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 June 28, 2019**

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 August 1, 2019, there were 251,789,878 shares of Common Stock, par value $0.001 per share, outstanding.

TRIMBLE INC.
FORM 10-Q for the Quarter Ended June 28, 2019
TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TRIMBLE INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

As of	Second Quarter of 2019	Fiscal Year End 2018
(In millions, except par value)		
ASSETS		
Current assets:		
Cash and cash equivalents	$ 199.6	$ 172.5
Accounts receivable, net	516.8	512.6
Other receivables	30.0	33.2
Inventories	287.9	298.0
Other current assets	87.1	72.8
Total current assets	1,121.4	1,089.1
Property and equipment, net	214.1	212.9
Operating lease right-of-use assets	133.6	—
Goodwill	3,541.9	3,540.0
Other purchased intangible assets, net	654.5	744.3
Deferred costs, non-current	41.1	41.3
Other non-current assets	169.5	148.8
Total assets	$ 5,876.1	$ 5,776.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	$ 229.3	$ 256.2
Accounts payable	148.4	147.6
Accrued compensation and benefits	140.8	169.2
Deferred revenue	408.1	348.4
Accrued warranty expense	14.9	15.3
Other current liabilities	133.7	118.5
Total current liabilities	1,075.2	1,055.2
Long-term debt	1,513.6	1,712.3
Deferred revenue, non-current	44.3	38.8
Deferred income tax liabilities	78.7	73.8
Income taxes payable	73.3	71.3
Operating lease liabilities	109.1	—
Other non-current liabilities	156.6	150.2
Total liabilities	3,050.8	3,101.6
Commitments and contingencies (Note 15)		
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; 251.8 and 250.9 shares issued and outstanding as of the end of the second quarter of fiscal 2019 and fiscal year end 2018, respectively	0.3	0.3
Additional paid-in-capital	1,649.7	1,591.9
Retained earnings	1,354.4	1,268.3
Accumulated other comprehensive loss	(180.4)	(186.1)
Total Trimble Inc. stockholders' equity	2,824.0	2,674.4
Noncontrolling interests	1.3	0.4
Total stockholders' equity	2,825.3	2,674.8
Total liabilities and stockholders' equity	$ 5,876.1	$ 5,776.4

See accompanying Notes to the Condensed Consolidated Financial Statements.

TRIMBLE INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(In millions, except per share amounts)	Second Quarter of 2019	Second Quarter of 2018	First Two Quarters of 2019	First Two Quarters of 2018
Revenue:				
Product	$ 521.1	$ 531.0	$ 1,009.5	$ 1,028.8
Service	174.6	136.1	333.8	264.9
Subscription	159.1	118.4	313.1	234.0
Total revenue	854.8	785.5	1,656.4	1,527.7
Cost of sales:				
Product	257.0	250.2	487.7	485.6
Service	69.3	59.6	133.3	119.2
Subscription	44.1	29.1	88.5	57.0
Amortization of purchased intangible assets	23.8	23.9	48.0	47.0
Total cost of sales	394.2	362.8	757.5	708.8
Gross margin	460.6	422.7	898.9	818.9
Operating expense:				
Research and development	119.6	110.1	237.8	219.4
Sales and marketing	128.8	112.8	256.2	234.9
General and administrative	79.9	89.4	162.7	171.0
Restructuring charges	2.9	2.2	6.4	3.8
Amortization of purchased intangible assets	19.7	18.7	39.8	36.1
Total operating expense	350.9	333.2	702.9	665.2
Operating income	109.7	89.5	196.0	153.7
Non-operating income (expense), net:				
Interest expense, net	(20.6)	(18.6)	(42.5)	(28.1)
Foreign currency transaction gain (loss), net	(1.0)	(3.0)	(1.9)	0.7
Income from equity method investments, net	12.9	9.5	21.7	14.4
Other income, net	14.4	1.8	17.3	5.2
Total non-operating income (expense), net	5.7	(10.3)	(5.4)	(7.8)
Income before taxes	115.4	79.2	190.6	145.9
Income tax provision	20.8	15.1	33.6	23.1
Net income	94.6	64.1	157.0	122.8
Net gain attributable to noncontrolling interests	—	—	0.1	0.2
Net income attributable to Trimble Inc.	$ 94.6	$ 64.1	$ 156.9	$ 122.6
Basic earnings per share	$ 0.38	$ 0.26	$ 0.62	$ 0.49
Shares used in calculating basic earnings per share	251.7	249.5	251.6	249.1
Diluted earnings per share	$ 0.37	$ 0.25	$ 0.62	$ 0.49
Shares used in calculating diluted earnings per share	254.0	252.2	254.0	252.7

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

	Second Quarter of		First Two Quarters of	
	2019	2018	2019	2018
(In millions)				
Net income	$ 94.6	$ 64.1	$ 157.0	$ 122.8
Foreign currency translation adjustments, net of tax	2.1	(60.5)	5.6	(30.2)
Net unrealized gain, net of tax	—	0.4	0.1	0.4
Comprehensive income	96.7	4.0	162.7	93.0
Comprehensive gain attributable to noncontrolling interests	—	—	0.1	0.2
Comprehensive income attributable to Trimble Inc.	$ 96.7	$ 4.0	$ 162.6	$ 92.8

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 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
Noncontrolling interest investments	—	—	(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

(In millions)	Common stock Shares	Common stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interest	Total
Balance at the end of fiscal 2017	248.9	$ 0.2	$ 1,461.1	$ 1,084.6	$ (131.4)	$ 2,414.5	$ —	$ 2,414.5
Net income	—	—	—	58.5	—	58.5	0.2	58.7
Other comprehensive income	—	—	—	—	30.3	30.3	—	30.3
Comprehensive income						88.8		89.0
Issuance of common stock under employee plans, net of tax withholdings	1.1	—	25.8	3.0	—	28.8	—	28.8
Stock repurchases	(1.3)	—	(7.5)	(42.5)	—	(50.0)	—	(50.0)
Stock-based compensation	—	—	17.6	—	—	17.6	—	17.6
Balance at the end of the first quarter of fiscal 2018	248.7	$ 0.2	$ 1,497.0	$ 1,103.6	$ (101.1)	$ 2,499.7	$ 0.2	$ 2,499.9
Net income	—	—	—	64.1	—	64.1	—	64.1
Other comprehensive income	—	—	—	—	(60.1)	(60.1)	—	(60.1)
Comprehensive income						4.0		4.0
Issuance of common stock under employee plans, net of tax withholdings	1.2	—	10.2	(13.7)	—	(3.5)	—	(3.5)
Stock repurchases	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	17.2	—	—	17.2	—	17.2
Balance at the end of the second quarter of fiscal 2018	249.9	$ 0.2	$ 1,524.4	$ 1,154.0	$ (161.2)	$ 2,517.4	$ 0.2	$ 2,517.6

See accompanying Notes to the Condensed Consolidated Financial Statements.

TRIMBLE INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	First Two Quarters of	
(In millions)	2019	2018
Cash flow from operating activities:		
Net income	$ 157.0	$ 122.8
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	20.3	17.2
Amortization expense	87.8	83.1
Deferred income taxes	4.7	(17.0)
Stock-based compensation	33.5	34.3
Income from equity method investments, net of dividends	(11.5)	(1.5)
Other, net	(0.3)	8.2
(Increase) decrease in assets:		
Accounts receivable, net	(7.7)	(6.0)
Inventories	7.4	(21.8)
Other current and non-current assets	1.5	(5.3)
Increase (decrease) in liabilities:		
Accounts payable	3.8	9.6
Accrued compensation and benefits	(28.5)	(6.6)
Deferred revenue	64.9	71.1
Other current and non-current liabilities	(7.4)	(20.3)
Net cash provided by operating activities	325.5	267.8
Cash flow from investing activities:		
Acquisitions of businesses, net of cash acquired	4.6	(532.9)
Acquisitions of property and equipment	(38.5)	(36.0)
Purchases of short-term investments	—	(24.0)
Proceeds from maturities of short-term investments	—	6.2
Proceeds from sales of short-term investments	—	196.8
Other, net	14.1	5.1
Net cash used in investing activities	(19.8)	(384.8)
Cash flow from financing activities:		
Issuance of common stock, net of tax withholdings	13.4	21.7
Repurchases of common stock	(59.0)	(53.0)
Proceeds from debt and revolving credit lines	530.2	1,527.8
Payments on debt and revolving credit lines	(756.6)	(1,157.1)
Other, net	(7.3)	(1.8)
Net cash provided by (used in) financing activities	(279.3)	337.6
Effect of exchange rate changes on cash and cash equivalents	0.7	(8.1)
Net increase in cash and cash equivalents	27.1	212.5
Cash and cash equivalents - beginning of period	172.5	358.5
Cash and cash equivalents - end of period	$ 199.6	$ 571.0

See accompanying Notes to the Condensed Consolidated Financial Statements.

NOTE 1. OVERVIEW AND BASIS OF PRESENTATION

Company and Background

The Company 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") and changed its state of incorporation from the State of California to the State of Delaware. Other than the change in corporate domicile, the reincorporation did not result in any change in the business, physical location, management, assets, liabilities, or total stockholders' equity of the Company, nor did it result in any change in location of the Company's employees, including the Company's management.

Basis of Presentation

The Company has a 52-53 week fiscal year, ending on the Friday nearest to December 31, which for fiscal 2019 is January 3, 2020 and for fiscal 2018 was December 28, 2018. The second quarter of fiscal 2019 and 2018 ended on June 28, 2019 and June 29, 2018, respectively. Fiscal 2019 is 53-week year and 2018 is 52-week year. Unless otherwise stated, all dates refer to the Company’s fiscal year and fiscal periods.

The Condensed Consolidated Financial Statements include the results of the Company and its 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 the Company’s 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 21, 2019.

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, allowances for inventory valuation, warranty costs, investments, goodwill impairment, intangibles impairment, purchased intangibles, useful lives for tangible and intangible assets, stock-based compensation, and income taxes among others. Management bases its estimates on historical experience and various other assumptions believed to be reasonable. Actual results and outcomes may differ from management's estimates and assumptions.

NOTE 2. UPDATES TO SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

There have been no material changes to the Company’s significant accounting polices during the first two quarters of fiscal 2019 from those disclosed in the Company’s most recent Form 10-K, except for the following changes to our accounting policies as a result of adopting the new lease standard during the first quarter of fiscal 2019, as discussed below.

Recently Adopted Accounting Pronouncements

Leases

In February 2016, the FASB issued a new lease standard that requires a lessee to recognize lease assets and lease liabilities on the balance sheet for most leases and provide enhanced disclosures. The Company adopted the new standard at the beginning of fiscal year 2019 by applying a modified retrospective method without restating comparative periods. Upon adoption, certain practical expedients were used to carry forward existing leases as previously defined and classified. Leases containing both lease and non-lease components are accounted for as part of the overall lease arrangement.

Operating leases with lease terms greater than one year are included in Operating lease right-of-use (“ROU”) assets, Other current liabilities, and Operating lease liabilities on the Company's Condensed Consolidated Balance Sheets. Those ROU assets and liabilities are recognized at the present value of lease payments over the lease terms by utilizing the Company’s incremental borrowing rate.

The standard had a material impact on the Company’s Condensed Consolidated Balance Sheets but did not have an impact on its Condensed Consolidated Statements of Income and Condensed Consolidated Statements of Cash Flows. The most significant impact was the recognition of $123.5 million ROU assets and $126.1 million lease liabilities for its operating leases at the adoption date.

Recently issued Accounting Pronouncements not yet adopted

Financial Instruments - Credit Losses

In June 2016, the FASB issued new guidance that requires credit losses on financial assets measured at amortized cost basis to be presented based on the net amount expected to be collected, not based on incurred losses. Further, credit losses on available-for-sale debt securities should be recorded through an allowance for credit losses limited to the amount by which fair value is below amortized cost. The new standard is effective for the Company beginning in fiscal 2020. Early adoption for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018 is permitted. The Company currently anticipates that the adoption will not have a material impact on its Condensed Consolidated Financial Statements.

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. The new standard is applied on a prospective basis and is effective for the Company beginning in fiscal 2020, and early adoption is permitted. The Company currently anticipates that the adoption will not have a material impact on its 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. The Company is required to adopt the guidance in the first quarter of fiscal year 2020. Early adoption is permitted. The Company is currently evaluating the effect of the new guidance on its Condensed Consolidated Financial Statements.

NOTE 3. STOCKHOLDERS' EQUITY

Stock Repurchase Activities

In November 2017, the Company's 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 share repurchase program, the Company 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 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 prior notice.

During the second quarter and first two quarters of fiscal 2019, the Company repurchased approximately 0.4 million and 1.4 million shares of common stock in open market purchases, at an average price of $42.89 per share and $40.60 per share for a total of $19.0 million and $59.0 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. As a result of the repurchases, retained earnings was reduced by $16.1 million and $49.6 million in the second quarter and first two quarters of fiscal 2019, respectively. Common stock repurchases under the program were recorded based upon the trade date for accounting purposes. At the end of the second quarter of fiscal 2019, the 2017 Stock Repurchase Program had remaining authorized funds of $293.2 million.

NOTE 4. BUSINESS COMBINATIONS

The Company determined the total consideration paid for each of its acquisitions as well as the fair value of the assets acquired and liabilities assumed 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 generally determined based on a discounted cash flow analysis. The preliminary fair values of net tangible assets and intangible assets acquired were based on preliminary valuations and estimates, and assumptions are subject to change within the measurement period (up to one year from the acquisition date). The primary areas that remain preliminary relate to the fair values of intangible assets acquired, certain tangible assets and liabilities acquired, income and non-income based taxes, and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair values of the net assets acquired during the measurement period.

