TRIMBLE NAVIGATION LTD /CA/
Form 10-K
March 03, 2009

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

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended January 2, 2009

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

California	94-2802192
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
935 Stewart Drive, Sunnyvale, CA	94085
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (408) 481-8000
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which stock registered
Common Stock	NASDAQ Global Select Market
Preferred Share Purchase Rights	NASDAQ Global Select Market
(Title of Class)	

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.
Yes ¨ No x

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

Yes x No ¨

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large Accelerated Filer	x	Accelerated Filer	¨
Non-accelerated Filer	¨ (Do not check if a smaller reporting company)	Smaller Reporting Company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ¨ No x

As of June 27, 2008, the aggregate market value of the Common Stock held by non-affiliates of the registrant was approximately $4.4 billion based on the closing price as reported on the NASDAQ Global Select Market.

Indicate the number of share outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at February 27, 2009
Common stock, no par value	119,093,006 shares

DOCUMENTS INCORPORATED BY REFERENCE

Certain parts of Trimble Navigation Limited's Proxy Statement relating to the annual meeting of stockholders to be held on May 19, 2009 (the "Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K.

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

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

TRIMBLE NAVIGATION LIMITED

2008 FORM 10-K ANNUAL REPORT

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TRADEMARKS

Trimble, EZ-Guide, EZ-Boom, EZ-Steer, Proliance, UtilityCenter, TrimWeb, TrimView, GeoManager, Taskforce, Juno, GeoExplorer, AgGPS, Spectra Precision, Autopilot, Fieldport, Copernicus, TrimTrac, EZ-Steer, PocketCitation, Trimble Outdoors, Force, BlueOx, EZ-Office, VX, Vision, VRS, VRSNow, FastMap, Geosite, Coastal Center, NetR8, FineLock, R-Track, Agriculture Manager, Thunderbolt and Connected Site, among others are trademarks of Trimble Navigation Limited and its subsidiaries. All other trademarks are the property of their respective owners.

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PART I

Item 1. Business

Trimble Navigation Limited, a California corporation ("Trimble" or "the Company" or "we" or "our" or "us"), provic advanced positioning product solutions, typically to commercial and government users. The principal application areas include surveying, agriculture, construction, asset management, mapping and mobile resource management. Our products provide benefits that can include lower operational costs, higher productivity, and improved quality. Product examples include agricultural and construction equipment, guidance systems, surveying instruments, systems that track fleets of vehicles, and data collection systems that enable the management of large amounts of geo-referenced information. In addition, we also manufacture components for in-vehicle navigation and telematics systems, and timing modules used in the synchronization of wireless networks.

Our products often combine knowledge of location or position with a wireless link to provide a solution for a specific application. Position is provided through a number of technologies including the Global Positioning System, or GPS, and systems that use laser or optical technologies to establish position. Wireless communication techniques include both public networks, such as cellular, and private networks, such as business band radio. Some of our products are augmented by our software; this includes embedded firmware that enables the positioning solution and application software that allows the customer to make use of the positioning information.

We design and market our own products. Our manufacturing strategy includes a combination of in-house assembly and third party subcontractors. Our global operations include major development, manufacturing or logistics operations in the United States, Sweden, Germany, New Zealand, France, Canada, the United Kingdom, the Netherlands, China, and India. Products are sold through dealers, representatives, joint ventures, and other channels throughout the world. These channels are supported by our sales offices located in 17 countries.

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

On January 17, 2007, our board of directors approved a 2-for-1 split of all outstanding shares of the Company's Common Stock, payable February 22, 2007 to stockholders of record on February 8, 2007. All shares and per share information presented have been adjusted to reflect the stock split on a retroactive basis for all periods presented.

Technology Overview

A significant portion of our revenue is derived from applying Global Navigation Satellite System, or GNSS, technology to terrestrial applications. The GNSS includes the network of 24 orbiting U.S. Global Positioning System, or GPS, radio navigation satellites and associated ground control that is funded and maintained by the U.S. Government and is available worldwide free of direct user fees, and the Russian GLONASS radio navigation satellite system. Both the European Community and China have announced plans to establish future operational radio navigation satellite systems. GNSS positioning is based on a technique that precisely measures distances from four or more satellites. The satellites continuously transmit precisely timed radio signals using extremely accurate atomic clocks. A GNSS receiver measures distances from the satellites in view by determining the travel time of a signal from the satellite to the receiver, and then uses those distances to compute its position. Under normal circumstances, a stand-alone GNSS receiver is able to calculate its position at any point on earth, in the earth's atmosphere, or in lower earth orbit, to approximately 10 meters, 24 hours a day. Much better accuracies are possible through a technique called "differential GNSS." In addition to providing position, GNSS provides extremely accurate time measurement.

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

Our GNSS products are based on proprietary receiver technology. Over time, the advances in positioning, wireless communications, and information technologies have enabled us to add more capability to our products and thereby deliver more value to our users. For example, the developments in wireless technology and deployments of next generation wireless networks have enabled less expensive wireless communications. These developments provide the efficient transfer of position data to locations away from the positioning field device, allowing the data to be accessed by more users, thereby increasing productivity. This allows us to integrate visualization and design software into some of our systems, as well as offer positioning services, all of which make our customers more efficient at what they do.

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

Business Strategy

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

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

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

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

Business Segments and Markets

We are organized into four reporting segments encompassing our various applications and product lines: Engineering and Construction, Field Solutions, Mobile Solutions and Advanced Devices. Our segments are distinguished by the markets they serve. Each segment consists of businesses which are responsible for product development, marketing, sales, strategy, and financial performance.

Engineering and Construction

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

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

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

We sell and distribute our products in this segment through a global network of independent dealers that are supported by Trimble personnel. This channel is supplemented by relationships that create additional channel breadth including

our joint ventures with Caterpillar and Nikon, as well as private branding arrangements with other companies.

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We also design and market handheld data collectors and data collection software for field use by surveyors, contractors, and other professionals. These products are sold directly through dealers and other survey manufacturers.

Competitors in this segment are typically companies that provide optical, laser, or GPS positioning products. Our principal competitors are Topcon Corporation, and Leica Geosystems, Inc. Price points in this segment range from less than $1,000 for certain laser systems to approximately $100,000 for a high-precision, three-dimensional, machine control system.

Representative products sold in this segment include:

Trimble S8 Total Station – Our S8 Total Station is our most advanced optical instrument designed to deliver unsurpassed performance for both typical surveying and specialized engineering applications such as monitoring and tunneling. It features Trimble FineLock™ technology, a smart tracker sensor with a narrow field of view that enables the Trimble S8 to detect a target without interference from surrounding prisms. Our S8 combined with our 4D Control software creates a powerful solution for real-time and post-processed monitoring of permanent structures such as dams, short-term construction activities, and side slopes in mines.

Trimble I.S. Rover – Our I.S. Rover combines GNSS and optical data collection on a rover pole, enabling surveyors to harness the unique strengths of both technologies. With it, surveyors can increase flexibility and save time by seamlessly switching between technologies to adapt to local jobsite conditions as well as independently verify measurements for quality control. Our I.S. Rover is a unique patented Trimble solution that offers land surveyors increased efficiency, flexibility and versatility.

Trimble R8 GNSS System – Our R8 GNSS System is a multi-channel, multi-frequency, Global Navigation Satellite System (GNSS) receiver, antenna, and data-link radio combined in one compact unit. It features Trimble R-Track™ technology, powered by the most advanced RTK engine in the industry, supporting all GPS signals, including GPS Modernization (L2C signal and L5 signals) as well as GLONASS. Our R8 GNSS combines advanced receiver technology and a proven system design to provide maximum accuracy and productivity for a variety of surveying applications.

Trimble VX Spatial Station – Our Trimble VX™ Spatial Station is an advanced spatial imaging system that combines optical, 3D scanning, and video capabilities—Trimble VISION™ technology—to measure objects in 3D to produce 2D and 3D data sets for spatial imaging projects. It enables users to blend extremely accurate ground-based information with airborne data to provide comprehensive datasets for use in the geospatial information industry. An entry-level model of our VX Spatial Station offers integrated imaging and surveying functionality only, with a scalable upgrade to 3D scanning.

SPS Site Positioning Solutions – The Trimble Site Positioning Solutions family increases the productivity of construction professionals and supervisors during site preparation, layout and grade checking by simplifying workflows, eliminating unnecessary steps, and providing intelligent data management between the field and the office, creating time savings by providing data updates to all members of the team.

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

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

Proliance Software – Proliance® Software allows infrastructure-intensive organizations to optimize the Plan-Build-Operate project lifecycle for complex capital projects, construction and real estate programs, and extensive facility portfolios. Our Proliance Software was designed for large building owner/operators, real estate developers, and engineering-driven organizations managing $250 million or more annually in new project construction or facility renovations.

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GeoSpatial Solutions – Our GeoSpatial Solutions family enables mobile mapping companies to capture georeferenced data, extract features and attributes, and analyze conditions and change, thereby generating information to better manage assets and operations. Aerial LIDAR / Imaging Systems and vehicle-based asset inventory systems, combined with powerful photogrammetry software, generate high accuracy as-built drawings for the transportation, and utilities and energy transmission and distribution industries.

Field Solutions

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

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

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

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

Our Utilities Field Solutions product line is focused on integrated field and back office software solutions for managing utility mobile workers and their field work activities, including asset maintenance, GIS mapping, outage response, and automated vehicle locating (AVL). Our software is typically installed on a server and on mobile computers that are used by utility field workers for conducting routine and emergency work, locating and mapping infrastructure, and performing utility asset maintenance, inspection, and field service. Through the use of GIS and location-based technologies combined with mobile and wireless communications, our products connect utility field workers to the office. Typically our products automate existing manual and paper based processes and are implemented to meet utility regulatory requirements, improve efficiency and reduce costs, and improve customer service and response.

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

Sales and distribution of both our Fieldport® and UtilityCenter® software solutions are direct to the customer. Installation of both solutions generally involves a degree of integration and professional services. Primary

markets include government and commercial electric, gas, water and wastewater utilities. Competitors are typically utility industry GIS software and service companies.

Approximate product price points in this segment range from $1,000 for a GIS handheld unit to $35,000 for a fully automated, farm equipment control system.

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Representative products sold within this segment include:

AgGPS EZ-Guide 500 – Our AgGPS EZ-Guide 500 is a lightbar guidance system with a color LCD display, data logging functions and multiple accuracy options. Lightbar systems provide GPS-based guidance for vehicle operators to steer tractors, sprayers, fertilizer applicators, air seeders, and large tillage tools that require consistent pass-to-pass accuracy to help save fuel, increase efficiency, and reduce input costs for agricultural operations.

AgGPS EZ-Boom 2010 – Our AgGPS® EZ-Boom® 2010 automated application control system is designed to help growers cut input costs and reduce operator fatigue by providing precise automatic control of field spraying applications. It works with our AgGPS EZ-Guide® Plus lightbar guidance system, AgGPS EZ-Steer® assisted steering system, or the AgGPS Autopilot™ automated steering system.

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

AgGPS EZ-Steer System – Our value added assisted steering system, when combined with our EZ-Guide Plus system, automatically steers agricultural vehicles along a path within 20 centimeters or less. This system installs in less than thirty minutes and is designed to reduce gaps and overlaps in spraying, fertilizing, and other field applications, as well as reduce operator fatigue.

Juno Series – Our Juno family includes compact and cost-effective GPS handhelds designed to equip an entire workforce for data collection and fieldwork. The handhelds have a high-sensitivity GPS receiver, Bluetooth and Wireless LAN technology, a built-in 3 Megapixel digital camera, a MicroSD/SDHC storage slot and an optional 3.5G broadband cellular modem for wireless data communications.

GeoExplorer 2008 Series – Our GeoExplorer family combines a GPS receiver in a rugged handheld unit running industry standard Microsoft Windows Mobile version 6.0, making it easy to collect and maintain data about objects in the field. The GeoExplorer® series features three models ranging in accuracy from a decimeter to 1-3 meters, thereby allowing the user to select the system most appropriate for their data collection and maintenance needs.

Fieldport Software – Our Fieldport Software focuses on automating field service processes, operational efficiency and profitability for water and wastewater utility customers.

UtilityCenter Software – Our UtilityCenter Software is a GIS-based enterprise suite of modules oriented towards the electric and gas utilities market. Modules include Outage Management (OMS), Mobile Asset Management, Data Collection, Staking, Network Tracing & Isolation and Field-based Editing.

Mobile Solutions

Our Mobile Solutions segment provides both hardware and software applications for managing mobile work, mobile workers and mobile assets. The software is provided in both a client server model or web-based. Our software is provided through our hosted platform for a monthly subscription service fee or as a perpetual license with annual maintenance and support fees.

Our vehicle solutions typically include an onboard proprietary hardware device consisting of a GPS receiver, business logic, sensor interface, and a wireless modem. Our solution usually includes the communication service from/to the vehicle to our data center and access over the internet to the application software.

Our mobile worker solutions include a rugged handset device and software designed to automate service technician work in the field at the point of customer contact. The mobile worker handset solutions also synchronize to a client server at the back office for integration with other mission-critical business applications.

Our scheduling and dispatch solution is an enterprise software program to optimize scheduling and routing of field service technicians. For dynamic capacity management, our capacity planner, capacity controller, and intelligent appointer modules round out this innovative service delivery automation technology.

One element of our market strategy targets opportunities in specific vertical markets where we believe we can provide a unique value to the end-user by tailoring our solutions for a particular industry. Sample markets include Construction Supply, Direct Store Delivery and Public Safety. For example, our ready mix concrete solution combines a suite of sensors with our in-vehicle wireless platform providing fleets with updated vehicle status that requires no driver interaction – referred to as “auto-status.”

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We also sell our vehicle solutions using a horizontal market strategy that focuses on providing turnkey solutions to a broad range of service fleets that span a large number of market segments. Here, we leverage our capabilities without the same level of customization. These solutions are sold to the general service fleets as well as transportation and distribution fleets both on a direct basis and through dealer channels.

