less discounting, as well as cost reductions.

Resources and Utilities

Resources and Utilities revenue increased $29.5 million or 24% and increased $41.4 million or 10% for the third quarter and the first three quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019. Segment operating income increased by $19.8 million or 57% and increased $39.2 million or 30% for the third quarter and the first three quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019.

For the third quarter and the first three quarters of fiscal 2020, revenue increased as a result of Agriculture business strength in the reseller channel due to improved market conditions, including government stimulus programs and weather conditions. To a lesser extent, acquisition revenue including Cityworks also contributed. For the first three quarters of fiscal 2020, revenue increased primarily due to acquisition revenue in the first three quarters and strength in Agriculture in the third quarter.

Segment operating income increased for the third quarter and the first three quarters of fiscal 2020 primarily due to gross margin expansion resulting from higher margin software maintenance and subscription sales as well as cost reductions.

Transportation

Transportation revenue decreased $39.1 million or 20% and decreased $105.5 million or 18% for the third quarter and the first three quarters of fiscal 2020, respectively, compared to the corresponding periods in fiscal 2019. Segment operating income decreased $22.6 million or 72% and decreased $55.4 million or 58% for the third quarter and the first three quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019.

For the third quarter and the first three quarters of fiscal 2020, revenue decreased primarily due to reduced hardware upgrades and subscriber declines, attributable in part due to challenges with the ELD transition as well as COVID-19 impacts. Conversion of customers from perpetual software to subscription products also reduced revenue. Segment operating income decreased for the third quarter and the first three quarters of fiscal 2020 primarily due to the revenue declines, a discrete inventory charge in the third quarter, as well as higher operating expense due to the Kuebix acquisition, partially offset by cost reductions.

OFF-BALANCE SHEET FINANCINGS AND LIABILITIES

Other than inventory purchases and other commitments incurred in the normal course of business, we do not have any off-balance sheet financing arrangements or liabilities.

In the normal course of business to facilitate sales of our products, we indemnify other parties, including customers, lessors, and parties to other transactions with us, with respect to certain matters. We may agree to hold the other party harmless against losses arising from a breach of representations or covenants, or out of intellectual property infringement or other claims made against certain parties. These agreements may limit the time within which an indemnification claim can be made and the amount of the claim. In connection with divesting some of our businesses or assets, we may also indemnify purchasers for certain matters in the normal course of business, such as breaches of representations, covenants, or excluded liabilities. In addition, we entered into indemnification agreements with our officers and directors, and our bylaws contain similar indemnification obligations to our agents.

It is not possible to determine the maximum potential amount under these indemnification agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. Historically, payments made by us under these agreements were not material and no liabilities have been recorded for these obligations on the Condensed Consolidated Balance Sheets as of the end of the third quarter of fiscal 2020 and fiscal year end 2019.

LIQUIDITY AND CAPITAL RESOURCES

As of	Third Quarter of 2020	Fiscal Year End 2019
(In millions, except percentages)		
Cash and cash equivalents	$ 184.0	$ 189.2
As a percentage of total assets	2.8 %	2.8 %
Principal balance of outstanding debt	$ 1,679.7	$ 1,854.0

	First Three Quarters of	
	2020	2019
(In millions)		
Cash provided by operating activities	$ 483.7	$ 462.8
Cash used in investing activities	(244.1)	(68.7)
Cash used in financing activities	(243.1)	(377.2)
Effect of exchange rate changes on cash and cash equivalents	(1.7)	(4.8)
Net increase (decrease) in cash and cash equivalents	$ (5.2)	$ 12.1

Cash and Cash Equivalents and Short-Term Investments

As of the end of the third quarter of fiscal 2020, cash and cash equivalents totaled $184.0 million compared to $189.2 million as of fiscal year end 2019.

Our ability to continue to generate cash from operations will depend in large part on profitability, the rate of collections of accounts receivable, our inventory turns, and our ability to manage other areas of working capital. Our cash and cash equivalents are maintained with several financial institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions considered to be of reputable credit and to present little credit risk.

We have considered the effects of the current environment, and we believe that our cash and cash equivalents and borrowings, as described below under the heading "Debt", along with cash provided by operations will be sufficient to meet our anticipated operating cash needs, debt service, any stock repurchases under the stock repurchase program, and planned capital expenditures in the next twelve months.

Operating Activities

Cash provided by operating activities was $483.7 million for the first three quarters of fiscal 2020, compared to $462.8 million for the first three quarters of fiscal 2019. The increase of $20.9 million was primarily driven by higher net income adjusted for non-cash items and positive working capital changes, including lower accounts receivable due to improved sales linearity, and higher accrued compensation, partially offset by increased inventory and decreased deferred revenue.

Investing Activities

Cash used in investing activities was $244.1 million for the first three quarters of fiscal 2020, compared to $68.7 million for the first three quarters of fiscal 2019. The increase of cash used in investing activities of $175.4 million was primarily due to the Kuebix acquisition.

Financing Activities

Cash used in financing activities was $243.1 million for the first three quarters of fiscal 2020, compared to cash used in financing activities of $377.2 million for the first three quarters of fiscal 2019. The decrease in cash flows used in financing activities of $134.1 million was primarily driven by the decrease in repurchases of common stock, and to a lesser extent, a decrease in debt repayments, net of proceeds.

Debt

During the first three quarters of fiscal 2020, net debt payments were $179.5 million. Each of our debt agreements requires us to maintain compliance with certain debt covenants, all of which we were in compliance with at the end of the third quarter of fiscal 2020. On May 4, 2020, we entered into a loan amendment with JP Morgan Chase and Bank of America, along with certain other institutional lenders, to extend the maturity date of the remaining term loan amount of $225.0 million to July 2, 2022. At the end of the third quarter of fiscal 2020, $100.0 million was outstanding under the Term Loan. Refer to Note 7 of the Notes to Condensed Consolidated Financial Statements for more information regarding our debt.

SUPPLEMENTAL DISCLOSURE OF NON-GAAP FINANCIAL MEASURES AND ANNUALIZED RECURRING REVENUE

To supplement our condensed consolidated financial information, we believe that the following information is helpful to gain an overall understanding of our past financial performance and prospects for the future. Our non-GAAP measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures. The non-GAAP financial measures and detailed explanations to the adjustments to comparable GAAP measures are below.

		Third Quarter of				First Three Quarters of			
		2020		2019		2020		2019	
(In millions, except per share amounts)		Dollar Amount	% of Revenue	Dollar Amount	% of Revenue	Dollar Amount	% of Revenue	Dollar Amount	% of Revenue
REVENUE:									
GAAP revenue:		$ 792.1		$ 783.9		$ 2,318.0		$ 2,440.3	
Acquired deferred revenue adjustment	(A)	0.7		0.4		4		4.3	
Non-GAAP Revenue:		$ 792.8		$ 784.3		$ 2,322.0		$ 2,444.6	
GROSS MARGIN:									
GAAP gross margin:		$ 439.7	55.5 %	$ 422.0	53.8 %	$ 1,286.4	55.5 %	$ 1,320.9	54.1 %
Acquired deferred revenue adjustment	(A)	0.7		0.4		4.0		4.3	
Restructuring charges	(B)	0.3		—		0.7		0.2	
COVID-19 expenses	(C)	—		—		0.3		—	
Amortization of purchased intangible assets	(D)	23.3		23.3		70.0		71.3	
Stock-based compensation / deferred compensation	(E)	2.5		1.5		5.2		4.4	
Acquisition / divestiture items	(F)	—		—		1.7		—	
Non-GAAP gross margin:		$ 466.5	58.8 %	$ 447.2	57.0 %	$ 1,368.3	58.9 %	$ 1,401.1	57.3 %
OPERATING EXPENSES:									
GAAP operating expenses:		$ 337.7	42.6 %	$ 330.3	42.1 %	$ 988.5	42.6 %	$ 1,033.2	42.3 %
Restructuring charges / executive transition costs	(B)	(13.2)		(3.6)		(21.2)		(10.0)	
COVID-19 expenses	(C)	(1.2)		—		(4.5)		—	
Amortization of purchased intangible assets	(D)	(16.7)		(17.5)		(50.2)		(57.3)	
Stock-based compensation / deferred compensation	(E)	(29.5)		(17.0)		(56.7)		(51.5)	
Acquisition / divestiture items	(F)	(3.7)		(8.4)		(14.7)		(11.5)	
Amortization of acquired capitalized commissions	(G)	1.3		1.5		4.2		4.8	
Non-GAAP operating expenses:		$ 274.7	34.6 %	$ 285.3	36.4 %	$ 845.4	36.4 %	$ 907.7	37.1 %
OPERATING INCOME:									
GAAP operating income:		$ 102.0	12.9 %	$ 91.7	11.7 %	$ 297.9	12.9 %	$ 287.7	11.8 %
Acquired deferred revenue adjustment	(A)	0.7		0.4		4.0		4.3	
Restructuring charges / executive transition costs	(B)	13.5		3.6		21.9		10.2	
COVID-19 expenses	(C)	1.2		—		4.8		—	
Amortization of purchased intangible assets	(D)	40.0		40.8		120.2		128.6	
Stock-based compensation / deferred compensation	(E)	32.0		18.5		61.9		55.9	
Acquisition / divestiture items	(F)	3.7		8.4		16.4		11.5	
Amortization of acquired capitalized commissions	(G)	(1.3)		(1.5)		(4.2)		(4.8)	
Non-GAAP operating income:		$ 191.8	24.2 %	$ 161.9	20.6 %	$ 522.9	22.5 %	$ 493.4	20.2 %
NON-OPERATING EXPENSE, NET:									
GAAP non-operating expense, net:		$ (5.6)		$ (12.8)		$ (31.2)		$ (18.2)	

