TRIMBLE NAVIGATION LTD /CA/
Form 10-K
February 24, 2016

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

FORM 10-K

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended January 1, 2016

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 ý 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 ý

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 ý No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý 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. ¨

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

Large Accelerated Filer	ý	Accelerated Filer	¨
Non-accelerated Filer	o (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 ý

As of July 3, 2015, the aggregate market value of the common stock held by non-affiliates of the registrant was approximately $6.1 billion based on the closing price as reported on the NASDAQ Global Select Market. Shares of common stock held by each officer

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and director of the registrant have been excluded in that such person may be deemed to be an affiliate. This determination of affiliate status is not necessarily a conclusive determination for any other purpose.
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at February 19, 2016
Common stock, no par value	250,900,362 shares

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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 2, 2016 (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. These statements include, among other things:

- the portion of our revenue coming from sales to international customers;
- seasonal and cyclical fluctuations in our construction and agricultural equipment business revenues and changes in macroeconomic conditions;
- our plans to continue to invest in research and development at a rate consistent with our past, to develop and introduce new products, to improve our competitive position and to enter new markets;
- our belief that our cash and cash equivalents, together with borrowings under the 2014 Credit Facility, as described below, will be sufficient to meet our anticipated operating cash needs, debt service, planned capital expenditures, and stock purchases under the stock repurchase program for at least the next twelve months;
- our expectation that planned capital expenditures will constitute a partial use of our cash resources; and
- fluctuations in interest rates.

The forward-looking statements regarding future events and the future results of Trimble Navigation Limited (“Trimble” or “the Company” or “we” or “our” or “us”) are based on current expectations, estimates, forecasts, and projections about the industries in which Trimble operates and the beliefs and assumptions of the management of Trimble. Discussions containing such forward-looking statements may be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” In some cases, forward-looking statements can be identified by terminology such as “may,” “will,” “should,” “could,” “predicts,” “potential,” “continue,” “expects,” “anticipates,” “future,” “intends,” “pla “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.

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2015 FORM 10-K ANNUAL REPORT
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PART I

Item 1. Business

Trimble Navigation Limited, a California corporation, is a leading provider of technology solutions that enable professionals and field mobile workers to improve or transform their work processes. Our solutions are used across a range of industries including agriculture, architecture, civil engineering, survey and land administration, construction, geospatial, environmental management, government, natural resources, transportation and utilities. Representative Trimble customers include engineering and construction firms, surveying companies, farmers and agricultural companies, enterprise firms with large-scale fleets, energy, mining and utility companies, and state, federal and municipal governments.

Our focus is on integrating our broad technological and application capabilities to create solutions that transform how work is done within the industries we serve. Our products are sold based on return on investment and provide benefits such as lower operational costs, higher productivity, improved quality, enhanced safety and regulatory compliance, and reduced environmental impact. Representative products include equipment that automates large industrial equipment such as tractors and bulldozers; integrated systems that track fleets of vehicles and workers and provide real-time information and powerful analytics to the back-office; data collection systems that enable the management of large amounts of geo-referenced information; software solutions that connect all aspects of a construction site or a farm; and building information modeling (BIM) software that is used throughout the design, build, and operation of buildings.

Our customers increasingly demand integration of individual point solutions, whether hardware sensors or software applications, in order to improve their complete work processes. Our solutions provide the connections between hardware and applications, rather than requiring customers to integrate point solutions on their own. We also increasingly provide additional services (training, consulting, and integration services) to link our solutions with existing customer workflow solutions, such as ERP systems.

Many of our products integrate positioning or location technologies with wireless communications and software or information technologies. Information about location or position is transmitted via a wireless link to a domain-specific software application which enhances the productivity of the worker, asset or work process. Position is provided through a number of technologies including the Global Positioning System (GPS), other Global Navigation Satellite Systems (GNSS) and their augmentation systems, and systems that use laser, optical, inertial or other technologies to establish position. Integration of wireless communications in our solutions facilitates real-time data flow, communication and situational awareness across sites and between work sites or vehicles and offices.

Software is a key element of most of our solutions and accounts for a steadily increasing portion of our business. Our software products range from embedded real-time firmware, through field service and location oriented solutions on handheld and other small footprint devices, to scalable server-based solutions that integrate field data with large scale enterprise back-office applications. Many of our software solutions are built on configurable and enterprise grade scalable platforms that can be tailored to the workflows that our customers follow to implement their customized business processes. Our software capabilities include extensive 3-D modeling, analysis and design platforms, civil engineering alignment selection solutions, design and data preparation software, BIM software, cloud-based collaboration solutions, applications for advanced surveying and geospatial data collection and analysis, as well as a large suite of domain-specific software applications used across a host of industries including agriculture, construction, utilities, transportation and natural resources. Our software is sold as a perpetual license or as a subscription, and can be delivered for on-premise installation or in a hosted environment as Software as a Service (SaaS). Our software products allow our customers to improve their productivity, gain insight into their projects and operations, to enhance their decision making and to gain maximum benefit from a broad range of other Trimble products and systems.

Our global operations include major development, manufacturing, or logistics operations in the United States, Sweden, Finland, Germany, New Zealand, Canada, the United Kingdom, the Netherlands, China, and India. Products are sold in more than 100 countries, through dealers, representatives, joint ventures and other channels throughout the world, as well as direct sales to end users. Sales are supported by our own offices located in 43 countries around the world.

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.

Business Strategy

Our growth strategy is centered on multiple elements:

- Focus on attractive markets with significant growth and profitability potential - We focus on large markets historically underserved by technology that offer significant potential for long-term revenue growth, profitability and market leadership. Our core industries such as construction, agriculture, and transportation are each multi-trillion dollar global industries which operate in demanding environments with technology adoption in the early phases relative to other industries. With the emergence of mobile computing capabilities, the increasing technological know-how of end users and compelling return on investment, we believe many of our markets are ripe for substituting Trimble’s technology and solutions in place of traditional operating methods.

- Domain knowledge and technological innovation that benefit a diverse customer base - We have over time redefined our technological focus from hardware-driven point solutions to integrated work process solutions by developing domain expertise and heavily reinvesting in R&D and acquisitions. We have been spending an average of 14% of revenue over the past several years on R&D and currently have over 1,100 unique patents. We intend to continue to take advantage of our technology portfolio and deep domain knowledge to quickly and cost-effectively deliver specific, targeted solutions to each of the vertical markets we serve. We look for opportunities where the need for technological change is high and which have a requirement for the integration of multiple technologies into complete vertical solutions.
- Increasing focus on software and services - Software and services are increasingly important elements of our solutions and are core to our growth strategy. Trimble generally has an open application programming interface (API) philosophy and open vendor environment which leads to increased adoption of our software offerings. Professional services constitute an additional growth channel that helps our customers integrate and optimize the use of our offerings in their environment. The increased recurring revenue from these solutions will provide us with enhanced business visibility over time.
- Geographic expansion with localization strategy - We view international expansion as an important element of our strategy and we continue to position ourselves in geographic markets that will serve as important sources of future growth. We currently have a physical presence in 43 countries and distribution channels in over 100 countries. In 2015, 50% of our sales were to customers located in countries outside of the U.S.
- Optimized distribution channels to best access our markets - We utilize vertically-focused distribution channels that leverage domain expertise to best serve the needs of individual markets domestically and abroad. These channels include independent dealers, joint ventures, original equipment manufacturers (OEM) sales, and distribution alliances with key partners, such as CNH Global, Caterpillar and Nikon, as well as direct sales to end-users, that provide us with broad market reach and localization capabilities to effectively serve our markets.
- Strategic acquisitions - Organic growth continues to be our primary focus, while acquisitions serve to enhance our market position. We acquire businesses that bring technology, products, or distribution capabilities that augment our portfolio and allow us to penetrate existing markets more effectively, or to establish a market beachhead. Our level of success in targeting and effectively integrating acquisitions is an important aspect of our growth strategy.

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

The Engineering and Construction segment primarily serves customers working in architecture, engineering, construction, surveying, natural resources and government. Within this segment our most substantial product portfolios are focused on civil engineering and construction, building construction, and geospatial.

Civil Engineering and Construction. Our civil construction products are used in the planning, design, construction and operation/maintenance of civil infrastructure such as roads, railways, airports, land management, power plants and transmission lines. Our solutions are used across the entire project lifecycle to improve productivity, reduce waste and re-work, and enable more informed decision making through enhanced situational awareness, data flow and project collaboration. At the same time, our solutions can improve worker safety and reduce environmental impact. Our suite of integrated solutions and technologies in this area includes field and office software for optimized route selection and design, systems to automatically guide and control construction equipment such as bulldozers, loaders, graders and paving equipment, systems to monitor, track and manage assets, equipment and workers, and software to facilitate the sharing and communication of data in real time. Together, these solutions are designed to transform how work is done within the heavy civil construction industry.

A key part of our civil construction market portfolio is the Connected Site, which integrates data and information across the entire construction process and across mixed fleets. This includes data from site positioning and machine control systems, construction asset management equipment and services, and various software applications. Utilizing wireless and internet-based site communications infrastructure, our Connected Site solutions include the ability to track and control equipment, perform remote machine diagnostics and reduce re-work. By leveraging the Connected Site technology, contractors gain greater insight into their operations, helping them to lower costs and improve productivity, worker safety, and asset utilization.

To bolster the software solutions we provide to the Connected Site, we formed a joint venture with Caterpillar in October of 2008, called VirtualSite Solutions (VSS). VSS develops software for fleet management and connected worksite solutions, including subscription-based software as a service solutions. VSS solutions are part of the Connected Site portfolio, and are sold through a world-wide independent dealer channel under the name of SITECH.

A separate joint venture with Caterpillar, Caterpillar-Trimble Control Technologies (CTCT) was formed in 2002 to develop the next generation of advanced electronic guidance and control products for earthmoving machines. The joint venture develops machine control and guidance products that use site design information combined with accurate positioning technology to automatically control dozer blades and other machine tools. Caterpillar generally offers joint venture products as a factory-installed option, while Trimble focuses on the aftermarket with products for mixed fleets of earthmoving machines from Caterpillar and other equipment manufacturers to allow improved management of construction sites and projects. Effective in January 2014, Caterpillar and Trimble amended the joint ventures and related agreements between the parties to expand the range of productivity applications and services the companies will provide, and to support development of comprehensive unified fleet solutions for the construction industry.

During 2015, we acquired Linear Project, a leading provider of scheduling software for infrastructure projects, and Vianova Systems, a company specializing in BIM software for infrastructure design software solutions. The acquisitions extend Trimble's Connected Site portfolio, enabling Trimble to deliver solutions for the owner, engineer and contractor to more closely collaborate on projects.

Trimble also announced in 2015 that it won a bid to supply Beijing's New Airport Project with a construction management system. Beijing's new airport is a massive construction project with an unprecedented amount of civil aviation investment by the Chinese government. In order to construct the airport in a safer, more efficient manner, achieve transparent management, and maximize construction quality, the project is using construction technology from Trimble to integrate construction and operations.

Building Construction. The Trimble Buildings portfolio of solutions for the commercial and industrial building industry spans the entire lifecycle of a building and is used by architects, designers, general contractors, sub-contractors, engineers, and facility owners or lessees. These solutions serve to improve productivity and to enhance data sharing and collaboration across different teams and stakeholders to help keep projects within cost, time and quality targets. The suite of technologies and solutions we provide to the building industry includes software for 3D conceptual design and modeling, BIM software which is used in design, construction and maintenance, advanced integrated site layout and measurement systems, applications for sub-contractors and trades such as steel, concrete and mechanical, electrical and plumbing, and a best of breed integrated workplace management services (IWMS) software suite for construction project management, project coordination/collaboration, project cost estimation, and capital program and facility management for building owners and managers. In addition, Trimble's Connect collaboration platform streamlines workflows and enables interoperability between Trimble's solutions. Our joint venture with Hilti, a leading global provider of solutions to the building trades, develops products which integrate Trimble's positioning and asset management technologies with Hilti's tools capabilities to create smarter tools and smarter construction sites. Together, these solutions for the building industry serve to automate, streamline and transform work processes across the industry. Our solutions provide customer benefits such as reduced costs, reduced waste and re-work, increased efficiencies, faster project completion times, improved information flow, better decision making and enhanced quality control.

During the year, we announced advances in several of our software packages for geospatial analysis and modeling. Trimble released SketchUp 2016, the latest version of Trimble 3D modeling software, which includes multiple workflow enhancements as well as integration with the Trimble Connect collaboration platform. We also announced the latest version of Tekla Structural Designer software that enables structural engineers to analyze and design steel and concrete buildings more efficiently, as well as updates to Trimble's IWMS software and space scheduling software. Trimble also announced collaboration with Microsoft to develop a new generation of tools, integrated with the HoloLens holographic platform on Windows 10, which are intended to improve quality, collaboration and efficiency in the design, construction and operation of buildings and structures. A proof of concept at Microsoft's developer conference demonstrated how the integration of HoloLens with Trimble's SketchUp software and the Trimble Connect collaboration platform could improve design and construction processes.

Geospatial. In our geospatial business, professional surveyors and engineers providing services to the construction, engineering, mining, oil and gas, energy and utilities, government and land management sectors use our survey and geospatial solutions to replace less productive conventional methods of surveying, mapping, 2D or 3D modeling, measurement, reporting and analysis. Our suite of solutions used in these activities include field based data collection systems and field software, real time communications systems and back-office software for data processing, modeling, reporting and analysis. Our field based technologies are used in handheld, land mobile and airborne applications and incorporate technologies such as mobile application software, high precision GNSS, robotic measurement systems, inertial positioning, 3D laser scanning, digital imaging, optical or laser measurement and unmanned aerial vehicles. We maintain a joint venture with Nikon which focuses on the design and manufacture in Japan of surveying instruments including mechanical total stations and related products. Our office based products include software for planning, data processing and editing, quality control, 3D modeling, intelligent data analysis and feature extraction, deformation monitoring, project reporting and data export. Our customers in this area gain benefits from the use of our products including significantly improved productivity in both field and office activities, improved safety through non-contact measurement and detection of potentially dangerous ground or structure movement and improved data flow which enables better decision making.