Our enterprise strategy focuses on sales to large, enterprise accounts with more than 1,000 vehicles or routes. Here, in addition to a Trimble-hosted solution, we can also integrate our service directly into the customer's IT infrastructure, giving them improved control of their information. In this market we sell directly to end-users. Sales cycles tend to be long due to field trials followed by an extensive decision-making process.

Approximate prices for hardware fall in the range of $400 to $3,000, while the monthly subscription service fees range from approximately $25 to approximately $55 per month per unit, depending on the customer service level.

We have also entered into new markets by acquisitions of @Road, Inc. (@Road) in 2007, and Eleven Technology, Inc., Advanced Public Safety, Inc. (APS) and Visual Statement, Inc. (VS) in 2006. @Road is a global provider of solutions designed to automate the management of mobile resources and to optimize the service delivery process for customers across a variety of industries under the GeoManager™ and Taskforce® brand names. Eleven Technology is a mobile application software company with market and technology position in the Consumer Packaged Goods (CPG) industry. APS provides mobile and handheld software products used by law enforcement, fire rescue and other public safety agencies. VS provides desktop software and enterprise solutions for collision and crime incident analysis, reporting and workflow management.

Representative products sold in this segment include:

Fleet Productivity – Our fleet productivity solution offerings are comprised of the TrimWeb™, GeoManager and TrimView™ mobile platforms. The TrimWeb and GeoManager systems provide different levels of service that run from snapshots of fleet activity to real-time fleet dispatch capability via access to the web-based platform through a secure internet connection. The TrimWeb and GeoManager systems include truck communication service and computer backbone support of the service. TrimView is sold to fleets where system integration into back office applications is required for more robust information flow.

Consumer Packaged Goods (CPG) – This software solution operates in the Microsoft CE/Pocket or WinMobile PC environment and addresses the pre-sales, delivery, route sales and full service vending functions performed by mobile workers. Customers within the CPG market purchase a combination of both license software and handheld PCs. The software handles all communications from/to the mobile computer as well as from/to the host and any other ERP or decision support systems.

Field Service – Our handset-based mobile solution enables technicians to maintain and repair residential and commercial appliances, office equipment, medical equipment, refrigeration equipment, fountain, and manufacturing equipment, and manage a variety of service functions including wireless dispatching of service calls, real-time messaging, spare parts management, and work order and workflow management. Trimble Field Service customers have benefited from increased service calls per day, an increase in first call resolution and reduction in administrative workload to name a few results.

Public Safety – We provide a suite of solutions for the public safety sector including our PocketCitation™ system, which is an electronic ticketing system that enables law enforcement officers to issue traffic citations utilizing a mobile handheld device. This system scans the traffic offender's driver's license and automatically populates the appropriate information into the citation. We provide a variation of this solution which enables law enforcement officers to complete electronic traffic citations within 30 seconds. Within this sector we also provide desktop software which

enables accident investigators and other public safety professionals to reconstruct and simulate vehicle accidents.

Taskforce – The Taskforce software solution provides scheduling and dispatch solutions for field service technicians by synchronizing the right human and physical resources required to optimize a field service resource network. The system manages significant numbers of dynamic scheduling resources in an unpredictable field service environment to increase productivity, field force utilization and control-to-field employee ratios.

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Advanced Devices

Advanced Devices includes the product lines from our Component Technologies, Applanix, Trimble Outdoors, and Military and Advanced Systems (MAS) businesses. With the exception of Trimble Outdoors and Applanix these businesses share several common characteristics: they are hardware centric, generally market to original equipment manufacturers (OEM), system integrators or service providers, and have products that can be utilized in a number of different end-user markets and applications. The various operations that comprise this segment were aggregated on the basis that no single operation accounted for more than 10% of our total revenue, operating income or assets.

Within Component Technologies, we supply GPS modules, licensing and complementary technologies, and GPS-integrated sub-system solutions for applications requiring precise position, time or frequency. Component Technologies serves a broad range of vertical markets including telecommunications automotive electronics, and commercial electronics. Sales are made directly to OEMs, system integrators, value-added resellers and service providers who incorporate our components into a complete system-level solution.

Component Technologies has developed GPS technologies which it is making available for license. These technologies can run on certain digital signal processors (DSP) or microprocessors, removing the need for dedicated GPS baseband signal processor chips. We have a cooperative licensing deal with Nokia for our Global Navigation Satellite System (GNSS) patents related to designated wireless products and services involving location technologies, such as GPS, assisted GPS or Galileo. The licensing agreement is exclusive to Nokia for the wireless consumer product and service domain and includes sublicensing rights. In return, Trimble receives a non-exclusive license to Nokia’s location-based patents for use in Trimble's commercial products and services. We also have a licensing agreement with Marvell Semiconductors for our full GPS Digital Signal Processor software as well as tools for development support and testing. Access to our GPS technology complements Marvell's wireless and application processor initiatives for WiFi, Bluetooth, FM, multi-function radio, application processors and cellular processor devices.

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

Our Trimble Outdoors business utilizes GPS-enabled cell phones to provide information for outdoor recreational activities. Some of the recreational activities include hiking, biking, backpacking, boating, and water sports. Consumers purchase the Trimble Outdoors product through our wireless operator partners which include Sprint-Nextel, SouthernLINC Wireless and Boost Mobile.

Our Applanix business is a leading provider of advanced products and enabling solutions that maximize productivity through mobile mapping and positioning to professional markets worldwide. Applanix develops, manufactures, sells and supports high-value, precision products that combine GPS with inertial sensors for accurate measurement of position and attitude, flight management systems, and scalable mobile mapping solutions used in airborne, land and marine applications. Sales are made by our direct sales force to end users, systems integrators, and OEMs, and through regional agents. Competitors include Leica, IGI and Novatel.

Representative products sold by this segment include:

GPS Receiver Modules – The Lassen®, Copernicus® , CondorTM and PandaTM families of GPS modules are full-function GPS modules in a variety of form factors, some smaller than your fingertip.

TrimTrac Locator – Our TrimTrac® product is a complete end user device that combines GPS functionality with global system for mobile communications (GSM) wireless communications. In 2006, we added to the TrimTrac locator full quad-band GSM and general packet radio service (GPRS) support along with several important application level features. The device is suitable for high volume personal vehicle and commercial asset management applications that demand a low-cost locator.

TM3000 Asset Tracking Device – Our TM3000 product is a flexible, open platform that enables a broad range of applications such as: fleet management, mobile asset tracking and recovery and driver monitoring and assistance. This device integrates wireless communications, a positioning function and an application engine in a package designed to improve the profits for service-focused businesses.

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Thunderbolt GPS Disciplined Clock – Our Thunderbolt® clock is a fifth-generation product from our GPS Timing and Synchronization division, which outputs precision time and frequency. It also serves as the architectural basis for GPS disciplined clocks sold to manufacturers of CDMA and WiMax infrastructure.

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

Applanix DSS Digital Sensor System – Our digital airborne imaging solution produces high-resolution orthophoto map products. Certified by the USGS, the system consists of a mapping grade digital camera that is tightly integrated with a GNSS/Inertial system, flight management system (FMS) and processing software for automatic geo-referencing of each pixel. Our DSS can be used stand-alone or integrated with other airborne mapping sensors. Our DSS has been used by organizations worldwide in a variety of market segments that include ortho mapping, utility and transportation corridor mapping and rapid response applications.

Force 524D Module – This dual frequency, embedded GPS module is used in a variety of military airborne applications.

Trimble Outdoors Service – Our trip planning and navigation software works with GPS-enabled cell phones and conventional GPS receivers. This software enables consumers to research specific trips on-line as part of trip pre-planning. In addition, users are able to share outdoor and off-road experiences on-line with their friends and family.

Acquisitions and Joint Ventures

Our growth strategy is centered on developing and marketing innovative and complete value-added solutions to our existing customers, while also marketing them to new customers and geographic regions. In some cases, this has led to partnering with or acquiring companies that bring technologies, products or distribution capabilities that will allow us to establish a market beach head, penetrate a market more effectively, or develop solutions more quickly than if we had done so solely through internal development. Since 1999, this has led us to form four joint ventures and acquire thirty seven companies through the end of fiscal 2008. Most of these acquisitions have been small, both in dollar terms and in number of people added to the Trimble employee base. No assurance can be given that our previous or future acquisitions will be successful or will not materially adversely affect our financial condition or operating results. The following companies and joint ventures were acquired or formed during fiscal 2008 and are combined in the results of operations since the date of acquisition or formation:

Rawson Control Systems

On December 3, 2008, we acquired the assets of privately-held Rawson Control Systems based in Oelwein, Iowa. Rawson manufactures hydraulic and electronic controls for the agriculture equipment industry, including variable rate planter drives and controllers, variable rate fertilizer controllers, mechanical remote electric control valves and speed reducers. Rawson Control Systems' performance is reported under our Field Solutions business segment.

FastMap and GeoSite

On November 28, 2008, we acquired the FastMap and GeoSite software assets from Korec, a privately-held Trimble distributor serving the United Kingdom and Ireland. FastMap and GeoSite performance is reported under our Engineering and Construction and Field Solutions business segments, respectively.

Callidus Precision Systems

On November 28, 2008, we acquired the assets of privately-held Callidus Precision Systems GmbH of Halle, Germany. Callidus is a provider of 3D laser scanning solutions for the industrial market. Callidus performance is reported under our Engineering and Construction business segment.

Toposys

On November 13, 2008, we acquired TopoSys GmbH of Biberach an der Riss, Germany. TopoSys is a leading provider of aerial data collection systems comprised of LiDAR and metric cameras. TopoSys's performance is reported under our Engineering and Construction business segment.

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TruCount

On October 30, 2008, we acquired the assets of privately-held TruCount, Inc., of Ames, Iowa. TruCount is a leading manufacturer of air and electric clutches that automate individual planter row shut-off. TruCount's performance is reported under our Field Solutions business segment.

RolleiMetric

On October 20, 2008, we acquired the assets of RolleiMetric from Rollei GmbH of Braunschweig, Germany. RolleiMetric is a leading provider of metric camera systems for aerial imaging and terrestrial close range photogrammetry. RolleiMetric is reported within our Engineering and Construction business segment.

VirtualSite Solutions

On October 3, 2008, VirtualSite Solutions (VSS), a joint venture formed by Caterpillar and us began operations. We contributed $7.8 million in exchange for a 65% ownership and Caterpillar contributed $4.2 million for a 35% ownership in VSS. VSS develops software for fleet management and connected worksite solutions for both Caterpillar and us, and in turn, sells software subscription services to Caterpillar and us, which we both sell through our respective distribution channels. For financial reporting purposes, VSS's assets and liabilities are consolidated with ours, as are its results of operations, which are reported under our Engineering and Construction segment. Caterpillar's 35% interest is included in our Consolidated Financial Statements as minority interests in consolidated subsidiaries.

SECO

On July 29, 2008, we acquired privately-held SECO Manufacturing Company of Redding, California. SECO is a leading manufacturer of accessories for the geomatics, surveying, mapping, and construction industries. SECO's performance is reported under our Engineering and Construction business segment.

Géo-3D

On January 22, 2008, we acquired privately-held Géo-3D Inc. of Montreal, Canada. Géo-3D is a leader in roadside infrastructure asset inventory solutions. Géo-3D's performance is reported under our Engineering and Construction business segment.

Crain Enterprises

On January 8, 2008, we acquired privately-held Crain Enterprises, Inc. of Mound City, Illinois. Crain is a leading manufacturer of accessories for the geomatics, surveying, mapping, and construction industries. Crain Enterprises is reported under our Engineering and Construction business segment.

Patents, Licenses and Intellectual Property

We hold approximately 720 U.S. issued and enforceable patents and approximately 121 non-U.S. patents, the majority of which cover GPS technology and other applications such as optical and laser technology.

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

There are approximately 236 trademarks registered to Trimble and its subsidiaries including "Trimble," "AgGPS," “Spectra Precision,” and "GeoExplorer," among others that are registered in the United States and other countries. Additional trademarks are pending registration.

Sales and Marketing

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

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During fiscal 2008, sales to customers in the United States represented 49%, Europe represented 25%, Asia Pacific represented 14%, and other regions represented 12% of our total revenue. During fiscal 2007, sales to customers in the United States represented 50%, Europe represented 27%, Asia Pacific represented 12%, and other regions represented 11% of our total revenue. During fiscal 2006, sales to customers in the United States represented 54%, Europe represented 25%, Asia Pacific represented 12%, and other regions represented 9% of our total revenue.

Warranty

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

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

Seasonality of Business

* Our individual segment revenue may be affected by seasonal buying patterns. Typically, the second fiscal quarter has been the strongest quarter for the Company driven by the construction buying season.

Backlog

In most of our markets, the time between order placement and shipment is short. Orders are generally placed by customers on an as-needed basis. In general, customers may cancel or reschedule orders without penalty. For these reasons, we do not believe that orders are an accurate measure of backlog and, therefore, we believe that backlog is not a meaningful indicator of future revenue or material to understanding our business.

Manufacturing

Manufacturing of many of our GPS products is subcontracted to Flextronics International Limited. We utilize Flextronics for all of our Component Technologies products, and for some of our Construction and Survey, Field Solutions, and Mobile Solutions products. We also utilize Flextronics for our high-end GPS products and new product introduction services. Flextronics is responsible for substantially all material procurement, assembly, and testing. We continue to manage product design through pilot production for the subcontracted products, and we are directly involved in qualifying suppliers and key components used in all our products. Our current contract with Flextronics continues in effect until either party gives the other ninety days written notice.

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

Our design and manufacturing sites in Dayton, Ohio; Sunnyvale, California; Danderyd, Sweden; and Jena and Kaiserslautern, Germany are registered to ISO9001:2000, covering the design, production, distribution, and servicing

of all our products.