Deferred compensation	(E)	(4.2)		0.1		(4.8)		(3.8)	
Acquisition / divestiture items	(F)	0.1		0.3		2.5		(12.5)	
Non-GAAP non-operating expense, net:		$ (9.7)		$ (12.4)		$ (33.5)		$ (34.5)	
			GAAP and Non-GAAP Tax Rate %		GAAP and Non-GAAP Tax Rate %		GAAP and Non-GAAP Tax Rate %		GAAP and Non-GAAP Tax Rate %
			(J)		(J)		(J)		(J)
INCOME TAX PROVISION:									
GAAP income tax provision:		$ 11.6	12.0 %	$ 0.8	1.0 %	$ 56.8	21.3 %	$ 34.4	12.8 %
Non-GAAP items tax effected	(H)	10.3		0.7		46.2		21.4	
Difference in GAAP and Non-GAAP tax rate	(I)	7.3		26.9		(20.7)		34.5	
Non-GAAP income tax provision:		$ 29.2	16.0 %	$ 28.4	19.0 %	$ 82.3	16.8 %	$ 90.3	19.7 %
NET INCOME:									
GAAP net income attributable to Trimble Inc.:		$ 84.7		$ 78.1		$ 209.6		$ 235.0	
Acquired deferred revenue adjustment	(A)	0.7		0.4		4.0		4.3	
Restructuring charges / executive transition costs	(B)	13.5		3.6		21.9		10.2	
COVID-19 expenses	(C)	1.2		—		4.8		—	
Amortization of purchased intangible assets	(D)	40.0		40.8		120.2		128.6	
Stock-based compensation / deferred compensation	(E)	27.8		18.6		57.1		52.1	
Acquisition / divestiture items	(F)	3.8		8.7		18.9		(1.0)	
Amortization of acquired capitalized commissions	(G)	(1.3)		(1.5)		(4.2)		(4.8)	
Non-GAAP tax adjustments	(H)-(I)	(17.6)		(27.6)		(25.5)		(55.9)	
Non-GAAP net income attributable to Trimble Inc.:		$ 152.8		$ 121.1		$ 406.8		$ 368.5	
DILUTED NET INCOME PER SHARE:									
GAAP diluted net income per share attributable to Trimble Inc.:		$ 0.34		$ 0.31		$ 0.83		$ 0.93	
Acquired deferred revenue adjustment	(A)	—		—		0.02		0.01	
Restructuring charges / executive transition costs	(B)	0.05		0.01		0.08		0.04	
COVID-19 expenses	(C)	—		—		0.02		—	
Amortization of purchased intangible assets	(D)	0.16		0.16		0.48		0.51	
Stock-based compensation / deferred compensation	(E)	0.11		0.07		0.23		0.20	
Acquisition / divestiture items	(F)	0.02		0.03		0.07		—	
Amortization of acquired capitalized commissions	(G)	(0.01)		—		(0.02)		(0.02)	
Non-GAAP tax adjustments	(H)-(I)	(0.07)		(0.10)		(0.10)		(0.22)	
Non-GAAP diluted net income per share attributable to Trimble Inc.:		$ 0.60		$ 0.48		$ 1.61		$ 1.45	
ADJUSTED EBITDA:									
GAAP net income attributable to Trimble Inc.:		$ 84.7		$ 78.1		$ 209.6		$ 235.0	
Non-operating expense, net, income tax provision, and net gain attributable to noncontrolling interests		17.3		13.6		88.3		52.7	
GAAP operating income:		102.0		91.7		297.9		287.7	
Acquired deferred revenue adjustment	(A)	0.7		0.4		4.0		4.3	
Restructuring charges / executive transition costs	(B)	13.5		3.6		21.9		10.2	
COVID-19 expenses	(C)	1.2		—		4.8		—	

Amortization of purchased intangible assets	(D)	40.0	40.8	120.2	128.6
Stock-based compensation / deferred compensation	(E)	32.0	18.5	61.9	55.9
Acquisition / divestiture items	(F)	3.7	8.4	16.4	11.5
Amortization of acquired capitalized commissions	(G)	(1.3)	(1.5)	(4.2)	(4.8)
Non-GAAP operating income:		191.8	161.9	522.9	493.4
Depreciation expense		9.9	9.4	29.4	29.7
Income from equity method investments, net		10.8	8.8	29.9	30.5
Adjusted EBITDA		$ 212.5	$ 180.1	$ 582.2	$ 553.6

Annualized Recurring Revenue Explanation

In addition to providing non-GAAP financial measures, we provide an annualized recurring revenue ("ARR") performance measure in order to provide investors with a supplementary indicator of the value of our current recurring revenue contracts. ARR represents the estimated annualized value of recurring contracts for the quarter, including subscription, maintenance and support, and term licenses. ARR is calculated by adding the portion of the contract value of all of our term licenses attributable to the current quarter to our non-GAAP recurring revenue for the current quarter and dividing that sum by the number of days in the quarter and then multiplying that quotient by 365. ARR should be viewed independently of revenue and deferred revenue as it is a performance measure and is not intended to be combined with or to replace either of those items.

Non-GAAP Explanations

Non-GAAP revenue

We believe this measure helps investors understand the performance of our business, as non-GAAP revenue excludes the effects of certain acquired deferred revenue that was written down to fair value in purchase accounting. Management believes that excluding fair value purchase accounting adjustments more closely correlates with the ordinary and ongoing course of the acquired company’s operations and facilitates analysis of revenue growth and business trends.

Non-GAAP gross margin

We believe our investors benefit by understanding our non-GAAP gross margin as a way of understanding how product mix, pricing decisions, and manufacturing costs influence our business. Non-GAAP gross margin excludes the effects of acquired deferred revenue that was written down to fair value in purchase accounting, restructuring charges, COVID-19 expenses, amortization of purchased intangible assets, stock-based compensation, deferred compensation, and acquisition/divestiture items associated with the acceleration of acquisition stock options from GAAP gross margin. We believe that these adjustments offer investors additional information that may be useful to view trends in our gross margin performance.

Non-GAAP operating expenses

We believe this measure is important to investors evaluating our non-GAAP spending in relation to revenue. Non-GAAP operating expenses exclude restructuring charges, executive transition costs, COVID-19 expenses, amortization of purchased intangible assets, stock-based compensation, deferred compensation, and acquisition/divestiture items associated with external and incremental costs resulting directly from merger and acquisition activities such as: legal, due diligence, integration, and other costs including the acceleration of acquisition stock options, adjustments to the fair value of earn-out liabilities, and the effects of certain acquired capitalized commissions that were eliminated in purchase accounting from GAAP operating expenses. We believe that these adjustments offer investors supplemental information to facilitate comparison of our operating expenses to our prior results.

Non-GAAP operating income

We believe our investors benefit by understanding our non-GAAP operating income trends, which are driven by revenue, gross margin, and spending. Non-GAAP operating income excludes the effects of purchase accounting adjustments to certain acquired deferred revenue and acquired capitalized commissions, restructuring charges, executive transition costs, COVID-19 expenses, amortization of purchased intangible assets, stock-based compensation, deferred compensation, and acquisition/divestiture items from GAAP operating income. We believe that these adjustments offer an alternative means for our investors to evaluate current operating performance compared to results of other periods.

Non-GAAP non-operating expense, net

We believe this measure helps investors evaluate our non-operating income trends. Non-GAAP non-operating expense, net, excludes deferred compensation, acquisition/divestiture gains/losses associated with unusual acquisition related items such as intangible asset impairment charges, and gains or losses related to the acquisitions or sale of certain businesses and investments. We believe that these exclusions provide investors with a supplemental view of our ongoing financial results.

Non-GAAP income tax provision

We believe this measure helps investors because it provides for consistent treatment of excluded items in our non-GAAP presentation and a difference in the GAAP and non-GAAP tax rates. The non-GAAP tax rate excludes charges and benefits such as net deferred tax impacts resulting from a non-U.S. intercompany transfer of intellectual property and significant one-time reserve releases upon statute of limitations expirations.

Non-GAAP net income

This measure provides a supplemental view of net income trends, which are driven by non-GAAP income before taxes and our non-GAAP tax rate. Non-GAAP net income excludes the effects of purchase accounting adjustments to certain acquired deferred revenue and acquired capitalized commissions, restructuring charges, executive transition costs, COVID-19 expenses, amortization of purchased intangible assets, stock-based compensation, deferred compensation, acquisition/divestiture items, and non-GAAP tax adjustments from GAAP net income. We believe our investors benefit from understanding these adjustments and from an alternative view of our net income performance as compared to our past net income performance.

Non-GAAP diluted net income per share

We believe our investors benefit by understanding our non-GAAP operating performance as reflected in a per share calculation as a way of measuring non-GAAP operating performance by ownership in the company. Non-GAAP diluted net income per share excludes the effects of purchase accounting adjustments to certain acquired deferred revenue and acquired capitalized commissions, restructuring charges, executive transition costs, COVID-19 expenses, amortization of purchased intangible assets, stock-based compensation, deferred compensation, acquisition/divestiture items, and non-GAAP tax adjustments from GAAP diluted net income per share. We believe that these adjustments offer investors a useful view of our diluted net income per share as compared to our past diluted net income per share.

Adjusted EBITDA

Adjusted EBITDA is a financial performance measure that we believe offers a useful view of the overall operations of our business. We believe these adjustments are useful because they facilitate company-to-company operating performance comparisons by removing potential differences caused by variations unrelated to operating performance, such as capital structures (interest expense), income taxes, and the age and book appreciation of property/equipment (and related depreciation expense). Adjusted EBITDA refers to non-GAAP operating income plus depreciation plus income from equity method investments, net. Other companies define Adjusted EBITDA differently and so our measure may not be directly comparable to similarly titled measures. Our investors should consider the limitations of using Adjusted EBITDA, including the fact that this measure does not provide a complete measure of our operating performance. Adjusted EBITDA is not intended to purport to be an alternative to net income or operating income as a measure of operating performance or to cash flow from operating activities as a measure of liquidity. In particular, Adjusted EBITDA is not intended to be a measure of cash flow available for our discretionary expenditures, as this measure does not consider certain cash requirements, such as COVID-19 expenses, restructuring charges, executive transition costs, acquisition and divestiture items, interest payments, tax payments and other debt service requirements.

These non-GAAP measures can be used to evaluate our historical and prospective financial performance, as well as our performance relative to competitors. We believe some of our investors track our "core operating performance" as a means of evaluating our performance in the ordinary, ongoing, and customary course of our operations. Core operating performance excludes items that are non-cash, not expected to recur, or not reflective of ongoing financial results. Management also believes that looking at our core operating performance provides a supplemental way to provide consistency in period-to-period comparisons. Accordingly, management excludes from non-GAAP those items relating to the effects of purchase accounting adjustments to certain acquired deferred revenue and acquired capitalized commissions, restructuring charges, executive transition costs, COVID-19 expenses, amortization of purchased intangible assets, stock-based compensation, deferred compensation, acquisition/divestiture items, and non-GAAP tax adjustments.

(A). *Acquired deferred revenue adjustment*. Purchase accounting generally requires us to write-down acquired deferred revenue to fair value. Our GAAP revenue includes the fair value impact from purchase accounting for post-contract support and subscriptions contracts assumed in connection with our acquisitions. The non-GAAP adjustment to our revenue is intended to reflect the full amount of such revenue. We believe this adjustment is useful to investors as a measure of the ongoing performance of our business and facilitates analysis of revenue growth and business trends.

(B). *Restructuring charges / executive transition costs.* Included in our GAAP presentation of cost of sales and operating expenses, restructuring charges recorded are primarily for employee compensation resulting from reductions in employee headcount in connection with our company restructurings, and lease and building costs. Additionally, included in our

GAAP presentation of operating expenses are amounts paid to former Company executives under the terms of the executive severance agreements. We exclude restructuring charges and executive transition costs from our non-GAAP measures because we believe they do not reflect expected future operating expenses, they are not indicative of our core operating performance, and they are not meaningful in comparisons to our past operating performance. We have incurred restructuring expenses in each of the periods presented. However, the amount incurred can vary significantly based on whether a restructuring has occurred in the period and the timing of headcount reductions. Further, we believe that excluding executive transition costs from our non-GAAP results is useful to investors because it allows for period-over-period comparability.

(C). *COVID-19 expenses.* Included in our GAAP presentation of cost of sales and operating expenses, COVID-19 expenses consist of costs incurred as a direct impact from the COVID-19 virus pandemic, such as cancellation fees of trade shows due to public safety issues, additional costs for disinfecting facilities, personal protective equipment, and labor. We exclude COVID-19 expenses from our non-GAAP measures because we believe they are one-time costs that vary significantly in amount and timing and are not indicative of our core operating performance.