Intangible Assets

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

As of	Second Quarter of Fiscal 2019			Fiscal Year End 2018		
(In millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed product technology	$ 1,236.7	$ (889.6)	$ 347.1	$ 1,220.3	$ (825.3)	$ 395.0
Trade names and trademarks	72.9	(56.5)	16.4	72.9	(53.3)	19.6
Customer relationships	716.3	(437.2)	279.1	715.1	(406.5)	308.6
Distribution rights and other intellectual property	64.6	(52.7)	11.9	84.4	(63.3)	21.1
	$ 2,090.5	$ (1,436.0)	$ 654.5	$ 2,092.7	$ (1,348.4)	$ 744.3

The estimated future amortization expense of purchased intangible assets as of the end of the second quarter of fiscal 2019 was as follows:

(In millions)	
2019 (Remaining)	$ 77.8
2020	139.8
2021	118.5
2022	99.3
2023	85.5
Thereafter	133.6
Total	$ 654.5

Goodwill

The changes in the carrying amount of goodwill by segment for the first two quarters of fiscal 2019 were as follows:

(In millions)	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total

Balance as of fiscal year end 2018	$	1,970.2	$	403.1	$	305.7	$	861.0	$	3,540.0
Additions due to acquisitions		0.3		—		—		—		0.3
Purchase price and foreign currency translation adjustments		1.6		(0.5)		0.4		0.1		1.6
Balance as of the end of the second quarter of fiscal 2019	$	1,972.1	$	402.6	$	306.1	$	861.1	$	3,541.9

Viewpoint and e-Builder acquisitions

On February 2, 2018, the Company completed the acquisition of e-Builder in an all-cash transaction valued at $485.5 million. e-Builder is a SaaS-based construction program management solution for capital program owners and program management firms that provides an integrated project delivery solution for owners, program managers, and contractors across the design, construct, and operate lifecycle.

On July 2, 2018, the Company acquired all of the outstanding shares of Viewpoint in an all-cash transaction valued at $1,212.1 million. Viewpoint is a provider of construction management software, which integrates a contractor's financial and resource management to their project operations in the field. The integration across the office, team, and field workflows enables contractors to employ Viewpoint to effectively manage and gain visibility over data and workflows that span the construction lifecycle from pre-production planning, to product operations and supply chain management, through project hand over, and asset operation and maintenance.

Viewpoint and e-Builder's results of operations have been included in the Company's Condensed Consolidated Statements of Income since their respective acquisition dates. Both Viewpoint and e-Builder's performance are reported under the Buildings and Infrastructure segment.

The two acquisitions were funded through the use of approximately $211.2 million of the Company's existing cash, with the remainder funded through the issuance of senior notes and the Company's 2018 Credit Facilities (as defined in Note 7).

The following table summarizes the consideration transferred to acquire Viewpoint and e-Builder, the assets acquired, and liabilities assumed, and the estimated useful lives of the identifiable intangible assets as of the dates of the acquisitions:

(In millions)	Viewpoint		e-Builder	
Total purchase consideration	$ 1,212.1		$ 485.5	
Net tangible assets acquired	(0.4)		2.0	
Intangible assets acquired:		**Estimated Useful Life**		**Estimated Useful Life**
Developed product technology	225.4	6 years	60.5	7 years
In-Process Research & Development	12.9	n/a	—	
Order backlog	—		1.7	6 months
Customer relationships	158.6	10 years	42.4	10 years
Trade name	8.9	5 years	4.8	7 years
Favorable Lease	4.3	4 - 9 years	—	
Subtotal	410.1		109.4	
Deferred tax liability	(61.2)		(18.2)	
Less fair value of all assets/liabilities acquired	348.5		93.2	
Goodwill	$ 863.6		$ 392.3	

Goodwill consisted of highly skilled and valuable assembled workforce, a proven ability to generate new products and services to drive future revenue, and a premium paid by the Company for synergies unique to its business. As of the second quarter of fiscal 2019, goodwill of $95.8 million for Viewpoint is expected to be deductible for tax purposes.

The following table presents supplemental pro forma results of operations of the Company, Viewpoint, and e-Builder, as if the companies had been combined as of the beginning of the earliest period presented. The unaudited pro forma results of operations are not necessarily indicative of results that would have occurred had the acquisitions taken place on the first day of fiscal 2018, or of future results. Included in the pro forma results are fair value adjustments based on the fair values of assets acquired and liabilities assumed as of the applicable acquisition dates. For the second quarter and the first two quarters of fiscal 2018, the major impacts for the pro forma results include amortization of intangible assets related to the acquisitions, impacts from adoption of Revenue from Contracts with Customers, interest expense for debt used to purchase Viewpoint and e-Builder, income tax effects, and other adjustments to reflect fair value. The pro forma information for the second quarter and the first two quarters of fiscal 2018 is as follows:

Fiscal Period	Second Quarter of 2018	First Two Quarters of 2018
(in millions, except per share data)		
Revenue	$ 830.9	$ 1,624.8
Net income attributable to Trimble Inc.	49.8	107.4
Basic earnings per share	0.20	0.43
Diluted earnings per share	0.20	0.43

NOTE 5. INVENTORIES

Inventories consisted of the following:

As of	Second Quarter of 2019	Fiscal Year End 2018
(In millions)		
Raw materials	$ 97.1	$ 96.2
Work-in-process	9.6	12.6
Finished goods	181.2	189.2
Total inventories	$ 287.9	$ 298.0

NOTE 6. SEGMENT INFORMATION

The Company's operating segments were determined based on how the Company's chief operating decision maker views and evaluates operations. The Company’s 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 the Company’s reportable operating segments under its management reporting system. These results are not necessarily in conformity with U.S. GAAP. The Company presents 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, along with other adjustments that have historically been excluded in prior periods, 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				
	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
(In millions)					
Second Quarter of Fiscal 2019					
Revenue	$ 339.0	$ 164.4	$ 152.6	$ 198.8	$ 854.8
Acquired deferred revenue adjustment	0.9	—	0.1	—	1.0
Segment revenue	$ 339.9	$ 164.4	$ 152.7	$ 198.8	$ 855.8
Operating income	$ 85.3	$ 31.1	$ 45.4	$ 32.9	$ 194.7
Acquired deferred revenue adjustment	0.9	—	0.1	—	1.0
Amortization of acquired capitalized commissions	(1.6)	—	—	—	(1.6)
Segment operating income	$ 84.6	$ 31.1	$ 45.5	$ 32.9	$ 194.1
Depreciation expense	$ 2.1	$ 1.6	$ 1.1	$ 1.2	$ 6.0
Second Quarter of Fiscal 2018					
Revenue	$ 274.3	$ 184.4	$ 145.0	$ 181.8	$ 785.5
Acquired deferred revenue adjustment	3.4	—	0.3	0.1	3.8
Segment revenue	$ 277.7	$ 184.4	$ 145.3	$ 181.9	$ 789.3
Operating income	$ 67.4	$ 41.6	$ 42.3	$ 31.1	$ 182.4
Acquired deferred revenue adjustment	3.4	—	0.3	0.1	3.8
Amortization of acquired capitalized commissions	(0.5)	—	(0.1)	—	(0.6)
Segment operating income	$ 70.3	$ 41.6	$ 42.5	$ 31.2	$ 185.6
Depreciation expense	$ 1.4	$ 1.5	$ 1.0	$ 1.2	$ 5.1
First Two Quarters of Fiscal 2019					
Revenue	$ 631.0	$ 325.6	$ 311.9	$ 387.9	$ 1,656.4
Acquired deferred revenue adjustment	3.6	—	0.3	—	3.9

Segment revenue	$ 634.6	$ 325.6	$ 312.2	$ 387.9	$ 1,660.3
Operating income	$ 146.7	$ 60.5	$ 96.4	$ 64.1	$ 367.7
Acquired deferred revenue adjustment	3.6	—	0.3	—	3.9
Amortization of acquired capitalized commissions	(3.2)	—	(0.1)	—	(3.3)
Segment operating income	$ 147.1	$ 60.5	$ 96.6	$ 64.1	$ 368.3
Depreciation expense	$ 4.2	$ 3.2	$ 2.2	$ 2.3	$ 11.9
First Two Quarters of Fiscal 2018					
Revenue	$ 499.0	$ 358.9	$ 304.2	$ 365.6	$ 1,527.7
Acquired deferred revenue adjustment	5.9	—	0.6	0.2	$ 6.7
Segment revenue	$ 504.9	$ 358.9	$ 304.8	$ 365.8	$ 1,534.4
Operating income	$ 110.9	$ 78.9	$ 94.0	$ 61.5	345.3
Acquired deferred revenue adjustment	5.9	—	0.6	0.2	6.7
Amortization of acquired capitalized commissions	(0.9)	—	(0.2)	—	(1.1)
Segment operating income	$ 115.9	$ 78.9	$ 94.4	$ 61.7	$ 350.9
Depreciation expense	$ 2.8	$ 2.9	$ 2.0	$ 2.3	$ 10.0

	Reporting Segments				
(In millions)	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
As of the Second Quarter of Fiscal 2019					
Accounts receivable, net	$ 187.9	$ 119.6	$ 85.9	$ 123.4	$ 516.8
Inventories	59.5	125.6	43.4	59.4	287.9
Goodwill	1,972.1	402.6	306.1	861.1	3,541.9
As of Fiscal Year End 2018					
Accounts receivable, net	177.5	118.7	83.8	132.6	512.6
Inventories	70.3	133.5	46.2	48.0	298.0
Goodwill	$ 1,970.2	$ 403.1	$ 305.7	$ 861.0	$ 3,540.0

A reconciliation of the Company’s consolidated segment operating income to consolidated income before income taxes is as follows:

	Second Quarter of		First Two Quarters of	
(In millions)	2019	2018	2019	2018
Consolidated segment operating income	$ 194.1	$ 185.6	$ 368.3	$ 350.9
Unallocated corporate expense	(19.4)	(22.5)	(40.7)	(45.9)
Restructuring charges	(2.9)	(2.8)	(6.6)	(4.2)
Acquired deferred revenue adjustment	(1.0)	(3.8)	(3.9)	(6.7)
Amortization of purchased intangible assets	(43.5)	(42.6)	(87.8)	(83.1)
Stock-based compensation	(17.2)	(16.9)	(33.5)	(34.3)
Amortization of acquired capitalized commissions	1.6	0.6	3.3	1.1
Acquisition / divestiture items	(2.0)	(8.1)	(3.1)	(24.1)
Consolidated operating income	109.7	89.5	196.0	153.7
Non-operating income (expense), net	5.7	(10.3)	(5.4)	(7.8)
Consolidated income before taxes	$ 115.4	$ 79.2	$ 190.6	$ 145.9

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
Second Quarter of Fiscal 2019					

North America	$ 199.2	$ 71.3	$ 52.9	$ 161.9	$ 485.3
Europe	90.0	56.0	68.0	22.9	236.9
Asia Pacific	42.1	26.2	11.9	9.8	90.0
Rest of World	8.6	10.9	19.9	4.2	43.6
Total consolidated revenue	$ 339.9	$ 164.4	$ 152.7	$ 198.8	$ 855.8
Second Quarter of Fiscal 2018					
North America	$ 149.4	$ 70.2	$ 48.5	$ 147.1	$ 415.2
Europe	83.6	56.2	62.2	21.2	223.2
Asia Pacific	37.4	45.0	12.3	12.7	107.4
Rest of World	7.3	13.0	22.3	0.9	43.5
Total consolidated revenue	$ 277.7	$ 184.4	$ 145.3	$ 181.9	$ 789.3
First Two Quarters of Fiscal 2019					
North America	$ 364.8	$ 134.2	$ 94.8	$ 313.9	$ 907.7
Europe	173.9	110.7	156.9	44.0	485.5
Asia Pacific	80.6	57.9	24.6	20.3	183.4
Rest of World	15.3	22.8	35.9	9.7	83.7
Total consolidated revenue	$ 634.6	$ 325.6	$ 312.2	$ 387.9	$ 1,660.3
First Two Quarters of Fiscal 2018					
North America	$ 265.3	$ 139.6	$ 96.9	$ 298.3	$ 800.1
Europe	159.2	105.8	142.4	42.6	450.0
Asia Pacific	66.6	88.3	23.5	23.5	201.9
Rest of World	13.8	25.2	42.0	1.4	82.4
Total consolidated revenue	$ 504.9	$ 358.9	$ 304.8	$ 365.8	$ 1,534.4

NOTE 7. DEBT

Debt consisted of the following:

As of Instrument	Date of Issuance	Second Quarter of 2019		Fiscal Year End 2018
(In millions)		Effective Interest Rate	Amount	Amount
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 May 2021	May 2018	3.89%	225.0	425.0
Uncommitted facilities, floating rate		1.93%	229.2	255.9
Promissory notes and other debt			0.5	1.0
Unamortized discount and issuance costs			(11.8)	(13.4)
Total debt			1,742.9	1,968.5
Less: Short-term debt			229.3	256.2
Long-term debt			$ 1,513.6	$ 1,712.3

Each of the Company's debt agreements requires it to maintain compliance with certain debt covenants. The Company was in compliance with all its debt covenants at the end of the second quarter of fiscal 2019.

Debt Maturities

At the end of the second quarter of fiscal 2019, the Company's debt maturities based on outstanding principal were as follows (in millions):

Year Payable	
2019 (Remaining)	$ 229.3
2020	0.4
2021	225.0
2022	—
2023	300.0
Thereafter	1,000.0
Total	$ 1,754.7

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 the Company's other senior unsecured indebtedness. The Company may redeem the notes of each series of Senior Notes at its option in whole or in part at any time. Such indenture also contains covenants limiting the Company’s 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 the Company’s 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 matures on the third anniversary of the funding date. The Company may request an additional loan facility up to $500.0 million.

Uncommitted Facilities

The Company has two $75.0 million and one €100.0 million revolving credit facilities, which are uncommitted (the "Uncommitted Facilities") at the end of the second quarter of fiscal 2019.

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 2018.

NOTE 8. LEASES

The Company has operating leases primarily for certain of its major facilities, including corporate offices, research and development facilities, and manufacturing facilities. The remaining lease terms generally range from 1 to 10 years, and certain leases include options to extend the lease for up to 10 years. The Company considers options to extend the lease in determining the lease term.