Research and Development

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

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Our research and development expenditures, net of reimbursed amounts were $148.3 million for fiscal 2008, $131.5 million for fiscal 2007, and $103.8 million for fiscal 2006.

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

Employees

As of January 2, 2009, we employed 3,940 employees, including 24% in manufacturing, 29% in engineering, 35% in sales and marketing, and 12% in general and administrative positions. Approximately 43% of employees are in locations outside the United States.

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

Available Information

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

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

Trimble Navigation Limited
935 Stewart Drive, Sunnyvale, CA 94085
Attention: Investor Relations Telephone: 408-481-8000

Executive Officers

The names, ages, and positions of the Company's executive officers as of February 21, 2009 are as follows:

Name	Age	Position
Steven W. Berglund	57	President and Chief Executive Officer
Rajat Bahri	44	Chief Financial Officer
Rick Beyer	51	Vice President
Bryn A. Fosburgh	46	Vice President
Mark A. Harrington	53	Vice President
Jürgen Kliem	51	Vice President
James A. Kirkland	49	Vice President and General Counsel
Julie Shepard	51	Vice President, Finance
Dennis L. Workman	64	Vice President and Chief Technical Officer

Steven W. Berglund – Steven Berglund has served as president and chief executive officer of Trimble since March 1999. Prior to joining Trimble, Mr. Berglund was president of Spectra Precision, a group within Spectra Physics AB, and a pioneer in the development of laser systems. He spent 14 years at Spectra Physics in a variety of senior

leadership positions. In the early 1980s, Mr. Berglund spent a number of years at Varian Associates in Palo Alto, where he held a variety of planning and manufacturing roles. Mr. Berglund began his career as a process engineer at Eastman Kodak in Rochester, New York. He attended the University of Oslo and the University of Minnesota where he received a B.S. in chemical engineering. He later received his M.B.A. from the University of Rochester. In December 2007, Mr. Berglund was elected to the board of directors of Verigy Ltd. a semiconductor test equipment manufacturer.

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

Richard A. Beyer – Rick Beyer joined Trimble in March 2004 as president of Trimble Mobile Solutions and in May 2006, Mr. Beyer was appointed a vice president of Trimble. In October 2007 his role was expanded to include responsibility for a number of Trimble's mobile solutions business divisions. Prior to joining Trimble, Mr. Beyer held senior executive positions within the wireless mobile solutions industry since 1987. Part of the original senior executive team that launched Qualcomm's OmniTRAC's mobile satellite communication solution, Mr. Beyer also held the positions of general manager at Rockwell Collins, on-board computing division, from 1994 to 1995; executive vice president of Norcom Networks from 1995 to 1999; president of Husky Technologies, now part of Itronix, from 1999 to 2000; and CEO of TracerNet, which was acquired by Trimble, from 2002 to 2004. Mr. Beyer holds a B.A. from Olivet College.

Bryn A. Fosburgh – Bryn Fosburgh joined Trimble in 1994 as a technical service manager for surveying, mining, and construction. In 1997, Mr. Fosburgh was appointed director of development for the Company's land survey business unit where he oversaw the development of field and office software that enabled the interoperability of Trimble survey products. From October 1999 to July 2002, he served as division vice president of survey and infrastructure. From 2002 to 2005, Mr. Fosburgh served as vice president and general manager of Trimble's Geomatics and Engineering business area, with responsibility for all the division-level activities associated with survey, construction, and infrastructure solutions. In January 2005, he was appointed vice president and general manager of the Engineering and Construction Division. In October 2007 his role was expanded to include a number of divisions, including construction and agriculture, as well as a responsibility for a number of corporate functions and geographical regions. Prior to Trimble, he was a civil engineer with the Wisconsin Department of Transportation responsible for coordinating the planning, data acquisition, and data analysis for statewide GPS surveying projects in support of transportation improvement projects. He has also held various engineering, research and operational positions for the U.S. Army Corps of Engineers and Defense Mapping Agency. Mr. Fosburgh received a B.S. in geology from the University of Wisconsin in Green Bay in 1985 and an M.S. in civil engineering from Purdue University in 1989.

Mark A. Harrington – Mark Harrington joined Trimble in January 2004 as a vice president, primarily responsible for strategy and business development. In October 2007 his responsibilities were expanded to include a number of divisions, including survey and mapping and geographical information systems, as well as the responsibility for a number of corporate functions and geographical regions. Prior to joining Trimble, Mr. Harrington served as vice president of finance at Finisar Corporation and chief financial officer for Cielo Communications, Inc., a photonics components manufacturer, from February 1998 to September 2002, and Vixel Corporation, a photonics manufacturer, from April 2003 to December 2003. His experience also includes 11 years at Spectra-Physics where he served in a variety of roles including vice president of finance for Spectra-Physics Lasers, Inc. and vice president of finance for Spectra-Physics Analytical, Inc. Mr. Harrington began his career at Varian Associates, Inc. where he held a variety of management and individual positions in finance, operations and IT. Mr. Harrington received his B.S. in Business Administration from the University of Nebraska-Lincoln.

Jürgen Kliem – Jürgen Kliem was appointed vice president of strategy and business development in October 2008. From 2002 to 2008, Mr. Kliem served as general manager of Trimble's Survey Division. Mr. Kliem joined Trimble in July 2000 as part of the Spectra Precision acquisition. From 2000 to 2002, he was responsible for the Engineering and Construction segment's European operations. Prior to Spectra Precision, Mr. Kliem held various leadership roles at

Geotronics, a company acquired by Spectra Precision, directing the European sales and marketing activities. Before joining Geotronics, Mr. Kliem worked in a privately-held surveying firm addressing cadastral, construction, plant and engineering projects. Mr. Kliem received a Diplom Ingenieur degree from the University of Essen, Germany in 1982.

James A. Kirkland – James A. Kirkland joined Trimble as vice president and general counsel in July 2008. Prior to joining Trimble, he worked for SpinVox Ltd. from October 2007 to January 2008 as Senior Vice President, Corporate Development. From October 2003 to September 2007, he served as general counsel and executive vice president, strategic development at Covad Communications. Mr. Kirkland also served as senior vice president of spectrum development and general counsel at Clearwire Technologies, Inc. from March 2001 to October 2003. Mr. Kirkland began his career in 1984 as an associate at Mintz Levin and in 1992 he was promoted to partner. Mr. Kirkland received his BA from Georgetown University in Washington, D.C. in 1981 and his J.D. from Harvard Law School in 1984.

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Julie Shepard – Julie Shepard joined Trimble in December of 2006 as vice president of finance, and was appointed principal accounting officer in May 2007. Ms. Shepard brings with her over 20 years of experience in a broad range of finance roles. She is responsible for Trimble's worldwide finance operations including financial planning, accounting, and external reporting. Prior to joining Trimble, Ms. Shepard served as vice president of finance and corporate controller at Quantum Corporation, from 2005 to 2006, and prior to that, from 2004 to 2005, as an independent consultant to Quantum Corporation. She was vice president of finance at Nishan Systems from 2000 to 2003. Ms. Shepard began her career at Price Waterhouse and is a Certified Public Accountant. She received a B.S from California State University where she majored in Accounting.

Dennis L. Workman – Dennis Workman has served as vice president of various business divisions, currently including Component Technologies and Applanix since September 1999. He was appointed Trimble’s chief technical officer in March 2006. From 1998 to 1999, Mr. Workman was senior director and chief technical officer of the newly formed Mobile and Timing Technologies business group, also serving as general manager of Trimble's Automotive and Timing group. In 1997, he was director of engineering for Software & Component Technologies. Mr. Workman joined Trimble in 1995 as director of the newly created Timing vertical market. Prior to Trimble, Mr. Workman held various senior-level technical positions at Datum Inc. During his nine year tenure at Datum, he held the position of CTO. Mr. Workman received a B.S. in mathematics and physics from St. Mary’s College in 1967.

Item 1A. Risk Factors.

RISKS AND UNCERTAINTIES

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

Current Economic Conditions and the Global Financial Crisis May Have an Impact on Our Business and Financial Condition in Ways that We Currently Cannot Predict.

The Company’s operations and performance depend on worldwide economic conditions and their impact on levels of business spending, which have deteriorated significantly in many countries and regions and may remain depressed for the foreseeable future. Uncertainties in the financial and credit markets have caused our customers to postpone purchases, and continued uncertainties may reduce future sales of our products and services. Continued adverse economic conditions are likely to depress tax revenue of federal, state and local government entities, which are significant purchasers of the Company’s products. Protectionist trade measures that may be adopted in response to the economic downturn could reduce demand for our products and services overseas. With the exception of our Mobile Solutions and Advanced Devices segments, our products are generally sold through a dealer channel, and our dealers depend on the availability of credit to finance purchases of our products for their inventory.

Customer collections are our primary source of cash. While we believe we have a strong customer base and have experienced strong collections in the past, if the current market conditions continue to deteriorate we may experience increased collection times or greater write-offs, which could have a material adverse effect on our cash flow. In addition, the Company's results may be adversely affected if the Company is unable to market, manufacture and ship new products. Any write-off of goodwill could also negatively impact our financial results. Finally, our ability to access the capital markets may be restricted at a time when we would like, or need, to do so, which could have an impact on our flexibility to pursue additional expansion opportunities and maintain our desired level of revenue growth in the future. These and other economic factors could have a material adverse effect on demand for the Company’s products and services and on the Company’s financial condition and operating results.

Our Inability to Accurately Predict Orders and Shipments May Subject Our Results of Operations to Significant Fluctuations From Quarter to Quarter

We have not been able in the past to consistently predict when our customers will place orders and request shipments so that we cannot always accurately plan our manufacturing requirements. As a result, if orders and shipments differ from what we predict, we may incur additional expense and build excess inventory, which may require additional reserves and allowances. Accordingly, we have limited visibility into future changes in demand and our results of operations may be subject to significant fluctuations from quarter to quarter.

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

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

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

We are substantially dependent upon Flextronics International Limited as our preferred manufacturing partner for many of our GPS products. Under the agreement, we provide to Flextronics a twelve-month product forecast and place purchase orders with Flextronics at least thirty calendar days in advance of the scheduled delivery of products to our customers depending on production lead time. Although purchase orders placed with Flextronics are cancelable, the terms of the agreement would require us to purchase from Flextronics all inventory not returnable or usable by other Flextronics customers. Accordingly, if we inaccurately forecast demand for our products, we may be unable to obtain adequate manufacturing capacity from Flextronics to meet customers' delivery requirements or we may accumulate excess inventories, if such inventories are not usable by other Flextronics customers. Our current contract with Flextronics continues in effect until either party gives the other ninety days written notice.

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

Our Annual and Quarterly Performance May Fluctuate Which Could Negatively Impact Our Operations and Our Stock Price

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

- changes in market demand,
- competitive market conditions,
- fluctuations in foreign currency exchange rates,
- the cost and availability of components,
- the mix of our customer base and sales channels,
- the mix of products sold,
- our ability to expand our sales and marketing organization effectively,
- our ability to attract and retain key technical and managerial employees, and

. general global economic conditions.

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

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Our Gross Margin Is Subject to Fluctuation

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

We Are Dependent on New Products and if We are Unable to Successfully Introduce Them Into The Market Our Customer Base May Decline or Fail to Grow as Anticipated

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

We Are Dependent on Proprietary Technology, which Could Result in Litigation that Could Divert Significant Valuable Resources

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

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

The value of our products relies substantially on our technical innovation in fields in which there are many current patent filings. We recognize that as new patents are issued or are brought to our attention by the holders of such patents, it may be necessary for us to withdraw products from the market, take a license from such patent holders, or redesign our products. We do not believe any of our products currently infringe patents or other proprietary rights of third parties, but we cannot be certain they do not do so. In addition, the legal costs and engineering time required to safeguard intellectual property or to defend against litigation could become a significant expense of operations. Any such litigation could require us to incur substantial costs and divert significant valuable resources, including the efforts of our technical and management personnel, which harm our results of operations and financial condition.

Investing in and Integrating New Acquisitions Could be Costly and May Place a Significant Strain on Our Management Systems and Resources Which Could Negatively Impact Our Operating Results

We have recently acquired a number of companies, and intend to continue to acquire other companies. Acquisitions of companies entail numerous risks, including:

- potential inability to successfully integrate acquired operations and products or to realize cost savings or other anticipated benefits from integration;
- loss of key employees of acquired operations;
- the difficulty of assimilating geographically dispersed operations and personnel of the acquired companies;
- the potential disruption of our ongoing business;
- unanticipated expense related to acquisitions; including significant transactions costs which under the new accounting rules, are required to be expensed rather than capitalized;
- the correct assessment of the relative percentages of in-process research and development expense that can be immediately written off as compared to the amount which must be amortized over the appropriate life of the asset;
- the impairment of relationships with employees and customers of either an acquired company or our own business; and
- the potential unknown liabilities associated with acquired business.

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

Our Products May Contain Errors or Defects, which Could Result in Damage to Our Reputation, Lost Revenue, Diverted Development Resources and Increased Service Costs, Warranty Claims, and Litigation

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

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

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

Our GNSS technology is dependent on the use of satellite signals from space and on terrestrial communication bands. International allocations of radio frequency are made by the International Telecommunications Union (ITU), a specialized technical agency of the United Nations. These allocations are further governed by radio regulations that have treaty status and which may be subject to modification every two to three years by the World Radio Communication Conference. Each country also has regulatory authority on how each band is used.

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

We have certain products, such as GPS RTK systems, and surveying and mapping systems that use integrated radio communication technology requiring access to available radio frequencies allocated to local government. Some bands are experiencing congestion. In the U.S., the FCC announced that it will require migration of radio technology from wideband to narrowband operations in these bands. The rules require migration of users to narrowband channels by 2011. In the meantime, congestion could cause FCC coordinators to restrict or refuse licenses. An inability to obtain access to these radio frequencies by end users could have a material adverse effect on our business, results of operations, and financial condition.