(D). *Amortization of purchased intangible assets*. Included in our GAAP presentation of cost of sales and operating expenses is amortization of purchased intangible assets. U.S. GAAP accounting requires that intangible assets are recorded at fair value and amortized over their useful lives. Consequently, the timing and size of our acquisitions will cause our operating results to vary from period to period, making a comparison to past performance difficult for investors. This accounting treatment may cause differences when comparing our results to companies that grow internally because the fair value assigned to the intangible assets acquired through acquisition may significantly exceed the equivalent expenses that a company may incur for similar efforts when performed internally. Furthermore, the useful life that we use to amortize our intangible assets over may be substantially different from the time period that an internal growth company incurs and recognizes such expenses. We believe that by excluding the amortization of purchased intangible assets, which primarily represents technology and/or customer relationships already developed, this provides an alternative way for investors to compare our operations pre-acquisition to those post-acquisition and to those of our competitors that have pursued internal growth strategies. However, we note that companies that grow internally will incur costs to develop intangible assets that will be expensed in the period incurred, which may make a direct comparison more difficult.

(E). *Stock-based compensation / deferred compensation*. Included in our GAAP presentation of cost of sales and operating expenses are stock-based compensation consists of expenses for employee stock options and awards and purchase rights under our employee stock purchase plan. Additionally included in our GAAP presentation of cost of sales and operating expenses are income or expense associated with movement in our non-qualified deferred compensation plan liabilities. Changes in non-qualified deferred compensation plan assets, included in non-operating expense, net, offset the income or expense in the plan liabilities. We exclude them from our non-GAAP measures because some investors may view it as not reflective of our core operating performance as they are a non-cash item.

(F). *Acquisition / divestiture items*. Included in our GAAP presentation of cost of sales and operating expenses, acquisition costs consist of external and incremental costs resulting directly from merger and acquisition and strategic investment activities such as legal, due diligence, integration, and other closing costs including the acceleration of acquisition stock options and adjustments to the fair value of earn-out liabilities. Included in our GAAP presentation of non-operating expense, net, acquisition/divestiture items includes unusual acquisition, investment, and/or divestiture gains/losses. Although we do numerous acquisitions, the costs that have been excluded from the non-GAAP measures are costs specific to particular acquisitions. These are one-time costs that vary significantly in amount and timing and are not indicative of our core operating performance.

(G). *Amortization of acquired capitalized commissions*. Purchase accounting generally requires us to eliminate capitalized sales commissions balances as of the acquisition date. Our GAAP sales and marketing expenses generally do not reflect the amortization of these capitalized sales commissions balances. The non-GAAP adjustment to increase our sales and marketing expenses is intended to reflect the full amount of amortization related to such balances as though the acquired companies operated independently in the periods presented. We believe this adjustment to sales and marketing expenses is useful to investors as a measure of the ongoing performance of our business.

(H). *Non-GAAP items tax effected*. This amount adjusts the provision for income taxes to reflect the effect of the non-GAAP items (A) - (G) on non-GAAP net income. We believe this information is useful to investors because it provides for consistent treatment of the excluded items in this non-GAAP presentation.

(I). *Difference in GAAP and Non-GAAP tax rate*. This amount represents the difference between the GAAP and non-GAAP tax rates applied to the non-GAAP operating income plus the non-GAAP non-operating expense, net. The non-GAAP tax rate excludes charges and benefits such as net deferred tax impacts resulting from a non-U.S. intercompany transfer of intellectual property and significant one-time reserve releases upon statute of limitations expirations. We believe that investors benefit from excluding this amount from our non-GAAP income tax provision because it facilitates a comparison of the non-GAAP tax provision in the current and prior periods.

(J). *GAAP and non-GAAP tax rate percentages*. These percentages are defined as GAAP income tax provision as a percentage of GAAP income before taxes and non-GAAP income tax provision as a percentage of non-GAAP income before taxes. We believe that investors benefit from a presentation of non-GAAP tax rate percentage as a way of facilitating a comparison to non-GAAP tax rates in prior periods.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

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

Market Interest Rate Risk

There have been no significant changes to our market interest rate risk assessment since January 3, 2020. For discussion of financial markets risks related to changes in interest rate, refer to Item 7A on our 2019 Annual Report on Form 10-K.

Foreign Currency Exchange Rate Risk

We operate in international markets, which expose us to market risk associated with foreign currency exchange rate fluctuations between the U.S. Dollar and various foreign currencies, the most significant of which is the Euro. In addition, volatile market conditions arising from the COVID-19 pandemic could result in changes in exchange rates.

Historically, the majority of our revenue contracts are denominated in U.S. Dollars, with the most significant exception being Europe, where we invoice primarily in Euro. Additionally, a portion of our expenses, primarily the cost to manufacture, cost of personnel to deliver technical support on our products and professional services, sales and sales support, and research and development are denominated in foreign currencies, primarily the Euro.

Revenue resulting from selling in local currencies and costs incurred in local currencies are exposed to foreign currency exchange rate fluctuations, which can affect our operating income. As exchange rates vary, operating income may differ from expectations. In the third quarter of fiscal 2020, revenue was favorably impacted by foreign currency exchange rates by $5.7 million and in the first three quarters of fiscal 2020 revenue was unfavorably impacted by $8.8 million. In the third quarter and first three quarters of fiscal 2020, operating income was favorably impacted by foreign currency exchange rates by $1.5 million and $1.8 million, respectively.

We enter into foreign currency forward contracts to minimize the short-term impact of foreign currency exchange rate fluctuations on cash, debt, certain trade and inter-company receivables and payables, primarily denominated in Euro, British pound, New Zealand dollars, Australian dollars, Brazilian Real, and Canadian dollars. These contracts reduce the exposure to fluctuations in foreign currency 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 two months in maturity. We do not enter into foreign currency forward contracts for trading purposes. We occasionally enter into foreign currency forward contracts to hedge the purchase price of some of our larger business acquisitions. Foreign currency forward contracts outstanding as of the end of the third quarter of fiscal 2020 and fiscal year end 2019 are summarized as follows (in millions):

	Third Quarter of Fiscal 2020		Fiscal Year End 2019	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
Forward contracts:				
Purchased	$ (141.0)	$ 0.3	$ (84.3)	$ 0.3
Sold	$ 49.2	$ (0.2)	$ 159.2	$ (1.0)

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures.

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

(b) Internal Control Over Financial Reporting.

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact on our internal controls over financial reporting despite the fact that most of our employees continue working remotely due to the COVID-19 pandemic. We are regularly monitoring and assessing the COVID-19 situation on our internal controls to minimize the impact on their design and operating effectiveness.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are involved in litigation arising out of the ordinary course of our business. There are no material legal proceedings, other than ordinary routine litigation incidental to the business, to which we or any of our subsidiaries is a party or of which any of our or our subsidiaries' property is subject.

ITEM 1A. RISK FACTORS

A description of factors that could materially affect our business, financial condition, or operating results is included under "Risk and Uncertainties" in Item 1A of Part I of our 2019 Annual Report on Form 10-K, as updated by the risk factor included under “Risk Factors” in Item 1A of Part II of our Quarterly Report on Form 10-Q for the quarter ended April 3, 2020, is incorporated herein by reference. There have been no material changes to the risk factor disclosure since our 2019 Annual Report on Form 10-K, as updated by our Quarterly Report on Form 10-Q for the quarter ended April 3, 2020. The risk factors described in our Form 10-K, as updated by our Quarterly Report on Form 10-Q for the quarter ended April 3, 2020, are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial conditions, and/or operating results. Our risk factors may materially affect our business, financial condition, or results of operations. They should be considered carefully, in addition to the information set forth elsewhere in this Form 10-Q. Additional risks or uncertainties that are not currently known to us, that we currently deem to be immaterial, or that could apply to any company could also materially and adversely affect our business, financial condition, or results of operations.

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

(a) None.

(b) None.

(c) The following table provides information relating to our purchases of equity securities for the third quarter of fiscal 2020:

	Total Number of Shares Purchased		Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program		Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
July 4, 2020 – August 7, 2020	—	$	—	—	$	122,360,954
August 8, 2020 – September 4, 2020	—	$	—	—	$	122,360,954
September 5, 2020 – October 2, 2020	574,973	$	48.70	574,973	$	94,361,434
Total	574,973			574,973		

(1) In November 2017, our Board of Directors approved a stock repurchase program (2017 Stock Repurchase Program), authorizing us to repurchase up to $600.0 million of the Company's common stock. The timing and amount of repurchase transactions will be determined by the Company's management based on its evaluation of market conditions, share price, legal requirements, and other factors. The program may be suspended, modified, or discontinued at any time without public notice.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

We have filed, or incorporated into the Report by reference, the exhibits listed on the accompanying Index to Exhibits immediately preceding the signature page of this Form 10-Q.

EXHIBIT INDEX

3.1	Certificate of Incorporation of the Company. (1)
3.2	Bylaws of the Company. (2)
4.1	Specimen copy of certificate for shares of Common Stock of the Company. (3)
10.1	Board of Directors Compensation Policy as amended August 24, 2020. (4) (+)
10.2	Deferred Compensation Plan, as amended August 26, 2020. (4) (+)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated November 6, 2020. (4)
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated November 6, 2020. (4)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated November 6,2020. (4)
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated November 6, 2020. (4)
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended October 2, 2020, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Income, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Stockholders' Equity, (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended October 2, 2020, formatted in Inline XBRL.

(1) Incorporated by reference to exhibit 3.1 to the Company's Current Report on Form 8-K filed October 3, 2016.
(2) Incorporated by reference to exhibit 3.1 to the Company's Current Report on Form 8-K filed September 30, 2020.
(3) Incorporated by reference to exhibit 4.1 to the Company's Current Report on Form 8-K filed October 3, 2016.
(4) Furnished or filed herewith.
(+) Indicates management contract or compensatory plan or arrangement.

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 INC.

(Registrant)

By: /s/ David G. Barnes

David G. Barnes
Chief Financial Officer
(Authorized Officer and Principal Financial Officer)

DATE: November 6, 2020

Trimble Inc. (the "Company")
Board of Directors Compensation Policy
(effective May 7, 2015, as amended August 24, 2020)

The following is a schedule of the elements of compensation and expense reimbursement for nonemployee members of the Company's board of directors, effective as of August 24, 2020.

- An annual equity grant in the form of Restricted Stock Units (to be determined based upon a target dollar amount of $277,000 divided by the 20 day average of the Company's closing stock price ending on the date of grant) under the Trimble Amended and Restated 2002 Stock Plan upon election or re-election by the stockholders at Trimble's Annual Stockholders' Meeting. The target dollar amount may be revised based upon appropriate compensation benchmarks presented to and approved by the Compensation Committee and the Board of Directors.

- If a director is appointed or elected to the board of directors at a time other than the Annual Stockholders' Meeting, an initial equity grant equivalent to the annual equity grant as determined above, pro-rated based upon the number of months of service since the last Annual Stockholders' Meeting divided by 12.