In 2015 we announced a range of updates and additions to our Geospatial portfolio. We introduced the Trimble ZX5 multirotor and the UX5 HP fixed-wing unmanned aircraft systems, combined with associated software, that provide highly accurate aerial data collection and synthesis. We also announced updates to the Trimble TX83D laser scanner and associated Trimble RealWorks software, as well as the new Trimble MX7 and Trimble Trident software used for mobile mapping applications.

During 2015, we acquired Spatial Dimension to broaden Trimble's land administration portfolio and ability to serve customers in both the public and private sectors across forestry and other industries. Spatial Dimension's FlexiCadastre software is an enterprise scale land management solution adopted by leading mining companies and governments worldwide.

We sell and distribute our products in the Engineering and Construction segment through multiple global networks of independent dealers with expertise and customer relationships in their respective segments, each supported by Trimble personnel. In 2015, the network of SITECH Technology Dealers, which serves the civil construction industry, expanded with the addition of new dealerships in Western Africa, Western Canada, New Zealand, and Panama, as well as new SITECH dealerships in the United States. There are now more than 100 SITECH technology dealers worldwide across all regions, including the Americas, Europe, Middle East, Africa, Asia, China, and the South Pacific. We also made significant progress during the year with BuildingPoint, an initiative to form a global network of distribution partners to serve the needs of the building construction industry. During 2015 and the early part of 2016, we announced that six new BuildingPoint dealers were established in locations covering much of the U.S., as well as new dealers in Canada, Australia and New Zealand.

Competitors in this segment are typically companies that provide optical, laser or GNSS positioning products as well as companies that produce software specific to the construction process. Our principal competitors are Topcon Corporation, Hexagon AB and Autodesk. We compete principally on the basis of innovative, differentiated products, service, quality and geographic reach.

Field Solutions

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

Agriculture. Our precision agriculture products consist of guidance and positioning systems, automated application systems and information management solutions that enable farmers to improve crop performance, profitability and environmental quality. Trimble precision agriculture solutions can assist farmers throughout every step of their farming process, beginning with land preparation and continuing through the planting, nutrient and pest management, and harvesting phases of a crop cycle. We provide manual and automated navigation guidance for tractors and other farm equipment used in spraying, planting, cultivating, and harvesting applications. The benefits to the farmer include faster machine operation, higher yields, and lower consumption of fuel and chemicals than conventional equipment. In addition, we provide solutions to automate application of pesticide and seeding. Our water solutions help farmers minimize their water costs and distribute water more efficiently, and include applications for leveling agricultural fields for irrigation, aligning drainage systems to better manage water flow in fields, monitoring precipitation, and controlling linear and pivot irrigation systems.

During 2015, we continued to develop our precision agriculture portfolio. We introduced Trimble NextSwath technology, which enables any farm machine to calculate the best possible path to turn around and approach the next crop row or swath. We also launched an Android™ based operating environment and a new suite of mobile applications for the TMX-2050 display. In the water management area, we launched a new version of the Trimble Irrigate-IQ precision irrigation solution that works with a wider range of irrigation equipment. This solution enables farmers to remotely control irrigators via the web, and the Connected Farm Irrigate application enables control of complete pivot irrigation systems on a smartphone or tablet.

Solutions which use data to enhance farm productivity are an increasing focus in our agriculture business. Our Connected Farm solution transfers data wirelessly between the field and office as well as between vehicles operating in the same field. Data can be accessed from the cloud to help manage field records, analyze fleet efficiency, and monitor precipitation data on an acre by acre basis. As a result, farmers make more informed decisions leading to higher yields, better quality crops, increased profitability, and reduced environmental impact. Connected Farm also enables better collaboration between farmers and their trusted advisors, such as agronomists, on services such as soil and crop health analysis and nutrient management and variable rate application (VRA).

During the year Trimble continued to broaden the Connected Farm solution and its functionality as a tool for growers to manage their entire farming operation. Trimble announced during the year a new developer network that will allow third-party software companies to develop applications for its TMX-2050 display and Connected Farm solution. The network is expected to add more specialized applications to the Connected Farm solution and enable customers to view more complete data from multiple industry software platforms and machines, in addition to the wide range of applications Trimble already offers. Trimble also announced a partnership with AGCO that enables seamless data exchange between AGCO machines and software and the Connected Farm software.

We also added to our agriculture product portfolio via acquisitions. We acquired HarvestMark, a provider of food traceability and quality inspection software solutions for food producers, distributors, and retailers. The acquisition of HarvestMark is expected to enhance Trimble's position within the broader food supply chain. We also acquired AGRI-TREND, which operates the largest network of independent agricultural consultants in North America. The acquisition will enable Trimble to provide agronomists and other crop advisors with a stronger set of tools they can use to advise growers on how to better manage their operations. The combination of AGRI-TREND's experience in agronomy together with Trimble's experience in precision agriculture is expected to improve efficiencies throughout the farming cycle.

We use multiple distribution approaches to access the agricultural market, including independent dealers and direct selling to enterprise accounts. A significant portion of our sales are through CNH Global and affiliated dealer networks. During 2015 we announced that we are developing a global distribution channel named Vantage that will be dedicated to selling the Trimble agriculture portfolio. Competitors in this market are vertically integrated farm equipment and implement companies such as John Deere and agricultural instrumentation companies such as Raven and Ag Junction. As we expand our business in agronomic services and data oriented applications, we expect to increasingly compete with major input suppliers such as Monsanto. We compete principally on the basis of robust performance, ease of use, price, interoperability, interconnectedness and the completeness of our solutions.

Geographic Information Systems. Our GIS product line provides trustworthy systems to collect authoritative field data and integrate that data into GIS databases. Our handheld data collection systems allow users to quickly log positions and descriptive information about their assets, ensure the integrity and accuracy of GIS information and ultimately, enable better decision-making. Through a combination of wireless technologies and software solutions, fieldwork results are seamlessly delivered to the back-office GIS, and mobile workers can also access GIS information remotely. This capability provides significant advantages to users including improved productivity, accuracy and access to information in the field.

Primary markets for our GIS products and solutions include both governmental and commercial users. Distribution for GIS products is primarily through a network of independent dealers and business partners, supported by Trimble personnel. Competitors in this market are typically survey instrument companies utilizing GNSS technology such as Topcon and Leica. We compete principally on the basis of robust performance, ease of use, price, interoperability and interconnectedness.

Mobile Solutions

Our Mobile Solutions segment primarily consists of two businesses, transportation and logistics and field service management.

Transportation and Logistics. In the transportation and logistics market, we offer a suite of solutions marketed under the Trimble, PeopleNet, GEOTrac, TMW and ALK Technologies brands. Together, this range of products provides a comprehensive fleet and transportation management, analytics, routing, mapping, and reporting solution to enable the transportation and logistics industry to achieve greater overall fleet performance while ensuring regulatory compliance. Our fleet productivity and enterprise software offerings are comprised primarily of the PeopleNet, TMW, Vusion, PC*Miler, CoPilot and FleetWorks mobile platforms. Our enterprise strategy focuses on sales to large enterprise accounts with more than 1,000 vehicles. In addition to Trimble-hosted solutions, we also integrate our applications and services directly into the customer's IT infrastructure.

The PeopleNet system includes solutions encompassing route management, safety and compliance, end-to-end vehicle management, and supply chain communications. PeopleNet's products are used by more than 1,500 transportation fleets in the US and Canada. GEOTrac's telematics systems provide end-to-end solutions for oil & gas road mapping, vehicle monitoring, geofencing, messaging and alerting, driver productivity, distress notification, lone worker monitoring, reporting and maintenance monitoring. The CarCube/FleetWorks solution is tailored for transportation and logistics companies in Europe and Australia. TMW's transportation software platform serves as a central hub from which the core operations of transportation organizations are managed, data is stored and analyzed, and mission critical business processes are automated. Our software platform automates business processes spanning the entire surface transportation lifecycle, delivering visibility, control, and decision support for the intricate relationships and complex processes involved in the movement of freight. TMW's enterprise software also integrates with PeopleNet's fleet productivity solutions. In combination, TMW and PeopleNet serve more than 3,000 transportation service providers and heavy-duty fleets across North America. The PC*Miler and CoPilot products provide a truck routing, mileage and mapping solution and a voice guided turn-by-turn navigation solution, respectively.

In 2015, we acquired the assets of CADEC Global, which is expected to further extend the fleet mobility technology and transportation solutions of PeopleNet in the foodservice and private fleet industries. We also announced a new multi-year alliance with PACCAR. PeopleNet was selected to be the exclusive telematics provider for Kenworth and Peterbilt trucks powered by PACCAR MX-13 engines. PeopleNet will provide the onboard computer, managed network, cloud services, and online portal with real time fleet health information to Kenworth and Peterbilt customers and dealerships. The partnership also provides a significant opportunity for Trimble to upsell additional fleet management solutions over time.

Field Service Management. Trimble's Field Service Management offerings provide owners and operators of fleets of vehicles, such as service vehicles, with visibility into field and fleet operations so they can increase efficiency and productivity. The Field Service Management suite includes applications for fleet management, work management and scheduling, worker safety and mobility that improve the effectiveness of work, workers and assets in the field. This cloud-based portfolio allows Trimble to offer customers industry-specific, enterprise-level solutions for enhanced performance and ease of use. Our market strategy targets opportunities in specific vertical markets where we believe we can provide unique value to the end-user by tailoring our solutions. Major markets include telecommunications, utilities, mobile workers, construction logistics, forestry, public safety and oil and gas.

During 2015, Trimble acquired PocketMobile, a leading European provider of enterprise mobile workforce solutions in the areas of postal service and logistics, security, and field service. The acquisition is expected to accelerate Trimble's offerings in the high growth field to office mobility market.

The Mobile Solutions segment generally sells directly to end-users. Sales cycles tend to be long due to field trials followed by an extensive decision-making process. Key competitors in this segment include Omnitracs, Fleetmatics, Teletrac, and McLeod, among others. We compete principally on the basis of interconnectedness, customer support and service, price, innovative product offerings, quality, and provision of a complete solution.

Advanced Devices

Advanced Devices includes the product lines from our Embedded Technologies, Timing, Applanix, Military and Advanced Systems (MAS), and ThingMagic businesses. With the exception of Applanix, these businesses share several common characteristics: they are hardware centric, generally market to OEMs, system integrators and 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 these operations, taken as a whole, do not exceed 10% of our total revenue, operating income or assets.

Within Embedded Technologies and Timing, we supply GNSS modules, licensing and complementary technologies, and GNSS-integrated sub-system solutions for applications requiring precise position, time or frequency. Embedded Technologies and Timing serve 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. Competitors in this market include Microsemi and u-blox. We compete principally on the basis of product performance, price and quality.

Our MAS business supplies GPS receivers and embedded modules that use the military's advanced GPS 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 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 GNSS 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 OxTS, IGI and Novatel. We compete principally on the basis of product features, performance and domain knowledge.

Our ThingMagic business is a provider of Ultra High Frequency (UHF) Radio Frequency Identification (RFID) reader modules, finished/fixed-position RFID readers and design services. ThingMagic RFID readers support demanding high-volume applications deployed by some of the world's largest industrial automation firms, manufacturers, healthcare organizations, retailers and consumer companies. ThingMagic consulting, design and development services assist customers with the integration of auto-identification and sensing technologies into everyday products and solutions. In addition, ThingMagic markets and sells a construction labor tracking solution. Sales of our ThingMagic products are made directly to OEMs, system integrators, value-added resellers and solution providers who incorporate our technology into point products or complete system-level solutions. Competitors include Impinj, Caen, NordicID, and FC Background. We compete principally on the basis of product performance and quality.

Patents, Licenses and Intellectual Property

We seek to establish and maintain our proprietary rights in our technology and products through the use of patents, copyrights, trademarks, and trade secret laws. We have a program to file applications for and obtain patents, copyrights, and trademarks in the United States and in selected foreign countries where we believe filing for such protection is appropriate. We hold over 1,100 unique issued and enforceable patents, the majority of which cover GNSS based technologies and other applications such as optical and laser technology. We are not dependent on any one patent. We also own numerous trademarks and service marks that contribute to the identity and recognition of Trimble and its products and services globally. 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.

Competition

Our markets are highly competitive and we expect that both direct and indirect competition will increase in the future. Within each of our markets, we encounter direct competition from other GNSS, software, optical and laser suppliers such as Hexagon and Topcon, and competition may intensify from various larger U.S. and non-U.S. competitors. Our hardware products are increasingly subject to competition from existing and new entrants from emerging markets such as China, which compete aggressively on price at the lower priced end of the market. Our integrated hardware and software products may also be subject to increasing competition from mass market devices such as smartphones and tablets combined with relatively inexpensive applications, which have not been heavily used for commercial applications in the past.

Many of our products and solutions are focused on specific industries. In each of these industries we face competition from companies providing point solutions or more traditional, less technology intensive products and services, which often have greater financial resources and more established and recognized brands in those industries. Competing in vertical markets with these more established industry participants requires that we successfully establish a market position and market new and sometimes unfamiliar technology and automated solutions to customers that have not previously used such products. We also increasingly offer enterprise level solutions designed to meet the specific needs of our target industries. In doing so, we face competition from larger and more well established providers of enterprise software and services with whom we have not previously competed. See also "Risk Factors - We face substantial competition in our markets which could decrease our revenue and growth rates or impair our operating results and financial condition."

Sales and Marketing

We tailor our distribution to the needs of our products and regional markets around the world. Many of our products are sold worldwide primarily through indirect channels, including distributors, dealers and authorized representatives. Occasionally we grant exclusive rights to market certain products within specific countries. These channels are supported 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, as well as direct sales to end-users.