Operating lease expense consisted of:

As of	Second Quarter of 2019	First Two Quarters of 2019
(In millions)		
Operating lease expense	$ 9.2	$ 19.0
Short-term lease expense and other	4.8	9.4
Total lease expense	$ 14.0	$ 28.4

Supplemental cash flow information related to leases was as follows:

As of	First Two Quarters of 2019
(In millions)	
Cash paid for liabilities included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 18.7
Right-of-use assets obtained in exchange for Operating lease liabilities:	$ 29.1

Supplemental balance sheet information related to leases was as follows:

As of	Second Quarter of 2019
(In millions)	
Operating lease right-of-use assets	$ 133.6
Other current liabilities	$ 28.4
Operating lease liabilities	109.1
Total operating lease liabilities	$ 137.5
Weighted-average discount rate	4.47%
Weighted-average remaining lease term	6 years

At the end of the second quarter of fiscal 2019, the Company's maturities of lease liabilities were as follows (in millions):

Year Payable		
2019 (Remaining)	$	17.4
2020		32.8
2021		27.6
2022		22.3
2023		17.3
Thereafter		39.5
Total lease payments	$	156.9
Less imputed interest	$	19.4
Total	$	137.5

The Company has additional operating leases for real estate of $37.1 million that have not yet commenced as of the end of the second quarter of fiscal 2019, and as such, have not been recognized on the Company's Condensed Consolidated Balance Sheets. These operating leases are expected to commence between 2019 and 2021 with lease terms between 7.5 and 15 years.

NOTE 9. FAIR VALUE MEASUREMENTS

The Company determines 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:

	Fair Values as of the end of the Second Quarter of Fiscal 2019				Fair Values as of Fiscal Year End 2018			
(In millions)	Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
Assets								
Deferred compensation plan assets (1)	$ 35.2	$ —	$ —	$ 35.2	$ 28.5	$ —	$ —	$ 28.5
Derivatives assets (2)	—	0.2	—	0.2	—	0.4	—	0.4
Total assets measured at fair value	$ 35.2	$ 0.2	$ —	$ 35.4	$ 28.5	$ 0.4	$ —	$ 28.9
Liabilities								
Deferred compensation plan liabilities (1)	$ 35.2	$ —	$ —	$ 35.2	$ 28.5	$ —	$ —	$ 28.5
Derivatives liabilities (2)	—	0.1	—	0.1	—	—	—	—
Contingent consideration liabilities (3)	—	—	4.7	4.7	—	—	5.6	5.6
Total liabilities measured at fair value	$ 35.2	$ 0.1	$ 4.7	$ 40.0	$ 28.5	$ —	$ 5.6	$ 34.1

(1) The Company maintains 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.

(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.

(3) Contingent consideration liabilities represent arrangements to pay the former owners of certain companies that Trimble acquired. The fair values are estimated using scenario-based methods or option pricing methods based upon estimated future revenues, gross margins or other milestones.

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 $2.0 billion for the second quarter of 2019 and fiscal year end 2018, respectively, 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 the Company 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 the Company would currently have to pay to extinguish any of this debt.

NOTE 10. DEFERRED COSTS TO OBTAIN CUSTOMER CONTRACTS

The Company classifies all deferred costs to obtain customer contracts, which consists of deferred commissions, as a non-current asset included in Deferred Costs, non-current on the Company’s Condensed Consolidated Balance Sheets. At the end of the second quarter of fiscal 2019 and fiscal year end 2018, the Company had $41.1 million and $41.3 million, respectively, of deferred costs to obtain customer contracts.

Amortization expense related to deferred costs to obtain customer contracts for the second quarter and the first two quarters of fiscal 2019 was $5.3 million and $10.9 million, respectively, and was $5.6 million and $11.0 million, respectively, for the second quarter and first two quarters of fiscal 2018. This expense was included in Sales and marketing expenses in the Company’s Condensed Consolidated Statements of Income. There was no impairment loss related to the deferred commissions for either period presented.

NOTE 11. PRODUCT WARRANTIES

The Company accrues for warranty costs as part of its cost of sales based on associated material product costs, technical support, labor costs, and costs incurred by third parties performing work on the Company’s behalf. The Company’s 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.

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

Changes in the Company’s product warranty liability during the first two quarters of fiscal 2019 are as follows:

(In millions)	
Balance as of fiscal year end 2018	$ 15.3
Accruals for warranties issued	9.3
Changes in estimates	0.4
Warranty settlements (in cash or in kind)	(10.1)
Balance as of the end of the second quarter of fiscal 2019	$ 14.9

NOTE 12. DEFERRED REVENUE AND REMAINING PERFORMANCE OBLIGATIONS

Deferred Revenue

Changes in the Company's deferred revenue during the second quarter of fiscal 2019 and 2018 were as follows:

	Second Quarter of		First Two Quarters of	
(In millions)	2019	2018	2019	2018
Beginning balance of the period	$ 464.4	$ 360.4	$ 387.3	$ 276.6
Revenue recognized	(85.4)	(62.2)	(223.8)	(160.2)
Acquired deferred revenue	—	1.4	—	23.7
Net deferred revenue activity	73.4	56.6	288.9	216.1
Ending balance of the period	$ 452.4	$ 356.2	$ 452.4	$ 356.2

Remaining Performance Obligations

As of the end of the second quarter of fiscal 2019, approximately $1.1 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. The Company expects to recognize revenue of approximately 72% and 17% on these remaining performance obligations over the next 12 and 24 months, respectively, with the remainder recognized thereafter.

NOTE 13. 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:

	Second Quarter of		First Two Quarters of	
	2019	2018	2019	2018
(In millions, except per share amounts)				
Numerator:				
Net income attributable to Trimble Inc.	$ 94.6	$ 64.1	$ 156.9	$ 122.6
Denominator:				
Weighted average number of common shares used in basic earnings per share	251.7	249.5	251.6	249.1
Effect of dilutive securities	2.3	2.7	2.4	3.6
Weighted average number of common shares and dilutive potential common shares used in diluted earnings per share	254.0	252.2	254.0	252.7
Basic earnings per share	$ 0.38	$ 0.26	$ 0.62	$ 0.49
Diluted earnings per share	$ 0.37	$ 0.25	$ 0.62	$ 0.49

For the second quarter of fiscal 2019 and 2018, the Company excluded insignificant shares of outstanding stock options from the calculation of diluted earnings per share because their effect would have been antidilutive.

NOTE 14. INCOME TAXES

For the second quarter of fiscal 2019, the Company's effective income tax rate was 18%, as compared to 19% in the corresponding period in fiscal 2018; the decrease was primarily due to a one-time tax benefit from foreign income tax refunds in the second quarter of fiscal 2019 and a one-time tax charge from foreign audit settlement in the second quarter of fiscal 2018, partially offset by transfer pricing tax reserves for stock-based compensation deductions.

For the first two quarters of fiscal 2019, the Company’s effective income tax rate was 18% as compared to 16% in the corresponding period in fiscal 2018; the increase was primarily due to transfer pricing tax reserves for stock-based compensation deductions in the second quarter of fiscal 2019, a one-time tax benefit from foreign deferred tax adjustments in the first quarter of fiscal 2018, partially offset by a one-time tax benefit from foreign income tax refunds.

The Company's effective tax rate is lower than the U.S. federal statutory rate of 21% primarily due to favorable tax rates associated with certain earnings from operations in lower-tax jurisdictions, a benefit from U.S. federal R&D credit, and stock-based compensation deductions.

The Company and its subsidiaries are subject to U.S. federal and state and foreign income tax. The Company is currently in different stages of multiple year examinations by the Internal Revenue Service (the "IRS") as well as various state and foreign taxing authorities. In addition, as discussed below, the Company has a pending matter in U.S. tax court regarding fiscal 2011. The Company believes its reserves are more likely than not to be adequate to cover final resolution of all open tax matters.

In the first quarter of fiscal 2018, the Company received a formal Notice of Deficiency from the IRS for fiscal year 2011, assessing tax and penalties totaling $51.2 million. The Company does not agree with the IRS position. Accordingly, on June 1, 2018, the Company filed a petition with the U.S. tax court relating to the Notice of Deficiency. On August 3, 2018, the IRS filed its response to the Company’s petition, with no changes to its position. In April 2019, the tax court issued an order for the case to begin on or after May 1, 2020.

Although timing of the resolution and/or closure of audits is not certain, the Company does not believe that its gross unrecognized tax benefits would materially change in the next twelve months.

Unrecognized tax benefits of $69.0 million and $60.5 million as of the end of the second quarter of fiscal 2019 and fiscal year end 2018, 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 the deferred tax accounts in the accompanying Condensed Consolidated Balance Sheets.

The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense. As of the end of the second quarter of fiscal 2019 and fiscal year end 2018, the Company had accrued $13.0 million and $11.0 million, respectively, for interest and penalties, which are recorded in other non-current liabilities in the accompanying Condensed Consolidated Balance Sheets.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Commitments

As of the end of the second quarter of fiscal 2019, the Company had unconditional purchase obligations of approximately $246.1 million. These unconditional purchase obligations primarily represent open non-cancelable purchase orders for material purchases with the Company’s vendors. Purchase obligations exclude agreements that are cancelable without penalty.

Litigation

From time to time, the Company is also involved in litigation arising out of the ordinary course of its business. There are no material legal proceedings, other than ordinary routine litigation incidental to the business, to which the Company or any of its subsidiaries is 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:

- the portion of our revenue expected to come from sales to customers located in countries outside of the U.S.;
- seasonal fluctuations in our construction equipment revenues, sales to U.S. governmental agencies, agricultural equipment business revenues, global macroeconomic conditions, and expectations that we may experience less seasonality in the future;
- 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 the acquisition Viewpoint and our ability to successfully integrate the Viewpoint business;
- 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 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" below and elsewhere in this report, as well as in the Company’s Annual Report on Form 10-K for fiscal year 2018 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. Although these estimates are based on management’s best knowledge of current events and actions that may impact the company in the future, actual results may be different from the estimates. Management believes that, except for the adoption of the new lease standard as discussed in Note 2 of the Notes to the Condensed Consolidated Financial Statements, there have been no significant changes during the first two quarters of fiscal 2019 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 2018 Annual Report on Form 10-K.

RECENT ACCOUNTING PRONOUNCEMENTS

For a summary of recent accounting pronouncements applicable to our 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 optimize the work processes of office and mobile field professionals around the world. Our comprehensive work process solutions are used across a range of industries including agriculture, architecture, civil engineering, construction, government, natural resources, transportation, and utilities. Representative Trimble customers include engineering and construction firms, contractors, surveying companies, farmers and agricultural companies, long haul 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 provide 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 14% 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 opportunity 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 100 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 domestically and abroad. These channels include independent dealers, joint ventures, original equipment manufacturers ("OEM") sales and distribution alliances with key partners, such as CNH Global, Caterpillar, and Nikon, as well as direct sales to end-users, that provide 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, 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.

For the second quarter of fiscal 2019, total revenue increased by $69.3 million compared to the second quarter of fiscal 2018. By geography, North America and Europe were up, Asia Pacific was down, and rest of the world was relatively flat. We continue to experience a shift in revenue towards a more significant mix of software, maintenance, subscription, and services, driven both by organic growth and acquisitions.

During fiscal 2018, we acquired six businesses, with total cash consideration of $1.8 billion. The largest acquisition was Viewpoint, which we acquired in the third quarter of 2018 with total cash consideration of $1.2 billion. Viewpoint is a provider of construction management software, which integrates a contractor’s financial and resource management to their project operations in the field. The acquisition is highly complementary to our construction technology portfolio and positions us to further our strategy to lead the industry's transformation. With Viewpoint, we offer customers a central workflow platform for delivering integrated end-to-end construction management, while further enabling connectivity across the complete construction lifecycle.

Our Condensed Consolidated Statements of Income includes the operating results of the businesses from the date of acquisition.

Seasonality of Business

Construction equipment revenue, within our Buildings and Infrastructure segment, historically has been higher in early spring. Our agricultural equipment revenue, within our Resources and Utilities segment, has historically been the highest in the first quarter, followed by the second quarter, reflecting buying in anticipation of the spring planting season in the Northern hemisphere. However, overall as a company, as a result of diversification of our business across segments and the increased impact of subscription revenue, we may experience less seasonality in the future. Changes in global macroeconomic conditions could also impact the level of seasonality we experience.

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:

	Second Quarter of		First Two Quarters of	
	2019	2018	2019	2018
(In millions)				
Revenue:				
Product	$ 521.1	$ 531.0	$ 1,009.5	$ 1,028.8
Service	174.6	136.1	333.8	264.9
Subscription	159.1	118.4	313.1	234.0
Total revenue	$ 854.8	$ 785.5	1,656.4	1,527.7
Gross margin	$ 460.6	$ 422.7	$ 898.9	$ 818.9
Gross margin as a % of revenue	53.9%	53.8%	54.3%	53.6%
Operating income	$ 109.7	$ 89.5	$ 196.0	$ 153.7
Operating income as a % of revenue	12.8%	11.4%	11.8%	10.1%
Diluted earnings per share	$ 0.37	$ 0.25	$ 0.62	$ 0.49
Total non-GAAP revenue *	$ 855.8	$ 789.3	$ 1,660.3	$ 1,534.4
Non-GAAP operating income *	$ 174.7	$ 163.1	$ 327.6	$ 305.0
Non-GAAP operating income as a % of Non-GAAP Revenue*	20.4%	20.7%	19.7%	19.9%
Non-GAAP diluted earnings per share *	$ 0.53	$ 0.51	$ 0.97	$ 0.97

* See **SUPPLEMENTAL DISCLOSURE OF NON-GAAP FINANCIAL MEASURES** for a reconciliation of our GAAP results to our non-GAAP measures.

Revenue

Total revenue increased $69.3 million or 9% and $128.7 million or 8% for the second quarter and the first two quarters of fiscal 2019, respectively, compared to the corresponding periods in fiscal 2018. Excluding unfavorable foreign currency impacts of approximately 2%, revenue increased due to the Viewpoint acquisition and, to a lesser extent, organic growth in Buildings and Infrastructure, Resources and Utilities, and Transportation. The increases were partially offset by Geospatial, which was down. We consider organic growth to include revenue from acquisitions completed in, or before, the corresponding prior year period.