- Equity grants will vest annually on the anniversary of the prior Annual Stockholders' Meeting. If a board member resigns or voluntarily terminates service as a board member, any unvested equity grant shall vest at such time on a pro-rata basis based upon the number of months of service since the last Annual Stockholders Meeting divided by 12.

- An annual cash retainer of $60,000, payable in quarterly installments, commencing with the company's third fiscal quarter.

- Non-employee directors will be reimbursed for local travel expenses or paid a travel allowance based on the distance to the meeting, and reimbursed for other necessary business expenses incurred in the performance of their services as directors of Trimble.

Trimble Inc.
Deferred Compensation Plan
Master Plan Document

Effective December 30, 2004
(as amended and restated August 26, 2020)

TABLE OF CONTENTS

TRIMBLE INC.
DEFERRED COMPENSATION PLAN
Effective December 30, 2004
(as amended and restated August 26, 2020)

Purpose

The purpose of this Plan is to provide specified benefits to Directors and a select group of management or highly compensated Employees who contribute materially to the continued growth, development and future business success of Trimble Inc., a Delaware corporation, and its subsidiaries, if any, that sponsor this Plan. This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA.

The Plan is amended and restated, effective August 26, 2020. Except as otherwise provided below, effective December 30, 2004, the provisions of the Plan amended and restated the plan provisions of the Trimble Inc. Nonqualified Deferred Compensation Plan, which was originally effective February 10, 1994, ("Nonqualified Deferred Compensation Plan") with respect to all account balances credited to the Nonqualified Deferred Compensation Plan; provided, however, the provisions of this Plan are not intended to modify or affect the trust provisions that relate to such account balances. The Plan previously was amended and restated on December 30, 2004, on October 19, 2007, on October 25, 2010, on May 9, 2014, on November 6, 2015, on October 1, 2016 and on December 31, 2018.

The Plan is intended to comply with all applicable law, including Code Section 409A and related Treasury guidance and Regulations, and shall be operated and interpreted in accordance with this intention.

ARTICLE 1 Definitions

For the purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

1.1 "Administrator" shall have the meaning ascribed to the term in Section 13.2

1.2 "Account Balance" shall mean, with respect to a Participant, an entry on the records of the Employer equal to the sum of the Participant's Annual Accounts. The Account Balance shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

If a Participant is both an Employee and a Director and participates in the Plan in each capacity, then separate Account Balances (and separate Annual Accounts, if applicable) shall be established for such Participant as a device for the measurement and determination of the (a) amounts deferred under the Plan that are attributable to the Participant's status as an Employee, and (b) amounts deferred under the Plan that are attributable to the Participant's status as a Director.

1.3 “Annual Account” shall mean, with respect to a Participant, an entry on the records of the Employer equal to (a) the sum of the Participant’s Annual Deferral Amount and Company Contribution Amount for any one Plan Year, plus (b) amounts credited or debited to such amounts pursuant to this Plan, less (c) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Annual Account for such Plan Year. The Annual Account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.4 “Annual Deferral Amount” shall mean that portion of a Participant's Base Salary, Bonus, Commissions (prior to the 2015 Restatement Date), Director Fees and LTIP Amounts that a Participant defers in accordance with Article 3 for any one Plan Year, without regard to whether such amounts are withheld and credited during such Plan Year.

1.5 “Annual Installment Method” shall mean the method used to determine the amount of each payment due to a Participant who has elected to receive a benefit over a period of years in accordance with the applicable provisions of the Plan. The amount of each annual payment due to the Participant shall be calculated by multiplying the balance of the Participant’s benefit by a fraction, the numerator of which is one and the denominator of which is the remaining number of annual payments due to the Participant. The amount of the first annual payment shall be calculated as of the close of business on or around the Participant’s Benefit Distribution Date, and the amount of each subsequent annual payment shall be calculated on or around each anniversary of such Benefit Distribution Date. For purposes of this Plan, the right to receive a benefit payment in annual installments shall be treated as the entitlement to a single payment.

1.6 “Base Salary” shall mean the cash compensation relating to services performed during any Plan Year, excluding distributions from nonqualified deferred compensation plans, bonuses, commissions, overtime, fringe benefits, stock options, relocation expenses, incentive payments, non-monetary awards, director fees and other fees, and automobile and other allowances paid to a Participant for employment services rendered (whether or not such allowances are included in the Employee’s gross income). Base Salary shall be calculated before reduction for compensation voluntarily deferred or contributed by the Participant pursuant to all qualified or nonqualified plans of any Employer and shall be calculated to include amounts not otherwise included in the Participant's gross income under Code Sections 125, 402(e)(3), 402(h), or 403(b) pursuant to plans established by any Employer; provided, however, that all such amounts will be included in compensation only to the extent that had there been no such plan, the amount would have been payable in cash to the Employee.

1.7 “Beneficiary” shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 10, that are entitled to receive benefits under this Plan upon the death of a Participant.

1.8 “Beneficiary Designation Form” shall mean the form established from time to time by the Committee that a Participant completes, signs and returns to the Committee to designate one or more Beneficiaries.

1.9 “Benefit Distribution Date” shall mean the date upon which all or an objectively determinable portion of a Participant’s vested benefits will become eligible for distribution. Except as otherwise provided in the Plan, a Participant’s Benefit Distribution Date shall be determined based on the earliest to occur of an event or scheduled date set forth in Articles 4 through 9, as applicable.

1.10 “Board” shall mean the board of directors of the Company.

1.11 “Bonus” shall mean any compensation, excluding Base Salary, Commissions and LTIP Amounts, earned by a Participant under any of Employee bonus and/or cash incentive plans that are designated by the Committee, in its sole discretion, from time to time as eligible for deferral under the Plan.

1.12 “Change in Control” shall mean the occurrence of a “change in the ownership,” a “change in the effective control” or a “change in the ownership of a substantial portion of the assets” of a corporation, as determined in accordance with this Section and Treas. Reg. §1.409A-3(i)(5).

In order for an event described below to constitute a Change in Control with respect to a Participant, except as otherwise provided in part (b)(ii) of this Section, the applicable event must relate to the corporation for which the Participant is providing services, the corporation that is liable for payment of the Participant’s Account Balance (or all corporations liable for payment if more than one), as identified by the Committee in accordance with Treas. Reg. §1.409A-3(i)(5)(ii)(A)(2), or such other corporation identified by the Committee in accordance with Treas. Reg. §1.409A-3(i)(5)(ii)(A)(3).

In determining whether an event shall be considered a “change in the ownership,” a “change in the effective control” or a “change in the ownership of a substantial portion of the assets” of a corporation, the following provisions shall apply:

(a) A “change in the ownership” of the applicable corporation shall occur on the date on which any one person, or more than one person acting as a group, acquires ownership of stock of such corporation that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of such corporation, as determined in accordance with Treas. Reg. §1.409A-3(i)(5)(v). If a person or group is considered either to own more than 50% of the total fair market value or total voting power of the stock of such corporation, or to have effective control of such corporation within the meaning of part (b) of this Section, and such person or group acquires additional stock of such corporation, the acquisition of additional stock by such person or group shall not be considered to cause a “change in the ownership” of such corporation.

(b) A “change in the effective control” of the applicable corporation shall occur on either of the following dates:

(i) The date on which any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of such corporation possessing 30% or more of the total voting power of the stock of such corporation, as determined in accordance with Treas. Reg. §1.409A-3(i)(5)(vi). If a person or group is considered to possess 30% or more of the total voting power of the stock of a corporation, and such person or group acquires additional stock of such corporation, the acquisition of additional stock by such person or group shall not be considered to cause a "change in the effective control" of such corporation; or

(ii) The date on which a majority of the members of the applicable corporation's board of directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of such corporation's board of directors before the date of the appointment or election, as determined in accordance with Treas. Reg. §1.409A-3(i)(5)(vi). In determining whether the event described in the preceding sentence has occurred, the applicable corporation to which the event must relate shall only include a corporation identified in accordance with Treas. Reg. §1.409A-3(i)(5)(ii) for which no other corporation is a majority shareholder.

(c) A "change in the ownership of a substantial portion of the assets" of the applicable corporation shall occur on the date on which any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the corporation that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the corporation immediately before such acquisition or acquisitions, as determined in accordance with Treas. Reg. §1.409A-3(i)(5)(vii). A transfer of assets shall not be treated as a "change in the ownership of a substantial portion of the assets" when such transfer is made to an entity that is controlled by the shareholders of the transferor corporation, as determined in accordance with Treas. Reg. §1.409A-3(i)(5)(vii)(B).

1.13 "Change in Control Benefit" shall have the meaning ascribed to the term in Section 5.1.

1.14 "Code" shall mean the Internal Revenue Code of 1986, as it may be amended from time to time.

1.15 "Commissions" shall mean the cash commissions earned by a Participant during a Plan Year prior to the 2015 Restatement Date, as determined in accordance with Code Section 409A and related Treasury Regulations.

1.16 "Committee" shall mean the committee described in Article 13.

1.17 "Company" shall mean Trimble Inc., a Delaware corporation, and any successor to all or substantially all of the Company's assets or business.

1.18 "Company Contribution Amount" shall mean, for any one Plan Year, the amount determined in accordance with Section 3.5.

1.19 "Compensation Committee" shall mean the Compensation Committee of the Board.

1.20 "Director" shall mean a member of the Board.

1.21 “Director Fees” shall mean the annual fees earned by a Director from any Employer, including retainer fees and meetings fees, as compensation for serving on the board of directors.

1.22 “Disability” or “Disabled” shall mean that a Participant is either (a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant’s Employer. For purposes of this Plan, a Participant shall be deemed Disabled if determined to be totally disabled by the Social Security Administration. A Participant shall also be deemed Disabled if determined to be disabled in accordance with the applicable disability insurance program of such Participant’s Employer, provided that the definition of “disability” applied under such disability insurance program complies with the requirements of this Section.

1.23 “Election Form” shall mean the form, which may be in electronic format, established from time to time by the Committee that a Participant completes, signs and returns to the Committee to make an election under the Plan.

1.24 “Employee” shall mean a person who is an employee of an Employer.

1.25 “Employer(s)” shall mean the Company (a) and/or any of its Subsidiaries (now in existence or hereafter formed or acquired), (b) and/or any of its other subsidiaries (now in existence or hereafter formed or acquired) that have been selected by the Board to participate in the Plan and have adopted the Plan as a sponsor.

1.26 “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.27 “401(k) Plan” shall mean, with respect to an Employer, a plan qualified under Code Section 401(a) that contains a cash or deferral arrangement described in Code Section 401(k), adopted by the Employer, as it may be amended from time to time, or any successor thereto.

1.28 “LTIP Amounts” shall mean any portion of the compensation attributable to a Plan Year that is earned by a Participant under any Employer's long-term incentive plan or any other long-term incentive arrangement that is designated by the Committee, in its sole discretion, from time to time as eligible for deferral under the Plan.

1.29 “Participant” shall mean any Employee or Director (a) who is selected to participate in the Plan, (b) whose executed Plan Agreement, Election Form and Beneficiary Designation Form are accepted by the Committee, and (c) whose Plan Agreement has not terminated.

1.30 “Performance-Based Compensation” shall mean compensation the entitlement to or amount of which is contingent on the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least 12 consecutive months, as determined by the Committee in accordance with Treas. Reg. §1.409A-1(e).