During fiscal 2015, sales to customers in the United States represented 50%, Europe represented 24%, Asia Pacific represented 14%, and other regions represented 12% of our total revenue.

Seasonality of Business

Construction purchases tend to occur in early spring, and U.S. 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. Our agricultural equipment business revenues have historically been the highest in the first quarter, followed by the second quarter, reflecting buying in anticipation of the spring planting season in the Northern hemisphere. However, overall as a company, as a result of diversification of our business across segments and the increased impact of subscription revenues, we may experience less seasonality in the future. Changes in global macroeconomic conditions could also impact the level of seasonality we experience.

Backlog

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

Manufacturing

Manufacturing of many of our GNSS products is subcontracted to Flextronics International Limited in Mexico. We utilize Flextronics for Geospatial, Field Solutions and Mobile Solutions products. We utilize Benchmark Electronics Inc. in China for our Embedded Technologies and Timing products. We utilize Jabil Mexico for our Construction and Mobile Solutions products.

Our contract manufacturing partners are responsible for significant 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 also utilize original design manufacturers for some of our products.

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

Our design manufacturing and distribution sites in Dayton, Ohio; Sunnyvale, California; Danderyd, Sweden; Eersel, Netherlands and Shanghai, China 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, including software and services, that incorporate improved features and functionality, 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.

We expect to continue investing in research and development at a rate consistent with our past, with the goal of maintaining or improving our competitive position, and entering new markets.

Employees

At the end of fiscal 2015, we employed 8,451 employees, including 14% in manufacturing, 34% in engineering, 39% in sales and marketing, and 13% in general and administrative positions. Approximately 54% of employees are in locations outside the United States.

Some employees in Sweden and Finland are represented by unions. Some employees in Germany and France 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 investor.trimble.com, as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. Financial news and reports and related information about our company as well as non-GAAP to GAAP reconciliations can also be found on this web site. 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 20, 2016 are as follows:

Name	Age	Position
Steven W. Berglund	64	President and Chief Executive Officer
Robert G. Painter	44	Chief Financial Officer
Bryn A. Fosburgh	53	Vice President
Christopher W. Gibson	54	Vice President
James A. Kirkland	56	Vice President and General Counsel
Jürgen D. Kliem	58	Vice President
Darryl R. Matthews	48	Senior Vice President
Sachin J. Sankpal	48	Senior Vice President
Julie A. Shepard	58	Vice President, Finance
James A. Veneziano	54	Vice President

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. Mr. Berglund’s business experience includes a variety of senior leadership positions with Spectra Physics, and manufacturing and planning roles at Varian Associates. He began his career as a process engineer at Eastman Kodak. He attended the University of Oslo and the University of Minnesota where he received a B.S. in chemical engineering. Mr. Berglund received his M.B.A. from the University of Rochester. Mr. Berglund is a member of the board of directors of the Silicon Valley Leadership Group and of the board of trustees of World Educational Services. He is also a member of the construction sector board of the Association of Equipment Manufacturers. In December 2013, Mr. Berglund was appointed to the board of directors and compensation committee of Belden Inc., a global provider of end-to-end signal transmission solutions.

Robert G. Painter—Robert Painter was appointed chief financial officer of Trimble in February 2016. He is responsible for Trimble’s worldwide finance operations. Mr. Painter joined Trimble in 2006 and assumed leadership of Trimble’s business development activities, leading all acquisition and corporate strategy activities. From 2009 to 2010, he served as general manager of the Company’s Construction Services Division. From 2010 to 2015, he served as general manager of the Company’s joint venture with Hilti, which was created to foster collaborative development of product innovations for the building construction industry. In 2015, Mr. Painter was appointed vice president of Trimble Buildings, a Trimble group focused on BIM-centric businesses that span the Design-Build-Operate continuum of the Building lifecycle. Prior to joining the Company, Mr. Painter served in a variety of management and finance positions at Cenveo, Rapt Inc., Bain & Company, Whole Foods Markets, and Kraft Foods. In 1993, he earned a Bachelor of Science degree in Finance from West Virginia University, and received an MBA in Business from Harvard University in 1998.

Bryn A. Fosburgh—Bryn Fosburgh currently serves as a sector vice president for Trimble's heavy and highway and building construction businesses, which include the Trimble Buildings Group, and the Caterpillar and Hilti-related joint ventures. From 2009 to 2010, Mr. Fosburgh served as vice president for Trimble's Construction Division, with responsibility for a number of corporate functions and geographical regions. From 2007 to 2009, Mr. Fosburgh was vice president for Trimble's Construction and Agriculture Divisions, and from 2005 to 2007, Mr. Fosburgh served as vice president and general manager of Trimble's Engineering and Construction Division. Mr. Fosburgh joined Trimble in 1994 and has held numerous roles, including vice president and general manager for Trimble's geomatics and engineering division, and division vice president of survey and infrastructure. Prior to Trimble, Mr. Fosburgh was a civil engineer and also held various 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. from the school of civil engineering at Purdue University in 1989.

Christopher W. Gibson—Christopher Gibson currently serves as vice president responsible for Trimble’s Channel Development and regional development in Latin & South America, Russia, India, China, Africa and Japan. Mr. Gibson will also oversee the development of Trimble’s professional service, key account and major project capabilities across the company. As part of this role, he is also responsible for Gehry Technologies as well as the company’s corporate marketing functions. From 2012 to 2015, Mr. Gibson served as vice president for Trimble's Survey, Geospatial, Geographic Information System (GIS), Infrastructure, Rail, Land Administration and Environmental Solutions businesses. Mr. Gibson joined Trimble in 1998 as European finance and operations director. In 2009, he was appointed to serve as vice president responsible for Trimble's Survey Division, and in December 2010, those responsibilities were expanded to include oversight of geographic regions and divisions, including Building

Construction, Construction Tools, and the Hilti joint venture. From 2008 to 2009, Mr. Gibson served as the general manager for the Survey Division, and from 2005 to 2008, he was general manager for the Global Services Division. Prior to Trimble, Mr. Gibson's business experience includes a number of financial management roles with Tandem Computers, and financial analyst roles with Unilever subsidiaries. Mr. Gibson received a BA in Business Studies in 1985 from Thames Polytechnic, now the University of Greenwich, and was admitted as a Fellow to the Chartered Institute of Management Accountants in 1994.

James A. Kirkland—James Kirkland joined Trimble as vice president and general counsel in July 2008. Prior to joining Trimble, 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. 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.

Jürgen D. Kliem—Jürgen Kliem currently serves as vice president for several businesses within the Advanced Devices segment, and is also responsible for various corporate functions, including key accounts and government funded projects. Mr. Kliem previously served as vice president of strategy and business development from 2008 until 2012. From 2002 to 2008, Mr. Kliem served as general manager of Trimble's Survey Division, and prior to that, Mr. Kliem was responsible for Trimble's Engineering and Construction Division in Europe. Mr. Kliem held various leadership roles at Spectra Precision, which was acquired by Trimble, and at Geotronics, a company acquired by Spectra Precision. 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.

Darryl R. Matthews—Darryl Matthews currently serves as senior vice president and sector head responsible for Trimble’s Agriculture, Forestry, Positioning Services and HarvestMark Divisions. From 2010 to 2015, Mr. Matthews served as president and general manager of the NAFTA Region for Nufarm Americas, Inc., a subsidiary of Nufarm Limited, a publicly-traded multinational agricultural chemical company. From 2008 to 2010, Mr. Matthews served as general manager of Nufarm Agriculture Inc., the Canadian subsidiary of Nufarm Limited. Mr. Matthews began his career at Dow AgroSciences in Canada where he held management roles in sales and marketing. From 2010 to 2015, he served on the Board of Directors for CropLife America. He received an Honors B.Sc. in Agriculture majoring in Horticultural Science and Business from the University of Guelph in Ontario, Canada in 1994.

Sachin J. Sankpal—Sachin Sankpal currently serves as senior vice president and sector head of Trimble’s Intelligent Transportation Systems. From 2012 to 2015, Mr. Sankpal held various general management positions within Honeywell, including president of Honeywell International’s Global Safety Products Division in Paris, France, vice president and general manager of Honeywell’s Safety Products Division for Europe, Middle East, Africa and India. From 2010 to 2012, he served as vice president of Global Strategic Marketing for Honeywell’s Life Safety Division. From 2003 to 2010, he held various business and operational roles at Avaya, Inc., including director of Strategy and Product Management, chief operating officer of Avaya-Japan, Ltd., operations leader in India, and director of Global Restructuring. From 2001 to 2003, he served as a director of Strategy and Finance for Trimble’s Engineering & Construction Division. From 1994 to 1999, Mr. Sankpal was a consultant for Navigant Consulting based in Boston, Mass. He began his career at Langan Engineering & Environmental Services as a staff engineer. He holds a BS in Civil Engineering from Rutgers University, an MS in Civil Engineering from the University of Maryland and an MBA from Dartmouth College.

Julie A. Shepard—Julie Shepard joined Trimble in December of 2006 as vice president of finance, and was appointed principal accounting officer in May 2007. Prior to joining Trimble, Ms. Shepard served as vice president of finance and corporate controller at Quantum Corporation. Ms. Shepard brings with her over 25 years of experience in a broad range of finance roles, with diverse experience ranging from early stage private equity backed technology companies to large multinational corporations. Ms. Shepard began her career at Price Waterhouse and is a Certified Public Accountant. She received a B.S in Accounting from California State University. She is a member of the AICPA, Financial Executive Institute and the California Society of CPAs.

James A. Veneziano—James Veneziano has served as a vice president of Trimble since 2009 and is currently responsible for portions of Trimble's Mobile Solutions, Data Services and Hosting, Global Services and portions of the Advanced Devices segment. Mr. Veneziano joined Trimble in 1990 as a manufacturing engineer in the Company's Operations group. In 1993, he was appointed director of Operations. In 1998, Mr. Veneziano was appointed director of marketing for Agriculture and Mapping and GIS. From 2000 to 2005, Mr. Veneziano served as the general manager of Trimble's Agriculture business. From 2005 to 2009, he was the general manager of Trimble's Construction business. Prior to joining Trimble, Mr. Veneziano worked for Hewlett-Packard in a variety of manufacturing positions including development engineer and engineering supervisor as well as new product introduction manager. He received a B.S. in electrical engineering from Colorado State University in Fort Collins in 1984.

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.

Our annual and quarterly performance may fluctuate which could negatively impact our operations, financial results, 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,
- the timing of recognizing revenues,
- 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,
- pricing of products,
- global or regional economic and political developments, and
- other risks, including those described below.

Seasonal variations in demand for our products may also affect our quarterly results. Construction purchases tend to occur in early spring, and U.S. 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. Our agricultural equipment business revenues have historically been the highest in the first quarter, followed by the second quarter, reflecting buying in anticipation of the spring planting season in the Northern hemisphere. If we do not accurately forecast seasonal demand we may be left with unsold inventory or have a shortage of inventory, which could negatively impact our financial results.

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, while our operating expense tends to remain fairly predictable. 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. The price of our common stock could decline substantially in the event such occurrences result in our financial performance being below the expectations of public market analysts and investors, which are based on historical models that are not necessarily accurate representations of the future.

The volatility of our stock price could adversely affect an investment in our common stock

The market price of our common stock has been, and may continue to be, highly volatile. During fiscal 2015, our stock price ranged from $15.90 to $27.62. 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,
- security breaches,
- developments in our relationships with our partners, customers and suppliers, and

• significant acts of terrorism.

In addition, the stock market in general and the markets for shares of “high-tech” companies in particular, have frequently 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.

Global and regional economic conditions and the cyclicality of some of our key markets may negatively impact our businesses and our operating results

Our earnings and financial position are and will continue to be influenced by various macroeconomic factors, including increases or decreases in gross domestic product, the level of consumer and business confidence, changes in interest rates on consumer and business credit, fluctuations in foreign currency exchange rates, energy prices, and the cost of commodities such as corn, which exist in the various countries in which we operate. During 2015 we experienced a strengthening U.S. Dollar which had the impact of making some of our products and services more expensive than many of our local competitors.

In the recent past, uncertainties in the financial and credit markets have caused our customers to postpone purchases, and negative economic conditions may reduce future sales of, or demand for, our products and services. Negative economic conditions may depress the tax revenues of government entities, which are significant purchasers of our products. Many of our products are sold through dealer channels, and our dealers depend on the availability of credit both to finance purchases of our products for their inventory, and to finance purchases by their customers. Sources of credit could disappear or the financial situation of our channel partners and customers could become such that they are no longer eligible for such financing. Negative economic conditions may result in increased collection times or greater write-offs, affecting our cash flow. Our suppliers may be impacted by economic pressures, which may adversely affect their ability to fulfill their obligations to us and therefore cause a disruption in our supply chain.

Financial conditions in several regions continue to place significant economic pressures on existing and potential customers, including our dealer channels. There is ongoing concern about economic conditions in Europe, which has experienced negative impacts from sovereign debt levels and government taxing and spending actions to address such issues. Other governments may continue to implement measures which may slow the economic growth rate in those countries (e.g., higher interest rates, reduced bank lending and other anti-inflation measures). Growth rates in key emerging markets, including China, have slowed, which could affect demand for our products, both with respect to the products we sell directly into emerging markets, and indirectly by reducing demand for our customers' products. Falling commodity prices have also negatively affected markets such as Australia and Brazil.

We are subject to the cyclicality of the agricultural and engineering and construction industries, which can cause sudden (and sometimes material) declines in demand, with negative effects on sales, inventory levels and product pricing. In general, demand in the engineering and construction industries for our products is highly correlated to the economic cycle and can be subject to even greater levels of volatility. The agricultural spending cycle is influenced by general economic conditions as well as weather, crop loads, commodity pricing, especially corn, the availability of credit and the strength of the U.S. Dollar. Since 2014, the agricultural sector has been experiencing a significant downturn which is continuing, and which has had and may have a negative effect on the company’s overall growth rate. In addition, new sources of supply and a decline in demand have resulted in a substantial decline in the price of oil and gas since 2014, and as a result, the oil and gas industry has been experiencing a significant downturn which is continuing and which has had and may continue to have a negative effect on our engineering and construction business.