Many of Our Products Rely on GNSS technology, the GPS, and other Satellite Systems, Which May Become Inoperable and Result in Lost Revenue

GNSS technology, GPS satellites and their ground support systems are complex electronic systems subject to electronic and mechanical failures and possible sabotage. Many of the GPS satellites currently in orbit were originally designed to have lives of 7.5 years and are subject to damage by the hostile space environment in which they operate. However, of the current deployment of 30 satellites in place, some have already been in operation for more than 12 years. To repair damaged or malfunctioning satellites is currently not economically feasible. If a significant number of satellites were to become inoperable, there could be a substantial delay before they are replaced with new satellites. A reduction in the number of operating satellites may impair the current utility of the GPS system and the growth of current and additional market opportunities.

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As the only complete GNSS currently in operation, we are dependent on continued operation of GPS. GPS is operated by the U. S. Government, which is committed to maintenance and improvement of GPS; however if the policy were to change, and GPS were no longer supported by the U. S. Government, or if user fees were imposed, it could have a material adverse effect on our business, results of operations, and financial condition.

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

The European community has begun development of an independent radio navigation satellite system, known as Galileo. We have access to the preliminary signal design, which is subject to change and which requires a commercial license from Galileo authorities. Although an operational Galileo system is several years away, if we are unable to develop a timely commercial product, or obtain a timely commercial license, it could result in lost revenue which could harm our results of operations and financial condition.

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

Acts of war or acts of terrorism, especially any directed at the GPS signals, could have a material adverse impact on our business, operating results, and financial condition. The threat of terrorism and war and heightened security and military response to this threat, or any future acts of terrorism, may invoke a redeployment of the satellites used in GPS or interruptions of the system. To the extent that such interruptions result in delays or cancellations of orders, or the manufacture or shipment of our products, it could have a material adverse effect on our business, results of operations, and financial condition.

We Are Exposed to Fluctuations in Currency Exchange Rates and Although We Hedge Against These Risks, Our Attempts to Hedge Could be Unsuccessful and Expose Us to Losses

A significant portion of our business is conducted outside the U.S., and as such, we face exposure to movements in non-U.S. currency exchange rates. These exposures may change over time as business practices evolve and could have a material adverse impact on our financial results and cash flows. Fluctuation in currency impacts our operating results.

Currently, we hedge only those currency exposures associated with certain assets and liabilities denominated in non-functional currencies. The hedging activities undertaken by us are intended to offset the impact of currency fluctuations on certain non-functional currency assets and liabilities. Our attempts to hedge against these risks could be unsuccessful and expose us to losses.

Our Debt Could Adversely Affect Our Cash Flow and Prevent Us from Fulfilling Our Financial Obligations

We have an existing unsecured revolving credit agreement, under which we have an ability to borrow an aggregate amount of up to $300 million. As of January 2, 2009, $151.0 million was outstanding under this line of credit. Debt incurred under this agreement could have important consequences, such as:

- requiring us to dedicate a portion of our cash flow from operations and other capital resources to debt service, thereby reducing our ability to fund working capital, capital expenditures, and other cash requirements;
- increasing our vulnerability to adverse economic and industry conditions;
-

limiting our flexibility in planning for, or reacting to, changes and opportunities in, our industry, which may place us at a competitive disadvantage; and

- limiting our ability to incur additional debt on acceptable terms, if at all.

Additionally, if we were to default under our amended credit agreement and were unable to obtain a waiver for such a default, interest on the obligations would accrue at an increased rate and the lenders could accelerate our obligations under the amended credit agreement, however that acceleration will be automatic in the case of bankruptcy and insolvency events of default. Additionally, our subsidiaries that have guaranteed the amended credit agreement could be required to pay the full amount of our obligations under the amended credit agreement. Any such action on the part of the lenders against us could harm our financial condition.

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

We believe that in certain business opportunities our success will depend on our ability to form and maintain alliances with industry participants, such as Caterpillar, Nikon, and CNH Global. Our failure to form and maintain such alliances, or the pre-emption of such alliances by actions of competitors or us, will adversely affect our ability to penetrate emerging markets. If we experience problems from current or future alliances it could harm our operating results and we may not be able to realize value from any such strategic alliances.

We Face Competition in Our Markets Which Could Decrease Our Revenue and Growth Rates or Impair Our Operating Results and Financial Condition

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

We Are Subject to the Impact of Governmental and Other Similar Certifications and Failure to Obtain the Requisite Certifications Could Harm Our Operating Results

We market certain products that are subject to governmental and similar certifications before they can be sold. For example, CE certification for radiated emissions is required for most GPS receiver and data communications products sold in the European community. An inability to obtain such certifications in a timely manner could have an adverse effect on our operating results. Also, some of our products that use integrated radio communication technology require product type certification and some products require an end user to obtain licensing from the FCC for frequency-band usage. These are secondary licenses that are subject to certain restrictions. An inability or delay in obtaining such certifications or changes to the rules by the FCC could adversely affect our ability to bring our products to market which could harm our customer relationships and therefore, our operating results. Any failure to obtain the requisite certifications could also harm our operating results.

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

The market price of our common stock has been, and may continue to be, highly volatile. During fiscal 2008, our stock price ranged from $14.43 to $41.42, on a post-split basis. We believe that a variety of factors could cause the price of our common stock to fluctuate, perhaps substantially, including:

- announcements and rumors of developments related to our business or the industry in which we compete;
- quarterly fluctuations in our actual or anticipated operating results and order levels;
- general conditions in the worldwide economy;
- acquisition announcements;
- new products or product enhancements by us or our competitors;

- developments in patents or other intellectual property rights and litigation;
- developments in our relationships with our customers and suppliers; and
- any significant acts of terrorism.

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

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Changes in Our Effective Tax Rate May Reduce Our Net Income in Future Periods

A number of factors may increase our future effective tax rates, including:

- the jurisdictions in which profits are determined to be earned and taxed;
- the resolution of issues arising from tax audits with various tax authorities;
- changes in the valuation of our deferred tax assets and liabilities;
- increases in expense not deductible for tax purposes, including write-offs of acquired in-process R&D and impairments of goodwill in connection with acquisitions;
- changes in available tax credits;
- changes in share-based compensation;
- changes in tax laws or the interpretation of such tax laws, and changes in generally accepted accounting principles;
- the repatriation of non-U.S. earnings for which we have not previously provided for U.S. taxes; and
- challenges to the transfer pricing policies related to our global supply chain management structure.

The Company is currently in various stages of multiple year examinations by federal, state, and foreign taxing authorities, including an audit of its 2005 through 2007 tax years by the U.S. Internal Revenue Service (IRS). If the IRS or the taxing authorities of any other jurisdiction were to successfully challenge a material tax position, we could become subject to higher taxes and our earnings would be adversely affected. In addition, proposals for changes in U.S. tax laws that may be considered or adopted in the future could subject the Company to higher taxes or result in changes to tax law provisions that currently provide favorable tax treatment.

Item 1B. Unresolved Staff Comments.

None

Item 2. Properties.

The following table sets forth the significant real property that we own or lease as of February 21, 2009:

Location	Segment(s) served	Size in Sq. Feet	Commitment
Sunnyvale, California	All	160,000	Leased, expiring in 2012 3 buildings
Huber Heights (Dayton), Ohio	Engineering & Construction Field Solutions Mobile Solutions	150,000 57,200 55,200	Owned, no encumbrances Leased, expiring in 2011 Leased, expiring in 2009
Westminster, Colorado	Engineering & Construction, Field Solutions	86,000	Leased, expiring in 2013
Corvallis, Oregon	Engineering & Construction	20,000 38,000	Owned, no encumbrances Leased, expiring in 2009
Richmond Hill, Canada	Advanced Devices	50,200	Leased, expiring in 2010
Danderyd, Sweden	Engineering & Construction	93,900	Leased, expiring in 2010
Christchurch, New Zealand	Engineering & Construction, Mobile Solutions, Field Solutions	65,000	Leased, expiring in 2010 2 buildings

Fremont, California (@Road)	Mobile Solutions	102,544	Leased, expiring in 2010 2 buildings
Chennai, India (@Road)	Mobile Solutions	37,910	Leased, expiring in 2012

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

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

Item 3. Legal Proceedings.

From time to time, the Company is involved in litigation arising out of the ordinary course of its business. There are no known claims or pending litigation expected to have a material adverse effect on our business, results of operations, and financial condition.

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Item 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to a vote of security holders during the fourth quarter of 2008.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

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

	2008 Sales Price		2007 Sales Price	
Quarter Ended	High	Low	High	Low
First quarter	$ 30.97	$ 21.47	$ 57.41	$ 25.47
Second quarter	41.42	26.09	32.65	26.83
Third quarter	36.34	27.66	41.33	32.24
Fourth quarter	28.04	14.43	43.15	30.40

Stock Repurchase Program

In January 2008, our board of directors authorized a stock repurchase program (“2008 Stock Repurchase Program”), authorizing us to repurchase up to $250 million of Trimble’s common stock under this program. We repurchased approximately 4,243,000 shares of common stock in open market purchases at an average price of $29.67 per share in 2008. The total purchase price of $125.9 million was reflected as a decrease to common stock based on the average stated value per share with the remainder to retained earnings. Common stock repurchases under the program were recorded based upon the trade date for accounting purposes. All common shares repurchased under this program have been retired. As of January 2, 2009, the 2008 Stock Repurchase Program had remaining authorized funds of $124.1 million. The timing and actual number of future shares repurchased will depend on a variety of factors including price, regulatory requirements, capital availability, and other market conditions. The program does not require the purchase of any minimum number of shares and may be suspended or discontinued at any time without public notice.

The following table provides information relating to our purchases of equity securities for the fourth quarter of fiscal 2008:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program

September 27, 2008 – October 31, 2008	-		-	-	$ 134,149,431
October 31, 2008 – November 28, 2008	357,617	$	19.35	357,617	127,231,086
November 29, 2008 – January 2, 2009	178,759		17.45	178,759	124,111,572
Total Activities	536,376	$	18.71	536,376	

As of February 27, 2009, there were approximately 961 holders of record of our common stock.

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Dividend Policy

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

Under the existing terms of our credit facility, we are allowed to pay dividends and repurchase shares of our common stock without limitation so long as no default or unmatured default then existed, the leverage ratio for the two most recently completed periods was less than 2.00:1.00 and after giving pro forma effect to such dividend or share repurchase, the leverage ratio will be less than 2.00:1.00. Should the leverage ratio be equal to or greater than 2.00:1.00 without exceeding a leverage ratio of 3.00:1.00, we can pay dividends and repurchase shares of our common stock in any twelve (12) month period, in an aggregate amount equal to fifty percent (50%) of net income (plus, to the extent deducted in determining net income for such period, non-cash expenses in respect of stock options) for the previous twelve-month period, plus an additional $50 million over the term of the credit facility subject to pro forma compliance with our fixed charge coverage ratio covenant. Otherwise, dividends and share repurchases are restricted by our Credit Agreement.

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Item 6. Selected Financial Data

The following selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes appearing elsewhere in this annual report. Historical results are not necessarily indicative of future results. In particular, because the results of operations and financial condition related to our acquisitions are included in our Consolidated Statements of Income and Consolidated Balance Sheets data commencing on those respective acquisition dates, comparisons of our results of operations and financial condition for periods prior to and subsequent to those acquisitions are not indicative of future results. In February 2007 we acquired @Road, Inc. Please refer to Note 4 to the Consolidated Financial Statements for more information.

As of And For the Fiscal Years Ended (Dollar in thousands, except per share data)	January 2, 2009	December 28, 2007	December 29, 2006	December 30, 2005	December 31, 2004
Revenue	$ 1,329,234	$ 1,222,270	$ 940,150	$ 774,913	$ 668,808
Gross margin	$ 649,136	$ 612,905	$ 461,081	$ 389,805	$ 324,810
Gross margin percentage	48.8%	50.1%	49.0%	50.3%	48.6%
Income from continuing operations	$ 141,472	$ 117,374	$ 103,658	$ 84,855	$ 67,680
Net income	$ 141,472	$ 117,374	$ 103,658	$ 84,855	$ 67,680
Per common share (1):					
Net income (1)					
- Basic	$ 1.17	$ 0.98	$ 0.94	$ 0.80	$ 0.66
- Diluted	$ 1.14	$ 0.94	$ 0.89	$ 0.75	$ 0.62
Shares used in calculating basic earnings per share (1)	120,714	119,280	110,044	106,432	102,326
Shares used in calculating diluted earnings per share (1)	124,235	124,410	116,072	113,638	109,896
Cash dividends per share	$ -	$ -	$ -	$ -	$ -
Total assets	$ 1,635,016	$ 1,539,359	$ 983,477	$ 749,265	$ 657,975
Non-current portion of long term debt and other non-current liabilities	$ 213,017	$ 116,692	$ 28,000	$ 19,474	$ 38,226

(1) 2-for-1 Stock Split - On January 17, 2007, Trimble's board of directors approved a 2-for-1 split of all outstanding shares of the Company's Common Stock, payable February 22, 2007 to stockholders of record on February 8, 2007. All shares and per share information presented has been adjusted to reflect the stock split on a retroactive basis for all periods presented.

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

The following discussion should be read in conjunction with the consolidated financial statements and the related notes. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and those listed under "Risks Factors." We have attempted to identify forward-looking statements in this report by placing an asterisk (*) before paragraphs containing such material.