1.31 “Plan” shall mean the Trimble Inc. Deferred Compensation Plan, which shall be evidenced by this instrument, as it may be amended from time to time, and by any other documents that together with this instrument define a Participant’s rights to amounts credited to his or her Account Balance.

1.32 “Plan Agreement” shall mean a written agreement in the form prescribed by or acceptable to the Committee that evidences a Participant’s agreement to the terms of the Plan and which may establish additional terms or conditions of Plan participation for a Participant. Unless otherwise determined by the Committee, the most recent Plan Agreement accepted with respect to a Participant shall supersede any prior Plan Agreements for such Participant. Plan Agreements may vary among Participants and may provide additional benefits not set forth in the Plan or limit the benefits otherwise provided under the Plan.

1.33 “Plan Year” shall mean a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year.

1.34 “Pre-2014 Restatement Participant” shall mean a Participant who had commenced participation in the Plan prior to the 2014 Restatement Date and who continues to be eligible to elect an Annual Deferral Amount for Plan Years following the 2014 Restatement Date.

1.35 “Restatement Date” shall mean October 25, 2010.

1.36 “Retirement,” “Retire(s)” or “Retired” shall mean with respect to a Participant who is an Employee, a Separation from Service on or after the attainment of (a) age sixty-five (65) with five (5) Years of Service, or (b) age fifty-five (55) with ten (10) Years of Service; and shall mean with respect to a Participant who is a Director, a Separation from Service as a Director with the Company on or after the attainment of age seventy (70). If a Participant is both an Employee and a Director and participates in the Plan in each capacity, (a) the determination of whether the Participant qualifies for Retirement as an Employee shall be made when the Participant experiences a Separation from Service as an Employee and such determination shall only apply to the applicable Account Balance established in accordance with Section 1.1 for amounts deferred under the Plan as an Employee, and (b) the determination of whether the Participant qualifies for Retirement as a Director shall be made at the time the Participant experiences a Separation from Service as a Director and such determination shall only apply to the applicable Account Balance established in accordance with Section 1.1 for amounts deferred under the Plan as a Director.

1.37 “Retirement Benefit” shall have the meaning ascribed to the term in Section 6.1.

1.38 “Separation from Service” shall mean a termination of services provided by a Participant to his or her Employer, whether voluntarily or involuntarily, other than by reason of death or Disability, as determined by the Committee in accordance with Treas. Reg. §1.409A-1(h). In determining whether a Participant has experienced a Separation from Service, the following provisions shall apply:

(a) For a Participant who provides services to an Employer as an Employee, except as otherwise provided in part (c) of this Section, a Separation from Service shall occur when such Participant has experienced a termination of employment with such Employer. A Participant shall be considered to have experienced a termination of employment when the facts and circumstances indicate that the Participant and his or her Employer reasonably anticipate that either (i) no further services will be performed for the Employer after a certain date, or (ii) that the level of bona fide services the Participant will perform for the Employer after such date (whether as an Employee or as an independent contractor) will permanently decrease to no more than 20% of the average level of bona fide services performed by such Participant (whether as an Employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Employer if the Participant has been providing services to the Employer less than 36 months).

If a Participant is on military leave, sick leave, or other bona fide leave of absence, the employment relationship between the Participant and the Employer shall be treated as continuing intact, provided that the period of such leave does not exceed 6 months, or if longer, so long as the Participant retains a right to reemployment with the Employer under an applicable statute or by contract. If the period of a military leave, sick leave, or other bona fide leave of absence exceeds 6 months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship shall be considered to be terminated for purposes of this Plan as of the first day immediately following the end of such 6-month period. In applying the provisions of this paragraph, a leave of absence shall be considered a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Employer.

(b) For a Participant who provides services to an Employer as an independent contractor, except as otherwise provided in part (c) of this Section, a Separation from Service shall occur upon the expiration of the contract (or in the case of more than one contract, all contracts) under which services are performed for such Employer, provided that the expiration of such contract(s) is determined by the Committee to constitute a good-faith and complete termination of the contractual relationship between the Participant and such Employer.

(c) For a Participant who provides services to an Employer as both an Employee and an independent contractor, a Separation from Service generally shall not occur until the Participant has ceased providing services for such Employer as both as an Employee and as an independent contractor, as determined in accordance with the provisions set forth in parts (a) and (b) of this Section, respectively. Similarly, if a Participant either (i) ceases providing services for an Employer as an independent contractor and begins providing services for such Employer as an Employee, or (ii) ceases providing services for an Employer as an Employee and begins providing services for such Employer as an independent contractor, the Participant will not be considered to have experienced a Separation from Service until the Participant has ceased providing services for such Employer in both capacities, as determined in accordance with the applicable provisions set forth in parts (a) and (b) of this Section.

Notwithstanding the foregoing provisions in this part (c), if a Participant provides services for an Employer as both an Employee and as a Director, to the extent permitted by Treas. Reg. §1.409A-1(h)(5) the services provided by such Participant as a Director shall not be taken into account in determining whether the Participant has experienced a Separation from Service as an Employee, and the services provided by such Participant as an Employee shall not be taken into account in determining whether the Participant has experienced a Separation from Service as a Director.

1.39 "Subsidiary" shall mean a wholly owned subsidiary of the Company.

1.40 "Trust" shall mean one or more trusts established by the Company in accordance with Article 16.

1.41 "Unforeseeable Emergency" shall mean a severe financial hardship of the Participant resulting from (a) an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary or the Participant's dependent (as defined in Code Section 152 without regard to paragraphs (b)(1), (b)(2) and (d)(1)(b) thereof), (b) a loss of the Participant's property due to casualty, or (c) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined by the Committee based on the relevant facts and circumstances.

1.42 "Years of Service" shall mean the total number of full years in which a Participant has been employed by one or more Employers. For purposes of this definition, a year of employment shall be a 365 day period (or 366 day period in the case of a leap year) that, for the first year of employment, commences on the Employee's date of hiring and that, for any subsequent year, commences on an anniversary of that hiring date. A partial year of employment shall not be treated as a Year of Service.

1.43 "2014 Restatement Date" shall mean May 9, 2014.

1.44 "2015 Restatement Date" shall mean November 6, 2015.

1.45 "2015 Plan Year" shall mean the Plan Year commencing 2015.

ARTICLE 2

<u>Selection, Enrollment, Eligibility</u>

2.1 **<u>Selection by Committee</u>**. Participation in the Plan shall be limited to Directors and, as determined by the Committee in its sole discretion, a select group of management or highly compensated Employees. From that group, the Committee shall select, in its sole discretion, those individuals who may actually participate in this Plan.

2.2 **<u>Enrollment and Eligibility Requirements; Commencement of Participation</u>**.

(a) As a condition to participation, each Director or selected Employee shall complete, execute and return to the Committee a Plan Agreement, an Election Form and a Beneficiary Designation Form by the deadline(s) established by the Committee in accordance with the applicable provisions of this Plan. In addition, the Committee shall establish from time to time such other enrollment requirements as it determines, in its sole discretion, are necessary.

(b) Each Director or selected Employee who is eligible to participate in the Plan shall commence participation in the Plan on the date that the Committee determines that the Director or Employee has met all enrollment requirements set forth in this Plan and required by the Committee, including returning all required documents to the Committee within the specified time period.

(c) If a Director or an Employee fails to meet all requirements established by the Committee within the period required, that Director or Employee shall not be eligible to participate in the Plan during such Plan Year.

ARTICLE 3 Deferral Commitments/Company Contribution Amounts/ Vesting/Crediting/Taxes

3.1 **Minimum Annual Deferral Amount**.

For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount, Base Salary, Bonus, LTIP Amounts and/or Director Fees, and, for any Plan Year commencing prior to the 2015 Restatement Date, Commissions, in the following minimum amounts for each deferral elected:

Deferral	Minimum Percentage
Base Salary	5%
Bonus	5%
Commissions	5%
LTIP Amounts	5%
Director Fees	5%

3.2 **Maximum Deferral.**

(a) **Annual Deferral Amount**. For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount, Base Salary, Bonus, LTIP Amounts and/or Director Fees, and, for any Plan Year commencing prior to the 2015 Restatement Date, Commissions, up to the following maximum percentages for each deferral elected:

Deferral	Maximum Percentage
Base Salary	90%
Bonus	100% (prior to the 2015 Restatement Date) 85% (following the 2015 Restatement Date)
Commissions	100%
LTIP Amounts	100% (prior to the 2015 Restatement Date) 85% (following the 2015 Restatement Date)
Director Fees	100%

(b) **Short Plan Year**. Notwithstanding the foregoing, if a Participant first becomes a Participant after the first day of a Plan Year, then to the extent required by Section 3.3 and Code Section 409A and related Treasury Regulations, the maximum amount of the Participant's Base Salary, Bonus, Commissions, LTIP Amounts or Director Fees that may be deferred by the Participant for the Plan Year shall be determined by applying the percentages set forth in Section 3.2(a) to the portion of such compensation attributable to services performed after the date that the Participant's deferral election is made.

3.3 **Timing of Deferral Elections; Effect of Election Form**.

(a) **General Timing Rule for Deferral Elections**. Except as otherwise provided in this Section 3.3, in order for a Participant to make a valid election to defer Base Salary, Bonus, Commissions, Director Fees and/or LTIP Amounts, the Participant must submit an Election Form on or before the deadline established by the Committee, which in no event shall be later than the December 31st preceding the Plan Year in which such compensation will be earned.

Any deferral election made in accordance with this Section 3.3(a) shall be irrevocable; provided, however, that if the Committee permits or requires Participants to make a deferral election by the deadline described above for an amount that qualifies as Performance-Based Compensation, the Committee may permit a Participant to subsequently change his or her deferral election for such compensation by submitting a new Election Form in accordance with Section 3.3(c) below.

(b) **Timing of Deferral Elections for Newly Eligible Plan Participants**. A Director or selected Employee who first becomes eligible to participate in the Plan on or after the beginning of a Plan Year, as determined in accordance with Treas. Reg. §1.409A-2(a)(7)(i) and (ii) and the "plan aggregation" rules provided in Treas. Reg. §1.409A-1(c)(2), may be permitted to make an election to defer the portion of Base Salary, Bonus, Commissions, Director Fees and/or LTIP Amounts attributable to services to be performed after such election, provided that the Participant submits an Election Form on or before the deadline established by the Committee, which in no event shall be later than 30 days after the Participant first becomes eligible to participate in the Plan.

If a deferral election made in accordance with this Section 3.3(b) relates to compensation earned based upon a specified performance period, the amount eligible for deferral shall be equal to (i) the total amount of compensation for the performance period, multiplied by (ii) a fraction, the numerator of which is the number of days remaining in the service period after the Participant's deferral election is made, and the denominator of which is the total number of days in the performance period.

Any deferral election made in accordance with this Section 3.3(b) shall become irrevocable no later than the 30th day after the date the Director or selected Employee becomes eligible to participate in the Plan.

(c) **Timing of Deferral Elections for Performance-Based Compensation.** Subject to the limitations described below, the Committee may determine that an irrevocable initial deferral election for an amount that qualifies as Performance-Based Compensation may be made by submitting an Election Form on or before the deadline established by the Committee, which in no event shall be later than 6 months before the end of the performance period.