By revenue category, for the second quarter of fiscal 2019, product revenue decreased $9.9 million or 2%, service revenue increased $38.5 million or 28%, and subscription revenue increased $40.7 million or 34%, compared to the corresponding period in fiscal 2018. For the first two quarters of fiscal 2019, product revenue decreased $19.3 million or 2%, service revenue increased $68.9 million or 26%, and subscription revenue increased $79.1 million or 34%, compared to the corresponding period in fiscal 2018. Product revenue decreased primarily due to ongoing weakness in our Geospatial OEM hardware sales, particularly in China. Service and subscription revenue increased significantly due to Viewpoint software maintenance and subscription revenue and, to a lesser extent, organic growth, particularly in Buildings and Infrastructure and Transportation subscription revenue.

Gross Margin

Gross margin varies due to a combination of factors including product mix, pricing, distribution channel, and production volumes.

Gross margin increased by $37.9 million and $80.0 million for the second quarter and first two quarters of fiscal 2019, respectively, compared to the corresponding periods in fiscal 2018, primarily due to the Viewpoint acquisition and increased organic software and subscription revenue growth in Buildings and Infrastructure, partially offset by a decrease in Geospatial due to revenue declines. Gross margin as a percentage of total revenue was 53.9% and 54.3% for the second quarter and first two quarters of fiscal 2019, respectively, compared to 53.8% and 53.6% for the corresponding periods in fiscal 2018 due to improved product mix in Buildings and Infrastructure, largely offset by Geospatial revenue declines and Transportation product mix.

Operating Income

Operating income increased by $20.2 million and $42.3 million for the second quarter and first two quarters of fiscal 2019, respectively, compared to the corresponding periods in fiscal 2018. Operating income as a percentage of total revenue was 12.8% and 11.8% for the second quarter and first two quarters of fiscal 2019, respectively, compared to 11.4% and 10.1% for the corresponding periods in fiscal 2018.

For the second quarter of fiscal 2019, the increase in operating income and operating income percentage were primarily attributable to the Viewpoint acquisition as well as organic revenue growth in Building and Infrastructure and lower acquisition costs in the second quarter of fiscal 2019 than those associated with the Viewpoint acquisition included in prior year, partially offset by Geospatial revenue declines, increased intangibles amortization, and Transportation increased research and development investments. For the first two quarters of fiscal 2019, the increase was due to the same factors as well as e-Builder acquisition costs included in the first quarter of the prior year.

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:

	Second Quarter of		First Two Quarters of	
	2019	2018	2019	2018
(In millions)				
Research and development	$ 119.6	$ 110.1	$ 237.8	$ 219.4
Percentage of revenue	14.0%	14.0%	14.4%	14.4%
Sales and marketing	$ 128.8	$ 112.8	$ 256.2	$ 234.9
Percentage of revenue	15.1%	14.4%	15.5%	15.4%
General and administrative	$ 79.9	$ 89.4	$ 162.7	$ 171.0
Percentage of revenue	9.3%	11.4%	9.8%	11.2%
Total	$ 328.3	$ 312.3	$ 656.7	$ 625.3

Overall, R&D, S&M, and G&A expense increased by 16.0 million or 5% and 31.4 million or 5% for the second quarter and first two quarters of fiscal 2019, respectively, compared to the corresponding periods in fiscal 2018.

Research and development expense increased by $9.5 million or 9% and $18.4 million or 8% for the second quarter and first two quarters of fiscal 2019, respectively, compared to the corresponding periods in fiscal 2018. As compared to the prior year, the increase in the second quarter and first two quarters of fiscal 2019 was primarily due to the impact of Viewpoint expenses not applicable in the prior corresponding periods, and to a lesser extent, increased compensation expenses associated with increased headcount, particularly in Transportation, partially offset by favorable foreign currency impacts.

Overall, research and development spending was 14.0% and 14.4% of revenue in the second quarter and first two quarters of fiscal 2019, respectively, consistent with the corresponding periods in fiscal 2018. We believe that the development and introduction of new products are critical to our future success, and we expect to continue active development of new products.

Sales and marketing expense increased by $16.0 million or 14% and $21.3 million or 9%, in the second quarter and first two quarters of fiscal 2019, respectively, compared to the corresponding periods in fiscal 2018. As compared to the prior year, the increase in the second quarter and first two quarters of fiscal 2019 was primarily due to the impact of Viewpoint expense not applicable in the prior corresponding periods and an increase in compensation expense partially offset by favorable foreign currency impacts.

Overall, spending for sales and marketing was 15.1% and 15.5% of revenue in the second quarter and first two quarters of fiscal 2019, respectively, compared to 14.4% and 15.4% in the corresponding periods of fiscal 2018.

General and administrative expense decreased by $9.5 million or 11% and $8.3 million or 5% for the second quarter and first two quarters of fiscal 2019, respectively, compared to the corresponding periods in fiscal 2018. As compared to the prior year, the decrease in the second quarter and first two quarters of fiscal 2019 was primarily due to lower compensation expense, lower acquisition costs, lower consulting costs, and favorable foreign currency impacts, partially offset by the impact of Viewpoint expenses not applicable in the prior corresponding periods.

Overall, general and administrative spending was 9.3% and 9.8% of revenue in the second quarter and first two quarters of fiscal 2019, respectively, compared to 11.4% and 11.2% in the corresponding periods in fiscal 2018.

Amortization of Purchased Intangible Assets

	Second Quarter of		First Two Quarters of	
	2019	2018	2019	2018
(In millions)				
Cost of sales	$ 23.8	$ 23.9	$ 48.0	$ 47.0
Operating expenses	19.7	18.7	39.8	36.1
Total amortization expense of purchased intangibles	$ 43.5	$ 42.6	$ 87.8	$ 83.1

Total amortization expense of purchased intangibles represented 5% of revenue in the second quarter and first two quarters of fiscal 2019 and 2018. The expense for the second quarter and first two quarters of fiscal 2019 was higher as compared to the corresponding periods in fiscal 2018 due to new acquisitions' amortization, primarily the Viewpoint acquisition, which was not applicable in the prior year, partially offset by the expiration of prior acquisitions' amortization.

Non-operating Income (Expense), Net

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

	Second Quarter of		First Two Quarters of	
	2019	2018	2019	2018
(In millions)				
Interest expense, net	$ (20.6)	$ (18.6)	$ (42.5)	$ (28.1)
Foreign currency transaction gain (loss), net	(1.0)	(3.0)	(1.9)	0.7
Income from equity method investments, net	12.9	9.5	21.7	14.4
Other income, net	14.4	1.8	17.3	5.2
Total non-operating income (expense), net	$ 5.7	$ (10.3)	$ (5.4)	$ (7.8)

Non-operating income (expense), net increased by $16.0 million and $2.4 million for the second quarter and first two quarters of fiscal 2019, compared to the corresponding periods in fiscal 2018. The increase for the second quarter and first two quarters of 2019 was primarily due to a gain from the sale of an equity investment included in Other income, net and increased joint venture profitability, partially offset by higher interest costs associated with increased debt.

Income Tax Provision

Our effective income tax rate for the second quarter of fiscal 2019 was 18%, compared to 19% in the corresponding period in fiscal 2018; the decrease was primarily due to a one-time tax benefit from foreign income tax refunds in the second quarter of fiscal 2019, and a one-time tax charge from foreign audit settlement in the second quarter of fiscal 2018, partially offset by transfer pricing tax reserves for stock-based compensation deductions. For the first two quarters of fiscal 2019, our effective income tax rate was 18% as compared to 16% in the corresponding period in fiscal 2018; the increase was primarily due to transfer pricing tax reserves for stock-based compensation deductions in the second quarter of fiscal 2019, a one-time tax benefit from foreign deferred tax adjustments in the first quarter of fiscal 2018, partially offset by a one-time tax benefit from foreign income tax refunds. Our effective tax rate is lower than the U.S. federal statutory rate of 21% primarily due to favorable tax rates associated with certain earnings from operations in lower-tax jurisdictions, a benefit from U.S. federal R&D credit, and stock-based compensation deductions.

Results by Segment

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:

	Second Quarter of		First Two Quarters of	
	2019	2018	2019	2018
(In millions)				
Buildings and Infrastructure				
Segment revenue	$ 339.9	$ 277.7	$ 634.6	$ 504.9
Segment revenue as a percent of total revenue	40%	35%	38%	33%
Segment operating income	$ 84.6	$ 70.3	$ 147.1	$ 115.9
Segment operating income as a percent of segment revenue	24.9%	25.3%	23.2%	23.0%
Geospatial				
Segment revenue	$ 164.4	$ 184.4	$ 325.6	$ 358.9
Segment revenue as a percent of total revenue	19%	23%	20%	23%
Segment operating income	$ 31.1	$ 41.6	$ 60.5	$ 78.9
Segment operating income as a percent of segment revenue	18.9%	22.6%	18.6%	22.0%
Resources and Utilities				
Segment revenue	$ 152.7	$ 145.3	$ 312.2	$ 304.8
Segment revenue as a percent of total revenue	18%	18%	19%	20%
Segment operating income	$ 45.5	$ 42.5	$ 96.6	$ 94.4
Segment operating income as a percent of segment revenue	29.8%	29.2%	30.9%	31.0%
Transportation				
Segment revenue	$ 198.8	$ 181.9	$ 387.9	$ 365.8
Segment revenue as a percent of total revenue	23%	23%	23%	24%
Segment operating income	$ 32.9	$ 31.2	$ 64.1	$ 61.7
Segment operating income as a percent of segment revenue	16.5%	17.2%	16.5%	16.9%

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

	Second Quarter of		First Two Quarters of	
	2019	2018	2019	2018
(In millions)				
Consolidated segment operating income	$ 194.1	$ 185.6	$ 368.3	$ 350.9
Unallocated corporate expense	(19.4)	(22.5)	(40.7)	(45.9)
Restructuring charges	(2.9)	(2.8)	(6.6)	(4.2)
Acquired deferred revenue adjustment	(1.0)	(3.8)	(3.9)	(6.7)
Amortization of purchased intangible assets	(43.5)	(42.6)	(87.8)	(83.1)
Stock-based compensation	(17.2)	(16.9)	(33.5)	(34.3)
Amortization of acquired capitalized commissions	1.6	0.6	3.3	1.1
Acquisition / divestiture items	(2.0)	(8.1)	(3.1)	(24.1)
Consolidated operating income	109.7	89.5	196.0	153.7
Non-operating income (expense), net:	5.7	(10.3)	(5.4)	(7.8)
Consolidated income before taxes	$ 115.4	$ 79.2	$ 190.6	$ 145.9

Buildings and Infrastructure

Buildings and Infrastructure revenue increased by $64.7 million or 24% and $132.0 million or 26% for the second quarter and first two quarters of fiscal 2019, compared to the corresponding periods in fiscal 2018. Segment operating income increased $17.9 million or 27% and $35.8 million or 32% for the second quarter and first two quarters of fiscal 2019, respectively, compared to the corresponding periods in fiscal 2018.

For the second quarter and first two quarters of fiscal 2019, excluding unfavorable foreign currency impacts of approximately 2%, respectively, revenue increased due to the Viewpoint acquisition, including software maintenance and subscription revenue, and to a lesser extent, organic growth driven primarily by increased software, maintenance, and subscription revenue. Civil engineering and construction experienced growth in software and subscription revenue, and e-Builder experienced subscription growth as well. Segment operating income increased for the second quarter and first two quarters of fiscal 2019 due to the Viewpoint acquisition, as well as organic revenue growth and gross margin expansion due to product mix.

Geospatial

Geospatial revenue decreased $20.0 million or 11% and $33.3 million or 9% for the second quarter and first two quarters of fiscal 2019, respectively, compared to the corresponding periods in fiscal 2018. Segment operating income decreased by $10.5 million or 25% and $18.4 million or 23% for the second quarter and first two quarters of fiscal 2019, compared to the corresponding periods in fiscal 2018.

For the second quarter and first two quarters of fiscal 2019, excluding unfavorable foreign currency impacts of approximately 1% and 2%, respectively, revenue decreased mainly due to weakness in our OEM hardware sales in Asia Pacific, primarily in China. Geospatial survey sales were flat, and compared to corresponding periods in the prior year did not benefit from significant new product introductions. Segment operating income decreased for the second quarter and first two quarters of fiscal 2019 primarily due to the negative impact from the OEM revenue shortfall.

Resources and Utilities

Resources and Utilities revenue increased $7.6 million or 5% and $7.7 million or 3% for the second quarter and first two quarters of fiscal 2019, respectively, compared to the corresponding periods in fiscal 2018. Segment operating income increased by $3.1 million or 7% and $2.4 million or 3% for the second quarter and first two quarters of fiscal 2019, respectively, compared to the corresponding periods in fiscal 2018.

For the second quarter and first two quarters of 2019, excluding unfavorable foreign currency impacts of approximately 3%, revenue increased mainly due to organic positioning services sales. Agriculture hardware sales were flat for the first two quarters and slightly down in the second quarter in both the OEM and reseller channels due to continued weakness in North America as a result of market uncertainties, including China soybean tariffs on U.S imports, as well as weakness in Brazil and Europe due to drought conditions. Segment operating income for the second quarter and first two quarters of fiscal 2019 increased mainly due to increases in service and subscription revenue.

Transportation

Transportation revenue increased by $17.0 million or 9% and $22.3 million or 6% for the second quarter and first two quarters of fiscal 2019, compared to the corresponding periods in fiscal 2018. Segment operating income increased $1.8 million or 6% and $2.6 million or 4% for the second quarter and first two quarters of fiscal 2019, compared to the corresponding periods in fiscal 2018.

For the second quarter and first two quarters of fiscal 2019, excluding unfavorable foreign currency impacts of approximately 1%, revenue increased primarily due to hardware sales and continued subscription growth from new and existing transportation and logistics customers and to a lesser extent, subscription growth of our mapping products. Segment operating income increased for the second quarter and first two quarters of fiscal 2019 primarily due to revenue growth, partially offset by gross margin compression due to hardware product mix and increased research and development investments.