If there is significant deterioration in the global economy, the economies of key countries or regions, or important customer markets, the demand for our products and services would likely decrease and our results of operations, financial position and cash flows could be materially and adversely affected. Changes in economic conditions also make it difficult to make financial forecasts, which could cause us to miss our financial guidance and adversely affect our stock price.

We are exposed to fluctuations in currency exchange rates which can adversely affect our operating results

Fluctuations in currencies impact our operating results, which are reported in U.S. Dollars. A significant portion of our business is conducted outside the U.S., and as such, we face exposure to movements in the currency exchange rates between the U.S. Dollar and other currencies. These exposures may change over time as economic conditions and business practices evolve and could have a material adverse impact on our financial results and cash flows. During 2015, our business was negatively impacted by the strong U.S. Dollar which increased the cost of some of our products and services relative to those of local competitors in some jurisdictions. If the U.S. Dollar remains strong or there is a continued increase in the exchange rate of the U.S. Dollar against other currencies, it could negatively impact foreign demand for our products or reduce the dollar value of local currency sales. Possible import, export, tariff, and other trade barriers, which could be imposed by the U.S. or by other countries, might have a material adverse effect on the business.

Currently, we routinely 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 short term impact of currency fluctuations on certain non-functional currency assets and liabilities. Our attempts to hedge against these risks involve transaction costs, and could be unsuccessful and expose us to losses.

Investing in and integrating new acquisitions could be costly, place a significant strain on our management systems and resources, and may fail to deliver the expected return on investment, which could negatively impact our operating results

We typically acquire a number of companies each year, 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;
- difficulty of assimilating geographically dispersed operations and personnel of the acquired companies;
- potential disruption of our ongoing business;
- unanticipated expense related to acquisitions;
- unanticipated difficulties in conforming business practices, policies, procedures, internal controls, and financial records of acquisitions with our own business;
- impairment of relationships with employees, customers, vendors, distributors or business partners of either an acquired company or our own business;
- inability to accurately forecast performance of newly acquired businesses, resulting in unforeseen adverse effects on our operating results;
- potential unknown liabilities, including liabilities resulting from unknown compliance or legal issues, associated with an acquired business; and
- negative accounting impact to our results of operations because of purchase accounting treatment and the business practices of acquired companies.

Any such effects from acquisitions could be costly and place a significant strain on our management systems and resources.

As a result of 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 negative adjustments to the valuation of these assets resulting in write-offs which adversely affect our results. If we divest a business and the proceeds are less than the net book value at the time, we would be forced to write off the difference. 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.

Even if successfully negotiated and closed, acquisitions may not yield expected synergies, may not advance our business strategy as expected, may fall short of expected return-on-investment targets, or may not prove successful or effective for our business. Companies that we acquire may operate with different cost and margin structures, which could further cause fluctuations in our operating results and adversely affect our operating margins.

Our internal and customer facing systems, and systems of third parties we rely upon, may be subject to disruption, delays or cybersecurity breaches that could adversely impact our customers and operations

A cybersecurity incident in our own systems or the systems of our third party providers may compromise the confidentiality, integrity, or availability of our own internal data, the availability of our products and websites designed to support our customers, or our customer data. Computer hackers, foreign governments or cyber terrorists may attempt to or succeed in penetrating our network security and our website. Unauthorized access to our proprietary business information or customer data may be obtained through break-ins, sabotage, breach of our secure network by an unauthorized party, computer viruses, computer denial-of-service attacks, employee theft or misuse, breach of the security of the networks of our third party providers, or other misconduct. We have experienced security breaches in the past, and despite our efforts to maintain the security and integrity of our systems, it is virtually impossible to eliminate this risk. Because the techniques used by computer hackers who may attempt to penetrate and sabotage our network security or our website change frequently, may take advantage of weaknesses in third party technology or standards of which we are unaware or that we do not control, and may not be recognized until after they have been launched against a target, we may be unable to anticipate or counter these techniques. It is also possible that unauthorized access to customer data may be obtained through inadequate use of security controls by customers, vendors or business partners. A cybersecurity incident affecting our systems may also result in theft of our intellectual property, proprietary data or trade secrets, which would compromise our competitive position, reputation and operating results.

The systems we rely upon also remain vulnerable to damage or interruption from a number of other factors, including access to the internet, the failure of our network or software systems, or significant variability in visitor traffic on our product websites, earthquakes, floods, fires, power loss, telecommunication failures, computer viruses, human error, and similar events or disruptions. Some of our systems are not fully redundant, and our disaster recovery planning is not sufficient for all eventualities. Our systems are also subject to intentional acts of vandalism. Despite any precautions we may take, the occurrence of a natural disaster, a decision by any of our third-party hosting providers to close a facility we use without adequate notice for financial or other reasons, or other unanticipated problems at our hosting facilities could cause system interruptions and delays, and result in loss of critical data and lengthy interruptions in our services.

We rely on our information systems and those of third parties for activities such as processing customer orders, delivery of products, hosting and providing services and support to our customers, billing and tracking our customers, hosting and managing our customer data, and otherwise running our business. Any disruptions or unexpected incompatibilities in our information systems and those of the third parties upon whom we rely could have a significant impact on our business.

An increasing portion of our revenue comes from software as a service solutions and other hosted services in which we store, retrieve, communicate and manage data which is critical to our customers' business systems. Disruption of our systems which support these services and solutions could cause disruptions in our customers' systems and in the businesses that rely on these systems. Any such disruptions could harm our reputation, create liabilities to our customers, hurt demand for our services and solutions, and negatively impact our revenues and profitability.

We may not be able to enter into or maintain important alliances and distribution relationships

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, Hilti, and CNH Global. Our failure to form and maintain such alliances, or the pre-emption of such alliances by actions of competitors, will adversely affect our ability to sell our products to customers. Our relationships with substantial industry participants such as Caterpillar and CNH are complex and multifaceted, and may be subject to change based upon the business needs and objectives of the parties. Since these strategic relationships contribute to significant ongoing business in certain of our important markets, changes in these relationships could adversely affect our sales and revenues.

We utilize dealer networks, including those affiliated with some of our strategic allies such as Caterpillar and CNH Global, to market, sell and service many of our products. Changes in our product mix, including increasing provision of software and bundled solutions tailored to the needs of specific vertical markets, impose new demands on our distribution channels and may require significant changes in the skills and expertise required to successfully distribute our products and services, or the creation of new distribution channels. Recruiting and retaining qualified channel partners and training them in the use and the selling of our technology and product offerings requires significant time and resources. In order to develop and expand our distribution channels, we must continue to expand and improve our processes and procedures that support our distribution channels, including our investment in systems and training, and those processes and procedures may become increasingly complex and difficult to manage. The time and expense required for sales and marketing organizations of our channel partners to become familiar with our product offerings, including our new product developments, and newer types of offering such as software and services, may make it more difficult to introduce those products to end-users and delay end-user adoption, which could result in lower revenues.

Disruption of dealer coverage within specific geographic or end-user markets could cause difficulties in marketing, selling or servicing our products and have an adverse effect on our business, operating results or financial condition. Moreover, dealers who carry products that compete with our products may focus their inventory purchases and sales efforts on goods provided by competitors due to industry demand or profitability. Such sourcing decisions can adversely impact our sales, financial condition and results of operations.

Our products are highly technical and may contain undetected errors, product defects, security vulnerabilities or software errors, which could result in damage to our reputation, lost revenue, diverted development resources and increased service costs, warranty claims, and litigation

Our products, including our software products, are highly technical and complex and, when deployed, may contain errors, defects or security vulnerabilities. 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. Such occurrences could result in damage to our reputation, lost revenue, diverted development resources, increased customer service and support 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.

Errors, viruses or bugs may be present in software or hardware that we acquire or license from third parties and incorporate into our products or in third party software or hardware that our customers use in conjunction with our products. Our customers’ proprietary software and network firewall protections may corrupt data from our products and create difficulties in implementing our solutions. Changes to third party software or hardware that our customers use in conjunction with our software could also render our applications inoperable. Any errors, defects or security vulnerabilities in our products or any defects in, or compatibility issues with, any third party hardware or software or customers' network environments discovered after commercial release could result in loss of revenues or delay in revenue recognition, loss of customers, theft of trade secrets, data or intellectual property and increased service and warranty cost, any of which could adversely affect our business, financial condition and results of operations.

Undiscovered vulnerabilities in our products alone or in combination with third party hardware or software could expose them to hackers or other unscrupulous third parties who develop and deploy viruses, and other malicious software programs that could attack our products. Actual or perceived security vulnerabilities in our products could harm our reputation and lead some customers to return products, to reduce or delay future purchases or use competitive products.

If we are unable to effectively manage our increasingly diverse and complex businesses and operations, our ability to generate growth and revenue from new or existing customers may be adversely affected

Because our operations are geographically diverse and increasingly complex, our personnel resources and infrastructure could become strained and our reputation in the market and our ability to successfully manage and grow our business may be adversely affected. The size, complexity and diverse nature of our business and the expansion of our product lines and customer base have placed increased demands on our management and operations, and further growth, if any, may place additional strains on our resources in the future. Our ability to effectively compete and to manage our planned future growth will depend on, among other things, the following:

- Maintaining continuity in our senior management and key personnel;
- Increasing the productivity of our existing employees;
- Attracting, retaining, training and motivating our employees, particularly our technical and management personnel;
- Deploying our solutions using third-party information systems, which may require changes to our applications, documentation and operational processes;
- Improving our operational, financial and management controls; and
- Improving our information reporting systems and procedures.

The company has increasingly diversified the nature of its businesses both organically and by acquisition. As a result, an increasing amount of our business involves business models which require managerial techniques and skill sets which are different from those required to manage our historical core businesses. We are increasingly selling products and solutions directly to large enterprise customers and other end users of our products. A direct sales model requires different skills and management processes and procedures from those we have generally used in our business in the past, and may create conflicts with our channel partners. An increasing portion of our business will be associated with professional services in order to customize our solutions for the needs of individual customers, which has not previously represented a significant portion of our business. If we are not successful in executing on these new models, our sales, revenue and financial performance may suffer.

Changes in our software and subscription businesses may negatively affect our operating results

An increasing portion of our revenue is generated through software maintenance and subscription revenue. Our customers have no obligation to renew their agreements for our software maintenance or subscription services after the expiration of their initial contract period, which typically range from one to five years. Our customer acquisition and renewal rates may decline or fluctuate as a result of a number of factors, including overall economic conditions, the health of their businesses, competitive offerings and customer dissatisfaction with our services. If customers do not renew their contracts for our products, our maintenance and subscription revenue will decline and our financial results will suffer. Any reduction in the number of licenses that we sell, even if our customer acquisition rates do not change, will have a negative impact on our future maintenance revenue growth. Since its introduction, our software as a service delivery model has also contributed to subscription revenue. If any of our assumptions about expenses, revenue or revenue recognition principles from these initiatives proves incorrect, or our attempts to improve efficiency are not successful, our actual results may vary materially from those anticipated, and our financial results will be negatively impacted.

We continually re-evaluate our software licensing programs and subscription renewal programs, including specific license models, delivery methods, and terms and conditions. Changes to our licensing programs and subscription renewal programs, including the timing of the release of enhancements, upgrades, maintenance releases, the term of the contract, discounts, promotions and other factors, could impact the timing of the recognition of revenue for our products, related enhancements and services and could adversely affect our operating results and financial condition. We may implement different licensing models which require the Company to recognize licensing fees over a longer period. Over the last few years, we have increasingly offered additional products in a software as a service (SAAS) model. SAAS revenues are recognized ratably over the subscription period. Any significant increase in the percentage of our business generated from such a subscription model, could increase the amount of revenue to be recognized over time as opposed to upfront, which would delay revenue recognition and have a negative impact on our operating results in any quarterly period. Due to these complexities associated with revenue recognition, we may not be able to accurately forecast our non-deferred and deferred revenues, which could cause us to miss our earnings estimates or revenue projections and negatively impact our stock price.

We face substantial 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 effectiveness of our distribution channel and direct sales force, 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 GNSS, software, 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. Our products, which commonly use GNSS for basic location information, may be subject to competition from alternative location technologies such as simultaneous location and mapping technology. As we sell an increasing amount of software and subscription services, we face competition from a group of large well established companies with whom we have not previously competed. Our integrated hardware and software products may be subject to increasing competition from mass market devices such as smartphones and tablets used in conjunction with relatively inexpensive applications, which have not been heavily used for commercial applications in the past. These developments may require us to rapidly adapt to technological and customer preference changes that we have not previously been exposed to, including those related to cloud computing, mobile devices and new computing platforms. Such competition has in the past resulted and in the future may 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 products with significantly differentiated features compared to currently available products. We may not be able to implement this strategy successfully, and our products may not be competitive with other technologies or products that may be developed by our competitors, many of whom have significantly greater financial, technical, manufacturing, marketing, sales, and other resources than we do.

We are dependent on new products and services and if we are unable to successfully introduce them into the market, or to effectively compete with new, disruptive product alternatives, 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 and services 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 and services, enhance existing products and achieve market acceptance of such products and services. We may incur problems in the future in innovating and introducing new products and services. Our development stage products may not be successfully completed or, if developed, may not achieve significant customer acceptance. Development and manufacturing schedules for technology products are difficult to predict, and we might not achieve our goals as to the timing of introducing new technology products, or could encounter increased costs. The timely availability and cost effective production of these products in volume and their acceptance by customers are important to our future success. If we are unable to introduce new products and services, if other companies develop competing technology products and services, or if we do not develop compelling new products and services, our number of customers may not grow as anticipated, or may decline, which could harm our operating results. Many of our offerings are increasingly focused on software and subscription services. The software industry is characterized by rapidly changing customer preferences which require us to address multiple delivery platforms, new mobile devices and cloud computing. Life cycles of software products can be short and this can exacerbate the risks associated with developing new products. The introduction of third-party solutions embodying new, disruptive technologies and the emergence of new industry standards could make our existing and future software solutions and other products obsolete or non-competitive. If we are not able to develop software and other solutions that address the increasingly sophisticated needs of our customers, or if we are unable to adapt to new technologies or new industry standards that impact our markets, our ability to retain or increase market share and revenues could be materially adversely affected.