In order for a Participant to be eligible to make a deferral election for Performance-Based Compensation in accordance with the deadline established pursuant to this

Section 3.3(c), the Participant must have performed services continuously from the later of (i) the beginning of the performance period for such compensation, or (ii) the date upon which the performance criteria for such compensation are established, through the date upon which the Participant makes the deferral election for such compensation. In no event shall a deferral election submitted under this Section 3.3(c) be permitted to apply to any amount of Performance-Based Compensation that has become readily ascertainable.

(d) **Timing Rule for Deferral of Compensation Subject to Risk of Forfeiture.** With respect to compensation (i) to which a Participant has a legally binding right to payment in a subsequent year, and (ii) that is subject to a forfeiture condition requiring the Participant's continued services for a period of at least 12 months from the date the Participant obtains the legally binding right, the Committee may determine that an irrevocable deferral election for such compensation may be made by timely delivering an Election Form to the Committee in accordance with its rules and procedures, no later than the 30th day after the Participant obtains the legally binding right to the compensation, provided that the election is made at least 12 months in advance of the earliest date at which the forfeiture condition could lapse, as determined in accordance with Treas. Reg. §1.409A-2(a)(5).

Any deferral election(s) made in accordance with this Section 3.3(d) shall become irrevocable no later than the 30th day after the Participant obtains the legally binding right to the compensation subject to such deferral election(s).

3.4 **Withholding and Crediting of Annual Deferral Amounts**. For each Plan Year, the Base Salary portion of the Annual Deferral Amount shall be withheld from each regularly scheduled Base Salary payroll in equal amounts, as adjusted from time to time for increases and decreases in Base Salary. The Bonus, Commissions, LTIP Amounts and/or Director Fees portion of the Annual Deferral Amount shall be withheld at the time the Bonus, Commissions, LTIP Amounts or Director Fees are or otherwise would be paid to the Participant, whether or not this occurs during the Plan Year itself. Annual Deferral Amounts shall be credited to the Participant's Annual Account for such Plan Year at the time such amounts would otherwise have been paid to the Participant.

3.5 **Company Contribution Amount**.

(a) For each Plan Year, an Employer may be required to credit amounts to a Participant's Annual Account in accordance with employment or other agreements entered into between the Participant and the Employer, which amounts shall be part of the Participant's Company Contribution Amount for that Plan Year. Such amounts shall be credited to the Participant's Annual Account for the applicable Plan Year on the date or dates prescribed by such agreements.

(b) For each Plan Year, an Employer, in its sole discretion, may, but is not required to, credit any amount it desires to any Participant's Annual Account under this Plan, which amount shall be part of the Participant's Company Contribution Amount for that Plan Year. The amount so credited to a Participant may be smaller or larger than the amount credited to any other Participant, and the amount credited to any Participant for a Plan Year may be zero, even though one or more other Participants receive a Company Contribution Amount for that

Plan Year. The Company Contribution Amount described in this Section 3.5(b), if any, shall be credited to the Participant's Annual Account for the applicable Plan Year on a date or dates to be determined by the Committee.

(c) If not otherwise specified in the Participant's employment or other agreement entered into between the Participant and the Employer, the amount (or the method or formula for determining the amount) of a Participant's Company Contribution Amount shall be set forth in writing in one or more documents, which shall be deemed to be incorporated into this Plan in accordance with Section 1.31, no later than the date on which such Company Contribution Amount is credited to the applicable Annual Account of the Participant.

3.6 **Vesting**.

(a) A Participant shall at all times be 100% vested in the portion of his or her Account Balance attributable to Annual Deferral Amounts, plus amounts credited or debited on such amounts pursuant to Section 3.7.

(b) A Participant shall be vested in his or her Company Contribution Account in accordance with the vesting schedule(s) set forth in his or her Plan Agreement, employment agreement or any other agreement entered into between the Participant and his or her Employer. If not addressed in such agreements, the Company shall determine the vesting schedule for Company Contribution Amounts at the time such contribution is made to the Participant's Company Contribution Account.

3.7 **Crediting/Debiting of Account Balances**. In accordance with, and subject to, the rules and procedures that are established from time to time by the Committee, in its sole discretion, amounts shall be credited or debited to a Participant's Account Balance in accordance with the following rules:

(a) **Measurement Funds**. The Participant may elect one or more of the measurement funds selected by the Committee, in its sole discretion, which are based on certain mutual funds (the "Measurement Funds"), for the purpose of crediting or debiting additional amounts to his or her Account Balance. As necessary, the Committee may, in its sole discretion, discontinue, substitute or add a Measurement Fund. Each such action will take effect as of the first day of the first calendar quarter that begins at least 30 days after the day on which the Committee gives Participants advance written notice of such change.

(b) **Election of Measurement Funds**. A Participant, in connection with his or her initial deferral election in accordance with Section 3.3 above, shall elect, on the Election Form, one or more Measurement Fund(s) (as described in Section 3.7(a) above) to be used to determine the amounts to be credited or debited to his or her Account Balance. If a Participant does not elect any of the Measurement Funds as described in the previous sentence, the Participant's Account Balance shall automatically be allocated into the lowest-risk Measurement Fund, as determined by the Committee, in its sole discretion. The Participant may (but is not required to) elect, by submitting an Election Form to the Committee that is accepted by the Committee, to add or delete one or more Measurement Fund(s) to be used to determine the amounts to be credited or debited to his or her Account Balance, or to change the portion of his or her Account Balance allocated to each previously or newly elected Measurement Fund. If an election is made in accordance with the previous sentence, it shall apply as of the first business day deemed reasonably practicable by the Committee, in its sole discretion, and shall continue thereafter for each subsequent day in which the Participant participates in the Plan, unless changed in accordance with the previous sentence. Notwithstanding the foregoing, the Committee, in its sole discretion, may impose limitations on the frequency with which one or more of the Measurement Funds elected in accordance with this Section 3.7(b) may be added or deleted by such Participant; furthermore, the Committee, in its sole discretion, may impose limitations on the frequency with which the Participant may change the portion of his or her Account Balance allocated to each previously or newly elected Measurement Fund.

(c) **Proportionate Allocation**. In making any election described in Section 3.7(b) above, the Participant shall specify on the Election Form, in increments of one percent (1%), the percentage of his or her Account Balance or Measurement Fund, as applicable, to be allocated/reallocated.

(d) **Crediting or Debiting Method**. The performance of each Measurement Fund (either positive or negative) will be determined on a daily basis based on the manner in which such Participant's Account Balance has been hypothetically allocated among the Measurement Funds by the Participant.

(e) **No Actual Investment**. Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Measurement Funds are to be used for measurement purposes only, and a Participant's election of any such Measurement Fund, the allocation of his or her Account Balance thereto, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account Balance shall not be considered or construed in any manner as an actual investment of his or her Account Balance in any such Measurement Fund. In the event that the Company or the Trustee (as that term is defined in the Trust), in its own discretion, decides to invest funds in any or all of the investments on which the Measurement Funds are based, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company or the Trust; the Participant shall at all times remain an unsecured creditor of the Company.

3.8 **FICA and Other Taxes**.

(a) **Annual Deferral Amounts**. For each Plan Year in which an Annual Deferral Amount is being withheld from a Participant, the Participant's Employer(s) shall withhold from that portion of the Participant's Base Salary, Bonus, Commissions and/or LTIP Amounts that is not being deferred, in a manner determined by the Employer(s), the Participant's share of FICA and other employment taxes on such Annual Deferral Amount. If necessary, the Committee may reduce the Annual Deferral Amount in order to comply with this Section 3.8.

(b) **Company Contribution Amounts**. When a Participant becomes vested in a portion of his or her Account Balance attributable to any Company Contribution Amounts, the Participant's Employer(s) shall withhold from that portion of the Participant's Base Salary, Bonus, Commissions and/or LTIP Amounts that is not deferred, in a manner determined by the

Employer(s), the Participant’s share of FICA and other employment taxes on such amounts. If necessary, the Committee may reduce the vested portion of the Participant’s Company Contribution Amount, as applicable, in order to comply with this Section 3.8.

(c) **Distributions**. The Participant’s Employer(s), or the trustee of the Trust, shall withhold from any payments made to a Participant under this Plan all federal, state and local income, employment and other taxes required to be withheld by the Employer(s), or the trustee of the Trust, in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Employer(s) and the trustee of the Trust.

ARTICLE 4 Scheduled Distribution; Unforeseeable Emergencies

4.1 **Scheduled Distributions**. In connection with each election to defer an Annual Deferral Amount, a Participant may elect to receive (i) in the case of Annual Deferral Amounts preceding the Restatement Date, all or a portion of such Annual Deferral Amount and (ii) in the case of Annual Deferral Amounts following the Restatement Date, all of such Annual Deferral Amounts, plus amounts credited or debited on that amount pursuant to Section 3.7, in the form of a lump sum payment, calculated as of the close of business on or around the Benefit Distribution Date designated by the Participant in accordance with this Section (a “Scheduled Distribution”). The Benefit Distribution Date for the amount subject to a Scheduled Distribution election shall be the first day of any Plan Year designated by the Participant, which may be the 5th, 10th, or 15th Plan Year after the end of the Plan Year to which the Participant’s deferral election relates, unless otherwise provided on an Election Form approved by the Committee.

Subject to the other terms and conditions of this Plan, each Scheduled Distribution elected shall be paid out during a 30 day period commencing immediately after the Benefit Distribution Date. By way of example, if a Scheduled Distribution is elected for Annual Deferral Amounts that are earned in the Plan Year commencing January 1, 2015, the earliest Benefit Distribution Date that may be designated by a Participant would be January 1, 2021, and the Scheduled Distribution would be paid out during the 30 day period commencing immediately after such Benefit Distribution Date.

4.2 **Other Benefits Take Precedence Over Scheduled Distributions**. Should an event occur prior to any Benefit Distribution Date designated for a Scheduled Distribution that would trigger a benefit under Articles 5 through 9, as applicable, all amounts subject to a Scheduled Distribution election shall be paid in accordance with the other applicable provisions of the Plan and not in accordance with this Article 4.

4.3 **Unforeseeable Emergencies**.

(a) If a Participant experiences an Unforeseeable Emergency prior to the occurrence of a distribution event described in Articles 5 through 9, as applicable, the Participant may petition the Committee to receive a partial or full payout from the Plan. The payout, if any, from the Plan shall not exceed the lesser of (i) the Participant's vested Account Balance, calculated as of the close of business on or around the Benefit Distribution Date for such payout, as determined by the Committee in accordance with provisions set forth below, or (ii) the amount necessary to satisfy the Unforeseeable Emergency, plus amounts necessary to pay Federal, state, or local income taxes or penalties reasonably anticipated as a result of the distribution. A

Participant shall not be eligible to receive a payout from the Plan to the extent that the Unforeseeable Emergency is or may be relieved (A) through reimbursement or compensation by insurance or otherwise, (B) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship or (C) by cessation of deferrals under this Plan.