OFF-BALANCE SHEET FINANCINGS AND LIABILITIES

We do not have any off-balance sheet financing arrangements or liabilities, guarantee contracts, retained or contingent interests in transferred assets, or any obligation arising out of a material variable interest in an unconsolidated entity. We do not have any majority-owned subsidiaries that are not included in the Condensed Consolidated Financial Statements. Additionally, we do not have any interest in, or relationship with, any special purpose entities.

Table of Contents

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 have agreed to hold the other party harmless against losses arising from a breach of representations or covenants, or out of intellectual property infringement, or other claims made against certain parties. These agreements may limit the time within which an indemnification claim can be made and the amount of the claim. From time to time, 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 second quarter of fiscal 2019 and fiscal year end 2018.

LIQUIDITY AND CAPITAL RESOURCES

As of	Second Quarter of 2019	Fiscal Year End 2018
(In millions, except percentages)		
Cash and cash equivalents	$ 199.6	$ 172.5
As a percentage of total assets	3.4%	3.0%
Principal balance of outstanding debt	$ 1,754.7	$ 1,981.9

	First Two Quarters of	
	2019	2018
(In millions)		
Cash provided by operating activities	$ 325.5	$ 267.8
Cash used in investing activities	(19.8)	(384.8)
Cash provided by (used in) financing activities	(279.3)	337.6
Effect of exchange rate changes on cash and cash equivalents	0.7	(8.1)
Net increase in cash and cash equivalents	$ 27.1	$ 212.5

Cash and Cash Equivalents and Short-Term Investments

As of the end of the second quarter of fiscal 2019, cash and cash equivalents totaled $199.6 million compared to $172.5 million as of fiscal year end 2018.

We believe that our cash and cash equivalents, together with our 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 in the next twelve months.

Operating Activities

Cash provided by operating activities was $325.5 million for the first two quarters of fiscal 2019, compared to $267.8 million for the first two quarters of fiscal 2018. The increase of $57.7 million was primarily driven by increased net income, after adjusting for non-cash items and a decrease in inventory purchases and lower tax payments, partially offset by a decrease in accrued compensation and benefits.

Investing Activities

Cash used in investing activities was $19.8 million for the first two quarters of fiscal 2019, compared to $384.8 million for the first two quarters of fiscal 2018. The decrease of cash used in investing activities of $365.0 million was primarily due to the purchase of e-Builder for $485.5 million, partially offset by proceeds from the sale of short-term investments, all in the prior year.

Financing Activities

Cash used by financing activities was $279.3 million for the first two quarters of fiscal 2019, compared to cash provided by financing activities of $337.6 million for the first two quarters of fiscal 2018. The decrease in cash flows from financing activities of $616.9 million was primarily driven by the repayment of debt, net of borrowings, as compared to the increase in debt proceeds, net of repayments, in the prior year used to fund the e-Builder acquisition.

Accounts Receivable and Inventory Metrics

As of	Second Quarter of 2019	Fiscal Year End 2018
Accounts receivable days sales outstanding	55	59
Inventory turns per year	5.0	4.9

Our accounts receivable days sales outstanding are calculated based on ending accounts receivable, net, divided by revenue for the corresponding fiscal quarter, times a quarterly average of 91 days. Our inventory turnover is calculated based on total cost of sales for the most recent twelve months divided by average ending inventory, net, for this same twelve-month period.

Debt

During the second quarter of fiscal 2019, we repaid $153.6 million of debt, net of borrowings. 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 second quarter of fiscal 2019. 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

To supplement our condensed consolidated financial information, we believe that the following information is helpful to 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.

		Second Quarter				First Two Quarters of			
		2019		2018		2019		2018	
(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:		$ 854.8		$ 785.5		$ 1,656.4		$ 1,527.7	
Acquired deferred revenue adjustment	(A)	1.0		3.8		3.9		6.7	
Non-GAAP Revenue:		$ 855.8		$ 789.3		$ 1,660.3		$ 1,534.4	
GROSS MARGIN:									
GAAP gross margin:		$ 460.6	53.9%	$ 422.7	53.8%	$ 898.9	54.3%	$ 818.9	53.6%
Acquired deferred revenue adjustment	(A)	1.0		3.8		3.9		6.7	
Restructuring charges	(B)	—		0.6		0.2		0.4	
Amortization of purchased intangible assets	(C)	23.8		23.9		48.0		47.0	
Stock-based compensation	(D)	1.4		1.1		2.7		2.2	
Acquisition / divestiture items	(E)	—		—		—		2.0	
Non-GAAP gross margin:		$ 486.8	56.9%	$ 452.1	57.3%	$ 953.7	57.4%	$ 877.2	57.2%
OPERATING EXPENSES:									
GAAP operating expenses:		$ 350.9	41.1%	$ 333.2	42.4%	$ 702.9	42.4%	$ 665.2	43.5%
Restructuring charges	(B)	(2.9)		(2.2)		(6.4)		(3.8)	
Amortization of purchased intangible assets	(C)	(19.7)		(18.7)		(39.8)		(36.1)	
Stock-based compensation	(D)	(15.8)		(15.8)		(30.8)		(32.1)	
Acquisition / divestiture items	(E)	(2.0)		(8.1)		(3.1)		(22.1)	
Amortization of acquired capitalized commissions	(F)	1.6		$ 0.6		3.3		1.1	
Non-GAAP operating expenses:		$ 312.1	36.5%	$ 289.0	36.6%	$ 626.1	37.7%	$ 572.2	37.3%
OPERATING INCOME:									
GAAP operating income:		$ 109.7	12.8%	$ 89.5	11.4%	$ 196.0	11.8%	$ 153.7	10.1%
Acquired deferred revenue adjustment	(A)	1.0		3.8		3.9		6.7	
Restructuring charges	(B)	2.9		2.8		6.6		4.2	
Amortization of purchased intangible assets	(C)	43.5		42.6		87.8		83.1	
Stock-based compensation	(D)	17.2		16.9		33.5		34.3	
Acquisition / divestiture items	(E)	2.0		8.1		3.1		24.1	
Amortization of acquired capitalized commissions	(F)	(1.6)		(0.6)		(3.3)		(1.1)	
Non-GAAP operating income:		$ 174.7	20.4%	$ 163.1	20.7%	$ 327.6	19.7%	$ 305.0	19.9%
NON-OPERATING INCOME (EXPENSE), NET:									
GAAP non-operating income (expense), net:		$ 5.7		$ (10.3)		$ (5.4)		$ (7.8)	
Acquisition / divestiture items	(E)	(13.1)		0.7		(12.8)		(2.1)	
Debt issuance costs	(G)	—		6.7		—		6.7	
Non-GAAP non-operating expense, net:		$ (7.4)		$ (2.9)		$ (18.2)		$ (3.2)	
			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:		$ 20.8	18%	$ 15.1	19%	$ 33.6	18%	$ 23.1	16%
Non-GAAP items tax effected	(H)	9.3		15.4		20.7		24.4	
Difference in GAAP and Non-GAAP tax rate	(I)	3.4		—		7.6		9.9	
Non-GAAP income tax provision:		$ 33.5	20%	$ 30.5	19%	$ 61.9	20%	$ 57.4	19%
NET INCOME:									

GAAP net income attributable to Trimble Inc.:		$ 94.6	$ 64.1	$ 156.9	$ 122.6
Acquired deferred revenue adjustment	(A)	1.0	3.8	3.9	6.7
Restructuring charges	(B)	2.9	2.8	6.6	4.2
Amortization of purchased intangible assets	(C)	43.5	42.6	87.8	83.1
Stock-based compensation	(D)	17.2	16.9	33.5	34.3
Acquisition / divestiture items	(E)	(11.1)	8.8	(9.7)	22.0
Amortization of acquired capitalized commissions	(F)	(1.6)	(0.6)	(3.3)	(1.1)
Debt issuance costs	(G)	—	6.7	—	6.7
Non-GAAP tax adjustments	(H)+(I)	(12.7)	(15.4)	(28.3)	(34.3)
Non-GAAP net income attributable to Trimble Inc.:		$ 133.8	$ 129.7	$ 247.4	$ 244.2
DILUTED NET INCOME PER SHARE:					
GAAP diluted net income per share attributable to Trimble Inc.:		$ 0.37	$ 0.25	$ 0.62	$ 0.49
Acquired deferred revenue adjustment	(A)	—	0.01	0.01	0.03
Restructuring charges	(B)	0.01	0.01	0.03	0.02
Amortization of purchased intangible assets	(C)	0.17	0.17	0.34	0.33
Stock-based compensation	(D)	0.07	0.07	0.13	0.13
Acquisition / divestiture items	(E)	(0.04)	0.03	(0.04)	0.09
Amortization of acquired capitalized commissions	(F)	—	—	(0.01)	—
Debt issuance costs	(G)	—	0.03	—	0.02
Non-GAAP tax adjustments	(H)+(I)	(0.05)	(0.06)	(0.11)	(0.14)
Non-GAAP diluted net income per share attributable to Trimble Inc.:		$ 0.53	$ 0.51	$ 0.97	$ 0.97
ADJUSTED EBITDA:					
Non-GAAP operating income:		$ 174.7	$ 163.1	$ 327.6	$ 305.0
Depreciation expense		10.1	8.7	20.3	17.2
Income from equity method investments, net		12.9	9.5	21.7	14.4
Adjusted EBITDA		$ 197.7	$ 181.3	$ 369.6	$ 336.6

Non-GAAP Revenue and Operating Income Results

Non-GAAP revenue increased by $66.5 million or 8% and $125.9 million or 8% for the second quarter and first two quarters of fiscal 2019, respectively, compared to the corresponding periods in fiscal 2018. Excluding unfavorable foreign currency impacts of approximately 2% for the second quarter and first two quarters of fiscal 2019, respectively, revenue increased approximately 8% primarily due to the Viewpoint acquisition and to a lesser extent, organic growth in Buildings and Infrastructure, Transportation, and Resources and Utilities. The increases were partially offset by Geospatial revenue declines.

Non-GAAP operating income increased by $11.6 million or 7% and $22.6 million or 7% for the second quarter and first two quarters of fiscal 2019, respectively, compared to the corresponding periods in fiscal 2018, primarily due to the Viewpoint acquisition and organic revenue growth in Buildings and Infrastructure, including civil engineering and construction and e-Builder, partially offset by Geospatial revenue declines and Transportation increased research and development investments. Non-GAAP operating income as a percentage of total revenue was 20.4% and 19.7% for the second quarter and first two quarters of fiscal 2019, respectively, compared to 20.7% and 19.9% for the corresponding periods in fiscal 2018.

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 certain acquired deferred revenue that was written down to fair value in purchase accounting, restructuring charges, amortization of purchased intangible assets, stock-based 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, amortization of purchased intangible assets, stock-based 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, adjustment 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, amortization of purchased intangible assets, stock-based 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 income (expense), net

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

Non-GAAP income tax provision

We believe that providing investors with the non-GAAP income tax provision is beneficial because it provides for consistent treatment of the excluded items in our non-GAAP presentation.

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, amortization of purchased intangible assets, stock-based compensation, acquisition/divestiture items, debt issuance costs, 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 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, amortization of purchased intangible assets, stock-based compensation, acquisition/divestiture items, debt issuance costs, 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 compared to our past diluted net income per share.

Adjusted EBITDA

We believe that adjusted EBITDA assists investors in comparing our performance over various reporting periods on a consistent basis. Adjusted EBITDA refers to non-GAAP operating income plus depreciation and income from equity method investments. We also believe the measure provides useful information to investors in understanding and evaluating our operating results in the same manner as our management and board of directors.

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, amortization of purchased intangible assets, stock-based compensation, acquisition/divestiture items, debt issuance costs, 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*. 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. We exclude restructuring charges 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 expense 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.

(C). *Amortization of purchased intangible assets*. Included in our GAAP presentation of gross margin 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.

(D). *Stock-based compensation*. Included in our GAAP presentation of cost of sales and operating expenses, stock-based compensation consists of expenses for employee stock options and awards and purchase rights under our employee stock purchase plan. We exclude stock-based compensation expense from our non-GAAP measures because some investors may view it as not reflective of our core operating performance as it is a non-cash expense. For the second quarter and first two quarters of fiscal years 2019 and 2018, stock-based compensation was allocated as follows:

	Second Quarter		First Two Quarters of	
(Dollars in millions)	2019	2018	2019	2018
Cost of sales	$ 1.4	$ 1.1	$ 2.7	$ 2.2
Research and development	4.0	3.2	7.5	6.3
Sales and marketing	3.1	2.4	5.8	4.7
General and administrative	8.7	10.2	17.5	21.1
Total stock-based compensation expense	$ 17.2	$ 16.9	$ 33.5	$ 34.3

(E). *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 income (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.

(F). *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.

(G). *Debt issuance costs.* Included in our non-operating income (loss), net this amount represents incurred costs in connection with a bridge facility we put in place for the Viewpoint acquisition, costs associated with the issuance of new credit facilities and our senior notes issued in 2018 that were not capitalized as debt issuance costs and a write-off of debt issuance costs for terminated and/or modified credit facilities. We excluded the debt issuance cost write-off from our non-GAAP measures. We believe that investors benefit from excluding this item from our non-operating income to facilitate an evaluation of our non-operating income trends.

(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 income (expense), net. 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. For additional discussion, refer to Item 7A on our 2018 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.

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 second quarter and first two quarters of fiscal 2019, revenue and operating income were negatively impacted by foreign currency exchange rates by $12.9 million and $0.1 million and $29.5 million and $0.1 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 second quarter of fiscal 2019 and fiscal year end 2018 are summarized as follows (in millions):

	Second Quarter of Fiscal 2019		Fiscal Year End 2018	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
Forward contracts:				
Purchased	$ (96.5)	$ 0.2	$ (65.8)	$ —
Sold	$ 114.9	$ (0.1)	$ 144.2	$ 0.4

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.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are also 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 2018 Annual Report on Form 10-K is incorporated herein by reference. There have been no material changes to the risk factor disclosure since our 2018 Annual Report on Form 10-K. The risk factors described in our Form 10-K 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.