EXECUTIVE LEVEL OVERVIEW

Trimble’s focus is on combining positioning technology with wireless communication and application capabilities to create system-level solutions that enhance productivity and accuracy for our customers. The majority of our markets are end-user markets, including engineering and construction firms, governmental organizations, public safety workers, farmers and companies who must manage fleets of mobile workers and assets. In our Advanced Devices segment, we also provide components to original equipment manufacturers to incorporate into their products. In the end user markets, we provide a system that includes a hardware platform that may contain software and customer support. Some examples of our solutions include products that automate and simplify the process of surveying land, products that automate the utilization of equipment such as tractors and bulldozers, products that enable a company to manage its mobile workforce and assets, and products that allow municipalities to manage their fixed assets. In addition, we also provide software applications on a stand-alone basis. For example, we provide software for project management on construction sites.

Solutions targeted at the end-user make up a significant majority of our revenue. To create compelling products, we must attain an understanding of the end users’ needs and work flow, and how location-based technology can enable that end user to work faster, more efficiently, and more accurately. We use this knowledge to create highly innovative products that change the way work is done by the end-user. With the exception of our Mobile Solutions and Advanced Devices segments, our products are generally sold through a dealer channel, and it is crucial that we maintain a proficient global, third-party distribution channel.

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

Reinforcing our position in existing markets

* We believe these markets provide us with additional, substantial potential for substituting our technology for traditional methods. We are continuing to develop new products and to strengthen our distribution channels in order to expand our market opportunity. In our Field Solutions Segment, we introduced the AgGPS EZ-Guide 250 Lightbar Guidance System, GPS Pathfinder ProXRT Receiver, Trimble GeoExplorer 2008 Series and the new Juno™ Series. We announced that the City of Joliet, Illinois Public Utilities Department and the Baton Rouge Water Company in Louisiana selected Trimble’s Fieldport software to enhance utility field operations. In our Engineering and Construction segment, we introduced the Trimble MEP layout solution, Trimble Coastal Center™ Software, and Trimble NetR8™ GNSS Reference Receiver. We also introduced further enhancements to our complete surveying portfolio as part of its Connected Site™ solutions: new models of the Trimble S8 Total Station with options for monitoring and tunneling applications; a new version of Trimble Business Center; a scalable Trimble VX Spatial Station; and improved field to office solutions for German surveyors. In our Mobile Solutions segment, we announced that Carrier Corporation is rolling out Trimble's Mobile Resource Management (MRM) solution within its fleet. All of these products strengthened our competitive position and created new value for the user.

Extending our position in existing markets through new product categories

* We are utilizing the strength of the Trimble brand in our markets to expand our revenue by bringing new products to existing users. In our Field Solutions segment, we introduced Agriculture Manager™ Asset Management System AgGPS EZ-Office™ Software. In our Engineering and Construction segment, we introduced new products, such as a new sensor for the Trimble CCS900 Compaction Control System that provides real-time material density information to earthworks operators. We were also chosen to supply Trimble VRS™ technology to establish a nationwide GNSS infrastructure network for Turkey called CORS-TR (Continuous Operating Reference Station-Turkey or TUSAGA AKTIF) and the Republic of Croatia called the CROatian POsitioning System (CROPOS). We launched Trimble VRS Now™ Service in Madrid, Spain and in the state of Florida to provide surveyors, civil engineers and geospatial professionals in the area with instant access to real-time kinematic (RTK) GNSS corrections without the need for a base station. These are all examples of bringing new products to existing markets.

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Bringing existing technology to new markets

* We continue to reinforce our position in existing markets and position ourselves in newer markets that will serve as important sources of future growth. Our efforts in Africa, China, India, the Middle-East and Russia reflected improving financial results. We announced a GPS software technology licensing agreement with Marvell, a leader in the development of storage, communications and consumer silicon. The licensing agreement will enable Marvell to provide customers with comprehensive GPS solutions based on innovative architectures that are tailored for high performance and low overall system power consumption.

Entering new market segments

* During 2008 we acquired companies, technologies or introduced new product categories that have allowed us to enter new market segments. In our Engineering and Construction segment, we acquired two accessory companies, Crain and SECO, whose products complement our existing construction product offerings. Additionally, we acquired three companies, Géo-3D, RolleiMetric and Toposys, which through new product offerings, expand the emerging Geospatial markets. In our Field Solutions segment, we acquired TruCount and Rawson Control Systems, which through new products, expand our agricultural market segment. We also acquired the FastMap and GeoSite software assets from Korec, which expand our GIS solutions.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Revenue Recognition

We recognize product revenue when persuasive evidence of an arrangement exists, shipment has occurred, the fee is fixed or determinable, and collectibility is reasonably assured. In instances where final acceptance of the product is specified by the customer or is uncertain, revenue is deferred until all acceptance criteria have been met.

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

Revenue for orders is not recognized until the product is shipped and title has transferred to the buyer. We bear all costs and risks of loss or damage to the goods up to that point. Our shipment terms for U.S. orders and international orders fulfilled from our European distribution center typically provide that title passes to the buyer upon delivery of the goods to the carrier named by the buyer at the named place or point. If no precise point is indicated by the buyer, we may choose within the place or range stipulated where the carrier will take the goods into carrier’s charge. Other shipment terms may provide that title passes to the buyer upon delivery of the goods to the buyer. Shipping and handling costs are included in the cost of goods sold.

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

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Revenue from purchased extended warranty and support agreements is deferred and recognized ratably over the term of the warranty/support period.

We present revenue net of sales taxes and any similar assessments.

We apply Statement of Position (SOP) No. 97-2, “Software Revenue Recognition,” to products where the embedded software is more than incidental to the functionality of the hardware. This determination requires significant judgment including a consideration of factors such as marketing, research and development efforts and any post-customer contract support (PCS) relating to the embedded software.

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

We apply EITF Issue 00-3, "Application of AICPA Statement of Position 97-2 to Arrangements That Include the Right to Use Software Stored on Another Entity's Hardware," for hosted arrangements which the customer does not have the contractual right to take possession of the software at any time during the hosting period without incurring a significant penalty and it is not feasible for the customer to run the software either on its own hardware or on a third-party’s hardware. Subscription revenue related to our hosted arrangements is recognized ratably over the contract period. Upfront fees for our hosted solution primarily consist of amounts for the in-vehicle enabling hardware device and peripherals, if any. For upfront fees relating to proprietary hardware where the firmware is more than incidental to the functionality of the hardware in accordance with SOP No. 97-2, “Software Revenue Recognition,” we defer the upfront fees at installation and recognize them ratably over the minimum service contract period, generally one to five years. Product costs are also deferred and amortized over such period.

In accordance with EITF Issue 00-21, “Accounting for Revenue Arrangements with Multiple Deliverables,” when a non-software sale involves multiple elements the entire fee from the arrangement is allocated to each respective element based on its relative fair value and recognized when revenue recognition criteria for each element is met.

Allowance for Doubtful Accounts and Sales Returns

Our accounts receivable balance, net of allowance for doubtful accounts and sales returns reserve, was $204.3 million as of January 2, 2009, as compared with $239.9 million as of December 28, 2007. The allowance for doubtful accounts was $6.0 million and $5.2 million as of January 2, 2009 and December 28, 2007, respectively. We evaluate ongoing collectibility of our trade accounts receivable based on a number of factors such as age of the accounts receivable balances, credit quality, historical experience, and current economic conditions that may affect a customer’s ability to pay. In circumstances where we are aware of a specific customer’s inability to meet its financial obligations to us, a specific allowance for bad debts is estimated and recorded which reduces the recognized receivable to the estimated amount we believe will ultimately be collected. In addition to specific customer identification of potential bad debts, bad debt charges are recorded based on our recent past loss history and an overall assessment of past due trade accounts receivable amounts outstanding.

A reserve for sales returns is established based on historical trends in product return rates experienced in the ordinary course of business. The reserve for sales returns as of January 2, 2009 and December 28, 2007 was $1.8 million and $1.7 million, respectively, for estimated future returns that were recorded as a reduction of our accounts receivable and revenue. If the actual future returns were to deviate from the historical data on which the reserve had been established, our revenue could be adversely affected.

Inventory Valuation

Our inventories, net balance was $160.9 million as of January 2, 2009 as compared with $143.0 million as of December 28, 2007. Our inventory allowances as of January 2, 2009 were $29.8 million, as compared with $29.6 million as of December 28, 2007. Our inventories are stated at the lower of standard cost (which approximates actual cost on a first-in, first-out basis) or market. Adjustments to reduce the cost of inventory to its net realizable value, if required, are made for estimated excess, obsolescence, or impaired balances. Factors influencing these adjustments include decline in demand, technological changes, product life cycle and development plans, component cost trends, product pricing, physical deterioration, and quality issues. If actual factors are less favorable than those projected by us, additional inventory write-downs may be required.

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Income Taxes

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

Our valuation allowance is attributable to, primarily, acquisition related net operating loss and research and development credit carryforwards. Management believes that it is more likely than not that we will not realize these deferred tax assets, and, accordingly, a valuation allowance has been provided for such amounts. When SFAS 141(R), "Business Combinations", becomes effective, any valuation allowance adjustment associated with an acquisition that closed prior to January 3, 2009 (and after the measurement period) will be recorded through income tax expense whereas the current accounting treatment (under SFAS 141) would require any adjustment to be recognized through the purchase price.

Goodwill and Purchased Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the net tangible, identifiable intangible assets, and in-process research and development acquired in a business combination. Intangible assets acquired individually, with a group of other assets, or in a business combination are recorded at fair value. Identifiable intangible assets are comprised of distribution channels and distribution rights, patents, licenses, technology, acquired backlog and trademarks. Identifiable intangible assets are being amortized over the period of estimated benefit using the straight-line method, reflecting the pattern of economic benefits associated with these assets, and have estimated useful lives ranging from one to twelve years with a weighted average useful life of 6.5 years. Goodwill is not subject to amortization, but is subject to at least an annual assessment for impairment, applying a fair-value based test.

Impairment of Goodwill, Intangible Assets and Other Long-Lived Assets

We evaluate goodwill, at a minimum, on an annual basis and whenever events and changes in circumstances suggest that the carrying amount may not be recoverable. The annual goodwill impairment testing is performed in the fourth fiscal quarter of each year. Goodwill is reviewed for impairment utilizing a two-step process. First, impairment of goodwill is tested at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the fair value of the reporting unit. The fair values of the reporting units are estimated using a discounted cash flow approach. If the carrying amount of the reporting unit exceeds its fair value, a second step is performed to measure the amount of impairment loss, if any. In step two, the implied fair value of goodwill is calculated as the excess of the fair value of a reporting unit over the fair values assigned to its assets and liabilities. If the implied fair value of goodwill is less than the carrying value of the reporting unit's goodwill, the difference is recognized as an impairment loss.

Depreciation and amortization of the intangible assets and other long-lived assets is provided using the straight-line method over their estimated useful lives, reflecting the pattern of economic benefits associated with these assets. Changes in circumstances such as technological advances, changes to our business model, or changes in the capital strategy could result in the actual useful lives of intangible assets or other long-lived assets differing from initial estimates. In those cases where we determine that the useful life of an asset should be revised, the net book value in excess of the estimated residual value will be expensed and the residual value is depreciated over its revised remaining useful life. These assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable based on their future cash flows. The estimated future cash flows are based upon, among other things, assumptions about expected future operating performance and may differ from actual cash flows. The assets evaluated for impairment are grouped with other assets to the lowest level for

which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows (excluding interest) is less than the carrying value of the assets, the assets will be written down to the estimated fair value.

Warranty Costs

The liability for product warranties was $13.3 million as of January 2, 2009, as compared with $10.8 million as of December 28, 2007. We accrue for warranty costs as part of cost of sales based on associated material product costs, technical support labor costs, and costs incurred by third parties performing work on our behalf. Our expected future cost is primarily estimated based upon historical trends in the volume of product returns within the warranty period and the cost to repair or replace the equipment. The products sold are generally covered by a warranty for periods ranging from 90 days to three years, and in some instances up to 5.5 years.

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

Stock-Based Compensation

Beginning in fiscal 2006, we adopted Statement of Financial Accounting Standards (SFAS) No. 123(R), "Share-Based Payment" (SFAS 123(R)), which requires the measurement and recognition of compensation expense for all share-based payment awards made to our employees and directors, based on estimated fair values. Stock-based compensation expense recognized in our Consolidated Statements of Income for fiscal 2008, 2007 and 2006 includes compensation expense for awards granted prior to, but not yet vested as of December 30, 2005 based on the grant date fair value estimated using the Black-Scholes options-pricing model in accordance with the provisions of SFAS 123 and compensation expense for awards granted subsequent to December 30, 2005 based on the grant date fair value estimated using a binomial valuation model in accordance with the provisions of SFAS 123(R). The fair value of rights to purchase shares under stock participation plans was estimated using the Black-Scholes option-pricing model.

The determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include our expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, risk-free interest rates, and expected dividends. In addition, the binomial model incorporates actual option-pricing behavior and changes in volatility over the option's contractual term.

Beginning in fiscal 2006, our expected stock price volatility for stock purchase rights has been based on implied volatilities of traded options on our stock and our expected stock price volatility for stock options is based on a combination of our historical stock price volatility for the period commensurate with the expected life of the stock option and the implied volatility of traded options. The use of implied volatilities was based upon the availability of actively traded options on our stock with terms similar to our awards and also upon our assessment that implied volatility is more representative of future stock price trends than historical volatility. However, because the expected life of our stock options is greater than the terms of our traded options, we used a combination of our historical stock price volatility commensurate with the expected life of our stock options and implied volatility of traded options.

We estimated the expected life of the awards based on an analysis of our historical experience of employee exercise and post-vesting termination behavior considered in relation to the contractual life of the options and purchase rights. The risk-free interest rate assumption is based upon observed interest rates appropriate for the expected term of the awards.

We do not currently pay cash dividends on our common stock and do not anticipate doing so in the foreseeable future. Accordingly, our expected dividend yield is zero.

Because stock-based compensation expense recognized in the Consolidated Statement of Operations for fiscal 2008, 2007 and 2006 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience.