Some of our products rely on third party technologies including open source software, so if integration or incompatibility issues arise with these technologies or these technologies become unavailable, our product and services development may be delayed, our reputation could be harmed and our business could be adversely affected

We license software, technologies and intellectual property underlying some of our software from third parties. The third party licenses we rely upon may not continue to be available to us on commercially reasonable terms, or at all, and the software and technologies may not be appropriately supported, maintained or enhanced by the licensors, resulting in development delays. Some software licenses are subject to annual renewals at the discretion of the licensors. In many cases, if we were to breach a provision of these license agreements, the licensor could terminate the agreement immediately. The loss of licenses to, or inability to support, maintain and enhance, any such third party software or technology could result in increased costs, or delays in software releases or updates, until such issues have been resolved. This could have a material adverse effect on our business, financial condition, results of operations, cash flows and future prospects.

We also incorporate open source software into our products. Although we monitor our use of open source software, the terms of many open source licenses have not been interpreted by U.S. courts, and there is a risk that such licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to market or sell our products or to develop new products. In such event, we could be required to seek licenses from third-parties in order to continue offering our products, to disclose and offer royalty-free licenses in connection with our own source code, to re-engineer our products or to discontinue the sale of our products in the event re-engineering cannot be accomplished on a timely basis, any of which could adversely affect our business.

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, infringed 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.

Despite our efforts to protect our intellectual property rights, unauthorized parties may attempt to copy or otherwise obtain our software or develop software with the same functionality or to obtain and use information that we regard as proprietary. 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. Third-parties may claim that we or our customers (some of whom are indemnified by us) are infringing upon their intellectual property rights. For example, individuals and groups may purchase intellectual property assets for the purpose of asserting claims of infringement and attempting to extract settlements from us or our customers. The number of these claims has increased in recent years and may continue to increase in the future. As new patents are issued or are brought to our attention by the holders of such patents, it may be necessary for us to secure a license from such patent holders, redesign our products, or withdraw products from the market. 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 could harm our results of operations and financial condition.

Our global operations expose us to risks and challenges associated with conducting business internationally, and our results of operations may be adversely affected by our efforts to comply with the laws of other countries, as well as U.S. laws which apply to international operations, such as the Foreign Corrupt Practices Act (FCPA) and U.S. export control laws

We operate on a global basis with offices or activities in Europe, Africa, Asia, South America, Australasia and North America. We face risks inherent in conducting business internationally, including compliance with international and U.S. laws and regulations that apply to our international operations. These laws and regulations include data privacy requirements, labor relations laws, tax laws, anti-competition regulations, import and trade restrictions, export control laws, and laws which prohibit corrupt payments to governmental officials or certain payments or remunerations to customers which may include the U.S. Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act, or other anti-corruption laws that have recently been the subject of a substantial increase in global enforcement. Many of our products are subject to U.S. export law restrictions that limit the destinations and types of customers to which our products may be sold, or require an export license in connection with sales outside the United States. Given the high level of complexity of these laws, there is a risk that some provisions may be inadvertently or intentionally breached, for example through fraudulent or negligent behavior of individual employees, our failure to comply with certain formal documentation requirements or otherwise. Also, we may be held liable for actions taken by our local dealers and partners. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products in one or more countries and could materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, our business and our operating results.

In addition, we operate in many parts of the world that have experienced significant governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. We may be subject to competitive disadvantages to the extent that our competitors are able to secure business, licenses or other preferential treatment by making payments to government officials and others in positions of influence or through other methods that relevant law and regulations prohibit us from using. Our success depends, in part, on our ability to anticipate these risks and manage these difficulties.

In addition to the foregoing, engaging in international business inherently involves a number of other difficulties and risks, including:

- longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;
- political and economic instability;
- potentially adverse tax consequences, tariffs, customs charges, bureaucratic requirements and other trade barriers;
- difficulties and costs of staffing and managing foreign operations;
- differing local customer product preferences and requirements than our U.S. markets;
- difficulties protecting or procuring intellectual property rights;
- fluctuations in foreign currency exchange rates; and
- export duties, tariffs or trade restrictions.

These factors or any combination of these factors may adversely affect our revenue or our overall financial performance.

We are dependent on a specific manufacturer and assembler for many of our products and on other manufacturers, and 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 GNSS products. Under our agreement with Flextronics, we provide 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.

We rely on specific suppliers for a number of our critical components and on other contract manufacturers, including Benchmark Electronics and Jabil, for the manufacture, test and assembly of certain products and components. We have experienced shortages of components in the past. Our current reliance on specific or a limited group of suppliers and contract manufacturers involves risks, including a potential inability to obtain an adequate supply of required components, reduced control over pricing and delivery schedules, discontinuation of certain components, and economic conditions which may adversely impact the viability of our suppliers and contract manufacturers. This situation may be exacerbated during any period of economic recovery or a competitive environment. Any inability to obtain adequate deliveries or any other circumstance that would require us to seek alternative sources of supply or to manufacture, assemble and test 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.

We are dependent on the availability and unimpaired use of allocated bands within the radio frequency spectrum and our products may be subject to harmful interference from new or modified spectrum uses

Our GNSS technology is dependent on the use of satellite signals 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 over how each band is used in the country. In the United States, the Federal Communications Commission (FCC) and the National Telecommunications and Information Administration share responsibility for radio frequency allocations and spectrum usage regulations.

Any ITU or local reallocation of radio frequency bands, including frequency band segmentation and sharing of spectrum, or other modifications of the permitted uses of relevant frequency bands, may materially and adversely affect the utility and reliability of our products and have significant negative impacts on our customers, both of which could reduce demand for our products. For example, the FCC has been considering proposals to repurpose spectrum adjacent to the GPS bands for terrestrial broadband wireless operations throughout the United States. If the FCC were to permit implementation of such proposals, or similar proposals, terrestrial broadband wireless operations could create harmful interference to GPS receivers within range of such operations and impose costs to retrofit or replace affected receivers. Similarly, other countries have considered proposals for use of frequencies used by our products as well as adjacent bands that could cause harmful interference to our products.

Many of our products use other radio frequency bands, such as the public land mobile radio 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. In addition, transmissions and emissions from other services and equipment operating in adjacent frequency bands or in-band may impair the utility and reliability of our products. 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.

Many of our products rely on GNSS technology, GPS and other satellite systems, which may become degraded or 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 intentional disruption. 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 operational satellites in orbit, eight have been in operation for more than 15 years, and over half have been in use for more than 7.5 years. Repair of 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 below the 24-satellite standard established for GPS may impair the utility of the GPS system and the growth of current and additional market opportunities. In addition, software updates to GPS satellites and ground control segments can cause problems, and we depend on public access to open technical specifications in advance of such updates to mitigate these problems.

As the principal GNSS currently in operation, we are dependent on continued operation of GPS. The GPS constellation is operated by the U. S. Government, which is committed to maintenance and improvement of GPS. If supporting policies were to change, 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 and National Differential GPS System, and satellites transmitting signal corrections data on mobile satellite services frequencies utilized by our RTX corrections services. Some of these augmentation systems are operated by the U.S. government and rely on continued funding and maintenance of these systems. Any curtailment of the operating capability of these systems or limitations on access to, or use of the signals, or discontinuance of service could result in degradation of our services or product performance, with an adverse effect on our business.

Many of our products use satellite signals from the Russian GLONASS System. Other countries, including China and India, are in the process of creating their own GNSS systems, and we either have developed or will develop products which use GNSS signals from these systems. The European community is developing an independent radio navigation satellite system, known as Galileo. National or European authorities may provide preferential access to signals to companies associated with their markets, including our competitors, which could harm our competitive position. Use of non-US GNSS signals may also be subject to restrictions based upon international trade or geopolitical considerations. If we are unable to develop timely and competitive commercial products using these systems, or obtain timely and equal access to service signals, this could result in lost revenue. These authorities may also adopt protectionist measures favoring national companies who make use of their GNSS systems, to the detriment of Trimble products using the U.S. GPS system, which would harm our business.

We are subject to the impact of governmental and other similar certifications processes and regulations which could adversely affect our products and our business

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 GNSS receiver and data communications products sold in the European community. In the future, U.S. governmental authorities may propose GPS receiver testing and certification for compliance with published GPS signal interface or other specifications. An inability to obtain any such certifications in a timely manner could have an adverse effect on our operating results. Governmental authorities may also propose other forms of GPS receiver performance standards, which may limit design alternatives, hamper product innovation or impose additional costs. 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.

We have claims and lawsuits against us that may result in adverse outcomes

We are subject to a variety of claims and lawsuits. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect our ability to conduct our business. Litigation and other claims are subject to inherent uncertainties and the outcomes can be difficult to predict. Management may not adequately reserve for a contingent liability, or may suffer unforeseen liabilities, which could then impact the results of a financial period. A material adverse impact on our consolidated financial statements could occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable which, if not expected, could harm our results of operations and financial condition.

Changes in our effective tax rate may reduce our net income in future periods

As a global company, we are subject to income and other taxes in the United States and numerous foreign jurisdictions. Significant judgment is required to determine and estimate worldwide tax liabilities. Our effective tax rate is largely based on the geographic mix of earnings, statutory rates, inter-company transfer pricing, and enacted tax laws. 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 US and foreign tax authorities,
- changes in the intercompany transfer pricing methodology,
- changes in the valuation of our deferred tax assets and liabilities,
- increases in expense not deductible for tax purposes, including transaction costs and impairments of goodwill in connection with acquisitions,
- changes in the realizability of available tax credits,
- changes in share-based compensation,
- changes in tax laws or the interpretation of such tax laws, including the Base Erosion and Profit Shifting (“BEPS”) project being conducted by the Organization for Economic Co-operation and Development (“OECD”),
- changes in generally accepted accounting principles, and
- the repatriation of non-U.S. earnings for which we have not previously provided for U.S. taxes.

On October 5, 2015, the OECD released the final reports from its BEPS Action Plans. The BEPS recommendations covered a number of issues, including country-by-country reporting, permanent establishment rules, transfer pricing rules and tax treaties. In January 2016, the EC announced an Anti Tax Avoidance Package containing measures to regulate certain elements of tax planning further and to boost tax transparency for consideration by the European Parliament and Council. Meanwhile, in the U.S., a number of proposals for broad reform of the corporate tax system are under evaluation by various legislative and administrative bodies. Future tax reform resulting from these developments may result in changes to long-standing tax principles, which could adversely affect our effective tax rate or result in higher cash tax liabilities. It is not possible to accurately determine the overall impact of such proposals on our effective tax rate at this time.

We are currently in various stages of multiple year examinations by federal, state, and foreign taxing authorities, including a review of our 2010 to 2012 tax years by the U.S. Internal Revenue Service, or IRS. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax provision. 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.

Our reported financial results may be adversely affected by changes in accounting principles applicable to us

Generally accepted accounting principles in the U.S. are subject to interpretation by the Financial Accounting Standards Board, or FASB, the SEC, and other bodies formed to promulgate and interpret appropriate accounting principles. For example, in May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. This standard establishes a principle for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. The standard also provides guidance on the recognition of costs related to obtaining and fulfilling customer contracts. In August 2015, the FASB subsequently issued ASU 2015-14, which deferred the effectiveness of ASU 2014-09, so that it will now be effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted as of the original effective date. We are currently in the process of assessing the adoption methodology, which allows the amendment to be applied retrospectively to each prior period presented, or with the cumulative effect recognized as of the date of initial application. We are also evaluating the impact of the adoption of ASU No. 2014-09 on our consolidated financial statements and have not determined whether the effect will be material. Adoption of this standard, along with any other changes in accounting principles or interpretations could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of a change. Any difficulties in the implementation of new or changed accounting standards could cause us to fail to meet our financial reporting obligations. Changes in applicable accounting standards could have a significant effect on our reported financial results. If our estimates relating to our critical accounting policies are based on assumptions or judgments that change or prove to be incorrect, our operating results could fall below expectations of securities analysts and investors, resulting in a decline in our stock price.

Our debt could adversely affect our cash flow and prevent us from fulfilling our financial obligations

On November 24, 2014, we issued Senior Notes (Notes) due December 1, 2024 in an aggregate principal amount of $400.0 million. The Notes accrue interest at a rate of 4.75% per annum, payable semiannually in arrears on December 1 and June 1 of each year, beginning on June 1, 2015. When the Notes mature, we will have to expend significant resources to repay these Notes or seek to refinance them. If we decide to refinance the Notes, we may be required to do so on different or less favorable terms or we may be unable to refinance the Notes at all, both of which may adversely affect our financial condition.

On November 24, 2014, we entered into a new five-year credit agreement with a group of lenders (the 2014 Credit Facility). The 2014 Credit Facility provides for an unsecured revolving loan facility of $1.0 billion. Subject to the terms of the 2014 Credit Facility, the revolving loan facility may be increased and term loan facilities may be established in an amount of up to $500.0 million. We also have two $75 million revolving credit facilities which are uncommitted and may be called by the lenders with very little notice (the Uncommitted Facilities). At the end of fiscal 2015, our total debt was comprised primarily of Notes of $400.0 million, a revolving loan balance of $216.0 million under the 2014 Credit Facility and a revolving credit line balance of $118.0 million under the Uncommitted Facilities.