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

(a) None

(b) None

(c) None

ITEM 4. MINE SAFETY DISCLOSURES

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 Form of Global Performance Restricted Stock Unit Award Agreement (officers) under the Company's Amended and Restated 2002 Stock Plan. (4)

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated August 2, 2019. (4)

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated August 2, 2019. (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 August 2, 2019. (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 August 2, 2019. (4)

101 The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended June 28, 2019, 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 June 28, 2019, 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 3.2 to the Company's Current Report on Form 8-K filed October 3, 2016.
(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.

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/ Robert G. Painter

Robert G. Painter
Chief Financial Officer
(Authorized Officer and Principal Financial Officer)

DATE: August 2, 2019

TRIMBLE INC.
AMENDED AND RESTATED 2002 STOCK PLAN
GLOBAL PERFORMANCE STOCK UNIT
AWARD AGREEMENT
(Management Grants)

Unless otherwise defined herein, the capitalized terms used in this Performance Stock Unit Award Agreement shall have the same defined meanings as set forth in the Trimble Inc. Amended and Restated 2002 Stock Plan (the "Plan").

Name: [●]

Employee ID: [●]

You have been awarded the right to receive Common Stock of the Company or a cash equivalent, subject to the terms and conditions of the Plan and this Global Performance Stock Unit Award Agreement, including any special terms and conditions for your country in the appendix attached hereto (the "Appendix", together with this Global Performance Stock Unit Award Agreement, the "Award Agreement"), as follows:

Date of Grant: [●]

Target Number of Performance Stock Units ("Target Units"): **[●] PSUs**

<u>Vesting Schedule</u>

Subject to the terms of the Plan and this Award Agreement, the Performance Stock Units granted under this Award Agreement vest on the last date of the Performance Period, but only (i) to the extent the Performance Goals (as set forth in Schedule A) are attained, as determined in accordance with the paragraph below and (ii) as long as you continue to be a Service Provider, as further described in paragraph 11 of the "Nature of Award" section below, from the date of grant of the Performance Stock Units through the last date of the Performance Period.

As soon as reasonably practicable after the completion of the Performance Period, the Administrator shall determine the actual level of attainment of the Performance Goals. On the basis of the determination of attainment of the Performance Goals, the number of Performance Stock Units that are eligible to vest shall be calculated.

Anything in the foregoing to the contrary notwithstanding:

(1) In the event that you cease to be a Service Provider as a result of your death prior to the last day of the Performance Period, you shall vest in a number of Performance Stock Units equal to the product of the number of Performance Stock Units that become eligible to vest based on the attainment level of the Performance Goals calculated as of the end of the Performance Period, multiplied by the Pro Rata Factor, rounded up to the nearest whole number of Performance Stock Units. "Pro Rata Factor" means a fraction, the numerator of which is the number of days that you have completed as a Service Provider during the period commencing on the date of grant of the Performance Stock Units and ending on the date that is the earlier of your death or the Shortened Performance Attainment Date, as applicable, and the denominator of which is the number of total days contained in the period commencing on the date of grant of the Performance Stock Units and ending on the last day of the Performance Period.

(2) In the event of a Change in Control that occurs prior to the end of the Performance Period, (A) the Performance Period shall be shortened to end on a date preceding the consummation of the Change in Control selected by the Company (the "Shortened Performance Attainment Date"), (B) a number of Performance Stock Units shall vest immediately prior to the Change in Control equal to the product of (1) the number of Performance Stock Units that become eligible to vest based on the attainment level of the Performance Goals (or if the attainment level cannot then be measured, the Target Number of Performance Stock Units), multiplied by the (2) the Pro Rata Factor (the "Pro Rata Portion"), and (C) the number of Performance Stock Units equal to the difference between (1) the number of Performance Stock Units that became eligible to vest based on attainment of the Performance Goals as determined in subsection (2)(B)(1) of this paragraph, and (2) the Pro Rata Portion (the difference between these two amounts, the "Converted RSUs"), shall vest on the last day of the Performance Period, provided you continue to be a Service Provider through such date. Notwithstanding the foregoing, if you cease to be a Service Provider as a result of your involuntary termination by the Company (or an Affiliate) for reasons other than Cause within one year following the Change in Control and prior to the last day of the Performance Period, the Converted RSUs shall vest automatically as of the date you cease to be a Service Provider. For purposes of this Award Agreement, "Cause" shall mean, as determined by the Company: (AA) your performance of any act or omission which, if you were prosecuted, would constitute a felony or misdemeanor; (BB) your failure to carry out your material duties; (CC) your dishonesty towards or fraud upon the Company or any Affiliate which is injurious to the Company or any Affiliate; (DD) your violation of any Company or Affiliate practice or agreement or confidentiality obligations to the Company, any Affiliate, or any customers of the Company or any Affiliate, or misappropriation of assets of the Company or any Affiliate; (EE) your inability to carry out your essential duties with reasonable accommodation, if any, unless prohibited

by law. Notwithstanding the foregoing, if you are a party to a Change in Control Severance Agreement, the provisions of this paragraph (2) shall not apply. For the avoidance of any doubt, the Converted RSUs shall be subject to Section 14(c) of the Plan.

(3) In the event that you have been selected to participate in the Company Age and Service Equity Vesting Program (the "Vesting Program") on or before the date of grant of the Performance Stock Units, this Award Agreement shall also be subject to the terms of the Vesting Program.

(4) If you are a party to an Executive Severance Agreement with the Company, this Award Agreement shall also be subject to the terms of such Executive Severance Agreement.

Settlement

For each vested Performance Stock Unit, you shall be entitled to receive (1) a number of whole Shares equal to the number of Performance Stock Units vesting on such vesting date, or (2) a cash payment equal to the product of the number of Performance Stock Units vesting on such vesting date and the Fair Market Value of one Share on such vesting date or (3) a combination of the foregoing at the Company's discretion under the terms of the Plan. Such payment shall be made on or as soon as practicable following the date of vesting, but no later than the earlier of (i) 74 days following the end of the Performance Period, (ii) 30 days following a Change in Control (in the event of a vesting event pursuant to paragraph (2) under the "Vesting Schedule" section above), or (iii) 30 days following the date you cease to be a Service Provider (in the event of a vesting event pursuant to paragraph (2) under the "Vesting Schedule" section above). Notwithstanding the foregoing, to the extent this Award Agreement is subject to a Change in Control Severance Agreement, an Executive Severance Agreement or the Vesting Program, the settlement terms of such agreement or program shall control with respect to the Performance Stock Units to the extent necessary to comply with Section 409A of the Code.

Forfeiture

Except as provided above under the heading "Vesting Schedule," upon the date that you cease to be a Service Provider for any reason, all unvested Performance Stock Units shall be forfeited. The date you cease to be a Service Provider for purposes of the Award will be the date described in paragraph (11) of the "Nature of Award" section below.

Tax Obligations

You acknowledge that, regardless of any action taken by the Company or, if different, your employer (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items") is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer, if any. You further acknowledge that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance Stock Units, including, but not limited to, the grant, vesting or settlement of the Performance Stock Units, the issuance of Shares (or the cash equivalent) upon settlement of the Performance Stock Units, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or any dividend equivalents; and (2) do not commit to and are under no obligation to structure the terms of this Award or any aspect of the Performance Stock Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you agree to make arrangements satisfactory to the Company and/or the Employer to fulfill all Tax-Related Items. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any withholding obligations for Tax-Related Items by one or a combination of the following:

(1) withholding from your wages or other cash compensation paid to you by the Company and/or the Employer or any Subsidiary or Affiliate; or

(2) withholding from proceeds of the sale of the Shares acquired upon vesting/settlement of the Performance Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization and without further consent); or

(3) withholding in Shares to be issued upon vesting/settlement or from the cash payment received at settlement (if any) of the Performance Stock Units.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to the maximum applicable permissible statutory rate for your tax jurisdiction(s), in which case you will have no entitlement to the equivalent amount in Shares and may receive a refund of any over-withheld amount in cash in accordance with applicable law. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested

Performance Stock Units, notwithstanding that a number of Shares are held back solely for the purpose of satisfying the withholding obligation for the Tax-Related Items.

Finally, you agree to pay the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares (or the cash equivalent) or the proceeds of the sale of Shares if you fail to comply with your obligations in connection with the Tax-Related Items.

Code Section 409A

The vesting and settlement of Performance Stock Units awarded pursuant to this Award Agreement are intended to qualify for the “short-term deferral” exemption from Section 409A of the Code. In furtherance of this intent, the provisions of this Award Agreement shall be interpreted, operated, and administered in a manner consistent with these intentions. The Administrator reserves the right, to the extent the Administrator deems necessary or advisable in its sole discretion, to unilaterally amend or modify the Plan and/or this Award Agreement to ensure that the Performance Stock Units qualify for exemption from or comply with Section 409A of the Code or to mitigate any additional tax, interest and/or penalties or other adverse tax consequences that may apply under Section 409A of the Code if compliance is not practical; provided, however, that the Company makes no representations that the Performance Stock Units will be exempt from Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to these Performance Stock Units. Nothing in this Award Agreement shall provide a basis for any person to take any action against the Company or any of its Subsidiaries or Affiliates based on matters covered by Section 409A of the Code, including the tax treatment of this Award Agreement, and neither the Company nor any of its Subsidiaries or Affiliates will have any liability under any circumstances to you or any other party if the Performance Stock Units that is intended to be exempt from, or compliant with, Section 409A of the Code, is not so exempt or compliant or for any action taken by the Administrator with respect thereto.

Nature of Award

In accepting this Award, you acknowledge, understand and agree that:

(1) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(2) this Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of restricted stock units, or benefits in lieu of restricted stock units, even if restricted stock units have been granted in the past;

(3) all decisions with respect to future restricted stock unit grants, if any, will be at the sole discretion of the Company;

(4) you are voluntarily participating in the Plan;

(5) this Award and your participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Affiliate, and shall not interfere with the ability of the Company, the Employer or any Affiliate, as applicable, to terminate your Service Provider relationship at any time;

(6) the Performance Stock Units and the Shares subject to the Performance Stock Units, and the income and value of same, are not intended to replace any pension rights or compensation;

(7) unless otherwise agreed with the Company, the Performance Stock Units and the Shares subject to the Performance Stock Units, and the income and value of same, are not granted as consideration for, or in connection with, the service you may provide as a director of a Subsidiary or Affiliate of the Company;

(8) the Performance Stock Units and the Shares subject to the Performance Stock Units, and the income and value of same, are not part of normal or expected compensation or salary for any purpose, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, leave-related payments, holiday pay, pension or retirement or welfare benefits or similar mandatory payments;

(9) the future value of the underlying Shares is unknown, indeterminable, and cannot be predicted with certainty;

(10) no claim or entitlement to compensation or damages shall arise from forfeiture of the Performance Stock Units resulting from termination of your relationship as a Service Provider (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are engaged as a Service Provider or the terms of your employment or service agreement, if any);

(11) for purposes of the Award, your relationship as a Service Provider will be considered terminated as of the date you are no longer actively providing services to the Company or one of its Subsidiaries or Affiliates (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are engaged as a Service Provider or the terms of your employment or service agreement, if any); unless otherwise expressly provided

in this Award Agreement or determined by the Company, your right to vest in the Performance Stock Units under the Plan, if any, will terminate as of such date and will not be extended by any notice period (*e.g.*, the period during which you are considered a Service Provider would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are engaged as a Service Provider or the terms of your employment or service agreement, if any); the Administrator shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of your Award (including whether you may still be considered to be actively providing services while on a leave of absence);

(12) unless otherwise provided in the Plan or by the Company in its discretion, the Performance Stock Units and the benefits evidenced by this Award Agreement do not create any entitlement to have the Performance Stock Units or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

(13) neither the Company, the Employer nor any Subsidiary or Affiliate shall be liable for any foreign exchange rate fluctuation between the United States Dollar and your local currency (if different) that may affect the value of the Performance Stock Units or of any amounts due to you pursuant to the settlement of the Performance Stock Units or the subsequent sale of any Shares acquired upon settlement.

<u>No Advice Regarding Award</u>

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You acknowledge, understand and agree you should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

<u>No Stockholder Rights Prior to Settlement</u>

You shall have no rights of a stockholder (including the right to distributions or dividends or to vote) unless and until Shares are issued pursuant to the terms of this Award Agreement.

<u>Compliance with Law</u>

Notwithstanding anything to the contrary contained herein, no Shares will be issued to you upon vesting of the Performance Stock Units unless the Shares subject to the Performance Stock Units are then registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or, if such Shares are not so registered, the Company has determined that such vesting and issuance would be exempt from the registration requirements of the Securities Act. Further, no Shares will be issued until completion of any other applicable registration or qualification of the Shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of any applicable governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. By accepting the Performance Stock Units, you agree not to sell any of the Shares received under this Award at a time when Applicable Laws or Company policies prohibit a sale.

<u>Clawback Provision</u>

The Performance Stock Units and any financial gain thereof will be subject to recoupment in accordance with the Company's Incentive Compensation Recoupment Policy, effective as of May 2, 2017, and as may be amended from time to time, and any clawback policy that is required to be adopted pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other Applicable Laws.

<u>Insider Trading Restrictions / Market Abuse Laws</u>

You acknowledge that you may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions including, but not limited to, the United States and your country, which may affect your ability to acquire, sell or otherwise dispose of Shares or rights to Shares (*e.g.*, Performance Stock Units) under the Plan during such time as you are considered to have "inside information" regarding the Company (as defined by the laws in applicable jurisdictions). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. You are responsible for ensuring compliance with any applicable restrictions and should consult your personal legal advisor on such matters.

<u>Data Privacy Information and Consent</u>

The Company is located at [Company Address] and grants Performance Stock Units to employees of the Company and its Subsidiaries, at the Company's sole discretion. If you would like to participate in the Plan, you should review the following information about the Company's data processing practices and declare your consent.

(a) Data Collection and Usage. The Company collects, processes and uses your personal data, including your name, home address and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all Performance Stock Units canceled, vested, or outstanding in your favor, which the Company receives from you or the Employer. If the Company offers you a grant of Performance Stock Units under the Plan, then the Company will collect your personal data for purposes of allocating stock and implementing, administering and managing the Plan. The Company's legal basis for the processing of your personal data would be your consent.