If factors change and we employ different assumptions in the application of SFAS 123(R) in future periods, the compensation expense that we record under SFAS 123(R) may differ significantly from what we have recorded in the current period. In addition, valuation models, including the Black-Scholes and binomial models, may not provide

reliable measures of the fair values of our stock-based compensation. Consequently, there is a risk that our estimates of the fair values of our stock-based compensation awards on the grant dates may bear little resemblance to the actual values realized upon the exercise, expiration, early termination, or forfeiture of those stock-based payments in the future. Certain stock-based payments, such as employee stock options, may expire worthless or otherwise result in zero intrinsic value as compared to the fair values originally estimated on the grant date and reported in our financial statements. Alternatively, value may be realized from these instruments that are significantly higher than the fair values originally estimated on the grant date and reported in our financial statements.

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See Note 2 and Note 14 to the Consolidated Financial Statements for additional information.

RECENT BUSINESS DEVELOPMENTS

The following companies and joint ventures were acquired or formed during fiscal 2008 and are combined in our results of operations since the date of acquisition or formation:

Rawson Control Systems

On December 3, 2008, we acquired the assets of privately-held Rawson Control Systems based in Oelwein, Iowa. Rawson manufactures hydraulic and electronic controls for the agriculture equipment industry, including variable rate planter drives and controllers, variable rate fertilizer controllers, mechanical remote electric control valves and speed reducers. Rawson Control Systems' performance is reported under our Field Solutions business segment.

FastMap and GeoSite

On November 28, 2008, we acquired the FastMap and GeoSite software assets from Korec, a privately-held Trimble distributor serving the United Kingdom and Ireland. FastMap and GeoSite performance is reported under our Engineering and Construction and Field Solutions business segments, respectively.

Callidus Precision Systems

On November 28, 2008, we acquired the assets of privately-held Callidus Precision Systems GmbH of Halle, Germany. Callidus is a provider of 3D laser scanning solutions for the industrial market. Callidus performance is reported under our Engineering and Construction segment.

Toposys

On November 13, 2008, we acquired TopoSys GmbH of Biberach an der Riss, Germany. TopoSys is a leading provider of aerial data collection systems comprised of LiDAR and metric cameras. TopoSys's performance is reported under our Engineering and Construction business segment.

TruCount

On October 30, 2008, we acquired the assets of privately-held TruCount, Inc., of Ames, Iowa. TruCount is a leading manufacturer of air and electric clutches that automate individual planter row shut-off. TruCount's performance is reported under our Field Solutions business segment.

RolleiMetric

On October 20, 2008, we acquired the assets of RolleiMetric from Rollei GmbH of Braunschweig, Germany. RolleiMetric is a leading provider of metric camera systems for aerial imaging and terrestrial close range photogrammetry. RolleiMetric is reported within our Engineering and Construction business segment.

VirtualSite Solutions

On October 3, 2008, VirtualSite Solutions (VSS), a joint venture formed by Caterpillar and us began operations. We contributed $7.8 million in exchange for a 65% ownership and Caterpillar contributed $4.2 million for a 35% ownership in VSS. VSS develops software for fleet management and connected worksite solutions for both

Caterpillar and us, and in turn, sells software subscription services to Caterpillar and us, which we both sell through our respective distribution channels. For financial reporting purposes, VSS's assets and liabilities are consolidated with ours, as are its results of operations, which are reported under our Engineering and Construction segment. Caterpillar's 35% interest is included in our Consolidated Financial Statements as minority interests in consolidated subsidiaries.

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SECO

On July 29, 2008, we acquired privately-held SECO Manufacturing Company of Redding, California. SECO is a leading manufacturer of accessories for the geomatics, surveying, mapping, and construction industries. SECO's performance is reported under our Engineering and Construction business segment.

Géo-3D

On January 22, 2008, we acquired privately-held Géo-3D Inc. of Montreal, Canada. Géo-3D is a leader in roadside infrastructure asset inventory solutions. Géo-3D's performance is reported under our Engineering and Construction business segment.

Crain Enterprises

On January 8, 2008, we acquired privately-held Crain Enterprises, Inc. of Mound City, Illinois. Crain is a leading manufacturer of accessories for the geomatics, surveying, mapping, and construction industries. Crain Enterprises is reported under our Engineering and Construction business segment.

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.

Fiscal Years Ended (Dollars in thousands)	January 2, 2009	December 28, 2007	December 29, 2006
Total consolidated revenue	$ 1,329,234	$ 1,222,270	$ 940,150
Gross margin	$ 649,136	$ 612,905	$ 461,081
Gross margin %	48.8%	50.1%	49.0%
Total consolidated operating income	$ 185,460	$ 178,267	$ 135,366
Operating income %	14.0%	14.6%	14.4%

Basis of Presentation

We have a 52-53 week fiscal year, ending on the Friday nearest to December 31, which for fiscal 2008 was January 2, 2009. Fiscal 2008 was a 53-week year. Fiscal 2007 and 2006 were both 52-week years.

Revenue

In fiscal 2008, total revenue increased by $107.0 million, or 9%, to $1.33 billion from $1.22 billion in fiscal 2007. The increase in fiscal 2008 was due to stronger performances in the Field Solutions and Mobile Solutions segments. Engineering and Construction revenue decreased $1.6 million, or 0.2%; Field Solutions increased $100.1 million, or 50%; Mobile Solutions increased $9.4 million, or 6%; and Advanced Devices decreased $0.9 million, or 1%, as compared to fiscal 2007. In fiscal 2008, revenue growth was primarily driven by new products, a strong agricultural environment, as well as the impact of acquisitions partially offset by softness in European and U.S. markets in Engineering and Construction.

* Although revenue increased by 17% on a year over year basis for the first nine months of the year, our revenue in the fourth quarter declined by 14% over the corresponding quarter in the prior year. Although we have limited visibility into fiscal 2009, due to the current economic crisis, we expect that there will be continued softness in our revenue in the first quarter of 2009 as compared to the corresponding period in the prior year, particularly in our Engineering and Construction segment.

In fiscal 2007, total revenue increased by $282.1 million, or 30%, to $1.22 billion from $940.2 million in fiscal 2006. The increase in fiscal 2007 was due to stronger performances across all our operating segments. Engineering and Construction revenue increased $106.2 million, or 17%; Field Solutions increased $61.4 million, or 44%; Mobile Solutions increased $96.8 million, or 159%; and Advanced Devices increased $17.7 million, or 17%, as compared to fiscal 2006. Revenue growth within these segments was primarily driven by new products, a robust agricultural environment, strong international growth, as well as the impact of acquisitions, partially offset by regional pockets of softness in the U.S. markets.

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* During fiscal 2008, sales to customers in the United States represented 49%, Europe represented 25%, Asia Pacific represented 14%, and other regions represented 12% of our total revenue. During the 2007 fiscal year, sales to customers in the United States represented 50%, Europe represented 27%, Asia Pacific represented 12%, and other regions represented 11% of our total revenue. During fiscal 2006, sales to customers in the United States represented 54%, Europe represented 25%, Asia Pacific represented 12%, and other regions represented 9% of our total revenue. We anticipate that sales to international customers will continue to account for a major portion of our revenue.

* No single customer accounted for 10% or more of our total revenue in fiscal 2008, 2007, and 2006. It is possible, however, that in future periods the failure of one or more large customers to purchase products in quantities anticipated by us may adversely affect the results of operations.

Gross Margin

Our gross margin varies due to a number of factors including product mix, pricing, distribution channel used, effects of production volumes, new product start-up costs, and foreign currency translations.

In fiscal 2008, our gross margin increased by $36.2 million as compared to fiscal 2007 primarily due to higher revenue. Gross margin as a percentage of total revenue was 48.8% in fiscal 2008 and 50.1% in fiscal 2007. The decrease in the gross margin percentage was driven primarily by increased amortization of purchased intangibles, and product mix.

In fiscal 2007, our gross margin increased by $151.8 million as compared to fiscal 2006 due to higher revenue, higher margin products, including software and subscription revenue, and improved manufacturing utilization, partially offset by an increase in amortization of purchased intangibles primarily due to the acquisition of @Road. Gross margin as a percentage of total revenue was 50.1% in fiscal 2007 and 49.0% in fiscal 2006. The increase in the gross margin percentage was due to higher margin products.

* Because of potential product mix changes within and among the industry markets, market pressures on unit selling prices, fluctuations in unit manufacturing costs, including increases in component prices and other factors, current level gross margin cannot be assured.

Operating Income

Operating income increased by $7.2 million for fiscal 2008 as compared to fiscal 2007. Operating income as a percentage of total revenue for fiscal 2008 was 14.0% as compared to 14.6% for fiscal 2007. The increase in operating income was primarily driven by higher revenue and associated gross margin. The decrease in operating income percentage was primarily due by increased amortization of purchased intangibles, product mix and foreign exchange.

* Although our operating income increased on a year over year basis for the first nine months of the year, our operating income in the fourth quarter declined as compared to the corresponding quarter in the prior year. Although we are reducing expenses, due to the current economic crisis, we may experience operating income decline in the first quarter of fiscal 2009 as compared to the corresponding period in the prior year.

Operating income increased by $42.9 million for fiscal 2007 as compared to fiscal 2006. Operating income as a percentage of total revenue for fiscal 2007 was 14.6% as compared to 14.4% for fiscal 2006. The increase in operating income was due to higher revenue and associated gross margin and software and subscription revenue, partially offset by additional amortization of purchased intangibles.

Results by Segment

To achieve distribution, marketing, production, and technology advantages in our targeted markets, we manage our operations in the following four segments: Engineering and Construction, Field Solutions, Mobile Solutions, and Advanced Devices. Operating income (loss) equals net revenue less cost of sales and operating expense, excluding general corporate expense, amortization of purchased intangible assets, in-process research and development expense, restructuring charges, non-operating income (expense) net, and income tax provision.

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

Fiscal Years Ended (Dollars in thousands)	January 2, 2009	December 28, 2007	December 29, 2006
Engineering and Construction			
Revenue	$ 741,668	$ 743,291	$ 637,118
Segment revenue as a percent of total revenue	56%	61%	68%
Operating income	$ 126,014	$ 174,177	$ 136,157
Operating income as a percent of segment revenue	17%	23%	21%
Field Solutions			
Revenue	$ 300,708	$ 200,614	$ 139,230
Segment revenue as a percent of total revenue	22%	16%	15%
Operating income	$ 109,489	$ 60,933	$ 37,377
Operating income as a percent of segment revenue	36%	30%	27%
Mobile Solutions			
Revenue	$ 167,113	$ 157,673	$ 60,854
Revenue as a percent of total consolidated revenue	13%	13%	6%
Operating income	$ 11,328	$ 12,517	$ 2,550
Operating income as a percent of segment revenue	7%	8%	4%
Advanced Devices			
Revenue	$ 119,745	$ 120,692	$ 102,948
Segment revenue as a percent of total revenue	9%	10%	11%
Operating income	$ 24,445	$ 17,276	$ 10,084
Operating income as a percent of segment revenue	20%	14%	10%

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

Fiscal Years Ended (in thousands)	January 2, 2009	December 28, 2007	December 29, 2006
Consolidated segment operating income	$ 271,276	$ 264,903	$ 186,168
Unallocated corporate expense	(36,284)	(42,914)	(35,798)
Restructuring charges	(4,641)	(3,025)	-
Amortization of purchased intangible assets	(44,891)	(38,582)	(13,074)
In-process research and development expense	-	(2,112)	(1,930)
Consolidated operating income	185,460	178,267	135,366
Non-operating income, net	6,502	5,489	12,726
Consolidated income before taxes	$ 191,962	$ 183,756	$ 148,092

Engineering and Construction

Engineering and Construction revenue decreased by $1.6 million, or 0.2%, while segment operating income decreased by $48.0 million, or 28%, for fiscal 2008 as compared to fiscal 2007. The revenue decrease was primarily due to recessionary conditions in the U.S. and European markets partially offset by strength in the rest of world markets. Operating income decreased as a result of the slight decline in revenue, product mix and operating expense associated

with acquisitions in the last twelve months.

Engineering and Construction revenue increased by $106.2 million, or 17%, while segment operating income increased by $38.0 million, or 28%, for fiscal 2007 as compared to fiscal 2006. The revenue growth was driven by all business units within the segment, strong international markets, acquisitions made during fiscal 2007 and foreign exchange gains. Segment operating income increased as a result of higher revenue and increased sales of higher margin products including software revenue and operating expense control.

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Field Solutions

Field Solutions revenue increased by approximately $100.1 million, or 50%, while segment operating income increased by $48.6 million, or 80%, for fiscal year 2008 as compared to fiscal 2007. The increase in revenue was driven primarily by strong sales of agriculture products, both in the U.S. and internationally. Operating income increased primarily due to increased revenue, as well as improvement in product costs.

Field Solutions revenue increased by approximately $61.4 million, or 44%, while segment operating income increased by $23.6 million, or 63%, for fiscal year 2007 as compared to fiscal 2006. The increase in revenue was driven primarily by the introduction of new agricultural products and a robust agricultural market, both in the U.S. and internationally. Operating income increased primarily due to higher revenue and operating expense control.

Mobile Solutions

Mobile Solutions revenue increased by $9.4 million, or 6%, while segment operating income decreased by $1.2 million, or 9%, for fiscal 2008 as compared to fiscal 2007. Revenue grew due to increased subscription revenue and a full first quarter of @Road revenue as compared to a partial first quarter of @Road revenue in fiscal 2007. Operating income decreased primarily due to increased research and development and sales expense for our new Field Service software, partially offset by a reduction in marketing and general and administrative expenses.

Mobile Solutions revenue increased by $96.8 million, or 159%, while segment operating income increased by $10.0 million, or 391%, for fiscal 2007 as compared to fiscal 2006. Revenue grew due to increased subscription revenue due primarily to the @Road acquisition. Operating income increased primarily due to higher subscription revenue and associated gross margin.