If the Committee, in its sole discretion, approves a Participant's petition for payout from the Plan, the Participant's Benefit Distribution Date for such payout shall be the date on which such Committee approval occurs and such payout shall be distributed to the Participant in a lump sum no later than 30 days after such Benefit Distribution Date. In addition, in the event of such approval the Participant's outstanding deferral elections under the Plan shall be cancelled.

(b) A Participant's deferral elections under this Plan shall also be cancelled to the extent the Committee determines that such action is required for the Participant to obtain a hardship distribution from an Employer's 401(k) Plan pursuant to Treas. Reg. §1.401(k)-1(d)(3).

ARTICLE 5

Change in Control Benefit

5.1 **Change in Control Benefit**.

(a) **Newly Eligible Participants.** A Participant, in connection with his or her commencement of participation in the Plan, shall have an opportunity to irrevocably elect to receive his or her vested Account Balance in the form of a lump sum payment in the event that a Change in Control occurs prior to the Participant's Separation from Service, Disability or death (the "Change in Control Benefit").

(b) **Existing Participants as of 2014 Restatement Date**. Notwithstanding anything to the contrary in Section 5.1(a) hereof, a Pre-2014 Restatement Participant shall have a one-time opportunity to irrevocably elect, prior to the deadline established by the Committee for deferrals relating to the 2015 Plan Year, a Change in Control Benefit (if the Pre-2014 Restatement Participant had not previously elected a Change in Control Benefit) or to revoke a Change in Control Benefit (if the Pre-2014 Restatement Participant had previously elected a Change in Control Benefit), in each case, with respect to Annual Accounts that accrue on and after the commencement of the 2015 Plan Year. For the avoidance of any doubt, the one-time election contemplated under the foregoing sentence shall replace and supersede any Change in Control Benefit election made with respect to a Pre-2014 Restatement Participant's Annual Accounts that accrue on and after the commencement of the 2015 Plan Year, but the one-time election shall have no effect on a Pre-2014 Restatement Participant's election made pursuant to Section 5.1(a) above with respect to Annual Accounts relating to Annual Deferral Amounts deferred prior to the commencement of the 2015 Plan Year.

(c) **Failure to Elect**. If a Participant elects not to receive a Change in Control Benefit in Sections 5(a) and 5(b) above, or fails to make an election in connection with his or her commencement of participation in the Plan or pursuant to the one-time election opportunity provided under Section 5(b) above, the Participant's Account Balance shall be paid in accordance with the other applicable provisions of the Plan.

(d) **<u>Benefit Distribution Date</u>**. The Benefit Distribution Date for the Change in Control Benefit elected in Sections 5(a) and 5(b) above, if any, shall be the date on which the Change in Control occurs.

5.2 **<u>Payment of Change in Control Benefit</u>**. The Change in Control Benefit, if any, shall be calculated as of the close of business on or around the Participant's Benefit Distribution Date, as determined by the Committee, and paid to the Participant no later than 30 days after the Participant's Benefit Distribution Date.

ARTICLE 6 <u>Retirement Benefit</u>

6.1 **<u>Retirement Benefit</u>**. If a Participant experiences a Separation from Service that qualifies as a Retirement, the Participant shall be eligible to receive his or her vested Account Balance in either a lump sum or annual installment payments, as elected by the Participant in accordance with Section 6.2 (the "Retirement Benefit"). A Participant's Retirement Benefit shall be calculated as of the close of business on or around the applicable Benefit Distribution Date for such benefit, which shall be the first day after the end of the 6-month period immediately following the date on which the Participant experiences such Separation from Service.

6.2 **<u>Payment of Retirement Benefit</u>**.

(a) **<u>Elections Prior to Restatement Date</u>**. A Participant, in connection with his or her commencement of participation in the Plan prior to the Restatement Date, shall elect on an Election Form to receive the Retirement Benefit in a lump sum or pursuant to an Annual Installment Method of *5, 10 or 15 years*.

(b) **<u>Elections Following Restatement Date and Prior to 2014 Restatement Date</u>**. In connection with his or her participation in the Plan following the Restatement Date but prior to the 2014 Restatement Date, a Participant, in connection with each election to defer an Annual Deferral Amount, shall elect on an Election Form to receive the portion of the Retirement Benefit relating to the applicable elected Annual Deferral Amounts that accrue in an Annual Account in a lump sum or pursuant to an Annual Installment Method of *5, 10 or 15 years*.

(c) **<u>Elections Following 2014 Restatement Date</u>**. A Participant, in connection with his or her commencement of participation in the Plan following the 2014 Restatement Date, shall elect on an Election Form to receive the Retirement Benefit in the form of a lump sum or pursuant to an Annual Installment Method of *5, 10 or 15 years*. Notwithstanding anything to the contrary in Section 6.2(b), a Pre-2014 Restatement Participant, in connection with his or her continuing participation in the Plan, shall elect on an Election Form, prior to the deadline established by the Committee for deferrals relating to the 2015 Plan Year, to receive the Retirement Benefit for all Annual Deferral Amounts that accrue in Annual Accounts on and after the commencement of the 2015 Plan Year in the form of a lump sum or pursuant to an Annual Installment Method of *5, 10 or 15 years*. For the avoidance of any doubt, the election contemplated under the foregoing sentence shall apply to a Participant's Annual Accounts that accrue on and after the commencement of the 2015 Plan Year.

(d) **Failure to Elect**. If a Participant does not make any election with respect to the payment of the Retirement Benefit, then such Participant shall be deemed to have elected to receive the Retirement Benefit as a lump sum.

(e) **Benefit Distribution Date**. The lump sum payment shall be made, or installment payments shall commence, no later than 30 days after the Participant's Benefit Distribution Date. Remaining installments, if any, shall be paid no later than 30 days after each anniversary of the Participant's Benefit Distribution Date.

ARTICLE 7 Termination Benefit

7.1 **Termination Benefit**. If a Participant experiences a Separation from Service that does not qualify as a Retirement, the Participant shall receive his or her vested Account Balance in the form of a lump sum payment (the "Termination Benefit"). A Participant's Termination Benefit shall be calculated as of the close of business on or around the Benefit Distribution Date for such benefit, which shall be the first day after the end of the 6-month period immediately following the date on which the Participant experiences such Separation from Service

7.2 **Payment of Termination Benefit**. The Termination Benefit shall be paid to the Participant no later than 30 days after the Participant's Benefit Distribution Date.

ARTICLE 8 Disability Benefit

8.1 **Disability Benefit**. If a Participant becomes Disabled prior to the occurrence of a distribution event described in Articles 5 through 7, as applicable, the Participant shall receive his or her vested Account Balance in the form of a lump sum payment (the "Disability Benefit"). The Disability Benefit shall be calculated as of the close of business on or around the Participant's Benefit Distribution Date for such benefit, which shall be the date on which the Participant becomes Disabled.

8.2 **Payment of Disability Benefit**. The Disability Benefit shall be paid to the Participant no later than 30 days after the Participant's Benefit Distribution Date.

ARTICLE 9 Death Benefit

9.1 **Death Benefit**. In the event of a Participant's death prior to the complete distribution of his or her vested Account Balance, the Participant's Beneficiary(ies) shall receive the Participant's unpaid vested Account Balance in a lump sum payment (the "Death Benefit"). The Death Benefit shall be calculated as of the close of business on or around the Benefit Distribution Date for such benefit, which shall be the date on which the Committee is provided with proof that is satisfactory to the Committee of the Participant's death.

9.2 **Payment of Death Benefit**. The Death Benefit shall be paid to the Participant's Beneficiary(ies) no later than 30 days after the Participant's Benefit Distribution Date.

ARTICLE 10 **Beneficiary Designation**

10.1 **Beneficiary**. Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan to a beneficiary upon the death of a Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of an Employer in which the Participant participates.

10.2 **Beneficiary Designation; Change; Spousal Consent**. A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Committee or its designated agent. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. If the Participant names someone other than his or her spouse as a Beneficiary, the Committee may, in its sole discretion, determine that spousal consent is required to be provided in a form designated by the Committee, executed by such Participant's spouse and returned to the Committee. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee prior to his or her death.

10.3 **Acknowledgment**. No designation or change in designation of a Beneficiary shall be effective until received and acknowledged in writing by the Committee or its designated agent.

10.4 **No Beneficiary Designation**. If a Participant fails to designate a Beneficiary as provided in Sections 10.1, 10.2 and 10.3 above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.

10.5 **Doubt as to Beneficiary**. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to cause the Participant's Employer to withhold such payments until this matter is resolved to the Committee's satisfaction.

10.6 **Discharge of Obligations**. The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Committee from all further obligations under this Plan with respect to the Participant, and that Participant's Plan Agreement shall terminate upon such full payment of benefits.

ARTICLE 11 **Leave of Absence**

11.1 **Paid Leave of Absence**. If a Participant is authorized by the Participant's Employer to take a paid leave of absence from the employment of the Employer, and such leave of absence does not constitute a Separation from Service, (a) the Participant shall continue to be considered eligible for the benefits provided under the Plan, and (b) the Annual Deferral Amount shall continue to be withheld during such paid leave of absence in accordance with Section 3.3.

11.2 **Unpaid Leave of Absence**. If a Participant is authorized by the Participant's Employer to take an unpaid leave of absence from the employment of the Employer for any reason, and such leave of absence does not constitute a Separation from Service, such Participant shall continue to be eligible for the benefits provided under the Plan. During the unpaid leave of absence, the Participant shall not be allowed to make any additional deferral elections. However, if the Participant returns to employment, the Participant may elect to defer an Annual Deferral Amount for the Plan Year following his or her return to employment and for every Plan Year thereafter while a Participant in the Plan, provided such deferral elections are otherwise allowed and an Election Form is delivered to and accepted by the Committee for each such election in accordance with Section 3.3 above.

ARTICLE 12 Termination and Suspension of Plan, Amendment or Modification

12.1 **Termination and Suspension of Plan**. Although the Company anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that the Company will continue the Plan or will not terminate or suspend the Plan at any time in the future. Accordingly, the Company reserves the right to, and the Board and the Compensation Committee are each vested with the authority to, terminate or suspend the Plan with respect to all of its Participants. In the event of a Plan termination or suspension no new deferral elections shall be permitted for the affected Participants and such Participants shall no longer be eligible to receive new company contributions. However, after the Plan termination or suspension the Account Balances of such Participants shall continue to be credited with Annual Deferral Amounts attributable to a deferral election that was in effect prior to the Plan termination or suspension to the extent deemed necessary to comply with Code Section 409A and related Treasury Regulations, and additional amounts shall continue to credited or debited to such Participants' Account Balances pursuant to Section 3.7. The Measurement Funds available to Participants following the termination or suspension of the Plan shall be comparable in number and type to those Measurement Funds available to Participants in the Plan Year preceding the Plan Year in which the Plan termination or suspension is effective. In addition, following a Plan termination or suspension, Participant Account Balances shall remain in the Plan and shall not be distributed until such amounts become eligible for distribution in accordance with the other applicable provisions of the Plan. Notwithstanding the preceding sentence, to the extent permitted by Treas. Reg. §1.409A-3(j)(4)(ix), the Company may provide, through action taken by the Board or the Compensation Committee, that upon termination of the Plan, all Account Balances of the Participants shall be distributed, subject to and in accordance with any rules established by the Company deemed necessary to comply with the applicable requirements and limitations of Treas. Reg. §1.409A-3(j)(4)(ix). A Plan may be suspended for a specified or an indefinite Period, as determined in the sole discretion of the Board or the Compensation Committee. Upon resumption of the Plan after its suspension, the Committee shall select the individuals who will be eligible to participate in the Plan in accordance with Section 2.1 hereof following resumption of the Plan. The provisions of the Plan that are in effect as of the date the Plan is suspended shall continue to apply upon resumption of the Plan, unless otherwise amended pursuant to Section 12.2.