(b) Stock Plan Administration Service Providers. The Company transfers participant data to Fidelity Stock Plan Services, LLC ("Fidelity"), an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share your data with another company that serves in a similar manner. The Company's service provider will open an account for you to receive and trade Shares. You will be asked to agree on separate terms and data processing practices with the service provider, which is a condition to your ability to participate in the Plan.

(c) International Data Transfers. The Company and its service providers are based in the United States. You should note that your country may have enacted data privacy laws that are different from the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program, which is open to companies subject to Federal Trade Commission jurisdiction and in which the Company does participate with respect to employee data. The Company's legal basis for the transfer of your personal data is your consent.

(d) Data Retention. The Company will use your personal data only as long as is necessary to implement, administer and manage your participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and security laws. When the Company no longer needs your personal data, the Company will remove it from it from its systems. If the Company keeps data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be relevant laws or regulations.

(e) Voluntariness and Consequences of Consent Denial or Withdrawal. Your participation in the Plan and your grant of consent is purely voluntary. You may deny or withdraw your consent at any time. If you do not consent, or if you withdraw your consent, you cannot participate in the Plan. This would not affect your salary as an employee or your career; you would merely forfeit the opportunities associated with the Plan.

(f) Data Subject Rights. You may have a number of rights under data privacy laws in your country. For example, in the European Union, your rights include the right to (a) request access or copies of personal data the Company processes, (b) rectification of incorrect data, (c) deletion of data, (d) restrictions on processing, (e) to lodge complaints with competent authorities in your country, and/or (f) request a list with the names and addresses of any potential recipients of your personal data. To receive clarification regarding your rights or to exercise your rights please contact the Company at [stock admin email address].

By clicking on the data privacy acceptance box in the Company's electronic procedures, you am declaring that you agree with the data processing practices described herein and consent to the collection, processing and use of your personal data by the Company and the transfer of personal data to the recipients mentioned above, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described above.

Entire Agreement

The Plan is incorporated herein by reference. The Plan and this Award Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of you and the Company with respect to the subject matter hereof, and may not be modified adversely to your interest except by means of a writing signed by you and the Company. Notwithstanding the foregoing, if the Award Agreement is subject to the Vesting Program, an Executive Severance Agreement or a Change in Control Severance Agreement with the Company, the terms of such applicable Vesting Program, Executive Severance Agreement, or Change in Control Severance Agreement shall also apply to this Award Agreement.

Governing Law/Venue

This Award of Performance Stock Units and this Award Agreement are governed by, and subject to, the internal substantive laws, but not the choice of law rules, of the State of Delaware, U.S.A.

For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this Award or this Award Agreement, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the State of California, U.S.A., and agree that such litigation shall be conducted only in the courts of Santa Clara County, California, U.S.A., or the federal courts for the United States for the Northern District of California, and no other courts, where this Award is made and/or to be performed.

Language

You acknowledge that you are sufficiently proficient in English, or have consulted with an advisor who is sufficiently proficient in English so as to allow you, to understand the terms and conditions of this Award Agreement. If you have received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

Electronic Delivery and Participation

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

Severability

The provisions of this Award Agreement (which includes the Appendix) are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

Appendix

The Performance Stock Units shall be subject to any special terms and conditions for your country set forth in the Appendix. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country shall apply to you, unless the Company determines that the application of such terms and conditions is not necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Award Agreement.

Imposition of Other Requirements

The Company reserves the right to impose other requirements on your participation in the Plan, on the Performance Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

Foreign Asset/Account Reporting Requirements; Exchange Controls

You acknowledge that your country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect your ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares acquired under the Plan) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker and/or within a certain time after receipt. You acknowledge that it is your responsibility to be compliant with such regulations, and you understand and agree to consult your personal legal advisor for any details.

Waiver

You acknowledge that a waiver by the Company of breach of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement or of any subsequent breach by you or any other participant in the Plan.

By your signature and the signature of the Company's representative below OR BY YOUR ACCEPTANCE OF THIS AWARD THROUGH THE COMPANY'S ONLINE ACCEPTANCE PROCEDURE, you and the Company agree that this Award is governed by the terms and conditions of the Plan and this Award Agreement, includING the Appendix. You have reviewed the Plan and this Award Agreement, INCLUDING the Appendix, in their entirety, have had an opportunity to obtain the advice of counsel prior to executing this Award Agreement, and fully understand all provisions of the Plan and Award Agreement, INCLUDING the Appendix. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement, INCLUDING the Appendix. You further agree to notify the Company upon any change in YOUR residence address.

SERVICE PROVIDER: Trimble Inc.:

______________________________ ______________________________

Signature By

____

Print Name Print Name

General Counsel

Residence Address Title

SCHEDULE A -
PERFORMANCE GOAL SCHEDULE

1. Eligible Number of Performance Stock Units

The actual number of Performance Stock Units that are eligible to vest in accordance with the Vesting Schedule of the Award Agreement shall be based on the attainment level of the Performance Goals set forth below, in accordance with the following formula:

- The product of Target Units, multiplied by the Combined Attainment Factor (defined below).

2. Performance Period:

Fiscal Years **[●]** to **[●]**

3. Performance Goals:

The "**Combined Attainment Factor**," which is to be measured as of the end of the Performance Period (and shall in no event exceed 2.5), shall be determined by the following formula:

((70% * the Revenue & EBITDA Factor) + (30% * the ARR Factor)) * the TSR Modifier,

where these factors are determined as follows:

The "**Revenue & EBITDA Factor"** shall be determined by reference to the intersection of Revenue and EBITDA (as a percentage of Revenue) in the table below, measured as of the end of the Performance Period, with performance in between the identified attainment levels determined by interpolation on a linear basis:

[●]

The "**ARR Factor**" measures the increase in ARR during the Performance Period and shall be determined by reference to the following table:

[●]

The "**TSR Modifier**" shall be determined by reference to the following table:

TSR Percentile Ranking	**TSR Modifier**
Below 25^{th} percentile	0.75
At or above 25^{th} but below 50^{th} percentile	.90
At or above 50th but below 75th percentile	1.10
At or above 75^{th} percentile	1.25

The financial metrics used herein refer to amounts for the final fiscal year of the Performance Period, calculated in accordance with U.S. GAAP and the Company's accounting policies (including its revenue recognition and deferred revenue policies), applied on a basis consistent with the principles, practices and procedures generally applied by the Company, with the non-GAAP adjustments described in the Company's Annual Report on Form 10-K for reconciliation of GAAP to non-GAAP financial measures. For further clarity:

"**ARR**" or "**Annual Recurring Revenue**" means subscription, maintenance, and support revenues (with the non-GAAP adjustments described above) during the fourth fiscal quarter, multiplied by four.

"**EBITDA**" means Adjusted EBITDA as described in the Company's Annual Report on Form 10-K (with the non-GAAP adjustments described above), and EBITDA as a percentage of Revenue refers to Adjusted EBITDA divided by Revenue.

"**Revenue**" means income from normal business activities (with the non-GAAP adjustments described above).

The "**TSR Percentile Ranking**" is the comparison of Total Shareholder Return of the Company against the Total Shareholder Return of all companies included in the S&P 400 at the beginning of the Performance Period (excluding any companies that are added to the S&P 400 during the Performance Period and excluding those companies that are not members of the S&P 400 as of the end of the Performance Period), where:

"**Total Shareholder Return**" means the quotient of:

(i) the Trailing Average Price of the applicable issuer's shares at the end of the Performance Period minus the Trailing Average Price of such issuer's shares at the beginning of the Performance Period, plus assumed reinvestment as of the ex-dividend date of ordinary and extraordinary cash dividends, if any, paid by such issuer during the Performance Period, divided by

(ii) the Trailing Average Price of such issuer's shares at the beginning of the Performance Period,

and "**Trailing Average Price**" means the average of the closing prices of the applicable shares for the 60 trading days ending on the applicable measurement date,

with adjustments to share prices and dividend payments to reflect stock splits during the Performance Period.

4. Adjustments and Exclusions:

The Performance Goals shall be subject to the following adjustments and exclusions:

(a) Changes in Accounting Policies. All financial metrics shall be calculated without regard to changes in Critical Accounting Policies identified in the Company's SEC filings or any required changes in reporting of non-GAAP financial results effective after the date of this Award Agreement.

(b) Acquisitions. In the case of acquisitions by the Company completed during the Performance Period that represent more than 10% of the Revenue recognized by the Company during the twelve-month period preceding the consummation of the acquisition, all Revenue attributable to such acquired businesses will be excluded from the determinations of the attainment level for each Performance Goal.

(c) Divestitures. In the case of divestitures completed during the Performance Period of one or more businesses or segments of the Company's business, where

(i) Revenue attributable to an individual business or segment of a business that is divested represents more than 1% of the Company's Revenue during the twelve-month period ending on the completion date of the divestiture, or

(ii) Revenue attributable to the aggregate businesses or business segments that are divested represent more than 1.5% of the Company's Revenue (such percentage calculated as (x) the sum of the Revenue attributable to each business or segment that is divested, using Revenue during the twelve-month period ending on the date that the applicable divestiture is completed, compared to (y) the Revenue recognized by the Company during the final twelve-months of the Performance Period),

then proportional adjustments will be made to the Performance Goal attainment levels to eliminate the Revenue attributable to such divestitures and the corresponding attainment percentages set forth under the Revenue & EBITDA Factor and/or the ARR Factor to provide approximately similar attainment percentages as if the divestiture(s) had not occurred.

(d) Other Adjustments. At all times, the Administrator retains the right to make other adjustments, at its sole discretion, to the Performance Goals or the definition of or methods of determining the financial metrics hereunder, provided that such adjustments do not increase the maximum number of Performance Stock Units that would otherwise vest under this Award Agreement.

APPENDIX TO

TRIMBLE INC.
AMENDED AND RESTATED 2002 STOCK PLAN
GLOBAL PERFORMANCE STOCK UNIT
AWARD AGREEMENT

TERMS AND CONDITIONS

This Appendix, which is part of the Award Agreement, includes additional or different terms and conditions that govern the Performance Stock Units and that will apply to you if you are in one of the countries listed below. Unless otherwise defined herein, capitalized terms set forth in this Appendix shall have the meanings ascribed to them in the Plan or the Award Agreement, as applicable.

If you are a citizen or resident of a country other than the one in which you are currently working and/or residing, are considered a resident of another country for local law purposes or transfers employment and/or residency between countries after the date of grant, the Company shall, in its sole discretion, determine to what extent the terms and conditions included herein will apply to you under these circumstances.

NOTIFICATIONS

This Appendix also includes information regarding securities, exchange control and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of May 2019. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix as the only source of information relating to the consequences of your participation in the Plan because such information may be outdated when you vest in this Award and/or sell any Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation. As a result, the Company is not in a position to assure you of any particular result. You, therefore, are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your particular situation.

Finally, if you are a citizen or resident of a country other than that in which you currently are working and/or residing, are considered a resident of another country for local law purposes or transfer employment and/or residency to a different country after the date of grant, the information contained herein may not apply in the same manner to you.

BELGIUM

NOTIFICATIONS

Foreign Asset/Account Reporting Information. You are required to report any bank or brokerage accounts held outside of Belgium in your annual tax return. In a separate report, you are required to provide the National Bank of Belgium with certain details regarding such foreign accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under the *Kredietcentrales / Centrales des crédits* caption.

CANADA

TERMS AND CONDITIONS

Settlement. The following provision replaces the “Settlement” section of the Award Agreement:

For each vested Performance Stock Units, you shall be entitled to receive a number of Shares equal to the number of Performance Stock Units vesting on such vesting date. Such payment in the form of Shares shall be made as soon as practicable, but no later than 60 days, following the date of vesting.

The discretion to settle the Performance Stock Units in cash as described in the Award Agreement and the Plan is not applicable to Performance Stock Units granted to Service Providers in Canada.

Nature of Award. The following provision replaces paragraph (11) of the “Nature of Award” section of the Award Agreement:

For purposes of the Award, your relationship as a Service Provider will be considered terminated as of the earliest of (a) the date that your relationship as a Service Provider with the Company or one of its Subsidiaries or Affiliates is terminated; (b) the date on which you receive a written notice of termination of your relationship as a Service Provider, regardless of any notice period or period of pay in lieu of such notice required under any employment law in the country where you reside (including, but not limited to, statutory law, regulatory law and/or common law), even if such law is otherwise applicable to your benefits from the Employer; and (c) the date you are no longer actively providing services to the Company or one of its Subsidiaries or Affiliates (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are engaged as a Service Provider or the terms of your employment or service agreement, if any); unless otherwise expressly provided in this Award Agreement or determined by the Company, your right to vest in the Performance Stock Units under the Plan, if any, will terminate as of such date; the Administrator shall have the exclusive discretion to determine when you are no longer a Service Provider for purposes of your Award.

The following provisions apply if you are in Quebec:

Consent to Receive Information in English. The parties acknowledge that it is their express wish that the Award Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir expressement souhaité que la convention [“Award Agreement”], ainsi que tous les documents, avis et procédures judiciaries, éxecutés, donnés ou intentés en vertu de, ou lié, directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

Data Privacy. The following provision supplements the “Data Privacy” section of the Award Agreement:

You hereby authorize the Company and the Company’s representatives to discuss and obtain all relevant information from all personnel, professional or non-professional, involved in the administration of the Plan. You further authorize the Company, the Employer, any Subsidiary or Affiliate and the Company’s designated broker/third party administrator for the Plan (or such other stock plan service provider that may be selected by the Company to assist with the implementation, administration and management of the Plan) to disclose and discuss such information with their advisors. You also authorize the Company, the Employer and/or any Subsidiary or Affiliate to record such information and to keep such information in your employment file.

NOTIFICATIONS

Securities Law Information. You are permitted to sell Shares acquired through the Plan through the designated broker appointed under the Plan, if any (or any other broker acceptable to the Company), provided the resale of Shares acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed. The Shares are currently listed on the Nasdaq Global Select Market.