Our outstanding indebtedness 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, general corporate purposes, and other cash requirements, particularly if the ratings assigned to our debt securities by rating organizations were revised downward,
- increasing our vulnerability to adverse economic and industry conditions,
- reducing our ability to make investments and acquisitions which support the growth of the company, or to repurchase shares of our common stock,
- 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.

There are various financial covenants and other restrictions in our debt instruments. If we fail to comply with any of these requirements, the related indebtedness (and other unrelated indebtedness) could become due and payable prior to its stated maturity, and we may not be able to repay the indebtedness that becomes due. A default under our debt instruments may also significantly affect our ability to obtain additional or alternative financing.

Our ability to make scheduled payments or to refinance our obligations with respect to indebtedness will depend on our operating and financial performance, which in turn, is subject to prevailing economic conditions and to financial, business and other factors beyond our control. A significant portion of our outstanding debt has interest rates which float based on prevailing interest rates. If interest rates increase, our interest expense will also increase.

Our ability to incur additional indebtedness over time may be limited due to applicable financial covenants and restrictions, and due to the risk that significantly increasing our level of indebtedness could impact the ratings assigned to our debt securities by rating organizations, which in turn would increase the interest rates and fees that we pay in connection with our indebtedness.

Our business is subject to disruptions and uncertainties caused by war, terrorism, or civil unrest

Acts of war, acts of terrorism or other circumstances of civil unrest, especially any directed at the GNSS signals or systems, 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 GNSS or interruptions of the system. Civil unrest, local conflict, or other political instability may adversely impact regional economies, cause work stoppages and limitations on foreign business transactions. To the extent that such interruptions result in delays or cancellations of orders, disruption of the manufacture or shipment of our products, or reduced demand for our products it could have a material adverse effect on our business, results of operations, and financial condition.

We are subject to the SEC's rules regarding the use and disclosure of conflict minerals, which involves increased operating and compliance costs and could potentially harm our reputation, causing a decline in our stock price

The SEC adopted its final rule implementing Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act concerning conflict minerals during August 2012. The goal of the rule is to cut direct and indirect funding of groups engaged in armed conflict and human rights abuses. We are committed to compliance with the SEC's Conflict Minerals Rule and support its intended objective. This rule requires us to: (1) determine whether conflict minerals (tin, tantalum, tungsten, gold or similar derivatives) are used in our products and, if so, determine if the minerals originated from the Democratic Republic of Congo (DRC) or its immediately adjoining countries; and (2), if so, conduct due diligence regarding the source and chain of custody of these conflict minerals to determine whether the conflict minerals financed or benefitted armed groups. The rule requires us to submit forms and reports to the SEC annually that disclose our determinations and due diligence measures.

Trimble does not directly purchase any conflicts minerals. Tracing these materials back to their country of origin is a complex task that may require us to, among other things, survey suppliers in our supply chain to understand what programs they have in place for tracing the source of minerals supplied to us or used in products supplied to us and to ensure that reasonable due diligence has been performed. Presently, we have not determined how many, or if any, of our supply chain partners use conflict minerals. In addition to the increased administrative expense required to comply with the new requirements that apply to us, we may face a limited pool of suppliers who can provide us “conflict-free” components, parts and manufactured products, and we may not be able to obtain conflict-free products or supplies in sufficient quantities or at competitive prices for our operations, and may be required to disclose that our products are not “conflict free.” This could adversely affect the Company’s reputation and may harm its relationships with business partners and customers, and our stock price could suffer as a result.

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 January 1, 2016:

Location	Segment(s) served	Size in Sq. Feet
Sunnyvale, California	All	167,000
Huber Heights (Dayton), Ohio	All	310,000
Westminster, Colorado	All	125,000
Corvallis, Oregon	Engineering & Construction	40,000
Richmond Hill, Canada	Advanced Devices	50,200
Danderyd, Sweden	Engineering & Construction	113,000
Christchurch, New Zealand	Engineering & Construction Mobile Solutions Field Solutions	60,000
Espoo, Finland	Engineering & Construction Field Solutions	65,678
Minnetonka, Minnesota	Mobile Solutions	63,000
Mayfield Heights, Ohio	Mobile Solutions	74,000
Chennai, India	All	67,288

In addition, we lease a number of smaller offices around the world primarily for sales, manufacturing and other functions. For financial information regarding obligations under leases, see Note 9 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

On August 9, 2013, Harbinger Capital Partners, LLC and additional plaintiffs (“Harbinger Plaintiffs”) filed a lawsuit against Deere & Co., Garmin, the Company and two other defendants in the U.S. District Court in Manhattan in connection with Plaintiffs’ investment in LightSquared. The Harbinger Plaintiffs alleged, among other things, fraud and negligent misrepresentation, claiming that the defendants were aware of material facts that caused the Federal Communications Commission to take adverse action against LightSquared and failed to disclose those facts prior to Plaintiffs’ investment in LightSquared, and sought $1.9 billion in damages from the defendants. On November 1, 2013, LightSquared, Inc. and several related parties (“LightSquared Plaintiffs”) filed suit against the same defendants, asserting similar state law claims to those made in the Harbinger lawsuit, as well as additional claims, including breach of contract. On February 5, 2015, the U.S. District Court dismissed all claims brought by the Harbinger Plaintiffs and the majority of those brought by the LightSquared Plaintiffs. On February 11, 2015, the Harbinger

Plaintiffs filed a notice of appeal of the District Court's dismissal of their claims. The District Court's dismissal of claims of the Harbinger Plaintiffs was affirmed by the Second Circuit Court of Appeals on December 7, 2015. Incident to approval of its bankruptcy reorganization plan effective December 7, 2015, LightSquared Inc.'s successor under the bankruptcy reorganization plan acquired the claims of the Harbinger Plaintiffs. On December 14, 2015, the LightSquared Plaintiffs (as reorganized) dismissed all claims against the Company without prejudice pursuant to an initial agreement with the Company. On February 3, 2016, the LightSquared Plaintiffs (as reorganized) and the Company entered into a settlement agreement which includes mutual releases of all claims between the parties, and which provides for the dismissal of all claims of the LightSquared Plaintiffs (as reorganized) with prejudice. Under the settlement agreement, the LightSquared Plaintiffs (as reorganized) further agreed to take no further action to preserve or prosecute the claims of the Harbinger Plaintiffs.

On September 2, 2011 Research Data Services, LLC filed a lawsuit in the Superior Court for the State of Alaska in Anchorage against Trimble Navigation Limited, Cabela's Incorporated, AT&T Mobility and Alascom, Inc., alleging breach of contract, breach of fiduciary duty, interference with contract, promissory estoppel, fraud, and negligent misrepresentation. The case was tried in front of a jury in Alaska beginning on September 9, 2014. On September 26, 2014, the jury returned a verdict in favor of the plaintiff and awarded the plaintiff damages of $51.3 million. On January 29, 2015, the court granted our Motion for Judgment Notwithstanding the Verdict, and on March 18, 2015, the Court awarded the Company a portion of its incurred attorneys' fees and costs, and entered judgment in the Company's favor in the amount of $0.6 million. The judgment also provides that Plaintiff take nothing on its claims. On April 17, 2015, Plaintiff filed a Notice of Appeal to the Alaska Supreme Court. The parties have completed all appellate briefing, and the matter is scheduled for oral argument before the Alaska Supreme Court.

On March 12, 2015, Rachel Thompson filed a putative class action complaint in California Superior Court against the Company, the members of its Board of Directors, and JP Morgan Chase Bank. The suit alleges that the Company's Board of Directors breached their fiduciary obligations to the Company's shareholders by entering into a credit agreement with JP Morgan Chase Bank that contains certain change of control provisions that plaintiff contends are disadvantageous to shareholders. The complaint seeks declaratory relief, injunctive relief, and costs of the action but does not seek monetary damages. The parties have reached a proposed settlement, which would modify one provision of the credit agreement and permit the named plaintiff to seek recovery of attorney's fees. By order filed February 1, 2016, the Court granted preliminary approval of the proposed settlement, ordered that notice be provided to shareholders, and scheduled a hearing to consider any objections to the settlement.

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

Item 4. Mine Safety Disclosures

None.

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.

	2015		2014	
	Sales Price		Sales Price	
Quarter Ended	High	Low	High	Low
First quarter	$27.62	$23.68	$40.17	$30.66
Second quarter	26.36	22.28	39.95	31.92
Third quarter	23.94	15.90	34.94	29.12
Fourth quarter	23.86	16.40	31.04	25.66

Stock Repurchase Program

In August 2014, our Board of Directors approved a stock repurchase program (2014 Stock Repurchase Program), authorizing us to repurchase up to $300.0 million of Trimble's common stock, replacing a stock repurchase program which had been in place since 2011. In August 2015, our Board of Directors approved a stock repurchase program (2015 Stock Repurchase Program), authorizing us to repurchase up to $400.0 million of Trimble's common stock, replacing the 2014 Stock Repurchase Program.

During fiscal 2015, we repurchased approximately 7.5 million shares of common stock in open market purchases, at an average price of $21.29 per share, for a total of $159.4 million. This total includes $75.1 million and $84.3 million of open market purchases completed under the 2015 and 2014 Stock Repurchase Programs, respectively.

As part of the 2015 Stock Repurchase Program, in September 2015, we entered into an accelerated share repurchase agreement, or ASR, with an investment bank for $75.0 million. The ASR was completed in December 2015 and resulted in the aggregate repurchase of approximately 3.7 million shares of common stock with a volume weighted average price of $20.11 per share.

During fiscal 2014, under the provisions of both the 2014 and 2011 Stock Repurchase Programs, we repurchased approximately 3.2 million shares of common stock in open market purchases at an average price of $30.22 per share, for a total of $97.8 million.

No shares of common stock were repurchased during fiscal 2013.

Stock repurchases are reflected as a decrease to common stock based on the average book value per share for all outstanding shares calculated at the time of each individual repurchase transaction. The excess of the purchase price over this average for each repurchase was charged to retained earnings. As a result of the 2015 repurchases, retained earnings was reduced by $180.3 million in fiscal 2015. 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 canceled. At the end of fiscal 2015, the 2015 Stock Repurchase Program had remaining authorized funds of $249.9 million.

The following table provides information relating to our common stock repurchase activity during the fourth quarter of 2015:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Dollar Value of Shares that May Yet Be Purchased Under the Program	
October 3, 2015 - November 6, 2015	—	—	—	$249,922,586	
November 7, 2015 - December 4, 2015	—	—	—	249,922,586	
December 5, 2015 - January 1, 2016	42,211	(1)	42,211	$249,922,586	(2)
	42,211		42,211		

(1) Amounts represent the final share delivery under the ASR agreement, under which we repurchased approximately 3.7 million shares in total during third and fourth quarters of 2015 for an aggregate volume weighted average price of $20.11.

(2) In August 2015, the Company’s Board of Directors approved a stock repurchase program, authorizing the Company to repurchase up to $400.0 million of Trimble’s common stock. The timing and amount of repurchase transactions will be determined by the Company’s management based on its evaluation of market conditions, share price, legal requirements and other factors. The program may be suspended, modified or discontinued at any time without public notice.

As of February 20, 2016, there were approximately 698 holders of record of our common stock.

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.

Stock Split

On March 20, 2013 we effected a 2-for-1 split of all outstanding shares of our Common Stock to shareholders of record on March 6, 2013. All shares and per share information presented has been adjusted to reflect the stock split on a retroactive basis for all periods presented.

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.

Fiscal Years	2015	2014	2013	2012	2011
(Dollar in millions, except per share data)					
Revenue	$2,290.4	$2,395.5	$2,288.1	$2,040.1	$1,644.1
Gross margin	$1,202.2	$1,290.8	$1,203.8	$1,046.2	$829.6
Gross margin percentage	52.5 %	53.9 %	52.6 %	51.3 %	50.5 %
Net income attributable to Trimble Navigation Limited	$121.1	$214.1	$218.9	$191.1	$150.8
Net income	$120.7	$213.9	$218.2	$189.7	$148.9
Earnings per share					
—Basic	$0.47	$0.82	$0.85	$0.76	$0.61
—Diluted	$0.47	$0.81	$0.84	$0.74	$0.60
Shares used in calculating basic earnings per share	255.8	260.1	256.6	251.1	245.5
Shares used in calculating diluted earnings per share	258.5	264.5	261.2	256.8	252.3

At the End of Fiscal Year	2015	2014	2013	2012	2011
(Dollar in millions)					
Total assets	$3,680.7	$3,855.9	$3,693.5	$3,475.8	$2,639.5
Long-term debt and other non-current liabilities	$717.9	$766.8	$729.8	$927.3	$541.4

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."

EXECUTIVE LEVEL OVERVIEW

Trimble Navigation Limited is a leading provider of technology solutions that optimize the work processes of office and mobile field professionals around the world. Our comprehensive work process solutions are used across a range of industries including agriculture, architecture, civil engineering, construction, environmental management, government, natural resources, transportation and utilities. Representative Trimble customers include engineering and construction firms, contractors, surveying companies, farmers and agricultural companies, enterprise firms with large-scale fleets, energy, mining and utility companies, and state, federal and municipal governments.