Advanced Devices

Advanced Devices revenue decreased by $0.9 million, or 1%, and segment operating income increased by $7.2 million, or 42%, for fiscal 2008 as compared to fiscal 2007. The decrease in revenue was primarily driven by slower sales of Component Technologies products. Operating income increased due to product mix, royalty and licensing revenue.

Advanced Devices revenue increased by $17.7 million, or 17%, and segment operating income increased by $7.2 million, or 71%, for fiscal 2007 as compared to fiscal 2006. The increase in revenue was primarily driven by stronger performance in our Component Technologies timing and embedded product revenue. Operating income increased due to strong timing and embedded product revenue, licensing revenue associated with a Nokia intellectual property agreement signed in the third quarter of 2006, and strong operating expense control.

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

The following table shows research and development (“R&D”), sales and marketing, and general and administrative (“G&A”) expenses in absolute dollars and as a percentage of total revenue for fiscal years 2008, 2007 and 2006 and should be read in conjunction with the narrative descriptions of those operating expense below.

Fiscal Years Ended (Dollars in thousands)	January 2, 2009	December 28, 2007	December 29, 2006
Research and development	$ 148,265	$ 131,468	$ 103,840

Percentage of revenue	11%	11%	11%
Sales and marketing	196,290	186,495	143,623
Percentage of revenue	15%	15%	15%
General and administrative	94,023	92,572	68,416
Percentage of revenue	7%	8%	7%
Total	$ 438,578	$ 410,535	$ 315,879
Percentage of revenue	33%	34%	33%

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Overall, R&D, sales and marketing, and G&A expenses increased by approximately $28.0 million in fiscal 2008 compared to fiscal 2007.

Research and development expense increased by $16.8 million in fiscal 2008, as compared to fiscal 2007, primarily due to the impact of new R&D expense as a result of acquisitions, an increase in compensation related expense, an increase in R&D materials and an increase due to foreign currency exchange rates. All of our R&D costs have been expensed as incurred. Overall research and development spending remained relatively constant at approximately 11% of revenue.

Research and development expense increased by $27.6 million in fiscal 2007 compared to fiscal 2006 primarily due to the impact of new R&D expense as a result of acquisitions, an increase in compensation related expense, and an increase due to foreign currency exchange rates, partially offset by decreased consulting fees. All of our R&D costs have been expensed as incurred. Overall research and development spending remained relatively constant at approximately 11% of revenue.

* 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 $9.8 million in fiscal 2008 as compared to fiscal 2007. The increase was primarily due to new sales and marketing expenses as a result of acquisitions, an increase in compensation related expense and an increase in trade shows and marketing literature expense. Spending overall remained relatively constant at approximately 15% of revenue.

Sales and marketing expense increased by $42.9 million in fiscal 2007 as compared to fiscal 2006. The increase was primarily due to new sales and marketing expenses as a result of acquisitions, an increase in compensation-related expense, an increase due to foreign currency exchange rates and an increase in marketing expense. Spending overall remained relatively constant at approximately 15% of revenue.

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

General and administrative expense increased by $1.5 million in fiscal 2008 compared to fiscal 2007 primarily due to new G&A expenses as a result of acquisitions, partially offset by decreased compensation related expense and reduced deferred compensation liabilities. Spending overall was at approximately 7% of revenue in fiscal 2008 compared to 8% in fiscal 2007.

General and administrative expense increased by $24.2 million in fiscal 2007 compared to fiscal 2006 primarily due to new G&A expenses as a result of acquisitions, an increase in compensation-related expense, and an increase in tax and legal fees. Spending overall was at approximately 8% of revenue in fiscal 2007 compared to 7% in fiscal 2006.

Other Operating Expenses

Restructuring Charges

Restructuring expense for the three years ended January 2, 2009 was as follows:

	2008	2007	2006
(in thousands)			

Severance and benefits	$ 4,641	$ 3,025	$ -

During fiscal 2008, restructuring expense of $4.6 million was related to decisions to streamline processes and reduce the cost structure of the Company, with approximately 100 employees affected worldwide. Of the total restructuring expense, $2.7 million is shown as a separate line within Operating expense on our Consolidated Statements of Income, and $1.9 million is included within Cost of sales. Additionally, $4.1 million is related to the Engineering and Construction segment and $0.5 million is related to the Mobile Solutions segment. As a result of the above decisions, we expect restructuring activities in the Engineering and Construction segment to result in additional restructuring expense totaling approximately $1.8 million through the first quarter of 2010. Additional restructuring activities have been announced in the first fiscal quarter of 2009.

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During fiscal, 2007, restructuring expense of $3.0 million was for charges associated with the Company's acquisition of @Road. The restructuring expense was related to the acceleration of vesting of employee stock options for certain terminated @Road employees, of which $1.4 million was settled in cash and $1.6 million was recorded as shareholders' equity.

Restructuring costs associated with a business combination:
In addition to the restructuring expense in fiscal 2008, costs associated with exiting activities of companies we acquired in fiscal 2008 was $0.4 million, consisting of severance and benefits costs. These costs were recognized as a liability assumed in the business combinations and were included in the allocation of the cost to acquisitions and accordingly, resulted in an increase to goodwill rather than an expense in fiscal 2008. The Company also had $0.9 million in restructuring activity reversals related to costs associated with exiting activities of pre-merger @Road. The reversals were primarily due to severance and benefits costs for employees whose positions were retained in a variety of functions. The reversals were recognized in the first quarter of fiscal 2008 as a reduction of the liability assumed in the purchase business combination that had been included in the allocation of the cost to acquire @Road and, accordingly, resulted in a decrease to goodwill rather than an expense reduction in fiscal 2008.

In addition to the restructuring expense in fiscal 2007, costs associated with exiting activities of pre-merger @Road of $3.6 million, consisted of severance and benefits costs. These costs were recognized as a liability assumed in the purchase business combination and were included in the allocation of the cost to acquire @Road and accordingly, resulted in an increase to goodwill rather than an expense in fiscal 2007.

Restructuring liability:
The following table summarizes the restructuring activity for 2007 and 2008 (in thousands):

Balance as of December 30, 2006	$	744
Acquisition related		3,547
Charges		3,025
Payments		(6,004)
Adjustment		14
Balance as of December 28, 2007	$	1,326
Acquisition related		355
Charges		4,641
Payments		(3,351)
Adjustment		(1,054)
Balance as of January 2, 2009	$	1,917

As of January 2, 2009, the $1.9 million restructuring accrual consists of severance and benefits. Of the $1.9 million restructuring accrual, $0.7 million is included in Other current liabilities and is expected to be settled by the first half of fiscal 2009. The remaining balance of $1.2 million is included in Other non-current liabilities and is expected to be settled by the first quarter of fiscal 2010.

In-Process Research and Development

We recorded in-process research and development (IPR&D) expense of $2.1 million and $1.9 million related to acquisitions made in fiscal 2007 and 2006, respectively. No IPR&D expense was recorded in fiscal 2008. At the date of each acquisition, the projects associated with the IPR&D efforts had not yet reached technological feasibility and the research and development in process had no alternative future uses. The value of the IPR&D was determined using a discounted cash flow model similar to the income approach, focusing on the income producing capabilities of the

in-process technologies. Accordingly, the value assigned to these IPR&D amounts were charged to expense on the respective acquisition date of each of the acquired companies.

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Amortization of Purchased and Other Intangible Assets

Fiscal Years Ended (in thousands)	January 2, 2009	December 28, 2007	December 29, 2006
Cost of sales	$ 22,690	$ 19,778	$ 5,353
Operating expenses	22,376	18,966	7,906
Total	$ 45,066	$ 38,744	$ 13,259

Total amortization expense of purchased and other intangible assets was $45.1 million in fiscal 2008, of which $22.7 million was recorded in cost of sales and $22.4 million was recorded in operating expense. Total amortization expense of purchased and other intangibles represented 3.4% of revenue in fiscal 2008, an increase of $6.3 million from fiscal 2007 when it represented 3.2% of revenue. The increase was primarily due to the acquisition of certain technology and patent intangibles as a result of acquisitions made in fiscal 2008, as well as fiscal 2007 acquisition intangibles that included a full year impact of amortization expense in fiscal 2008.

Total amortization expense of purchased and other intangible assets was $38.7 million in fiscal 2007, of which $19.8 million was recorded in cost of sales and $19.0 million was recorded in operating expense. Total amortization expense of purchased and other intangibles represented 3.2% of revenue in fiscal 2007, an increase of $25.5 million from fiscal 2006 when it represented 1.4% of revenue. The increase was primarily due to the acquisition of certain technology and patent intangibles as a result of acquisitions made in fiscal 2007, primarily @Road, and to a lesser extent, fiscal 2006 acquisition intangibles that included a full year impact of amortization expense in fiscal 2007.

Non-operating Income (Expense), Net

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

Fiscal Years Ended (in thousands)	January 2, 2009	December 28, 2007	December 29, 2006
Interest income	$ 2,044	$ 3,502	$ 3,799
Interest expense	(2,760)	(6,602)	(558)
Foreign currency transaction gain (loss), net	1,509	(1,351)	1,719
Income from joint ventures	7,981	8,377	6,989
Minority interests in consolidated subsidiaries	540	-	-
Other income (expense), net	(2,812)	1,563	777
Total non-operating income (expense), net	$ 6,502	$ 5,489	$ 12,726

Total non-operating income (expense), net increased by $1.0 million during fiscal 2008 compared with fiscal 2007. The increase was due to lower interest expense due to lower average outstanding debt balances and interest rates, fluctuations in foreign currencies, largely offset by a decrease in interest income and losses on assets in our deferred compensation plan.

Total non-operating income (expense), net decreased by $7.2 million during fiscal 2007 compared with fiscal 2006. The decrease was due to higher interest expense due to an increase in debt associated with the @Road acquisition, fluctuations in foreign currencies, partially offset by increased profits from our CTCT joint venture.

Income Tax Provision

Our effective income tax rate for fiscal years 2008, 2007 and 2006 was 26%, 36% and 30% respectively. The 2008 rate was less than the U.S. federal statutory rate of 35% primarily due to the implementation of a global supply chain management structure. In 2006 and 2007, we licensed our US intellectual property to a foreign affiliated legal entity and implemented a global supply chain management structure which streamlined our worldwide operations. We believe that the licensing of intellectual property was effected for consideration that was equivalent to arms-length negotiated pricing. This resulted, beginning in 2008, in a tax savings due to a lower foreign tax rate. For financial statement purposes and the Company's policy with respect to its undistributed foreign subsidiaries' earnings some of those earnings are to be indefinitely reinvested and, accordingly, no related provision for U.S. federal and state income taxes has been provided. The 2007 rate was greater than the U.S. federal statutory rate of 35% due to impacts resulting from SFAS 123(R). The 2006 rate was less than the US federal statutory rate primarily due to operations in foreign jurisdictions subject to an effective tax rate lower than the U.S. and the Extraterritorial Income Exclusion (ETI) deduction.

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The Emergency Economic Stabilization Act of 2008, Energy Improvement and Extension Act of 2008 and Tax Extenders and Alternative Minimum Tax Relief Act of 2008 (HR1424) was signed into law on October 3, 2008. This legislation includes a provision that retroactively extends the research tax credit from January 1, 2008 to December 31, 2009. The Company has included the $2.4 million benefit of the current year research credits in the quarter ended January 2, 2009.

Litigation Matters

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

OFF-BALANCE SHEET ARRANGEMENTS

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

In the normal course of business to facilitate sales of its 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. In addition, we have 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 Consolidated Balance Sheets as of January 2, 2009 and December 28, 2007.

LIQUIDITY AND CAPITAL RESOURCES

As of and for the Fiscal Year Ended (in thousands)	January 2, 2009	December 28, 2007	December 29, 2006
Cash and cash equivalents	$ 147,531	$ 103,202	$ 129,621
As a percentage of total assets	9.0%	6.7%	13.2%
Total debt	$ 151,588	$ 60,690	$ 481
Cash provided by operating activities	$ 176,074	$ 186,985	$ 135,843
Cash used in investing activities	$ (121,696)	$ (311,392)	$ (114,188)
Cash provided by (used in) financing activities	$ (6,441)	$ 103,816	$ 34,162
Effect of exchange rate changes on cash and cash equivalents	$ (3,608)	$ (5,828)	$ (49)
Net increase (decrease) in cash and cash equivalents	$ 44,329	$ (26,419)	$ 55,768

Cash and Cash Equivalents

As of January 2, 2009, cash and cash equivalents totaled $147.5 million compared to $103.2 million at December 28, 2007. We had debt of $151.6 million at January 2, 2009 compared to $60.7 million at December 28, 2007.

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* Our ability to continue to generate cash from operations will depend in large part on profitability, the rate of collections of accounts receivable, our inventory turns, and our ability to manage other areas of working capital.

* We believe that our cash and cash equivalents, together with our revolving credit facilities will be sufficient to meet our anticipated operating cash needs and stock purchases under the stock repurchase program for at least the next twelve months.

* We anticipate that planned capital expenditures primarily for computer equipment, software, manufacturing tools and test equipment, and leasehold improvements associated with business expansion, will constitute a partial use of our cash resources. Decisions related to how much cash is used for investing are influenced by the expected amount of cash to be provided by operations.

Operating Activities

Cash provided by operating activities was $176.1 million for fiscal 2008, as compared to $187.0 million for fiscal 2007. This decrease of $10.9 million was due to a decrease in accounts payable, deferred revenue, income taxes payable, and accrued compensation and benefits, partially offset by an increase in net income before non-cash depreciation and amortization and a decrease in accounts receivable.

Cash provided by operating activities was $187.0 million for fiscal 2007, as compared to $135.8 million for fiscal 2006. This increase of $51.1 million was primarily driven by an increase in net income before non-cash depreciation and amortization and increases in deferred revenue and income taxes payable. This was partially offset by an increase in accounts receivable due to increased revenue.