Foreign Asset/Account Reporting Information. You are required to report any foreign specified property, including Shares and rights to receive Shares (*e.g.*, Performance Stock Units), annually on a Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign specified property exceeds CAD100,000 at any time during the year. Thus, Performance Stock Units must be reported - generally at a nil cost - if the CAD100,000 cost threshold is exceeded because of other foreign property you hold. When Shares are acquired, their cost generally is the adjusted cost base (“ACB”) of the Shares. The ACB would ordinarily equal the fair market value of the Shares at the time of acquisition, but if other Shares are also owned, this ACB may have to be averaged with the ACB of the other Shares. The Form T1135 generally must be filed by April 30 of the following year. You understand and agree you should consult your personal legal advisor to ensure compliance with applicable reporting obligations.

FINLAND

There are no country-specific terms and conditions.

FRANCE

TERMS AND CONDITIONS

Performance Stock Units Not Tax-Qualified. You understand that this Award is not intended to be French tax-qualified.

Consent to Receive Information in English. By accepting the grant of Performance Stock Units and the Award Agreement, which provides for the terms and conditions of your Performance Stock Units, you confirm having read and understood the documents relating to this Award, which were provided to you in English. You accept the terms of those documents accordingly.

En acceptant cette attribution gratuite d’actions et ce contrat qui contient les termes et conditions de vos actions gratuites, vous confirmez avoir lu et compris les documents relatifs à cette attribution qui vous ont été transmis en langue anglaise. Vous acceptez ainsi les conditions et termes de ces documents.

NOTIFICATIONS

Foreign Asset/Account Information. If you hold securities outside of France (including Shares acquired under the Plan) or maintain a foreign bank account, you are required to report the maintenance of such to the French tax authorities when filing your annual tax return.

GERMANY

NOTIFICATIONS

Exchange Control Information. Cross-border payments in excess of € 12,500 must be reported monthly to the German Federal Bank. If you make or receive a payment in excess of this amount, you must report the payment to the German Federal Bank electronically using the "General Statistics Reporting Portal" ("*Allgemeines Meldeportal Statistik*") available via the German Federal Bank's website (www.bundesbank.de).

Foreign Asset / Account Reporting Information. If your acquisition of Shares under the Plan leads to a so-called qualified participation at any point during the calendar year, you will need to report the acquisition when you file your tax return for the relevant year. A qualified participation is attained if (i) the value of the shares acquired exceeds EUR 150,000 or (ii) in the unlikely event you hold Shares exceeding 10% of the Company's total Common Stock.

NEW ZEALAND

NOTIFICATIONS

Securities Law Information. You are being offered Performance Stock Units which, if vested, will entitle you to acquire Shares in accordance with the terms of the Award Agreement and the Plan. The Shares, if issued, will give you a stake in the ownership of the Company. You may receive a return if dividends are paid.

If the Company runs into financial difficulties and is wound up, you will be paid only after all creditors and holders of preference shares (if any) have been paid. You may lose some or all of your investment, if any.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share purchase scheme. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment. Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

The Shares are quoted on the Nasdaq Global Select Market (the "Nasdaq"). This means that if you acquire Shares under the Plan, you may be able to sell the Shares on the Nasdaq if there are interested buyers. You may get less than you invested. The price will depend on the demand for the Shares.

For information on risk factors impacting the Company's business that may affect the value of the Shares, you should refer to the risk factors discussion in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's "Investor Relations" website at http://investor.trimble.com/.

UNITED KINGDOM

TERMS AND CONDITIONS

Settlement. The following provision supplements the "Settlement" section of the Award Agreement:

For each vested Performance Stock Unit, you shall be entitled to receive a number of Shares equal to the number of Performance Stock Units vesting on such vesting date. Such payment in the form of Shares shall be made as soon as practicable, but no later than 60 days, following the date of vesting.

The discretion to settle the Performance Stock Units in cash as described in the Plan is not applicable to Performance Stock Units granted to Service Providers in the United Kingdom.

Tax Obligations. The following provision supplements the "Tax Obligations" section of the Award Agreement:

Without limitation to the "Tax Obligations" section of the Award Agreement, you understand and agree you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or the Employer or by Her Majesty's Revenue and Customs ("HMRC") (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay, withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on your behalf.

Notwithstanding the foregoing, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act, the terms of the immediately foregoing provision will not apply. In the event that you are a director or executive officer and income tax is not collected from or paid by you within 90 days of the end of the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and national insurance contributions ("NICs") may be payable. You understand that you will be responsible for reporting any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying the Company or the Employer (as applicable) for the value of any employee NICs due on this additional benefit.

Joint Election. As a condition of participation in the Plan and the vesting of the Performance Stock Units, you agree to accept any liability for secondary Class 1 NICs which may be payable by the Company and/or the Employer in connection with the Performance Stock Units and any event giving rise to Tax-Related Items (the "Employer NICs"). Without prejudice to the foregoing, you agree to execute a joint election with the Company, the form of such joint election having been approved formally by Her Majesty's Revenue and Customs ("HMRC") (the "Joint Election"), and any other required consent or election to accomplish the transfer of Employer NICs to you. You further agree to execute such other joint elections as may be required between you and any successor to the Company or the Employer. You further agree that the Company or the Employer may collect the Employer NICs from you by any of the means set forth in the "Tax Obligations" section of the Award Agreement.

If you do not enter into a Joint Election prior to the vesting of the Performance Stock Units or any other event giving rise to Tax-Related Items or if approval of the joint election has been withdrawn by HMRC, you will not be entitled to vest in the Performance Stock Units or receive any benefit in connection with the Performance Stock Units unless and until you enter into a Joint Election, and no Shares will be issued or delivered to you under the Plan, without any liability to the Company or the Employer.

TRIMBLE INC.
AMENDED AND RESTATED 2002 STOCK PLAN

Important Note on the Joint Election to Transfer
Employer National Insurance Contributions

As a condition of participation in the Trimble Inc. Amended and Restated 2002 Stock Plan (the "Plan") and the vesting of any performance stock units ("Performance Stock Units") that may be granted to you by Trimble Inc. (the "Company"), you are required to enter into a joint election to transfer to you any liability for employer secondary Class 1 National Insurance contributions (the "Employer's Liability") that may arise in connection with any Performance Stock Units granted to you by the Company under the Plan (the "Joint Election").

If you do not agree to enter into the Joint Election, any grant of Performance Stock Units will be worthless as you will not receive any benefit in connection with the Performance Stock Units.

By entering into the Joint Election:

- **You agree that any Employer's Liability that may arise in connection with or pursuant to the Performance Stock Units (and the acquisition of Shares) or other taxable events in connection with the Performance Stock Units will be transferred to you; and**
- **You authorise the Company and/or the Employer to recover an amount sufficient to cover this liability by any of the means set forth in the Award Agreement and/or the Joint Election.**
- **You acknowledges that even if you have electronically entered into the Joint Election by accepting the Award Agreement through the Company's online acceptance procedures, the Company or the Employer may still require you to sign a paper copy of this Joint Election (or a substantially similar form) if the Company determines such is necessary to give effect to the Joint Election.**

By accepting the Award Agreement through the Company's online acceptance procedures with the Company's designated broker/third party administrator for the Plan (or by signing the Joint Election, if applicable), you are agreeing to be bound by the terms of the Joint Election.

Please read the terms of the Joint Election carefully before accepting the terms of the Award Agreement and the Joint Election.

Please keep a copy of the Joint Election for your records.

TRIMBLE INC.
AMENDED AND RESTATED 2002 STOCK PLAN
Election To Transfer the Employer's National Insurance Liability to the Employee

This Election is between:

A. The individual who has obtained authorized access to this Joint Election (the "**Employee**"), who is employed by one of the employing companies listed in the attached schedule (the "**Employer**") and who is eligible to receive performance stock units pursuant to the Trimble Inc. Amended and Restated 2002 Stock Plan (the "**Plan**"), and

B. Trimble Inc., at [Company Address] (the "**Company**"), which may grant performance stock units under the Plan and is entering into this Joint Election on behalf of the Employer.

1. Introduction

1.1. This Joint Election relates to any performance stock units granted to the Employee under the Plan on or after March 15, 2017 up to the termination date of the Plan.

1.2. In this Joint Election the following words and phrases have the following meanings:

(a) "**Chargeable Event**" means, in relation to the Plan:

(i) the acquisition of securities pursuant to performance stock units (within section 477(3)(a) of ITEPA);

(ii) the assignment (if applicable) or release of performance stock units in return for consideration (within section 477(3)(b) of ITEPA);

(iii) the receipt of a benefit in connection with the performance stock units, other than a benefit within (i) or (ii) above (within section 477(3)(c) of ITEPA);

(iv) post-acquisition charges relating to the performance stock units and/or shares acquired pursuant to the performance stock units (within section 427 of ITEPA); and/or

(v) post-acquisition charges relating to the performance stock units and/or shares acquired pursuant to the performance stock units (within section 439 of ITEPA).

(b) "**ITEPA**" means the Income Tax (Earnings and Pensions) Act 2003.

(c) "**SSCBA**" means the Social Security Contributions and Benefits Act 1992.

1.3. This Joint Election relates to employer's secondary Class 1 National Insurance contributions (the "Employer's Liability") which may arise on the occurrence of a Chargeable Event in respect of the performance stock units pursuant to section 4(4)(a) and/or paragraph 3B(1A) of Schedule 1 of the SSCBA.

1.4. This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the SSCBA, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

1.5. This Election does not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part VII of ITEPA (employment income: securities with artificially depressed market value).

2. The Election

The Employee and the Company jointly elect that the entire liability of the Employer to pay the Employer's Liability on the Chargeable Event is hereby transferred to the Employee. The Employee understands that by signing the Joint Election or by accepting the Performance Stock Unit Award Agreement through the Company's online acceptance procedures with the Company's designated broker/third party administrator for the Plan, he or she will become personally liable for the Employer's Liability covered by this Joint Election. This Joint Election is made in accordance with paragraph 3B(1) of Schedule 1 to SSCBA.

3. Payment of the Employer's Liability

3.1. The Employee hereby authorizes the Company and/or the Employer to collect the Employer's Liability from the Employee at any time after the Chargeable Event:

i. by deduction from salary or any other payment payable to the Employee at any time on or after the date of the Chargeable Event; and/or

ii. directly from the Employee by payment in cash or cleared funds; and/or

iii. by arranging, on behalf of the Employee, for the sale of some of the securities which the Employee is entitled to receive pursuant to the performance stock units; and/or

iv. through any other method as set forth in the applicable Performance Stock Unit Award Agreement entered into between the Employee and the Company.

3.2. The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities to the Employee in respect of the performance stock units until full payment of the Employer's Liability is received.

3.3. The Company agrees to remit the Employer's Liability to Her Majesty's Revenue & Customs ("HMRC") on behalf of the Employee within 14 days after the end of the UK tax month during which the Chargeable Event occurs (or within 17 days if payments are made electronically).

4. Duration of Election

4.1. The Employee and the Company agree to be bound by the terms of this Joint Election regardless of whether the Employee is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.

4.2. This Election will continue in effect until the earliest of the following:

i. the Employee and the Company agree in writing that it should cease to have effect;

ii. on the date the Company serves written notice on the Employee terminating its effect;

iii. on the date HMRC withdraws approval of this Joint Election; or

iv. after due payment of the Employer's Liability in respect of the Plan to which this Joint Election relates or could relate, such that the Election ceases to have effect in accordance with its terms.

Acceptance by the Employee

The Employee acknowledges that by signing the Joint Election below or by accepting the Performance Stock Unit Award Agreement through the Company's online acceptance procedures with the Company's designated broker/third party administrator for the Plan, the Employee agrees to be bound by the terms of this Joint Election.

____
Signature

____
Employee Name

____
Date

Acceptance by the Company

The Company acknowledges that, by arranging for the scanned signature of an authorized representative to appear on this Joint Election, the Company agrees to be bound by the terms of this Joint Election.

Signed for and on behalf of the Company

____
General Counsel

SCHEDULE OF EMPLOYER COMPANIES

The following are employer companies to which this Joint Election may apply:

ALK Technologies Limited

Registered Office:	Baird House 15-17 St Cross Street London, EC1N 8UW
Company Registration Number:	04735063
Corporation Tax District:	
Corporation Tax Reference:	204 52184 23681
PAYE Reference:	073/JZ45398

Amtech Group Limited

Registered Office:	Bank House 171 Midsummer Boulevard Milton Keynes, MK9 1EB
Company Registration Number:	05801504
Corporation Tax District:	
Corporation Tax Reference:	[insert]
PAYE Reference:	362/YZ90419

Trimble Solutions Limited

Registered Office:	Trimble Solutions Limited Cliffe Park Way Morely, Leeds, West Yorkshire LS27 0RY
Company Registration Number:	03753064
Corporation Tax District:	
Corporation Tax Reference:	36670 28216
PAYE Reference:	567/D6523

Trimble UK Limited

Registered Office:	1 Bath Street Ipswich, Suffolk 1P2 8SD
Company Registration Number:	04069823
Corporation Tax District:	
Corporation Tax Reference:	346 14947 14009
PAYE Reference:	245 / VA37745

Trimble MRM Limited

Registered Office:	1 Bath Street Ispswich IP2 8SD
Company Registration Number:	04069823
Corporation Tax District:	
Corporation Tax Reference:	452 14947 14009
PAYE Reference:	245 / VZ37745

UNITED STATES

There are no country-specific terms and conditions.

Exhibit 31.1

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

I, Steven W. Berglund, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this 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: August 2, 2019

/s/ Steve W. Berglund

Steven W. Berglund

Chief Executive Officer

Exhibit 31.2

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 Navigation Limited;

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

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

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

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

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

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

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

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

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

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

Date: August 2, 2019

/s/ Robert G. Painter

Robert G. Painter

Chief Financial Officer

Exhibit 32.1

**CERTIFICATION OF CEO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Trimble Navigation Limited (the “Company”) for the period ended June 28, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Steven W. Berglund, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

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

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

/s/ Steven W. Berglund

Steven W. Berglund
Chief Executive Officer

August 2, 2019

Exhibit 32.2

CERTIFICATION OF CEO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Trimble Navigation Limited (the "Company") for the period ended June 28, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Robert G. Painter, 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/ Robert G. Painter

Robert G. Painter

Chief Financial Officer

August 2, 2019