12.2 **Amendment**. The Board or the Compensation Committee may, at any time, amend or modify the Plan in whole or in part. Notwithstanding the foregoing, (i) no amendment or modification shall be effective to decrease the value of a Participant's vested Account Balance in existence at the time the amendment or modification is made, and (ii) no amendment or modification of this Section 12.2 or Section 13.2 of the Plan shall be effective without the written consent of the Participant.

12.3 **Plan Agreement**. Despite the provisions of Sections 12.1, if a Participant's Plan Agreement contains benefits or limitations that are not in this Plan document, the Board or the Compensation Committee may only amend or terminate such provisions with the written consent of the Participant.

12.4 **Effect of Payment**. The full payment of the Participant’s vested Account Balance in accordance with the applicable provisions of the Plan shall completely discharge all obligations to a Participant and his or her designated Beneficiaries under this Plan, and the Participant's Plan Agreement shall terminate.

ARTICLE 13 Administration

13.1 **Committee Duties**. Except as otherwise provided in this Article 13, this Plan shall be administered by a Committee, which shall consist of the Board, or such committee as the Board shall appoint. The members of the Committee need not be members of the Board and may be Participants under this Plan. The Committee shall also have the discretion and authority to (a) make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan, and (b) decide or resolve any and all questions, including benefit entitlement determinations and interpretations of this Plan, as may arise in connection with the Plan. Any individual serving on the Committee who is a Participant shall not vote or act on any matter relating solely to himself or herself. When making a determination or calculation, the Committee shall be entitled to rely on information furnished by a Participant or the Company.

13.2 **Administration Upon Change In Control**. For purposes of this Plan, the Committee shall be the “Administrator” at all times prior to the occurrence of a Change in Control. Within one hundred and twenty (120) days following a Change in Control, an independent third party “Administrator” may be selected by the individual who, immediately prior to the Change in Control, was the Company’s Chief Executive Officer or, if not so identified, the Company’s highest ranking officer (the “Ex-CEO”). The Committee, as constituted prior to the Change in Control, shall continue to be the Administrator until the earlier of (i) the date on which such independent third party is selected and approved, or (ii) the expiration of the one hundred and twenty (120) day period following the Change in Control. If an independent third party is not selected within one hundred and twenty (120) days of such Change in Control, the Committee, as described in Section 13.1 above, shall be the Administrator. The Administrator shall continue to have the discretionary power to determine all questions arising in connection with the administration of the Plan and the interpretation of the Plan and Trust including, but not limited to benefit entitlement determinations; provided, however, upon and after the occurrence of a Change in Control, only the Trustee shall have the power to direct the investment of Plan or Trust assets or select any investment manager or custodial firm for the Plan or Trust. Upon and after the occurrence of a Change in Control, the

Company must: (1) pay all reasonable administrative expenses and fees of the Administrator; (2) indemnify the Administrator against any costs, expenses and liabilities including, without limitation, attorney's fees and expenses arising in connection with the performance of the Administrator hereunder, except with respect to matters resulting from the gross negligence or willful misconduct of the Administrator or its employees or agents; and (3) supply full and timely information to the Administrator on all matters relating to the Plan, the Trust, the Participants and their Beneficiaries, the Account Balances of the Participants, the date and circumstances of the Retirement, Disability, death or Separation from Service of the Participants, and such other pertinent information as the Administrator may reasonably require. Upon and after a Change in Control, the Administrator may be terminated (and a replacement appointed) by the Trustee only with the approval of the Ex-CEO. Upon and after a Change in Control, the Administrator may not be terminated by the Company.

13.3 **Agents**. In the administration of this Plan, the Committee or the Administrator, as applicable, may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel.

13.4 **Binding Effect of Decisions**. The decision or action of the Committee or Administrator, as applicable, with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

13.5 **Indemnity of Committee**. All Employers shall indemnify and hold harmless the members of the Committee, any Employee to whom the duties of the Committee may be delegated, and the Administrator against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the Committee, any of its members, any such Employee or the Administrator.

13.6 **Employer Information**. To enable the Committee and/or Administrator to perform its functions, the Company and each Employer shall supply full and timely information to the Committee and/or Administrator, as the case may be, on all matters relating to the Plan, the Trust, the Participants and their Beneficiaries, the Account Balances of the Participants, the compensation of its Participants, the date and circumstances of the Separation from Service, Disability or death of its Participants, and such other pertinent information as the Committee or Administrator may reasonably require.

ARTICLE 14 Other Benefits and Agreements

14.1 **Coordination with Other Benefits**. The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

ARTICLE 15 Claims Procedures

15.1 **Presentation of Claim**. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a “Claimant”) may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within 60 days after such notice was received by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

15.2 **Notification of Decision**. The Committee shall consider a Claimant's claim within a reasonable time, but no later than 90 days after receiving the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial 90 day period. In no event shall such extension exceed a period of 90 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. The Committee shall notify the Claimant in writing:

(a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or

(b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

(i) the specific reason(s) for the denial of the claim, or any part of it;

(ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;

(iv) an explanation of the claim review procedure set forth in Section 15.3 below; and

(v) a statement of the Claimant’s right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

15.3 **Review of a Denied Claim**. On or before 60 days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

(a) may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the claim for benefits;

(b) may submit written comments or other documents; and/or

(c) may request a hearing, which the Committee, in its sole discretion, may grant.

15.4 **Decision on Review**. The Committee shall render its decision on review promptly, and no later than 60 days after the Committee receives the Claimant's written request for a review of the denial of the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial 60 day period. In no event shall such extension exceed a period of 60 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. In rendering its decision, the Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

(b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;

(c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and

(d) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a).

15.5 **Legal Action**. A Claimant's compliance with the foregoing provisions of this Article 15 is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan.

ARTICLE 16 Trust

16.1 **Establishment of the Trust**. In order to provide assets from which to fulfill its obligations to the Participants and their Beneficiaries under the Plan, the Company may establish a trust by a trust agreement with a third party, the trustee, to which each Employer may, in its discretion, contribute cash or other property, including securities issued by the Company, to provide for the benefit payments under the Plan (the "Trust").

16.2 **Interrelationship of the Plan and the Trust**. The provisions of the Plan and the Plan Agreement shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust. Each Employer shall at all times remain liable to carry out its obligations under the Plan.

16.3 **Distributions From the Trust**. Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Employer's obligations under this Plan.

ARTICLE 17 Miscellaneous

17.1 **Status of Plan**. The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that “is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees” within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). The Plan shall be administered and interpreted (a) to the extent possible in a manner consistent with the intent described in the preceding sentence, and (b) in accordance with Code Section 409A and related Treasury guidance and Regulations.

17.2 **Unsecured General Creditor**. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of an Employer. For purposes of the payment of benefits under this Plan, any and all of an Employer's assets shall be, and remain, the general, unpledged unrestricted assets of the Employer. An Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

17.3 **Employer's Liability**. An Employer's liability for the payment of benefits shall be defined only by the Plan and the Plan Agreement, as entered into between the Employer and a Participant. An Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan and his or her Plan Agreement.

17.4 **Nonassignability**. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.

17.5 **Not a Contract of Employment**. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an “at will” employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of any Employer, either as an Employee or a Director, or to interfere with the right of any Employer to discipline or discharge the Participant at any time.

17.6 **Furnishing Information**. A Participant or his or her Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.

17.7 **Terms**. Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

17.8 **Captions**. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

17.9 **Governing Law**. Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of Delaware without regard to its conflicts of laws principles.

17.10 **Notice**. Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Trimble Inc.
Attn: General Counsel – Urgent Notice
935 Stewart Drive
Sunnyvale, California 94085

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

17.11 **Successors**. The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

17.12 **Spouse's Interest**. The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

17.13 **Validity**. In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

17.14 **Incompetent**. If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

17.15 **Domestic Relations Orders**. If necessary to comply with a domestic relations order, as defined in Code Section 414(p)(1)(B), pursuant to which a court has determined that a spouse or former spouse of a Participant has an interest in the Participant’s benefits under the Plan, the Committee shall have the right to immediately distribute the spouse’s or former spouse’s interest in the Participant’s benefits under the Plan to such spouse or former spouse.

17.16 **Insurance**. The Employers, on their own behalf or on behalf of the trustee of the Trust, and, in their sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as the Trust may choose. The Employers or the trustee of the Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Employers shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Employers have applied for insurance.

17.17 **Distribution in the Event of Income Inclusion Under Code Section 409A.** If any portion of a Participant’s Account Balance under this Plan is required to be included in income by the Participant prior to receipt due to a failure of this Plan to comply with the requirements of Code Section 409A and related Treasury Regulations, the Committee may determine that such Participant shall receive a distribution from the Plan in an amount equal to the lesser of (i) the portion of his or her Account Balance required to be included in income as a result of the failure of the Plan to comply with the requirements of Code Section 409A and related Treasury Regulations, or (ii) the unpaid vested Account Balance.

17.18 **Deduction Limitation on Benefit Payments.** If an Employer reasonably anticipates that the Employer’s deduction with respect to any distribution from this Plan would be limited or eliminated by application of Code Section 162(m), then to the extent permitted by Treas. Reg. §1.409A-2(b)(7)(i), payment shall be delayed as deemed necessary to ensure that the entire amount of any distribution from this Plan is deductible. Any amounts for which distribution is delayed pursuant to this Section shall continue to be credited/debited with additional amounts in accordance with Section 3.7. The delayed amounts (and any amounts credited thereon) shall be distributed to the Participant (or his or her Beneficiary in the event of the Participant’s death) at the earliest date the Employer reasonably anticipates that the deduction of the payment of the amount will not be limited or eliminated by application of Code Section 162(m). In the event that such date is determined to be after a Participant’s Separation from Service, then to the extent deemed necessary to comply with Treas. Reg. §1.409A-3(i)(2), the delayed payment shall not made before the end of the six-month period following such Participant’s Separation from Service.

IN WITNESS WHEREOF, the Company has signed this Plan document as of ____________________, 2020.

"Company"
Trimble Inc., a Delaware corporation

By: ____________________________________
Title: ___________________________________

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Painter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trimble Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2020

/s/ Robert G. Painter

Robert G.Painter
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David G. Barnes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trimble Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2020

/s/ David G. Barnes

David G. Barnes

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 Inc. (the “Company”) for the period ended October 2, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Robert G.Painter, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

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

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

/s/ Robert G.Painter

Robert G.Painter
Chief Executive Officer

November 6, 2020

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 Inc. (the “Company”) for the period ended October 2, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), David G. Barnes, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

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

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

/s/ David G. Barnes

David G. Barnes

Chief Financial Officer

November 6, 2020