Investing Activities

Cash used in investing activities was $121.7 million for fiscal 2008, as compared to $311.4 million for fiscal 2007. The decrease was due to cash used for acquisitions, attributable primarily to @Road which was acquired in the first quarter of fiscal 2007.

Cash used in investing activities was $311.4 million for fiscal 2007, as compared to $114.2 million for fiscal 2006. The increase was primarily attributable to cash used for the @Road acquisition.

Financing Activities

Cash used in financing activities was $6.4 million for fiscal 2008, as compared to cash provided of $103.8 million during fiscal 2007, primarily due to stock repurchase activities, partially offset by net cash borrowed from the company’s credit facilities.

Cash provided by financing activities was $103.8 million for fiscal 2007, as compared to $34.2 million for fiscal 2006, primarily related to outstanding debt that was incurred for the @Road acquisition.

Accounts Receivable and Inventory Metrics

As of	January 2, 2009	December 28, 2007
Accounts receivable days sales outstanding	69	70

Inventory turns per year	4.2	4.3

Accounts receivable days sales outstanding were relatively flat at 69 days as of January 2, 2009, as compared to 70 days as of December 28, 2007. Our accounts receivable days sales outstanding are calculated based on ending accounts receivable, net, divided by revenue for the fourth fiscal quarter, times a quarterly average of 91 days. The actual fiscal quarter contained 98 days; however the Company was shut down an additional week during the quarter. Our inventory turns were at 4.2 for fiscal 2008 as compared to 4.3 for fiscal 2007. Our inventory turnover is based on the total cost of sales for the fiscal period over the average inventory for the corresponding fiscal period.

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Debt

At the end of fiscal 2008, our total debt was comprised primarily of our revolving credit line in the amount of $151.0 million. At the end of fiscal 2007, out total debt was primarily comprised of a term loan in the amount of $60.0 million, which was repaid during fiscal 2008. As of January 2, 2009 and December 28, 2007, there were also notes payable totaling approximately $588,000 and $690,000, respectively, consisting of government loans to foreign subsidiaries.

On July 28, 2005, we entered into a $200 million unsecured revolving credit agreement (the 2005 Credit Facility) with a syndicate of 10 banks with The Bank of Nova Scotia as the administrative agent. On February 16, 2007, we amended our existing $200 million unsecured revolving credit agreement with a syndicate of 11 banks with The Bank of Nova Scotia as the administrative agent (the 2007 Credit Facility). Under the 2007 Credit Facility, we exercised the option in the existing credit agreement to increase the availability under the revolving credit line by $100 million, for an aggregate availability of up to $300 million, and extended the maturity date of the revolving credit line by 18 months, from July 2010 to February 2012. Up to $25 million of the availability under the revolving credit line may be used to issue letters of credit, and up to $20 million may be used for paying off other debts or loans. The maximum leverage ratio under the 2007 Credit Facility is 3.00:1.00. The funds available under the new 2007 Credit Facility may be used by us for acquisitions, stock repurchases, and general corporate purposes. As of August 20, 2008, we amended the 2007 Credit Facility to allow us to redeem, retire or purchase Trimble common stock. In addition, the definition of the fixed charge was amended to exclude the impact of redemptions, retirements, or purchases of Trimble common stock from the fixed charges coverage ratio. For additional discussion of our debt, see Note 9 of Notes to the Consolidated Financial Statements.

In addition, during the first quarter of fiscal 2007 we incurred a five-year term loan under the 2007 Credit Facility in an aggregate principal amount of $100 million, which was repaid in full during fiscal 2008.

We may borrow funds under the 2007 Credit Facility in U.S. Dollars or in certain other currencies, and borrowings will bear interest, at our option, at either: (i) a base rate, based on the administrative agent's prime rate, plus a margin of between 0% and 0.125%, depending on our leverage ratio as of our most recently ended fiscal quarter, or (ii) a reserve-adjusted rate based on the London Interbank Offered Rate (LIBOR), Euro Interbank Offered Rate (EURIBOR), Stockholm Interbank Offered Rate (STIBOR), or other agreed-upon rate, depending on the currency borrowed, plus a margin of between 0.625% and 1.125%, depending on our leverage ratio as of the most recently ended fiscal quarter. Our obligations under the 2007 Credit Facility are guaranteed by certain of our domestic subsidiaries.

The 2007 Credit Facility contains customary affirmative, negative and financial covenants including, among other requirements, negative covenants that restrict our ability to dispose of assets, create liens, incur indebtedness, repurchase stock, pay dividends, make acquisitions, make investments, enter into mergers and consolidations and make capital expenditures, within certain limitations, and financial covenants that require the maintenance of leverage and fixed charge coverage ratios. The 2007 Credit Facility contains events of default that include, among others, non-payment of principal, interest or fees, breach of covenants, inaccuracy of representations and warranties, cross defaults to certain other indebtedness, bankruptcy and insolvency events, material judgments, and events constituting a change of control. Upon the occurrence and during the continuance of an event of default, interest on the obligations will accrue at an increased rate and the lenders may accelerate our obligations under the 2007 Credit Facility, however that acceleration will be automatic in the case of bankruptcy and insolvency events of default. As of January 2, 2009 we were in compliance with all financial debt covenants.

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CONTRACTUAL OBLIGATIONS

The following table summarizes our contractual obligations at January 2, 2009:

(in thousands)	Total	Payments Due By Period Less than 1 year	1-3 years	3-5 years	More than 5 years
Total debt including interest (1)	$ 177,258	$ 5,258	$ 15,866	$ 156,134	$ -
Operating leases	44,179	17,598	19,750	6,675	156
Other purchase obligations and commitments	68,722	58,026	10,692	-	4
Total	$ 290,159	$ 80,882	$ 46,308	$ 162,809	$ 160

(1) We may borrow funds under the 2007 Credit Facility in U.S. Dollars or in certain other currencies, and will bear interest as described under Note 9 of Notes to the Consolidated Financial Statements. Our obligations under the 2007 Credit Facility are guaranteed by certain of our domestic subsidiaries. We estimate the interest to be 3.4% per annum, based upon a historical average.

Total debt consists of a revolving credit line of $151.0 million under our credit facilities and government loans of $0.6 million to foreign subsidiaries. (See Note 9 of the Notes to the Consolidated Financial Statements for further financial information regarding long-term debt)

Other purchase obligations and commitments represent open non-cancelable purchase orders for material purchases with our vendors. Purchase obligations exclude agreements that are cancelable without penalty. Our pension obligation, which is not included in the table above, is included in “Other current liabilities” and “Other non-current liabilities” on our Consolidated Balance Sheets. Additionally, as of January 2, 2009, we had acquisition earn-outs of $6.3 million and holdbacks of $20.8 million recorded in “Other current liabilities” and “Other non-current liabilities.” The maximum remaining payments, including the $6.3 million and $20.8 million recorded, will not exceed $71.7 million. The remaining earn-outs and holdbacks are payable through 2012.

We adopted FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes,” (FIN 48), on December 30, 2006. A total of $37.3 million, including interest and penalties, represents the FIN 48 liability at January 2, 2009. At this time, we cannot make a reasonably reliable estimate of the period of cash settlement with tax authorities regarding this liability.

EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS

The impact of recent accounting pronouncements is disclosed in Note 2 of the Notes to Consolidated Financial Statements.

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Item 7A. Quantitative and Qualitative Disclosure about Market Risk

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

Market Interest Rate Risk

Our cash equivalents consisted primarily of money market funds, treasury bills, commercial paper (FDIC insured), interest and non-interest bearing bank deposits as well as bank time deposits for fiscal 2008 and 2007. The main objective of these instruments was safety of principal and liquidity while maximizing return, without significantly increasing risk.

* Due to the short-term nature of our cash equivalents, we do not anticipate any material effect on our portfolio due to fluctuations in interest rates.

We are exposed to market risk due to the possibility of changing interest rates under our senior secured credit facilities. Our credit facility is comprised of an unsecured revolving credit agreement with a maturity date of February 2012. We may borrow funds under the revolving credit agreement in U.S. Dollars or in certain other currencies and borrowings will bear interest as described under Note 9 of Notes to the Consolidated Financial Statements.

As of January 2, 2009, we had an outstanding balance on the revolving credit line of $151.0 million and during fiscal 2008, we repaid the remaining outstanding principal balance on our term loan. A hypothetical 10% increase in the three-month LIBOR rates could result in approximately $0.2 million annual increase in interest expense on the existing principal balances.

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

Foreign Currency Exchange Rate Risk

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

Foreign exchange forward contracts outstanding as of January 2, 2009 and December 28, 2007 are summarized as follows (in thousands):

	January 2, 2009		December 28, 2007	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
Forward contracts:				
Purchased	$ (22,012)	$ 512	$ (34,865)	$ 374
Sold	$ 24,960	$ (1,660)	$ 34,946	$ (552)

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

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Item 8. Financial Statements and Supplementary Data

CONSOLIDATED BALANCE SHEETS

(In thousands)	January 2, 2009	December 28, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 147,531	$ 103,202
Accounts receivable, less allowance for doubtful accounts of $5,999 and $5,221, and sales return reserve of $1,819and $1,683 at January 2, 2009 and December 28, 2007, respectively	204,269	239,884
Other receivables	17,540	10,201
Inventories, net	160,893	143,018
Deferred income taxes	41,810	44,333
Other current assets	16,404	15,661
Total current assets	588,447	556,299
Property and equipment, net	50,175	51,444
Goodwill	715,571	675,850
Other purchased intangible assets, net	228,901	197,777
Other non-current assets	51,922	57,989
Total assets	$ 1,635,016	$ 1,539,359
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 124	$ 126
Accounts payable	49,611	67,589
Accrued compensation and benefits	41,291	55,133
Deferred revenue	55,241	49,416
Accrued warranty expense	13,332	10,806
Income taxes payable	-	14,802
Other current liabilities	63,719	51,980
Total current liabilities	223,318	249,852
Non-current portion of long-term debt	151,464	60,564
Non-current deferred revenue	12,418	15,872
Deferred income taxes	42,207	47,917
Other non-current liabilities	61,553	56,128
Total liabilities	490,960	430,333
Minority interests in consolidated subsidiaries	3,655	-
Commitments and contingencies		
Shareholders' equity:		
Preferred stock no par value; 3,000 shares authorized; none outstanding	684,831	660,749
Common stock, no par value; 180,000 shares authorized; 119,051 and 121,596 shares issued and outstanding at January 2, 2009 and December 28, 2007,		

respectively				
Retained earnings		427,921		388,557
Accumulated other comprehensive income		27,649		59,720
Total shareholders' equity		1,140,401		1,109,026
Total liabilities and shareholders' equity	$	1,635,016	$	1,539,359

See accompanying Notes to the Consolidated Financial Statements.

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CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)	January 2, 2009	December 28, 2007	December 29, 2006
Revenue (1)	$ 1,329,234	$ 1,222,270	$ 940,150
Cost of sales (1)	680,098	609,365	479,069
Gross margin	649,136	612,905	461,081
Operating expense			
Research and development	148,265	131,468	103,840
Sales and marketing	196,290	186,495	143,623
General and administrative	94,023	92,572	68,416
Restructuring charges	2,722	3,025	-
Amortization of purchased intangible assets	22,376	18,966	7,906
In-process research and development	-	2,112	1,930
Total operating expense	463,676	434,638	325,715
Operating income	185,460	178,267	135,366
Non-operating income (expense), net			
Interest income	2,044	3,502	3,799
Interest expense	(2,760)	(6,602)	(558)
Foreign currency transaction gain (loss), net	1,509	(1,351)	1,719
Income from joint ventures	7,981	8,377	6,989
Minority interests in consolidated subsidiaries	540	-	-
Other income (expense), net	(2,812)	1,563	777
Total non-operating income (expense), net	6,502	5,489	12,726
Income before taxes	191,962	183,756	148,092
Income tax provision	50,490	66,382	44,434
Net income	$ 141,472	$ 117,374	$ 103,658
Basic earnings per share	$ 1.17	$ 0.98	$ 0.94
Shares used in calculating basic earnings per share	120,714	119,280	110,044
Diluted earnings per share	$ 1.14	$ 0.94	$ 0.89
Shares used in calculating diluted earnings per share	124,235	124,410	116,072

(1) Sales to Caterpillar Trimble Control Technologies Joint Venture (CTCT) and Nikon-Trimble Joint Venture (Nikon-Trimble) were $27.0 million, $24.1 million and $22.3 million in fiscal 2008, 2007 and 2006, respectively, with associated cost of sales of $21.5 million, $17.0 million and $13.9 million for fiscal 2008, 2007 and 2006, respectively. In addition, cost of sales associated with CTCT net inventory purchases was $21.4 million, $25.1 million and $19.5 million in fiscal 2008, 2007 and 2006, respectively. See Note 5 to these Consolidated Financial Statements regarding joint ventures for further discussion.

See accompanying Notes to the Consolidated Financial Statements.

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands)	Common stock Shares	Amount	Retained Earnings	Accumulative Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance at December 30, 2005	$ 107,820	$ 384,196	$ 167,525	$ 19,534	$ 571,255
Components of comprehensive income:					
Net income			103,658		103,658
Unrealized loss on investments				4	4
Foreign currency translation adjustments, net of tax				21,709	21,709
Total comprehensive income					125,371
Adjustment to initially apply FASB Statement No. 158, net of tax				(136)	(136)
Issuance of common stock in connection with acquisitions and joint venture, net	52				-
Issuance of common stock under employee plans and exercise of warrants	3,846	26,781			26,781
Stock based compensation		12,705			12,705
Tax benefit from stock option exercises		11,689			11,689
Balance at December 29, 2006	111,718	$ 435,371	$ 271,183	$ 41,111	$ 747,665
Components of comprehensive income:					
Net income			117,374		117,374
Unrealized loss on investments					