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

Our growth strategy is centered on multiple elements:

- Focus on attractive markets with significant growth and profitability potential - We focus on large markets historically underserved by technology that offer significant potential for long-term revenue growth, profitability and market leadership. Our core industries such as construction, agriculture, and transportation markets are each multi-trillion dollar global industries which operate in increasingly demanding environments with technology adoption in the early phases relative to other industries. With the emergence of mobile computing capabilities, the increasing technological know-how of end users and the compelling return on investment to our customers, we believe many of our markets are ripe for substituting Trimble's technology and solutions in place of traditional operating methods.
- Domain knowledge and technological innovation that benefit a diverse customer base - We have over time redefined our technological focus from hardware-driven point solutions to integrated work process solutions by developing domain expertise and heavily reinvesting in R&D and acquisitions. We have been spending an average of 14% of revenue over the past several years on R&D and currently have over 1,100 unique patents. We intend to continue to take advantage of our technology portfolio and deep domain knowledge to quickly and cost-effectively deliver specific, targeted solutions to each of the vertical markets we serve. We look for opportunities where the need for technological change is high and which have a requirement for the integration of multiple technologies into complete vertical solutions.
- Increasing focus on software and services - Software and services are increasingly important elements of our solutions and are core to our growth strategy. Trimble has an open application programming interface (API) philosophy and open vendor environment which leads to increased adoption of our software offerings. Professional services constitute an additional growth channel that helps our customers integrate and optimize the use of our offerings in their environment. The increased recurring revenue from these solutions will provide us with enhanced business visibility over time.
- Geographic expansion with localization strategy - We view international expansion as an important element of our strategy and we continue to position ourselves in geographic markets that will serve as important sources of future growth. We currently have a physical presence in 43 countries and distribution channels in over 100 countries. In 2015, 50% of our sales were to customers located in countries outside of the U.S.
- Optimized distribution channels to best access our markets - We utilize vertically-focused distribution channels that leverage domain expertise to best serve the needs of individual markets domestically and abroad. These channels include independent dealers, joint ventures, original equipment manufacturers (OEM) sales, and distribution alliances

with key partners, such as CNH Global, Caterpillar, and Nikon, as well as direct sales to end-users, that provide us with broad market reach and localization capabilities to effectively serve our markets.

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

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

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 U.S. generally accepted accounting principles 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 policies. 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 revenue when it is realized or realizable and earned. We consider revenue realized or realizable and earned when persuasive evidence of an arrangement exists, delivery 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 analyses, 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, delivery is deemed to occur when the carrier takes the goods into its charge from the place determined by us. 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 Cost of sales.

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

Revenue from purchased extended warranty and post contract support (PCS) agreements is deferred and recognized ratably over the term of the warranty or support period. Revenue from our subscription services related to our hardware and applications is recognized ratably over the term of the subscription service period beginning on the date that service is made available to the customer, assuming all revenue recognition criteria have been met.

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

Our software arrangements generally consist of a perpetual license fee and PCS. We generally have established vendor-specific objective evidence (VSOE) of fair value for our PCS contracts based on the renewal rate. 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 fair value has been established for all remaining undelivered elements. In cases where VSOE of fair value for PCS is not established, revenue is recognized ratably over the PCS period after all software deliverables have been made and the only the undelivered element is PCS.

For services performed on a fixed-fee basis, revenue is recognized using the proportional performance method, with performance measured based on hours of work performed. For contracts that involve significant customization and implementation or consulting services that are essential to the functionality of the software, the license and services revenues are recognized using the percentage-of-completion method or, if we are unable to reliably estimate the costs to complete the services, we use the completed-contract method of accounting. A contract is considered complete when all significant costs have been incurred or when acceptance from the customer has been received.

Some of our subscription product offerings include hardware, subscription services and extended warranty. Under these hosted arrangements, the customer typically does not have the contractual right to take possession of the software at any time during the

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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.

Our multiple deliverable product offerings include hardware with embedded firmware, extended warranty, software, PCS services and subscription services, which are considered separate units of accounting. For certain of our products, software and non-software components function together to deliver the tangible product's essential functionality.

In evaluating the revenue recognition for our hardware or subscription agreements which contain multiple deliverables, we determined that in certain instances we were not able to establish VSOE for some or all deliverables in an arrangement as we infrequently sold each element on a standalone basis, did not price products within a narrow range, or had a limited sales history. When VSOE cannot be established, we attempt to establish the selling price of each element based on relevant third-party evidence (TPE). TPE is determined based on competitor prices for similar deliverables when sold separately. Our offerings may contain a significant level of proprietary technology, customization or differentiation such that the comparable pricing of products with similar functionality cannot be obtained. Furthermore, we are unable to reliably determine what similar competitor products' selling prices are on a stand-alone basis. Therefore, we typically are not able to establish the selling price of an element based on TPE.

When we are unable to establish selling price using VSOE or TPE, we use our best estimate of selling price (BESP) in our allocation of arrangement consideration. The objective of BESP is to determine the price at which we would transact a sale if the product or service were sold on a stand-alone basis. BESP is generally used for offerings that are not typically sold on a stand-alone basis or for new or highly customized offerings. We determine BESP for a product or service by considering multiple factors including, but not limited to, pricing practices, market conditions, competitive landscape, internal costs, geographies and gross margin. The determination of BESP is made through consultation with and formal approval by our management, taking into consideration our go-to-market strategy.

Income Taxes

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

Relative to uncertain tax positions, we only recognize a tax benefit if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and may not accurately forecast actual tax audit outcomes. Determining whether an uncertain tax position is effectively settled requires judgment. Changes in recognition or measurement of our uncertain tax positions would result in the recognition of a tax benefit or an additional charge to the tax provision. Our practice is to recognize interest and/or penalties related to income tax matters in income tax expense.

Our valuation allowance is primarily attributable to foreign net operating losses and state 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. Valuation allowance adjustments associated with an acquisition after the measurement period are recorded through income tax expense.

Business Combinations

We allocate the fair value of purchase consideration to the assets acquired, liabilities assumed, and non-controlling interests in the acquiree based on their fair values at the acquisition date. The excess of the fair value of purchase consideration over the fair value of these assets acquired, liabilities assumed and non-controlling interests in the acquiree is recorded as goodwill.

When determining the fair values of assets acquired, liabilities assumed, and non-controlling interests in the acquiree, management makes significant estimates and assumptions, especially with respect to intangible assets. Critical estimates in valuing intangible assets include, but are not limited to, expected future cash flows, which includes consideration of future growth rates and margins, customer attrition rates, future changes in technology and brand awareness, loyalty and position, and discount rates. Fair value estimates are based on the assumptions management believes a market participant would use in pricing the asset or liability. Amounts recorded in a business combination may change during the measurement period, which is a period not to exceed one year from the date of acquisition, as additional information about conditions existing at the acquisition date becomes available.

Goodwill and Purchased Intangible Assets

Goodwill represents the excess of the purchase consideration over the fair value of the net tangible and identifiable intangible assets 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, trademarks, and in-process research and development. The fair value of intangible assets acquired is generally determined based on a discounted cash flow analysis. 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 6.2 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 based on the values on the first day of that quarter. Goodwill was reviewed for impairment utilizing a quantitative two-step process. In the first step of this test, goodwill is tested for impairment 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. When we perform a quantitative assessment of goodwill impairment, the determination of fair value of a reporting unit involves the use of significant estimates and assumptions. The discounted cash flows are based upon, among other things, assumptions about expected future operating performance using risk-adjusted discount rates. Actual future results may differ from those estimates. As of the first day of the fourth quarter of fiscal 2015, the fair value for our reporting units ranged from 131% to approximately 701% of carrying amounts, therefore goodwill was not impaired and no further testing was required. For certain earlier stage reporting units, due to the smaller magnitude of the carrying value and fair value of each respective reporting unit, the margins by which the fair value exceeded the carrying value on an absolute dollar basis were relatively small.

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 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 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 these estimates may differ from actual future 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 $18.5 million at the end of fiscal 2015, as compared with $20.6 million at the end of fiscal 2014. 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. When products sold include warranty provisions, they are covered by a warranty for periods ranging generally from 1 year to 2 years.

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

We recognize compensation expense for all share-based payment awards made to our employees and directors based on estimated fair values, net of estimated forfeitures. The grant date fair value for options is estimated using a binomial valuation model. The fair value of rights to purchase shares under our employee stock purchase plan is estimated using the Black-Scholes option-pricing model. The fair value of restricted stock units is determined based on the closing price of our common stock on the date of grant. The fair value of restricted stock units with market-based vesting conditions is valued as of the grant date using a Monte Carlo simulation.

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 any expected dividends. In addition, the binomial model incorporates actual option-pricing behavior and changes in volatility over the option's contractual term. The Monte Carlo simulation takes into account the same input assumptions as the binomial option pricing model as outlined above; however, it also incorporates into the fair-value determination the possibility that the market-based vesting conditions may not be satisfied and the impact of the possible differing stock price paths for Trimble and each of the constituents of the S&P 500. If factors change and we employ different assumptions to determine the fair value of our share-based payment awards granted in future periods, the compensation expense that we record under it may differ significantly from what we have recorded in the current period.

Stock-based compensation expense recognized in the Consolidated Statement of Income is based on awards ultimately expected to vest, and has been reduced for estimated forfeitures. The stock-based compensation guidance requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. If actual forfeitures different materially from our estimates, stock-based compensation recognized many not be reflective of what was earned in that period.

Inventory Valuation

Our inventories, net balance was $261.1 million at the end of fiscal 2015 as compared with $278.1 million at the end of fiscal 2014. Our inventory allowances at the end of fiscal 2015 were $46.7 million, as compared with $41.1 million at the end of fiscal 2014. Our inventories are stated at the lower of cost or market. Adjustments are also made to reduce the cost of inventory for estimated excess or obsolete balances. Factors influencing these adjustments include declines in demand which impact inventory purchasing forecasts, technological changes, product life cycle and development plans, component cost trends, product pricing, physical deterioration and quality issues. If our estimates used to reserve for excess and obsolete inventory are different from what we expected, we may be required to recognize additional reserves, which would negatively impact our gross margin.

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	2015		2014		2013	
(Dollars in millions)						
Revenues:						
Product	$1,533.5		$1,713.6		$1,649.9	
Service	419.9		396.0		364.3	
Subscription	337.0		285.9		273.9	
Total revenue	$2,290.4		$2,395.5		$2,288.1	
Gross margin	1,202.2		1,290.8		1,203.8	
Gross margin %	52.5	%	53.9	%	52.6	%
Total consolidated operating income	154.4		260.8		251.7	
Operating income as a % of revenue	6.7	%	10.9	%	11.0	%

Basis of Presentation

We have a 52-53 week fiscal year, ending on the Friday nearest to December 31, which for fiscal 2015 was January 1, 2016. Fiscal 2015 and 2014 were both 52-week years. Fiscal 2013 was a 53-week year.

Revenue

In fiscal 2015, total revenue decreased by $105.1 million, or 4%, to $2.29 billion from $2.40 billion in fiscal 2014. Overall revenue was primarily impacted by negative foreign currency effects, and to a lesser extent declines due to oil and gas and agricultural market conditions, partially offset by acquisitions and improved growth in building construction and transportation and logistics.

On a segment basis, the decrease in fiscal 2015 was primarily due to Engineering and Construction and Field Solutions, partially offset by the increase in Mobile Solutions. Engineering and Construction revenue decreased $64.8 million, or 5%, Field Solutions revenue decreased $66.8 million, or 16%, and Advanced Devices decreased $7.0 million, or 5%, partially offset by an increase in Mobile Solutions of $33.5 million, or 7%, as compared to fiscal 2014. The decline in Engineering and Construction was primarily driven by the impact of foreign currency effects due to the weaker Euro and to a lesser extent, oil price declines on regional economies, primarily in geospatial. The decline was partially offset by building construction which was up due to organic growth and to a lesser extent, acquisitions not applicable in the prior year. The decline in Field Solutions revenue was primarily due to softness in agricultural markets and to a lesser extent, GIS and foreign currency effects. Mobile Solutions revenue increased due to continued growth in the transportation and logistics market. Advanced Devices revenue decreased primarily due to weaker sales of timing component products.

By revenue category, overall product revenue decreased $180.1 million, or 11%, service revenue increased $23.9 million, or 6%, and subscription revenue increased $51.1 million, or 18%. The product revenue decrease was primarily within Engineering and Construction and Field Solutions, slightly offset by a product revenue increase in Mobile Solutions. Service and subscription increases were primarily due to organic growth within Engineering and Construction and Mobile Solutions, as we continue to expand software and services, including implementation and maintenance, and subscription services as a portion of our revenue. Although to a lesser extent, acquisitions growth within Engineering and Construction also contributed. We consider organic growth to include all revenue except for revenue associated with acquisitions made within the last four quarters.

In fiscal 2014, total revenue increased by $107.4 million, or 5%, to $2.40 billion from $2.29 billion in fiscal 2013. Overall revenue was up due to growth in building construction, heavy civil, and transportation and logistics markets, partially offset by a decline in agricultural market conditions.

On a segment basis, the increase in fiscal 2014 was primarily due to Engineering and Construction and Mobile Solutions, and to a lesser extent Advanced Devices. Engineering and Construction revenue increased $126.1 million, or 10%, Mobile Solutions increased $21.7 million, or 5%, and Advanced Devices increased $11.4 million, or 9%, partially offset by a decrease in Field Solutions of $51.8 million, or 11%, as compared to fiscal 2013. Revenue growth within Engineering and Construction was driven primarily by organic growth due to building construction, heavy civil, and to a lesser extent, geospatial products in the U.S. and Europe. To a lesser extent, acquisitions contributed to the growth. Mobile Solutions revenue increased primarily due to organic growth in the transportation and logistics market. Advanced Devices revenue increased due to stronger sales of embedded and timing components. Field Solutions revenue decreased significantly primarily due to softness in agricultural markets.

By revenue category, overall product revenue increased $63.7 million, or 4%, service revenue increased $31.7 million, or 9%, and subscription revenue increased $12.0 million, or 4%. The product and service revenue increase in fiscal 2014 as compared to fiscal 2013 was driven primarily by growth across Engineering and Construction and Mobile Solutions, which included organic growth, and to a lesser extent, the impact of acquisitions. Product revenue growth was partially offset by a significant decrease in Field Solutions revenue primarily due to softness in Agriculture. Subscription growth was driven by growth in Mobile Solutions, partially offset by our change in accounting for Virtual Site Solutions, our joint venture with Caterpillar, which is now treated as an equity method investment. In the prior year, as a majority owner, we consolidated Virtual Site Solutions results and Virtual Site Solutions revenue was included in Engineering and Construction subscription revenue.

During fiscal 2015, sales to customers in the United States represented 50%, Europe represented 24%, Asia Pacific represented 14%, and other regions represented 12% of our total revenue. During fiscal 2014, sales to customers in the United States represented 48%, Europe represented 24%, Asia Pacific represented 14%, and other regions represented 14% of our total revenue. During fiscal 2013, sales to customers in the United States represented 49%, Europe represented 23%, Asia Pacific represented 14%, and other regions represented 14% of our total revenue. We anticipate that sales to international customers will continue to account for a significant portion of our revenue.

No single customer accounted for 10% or more of our total revenue in fiscal 2015, 2014 or 2013. No single customer accounted for 10% or more of our accounts receivable as of fiscal years ended 2015 and 2014.

Gross Margin

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

In fiscal 2015, our gross margin decreased by $88.6 million as compared to fiscal 2014, primarily due to decreased revenue in Engineering and Construction and Field Solutions. Gross margin as a percentage of total revenue was 52.5% in fiscal 2015 and 53.9% in fiscal 2014. The decrease in the gross margin percentage was primarily in Engineering and Construction due to product mix and foreign currency effects due to the weaker Euro, and to a lesser extent, due to an increase in intangible asset amortization.

In fiscal 2014, our gross margin increased by $87.0 million as compared to fiscal 2013 primarily due to the increase in total revenue. Gross margin as a percentage of total revenue was 53.9% in fiscal 2014 and 52.6% in fiscal 2013. The increase in the gross margin percentage was due to improved product mix in Engineering and Construction and Mobile Solutions, particularly software, software maintenance and subscription revenue. This was partially offset by higher amortization of purchased intangibles and lower gross margin in Field Solutions due to manufacturing underutilization.

Operating Income

Operating income decreased by $106.4 million for fiscal 2015 as compared to fiscal 2014. Operating income as a percentage of total revenue for fiscal 2015 was 6.7% as compared to 10.9% for fiscal 2014. The decrease in operating income and operating income percentage was primarily due to revenue declines in Engineering and Construction and Field Solutions and increased restructuring, partially offset by the effects of operating expense control. Also, higher revenue in Mobile Solutions partially offset the declines.

Operating income increased by $9.1 million for fiscal 2014 as compared to fiscal 2013. Operating income as a percentage of total revenue for fiscal 2014 was 10.9% as compared to 11.0% for fiscal 2013. The decrease in operating income and operating income percentage was primarily due to the revenue decrease in Field Solutions and the impact of acquisitions in Engineering and Construction in the fourth quarter of the year. The decrease was partially offset by gross margin improvements due to higher margin software, maintenance, and subscription revenue.

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. Segment operating income equals net revenue less cost of sales and operating expense, excluding general corporate expense, amortization of purchased intangible assets, stock-based compensation, amortization of acquisition-related inventory step-up, acquisition costs and restructuring costs.

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	2015		2014		2013	
(Dollars in millions)						
Engineering and Construction						
Revenue	$1,283.3		$1,348.1		$1,222.0	
Segment revenue as a percent of total revenue	56	%	56	%	53	%
Operating income	$218.8		$284.1		$263.6	
Operating income as a percent of segment revenue	17	%	21	%	22	%
Field Solutions						
Revenue	$355.3		$422.1		$473.9	
Segment revenue as a percent of total revenue	15	%	18	%	21	%
Operating income	$108.6		$137.8		$176.2	
Operating income as a percent of segment revenue	31	%	33	%	37	%
Mobile Solutions						
Revenue	$520.3		$486.8		$465.1	
Segment revenue as a percent of total revenue	23	%	20	%	20	%
Operating income	$85.6		$78.0		$68.0	
Operating income as a percent of segment revenue	16	%	16	%	15	%
Advanced Devices						
Revenue	$131.5		$138.5		$127.1	
Segment revenue as a percent of total revenue	6	%	6	%	6	%
Operating income	$46.9		$44.3		$29.8	
Operating income as a percent of segment revenue	36	%	32	%	23	%

Historically, we allocated stock-based compensation to each segment. Beginning with the first quarter of fiscal 2015, we changed our methodology for allocating stock-based compensation to our segments. Stock-based compensation is shown in the aggregate within unallocated corporate expense and is not reflected in the segment results, which is consistent with the way the Chief Operating Decision Maker (CODM) evaluates each of the segment's performance and allocates resources. The change in the allocation of stock-based compensation is designed to help ensure that business segment results reflect how the CODM makes decisions about resource allocations and assessing segment performance. We have adjusted the presentation of segment information for fiscal 2014 and 2013 to conform to the current year methodology. The following table shows the amount of stock-based compensation that had been previously allocated to the business segments in fiscal 2014 and 2013 and the impact to those segments' Operating income.

	Reporting Segments				
	Engineering and Construction	Field Solutions	Mobile Solutions	Advanced Devices	Total
(In millions)					
Fiscal 2014					
Operating income	$284.1	$137.8	$78.0	$44.3	$544.2
Previously allocated stock-based compensation	(15.2)	(3.6)	(5.1)	(1.9)	(25.8)
Previously reported operating income	$268.9	$134.2	$72.9	$42.4	$518.4
Fiscal 2013					
Operating income	$263.6	$176.2	$68.0	$29.8	$537.6
Previously allocated stock-based compensation	(12.3)	(3.1)	(4.0)	(3.2)	(22.6)
Previously reported operating income	$251.3	$173.1	$64.0	$26.6	$515.0

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

Fiscal Years	2015	2014	2013
(in millions)			
Consolidated segment operating income	$459.9	$544.2	$537.6
Unallocated corporate expense	(80.2)	(79.4)	(79.8)
Restructuring charges	(12.8)	(2.1)	(6.8)
Stock-based compensation	(50.1)	(43.4)	(36.5)
Amortization of purchased intangible assets	(162.4)	(158.5)	(162.8)
Consolidated operating income	154.4	260.8	251.7
Non-operating income (expense), net	(2.6)	5.2	1.2
Consolidated income before taxes	$151.8	$266.0	$252.9

Unallocated corporate expense includes general corporate expense, amortization of acquisition-related inventory step-up, acquisition/divestiture costs and litigation expenses.

Engineering and Construction

Engineering and Construction revenue decreased by $64.8 million, or 5%, while segment operating income decreased by $65.3 million, or 23%, for fiscal 2015 as compared to fiscal 2014. The revenue decrease for fiscal 2015 was primarily driven by the negative foreign currency effects due to the weaker Euro and to a lesser extent, the impact of oil price declines on regional economies which impacted sales, primarily in geospatial. To the extent these trends continue, our results of operations could be further impacted. The decline was partially offset by building construction which was up due to organic growth and acquisitions not applicable in the prior year.

Segment operating income decreased primarily due to decreased revenue and lower gross margin resulting from product mix and foreign currency effects due to the weaker Euro, slightly offset by the effects of operating expense control. Although acquisitions contributed to revenue, they also presented a short term negative impact on revenue and operating income, partly because of deferred revenue accounting effects.

Engineering and Construction revenue increased by $126.1 million, or 10%, while segment operating income increased by $20.5 million, or 8%, for fiscal 2014 as compared to fiscal 2013. The revenue growth was primarily driven by organic growth in the global sales of building construction and heavy civil. The impact of acquisition revenue on the full year was relatively minor. Sales were relatively strong in the U.S., particularly for building construction products and heavy civil products which continued to grow, however European markets demonstrated some slowness in growth. Geospatial sales were relatively stable during the year, but slowed in the fourth quarter due to the impact of oil price declines.

Segment operating income increased primarily due to higher revenue and a more favorable product mix, including higher margin software, service, and subscription revenue. This was partially offset by the impact of increased operating expenses due in part to the impact of acquisitions. Although acquisitions contributed to revenue, they also presented a short term negative impact on revenue and operating income, partly because of deferred revenue accounting effects.

Field Solutions

Field Solutions revenue decreased by $66.8 million, or 16%, while segment operating income decreased by $29.2 million, or 21%, for fiscal year 2015 as compared to fiscal 2014. The revenue decrease was primarily due to continued softness in agriculture markets, particularly in the OEM channels, and to a lesser extent, GIS and negative foreign currency effects due to the weaker Euro. Segment operating income decreased due to the revenue decrease described above, partially offset by the effects of operating expense control.

Field Solutions revenue decreased by $51.8 million, or 11%, while segment operating income decreased by $38.4 million, or 22%, for fiscal year 2014 as compared to fiscal 2013. The revenue decrease was primarily due to softness in agriculture markets where the market environment grew significantly more difficult in the last half of the year. The agriculture decrease was partially offset by a slight increase in Geographic Information System (GIS) sales. Segment operating income decreased primarily due to the revenue decrease in Agriculture.

Mobile Solutions

Mobile Solutions revenue increased by $33.5 million, or 7%, while segment operating income increased by $7.6 million, or 10% for fiscal year 2015 as compared to fiscal 2014. The revenue increase was primarily due to continued organic growth in the transportation and logistics market, which focuses on enterprise solutions. This was partially offset by a decline in field services and negative foreign currency effects due to the weaker Euro. Segment operating income increased due to increased revenue and product mix, including higher software, maintenance and subscription revenue.

Mobile Solutions revenue increased by $21.7 million, or 5%, while segment operating income increased by $10.0 million, or 15% for fiscal year 2014 as compared to fiscal 2013. The revenue increase was primarily due to continued organic growth in the transportation and logistics market, which focuses on enterprise solutions. This was partially offset by a decline in field services as the focus shifts to more vertical markets. Segment operating income increased due to increased revenue and product mix, including higher software, maintenance and subscription revenue, as well as product cost reductions.

Advanced Devices

Advanced Devices revenue decreased by $7.0 million, or 5%, and segment operating income increased by $2.6 million, or 6%, for fiscal 2015 as compared to fiscal 2014. The decrease in revenue was primarily driven by decreased sales of timing component products, while the increase in operating income was due to gross margin expansion due to product mix and operating expense control.

Advanced Devices revenue increased by $11.4 million, or 9%, and segment operating income increased by $14.5 million, or 49%, for fiscal 2014 as compared to fiscal 2013. The increase in revenue and operating income was primarily driven by increased sales of timing and embedded component products as well as 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 2015, 2014 and 2013 and should be read in conjunction with the narrative descriptions of those operating expenses below.

Fiscal Years	2015		2014		2013	
(Dollars in millions)						
Research and development	$336.7		$318.0		$299.4	
Percentage of revenue	15	%	13	%	13	%
Sales and marketing	374.6		387.6		348.1	
Percentage of revenue	16	%	16	%	15	%
General and administrative	255.3		247.1		216.9	
Percentage of revenue	11	%	10	%	9	%
Total	$966.6		$952.7		$864.4	
Percentage of revenue	42	%	39	%	37	%

Overall, R&D, sales and marketing, and G&A expenses increased by approximately $13.9 million in fiscal 2015 compared to fiscal 2014. All of our R&D costs have been expensed as incurred.

Research and development expense increased by $18.7 million, or 6%, in fiscal 2015, as compared to fiscal 2014. Overall, research and development spending was 15% of revenue in fiscal 2015 versus 13% in fiscal 2014. As compared to the prior year, fiscal 2015 R&D expense increased 7% due to compensation and other expenses and 5% due to fiscal 2015 business acquisitions, partially offset by a 6% decrease due to favorable foreign exchange rates.

Research and development expense increased by $18.6 million, or 6%, in fiscal 2014, as compared to fiscal 2013. Overall, research and development spending was 13% of revenue in both fiscal 2014 and 2013. As compared to the prior year, fiscal 2014 R&D expense increased 4% due to fiscal 2014 business acquisitions and 3% due to compensation and other expenses, partially offset by a 1% decrease due to favorable foreign exchange rates.

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 decreased by $13.0 million, or 3%, in fiscal 2015, as compared to fiscal 2014. Overall, spending for sales and marketing was 16% of revenue in both fiscal 2015 and 2014. As compared to the prior year, fiscal 2015 sales and marketing expense decreased 6% due to favorable foreign exchange rates and 1% due to lower compensation and other expenses, partially offset by a 4% increase due to fiscal 2015 business acquisitions.

Sales and marketing expense increased by $39.5 million, or 11%, in fiscal 2014, as compared to fiscal 2013. Overall, spending for sales and marketing was 16% of revenue in fiscal 2014 versus 15% in fiscal 2013. As compared to the prior year, fiscal 2014

sales and marketing expense increased 8% due to compensation and other expenses and 4% due to fiscal 2014 business acquisitions, partially offset by a 1% decrease due to favorable foreign exchange rates.

General and administrative expense increased by $8.2 million, or 3%, in fiscal 2015, as compared to fiscal 2014. Overall, general and administrative spending was 11% of revenue in fiscal 2015 versus 10% in fiscal 2014. As compared to the prior year, fiscal 2015 general and administrative expense increased 8% due to fiscal 2015 business acquisitions, partially offset by a 4% decrease due to favorable foreign exchange rates and 1% decrease due to compensation and other expenses.

General and administrative expense increased by $30.2 million, or 14%, in fiscal 2014, as compared to fiscal 2013. Overall, general and administrative spending was 10% of revenue in fiscal 2014 versus 9% in fiscal 2013. As compared to the prior year, fiscal 2014 general and administrative expense increased 8% due to compensation and other expenses and 6% due to fiscal 2014 business acquisitions.

Amortization of Purchased Intangible Assets

Fiscal Years	2015	2014	2013
(in millions)			
Cost of sales	$92.6	$82.9	$81.1
Operating expenses	69.8	75.6	81.7
Total	$162.4	$158.5	$162.8

Total amortization expense of purchased intangible assets was $162.4 million in fiscal 2015, of which $92.6 million was recorded in Cost of sales and $69.8 million was recorded in Operating expenses. Total amortization expense of purchased intangibles represented 7.1% of revenue in fiscal 2015, an increase of $3.9 million from fiscal 2014 when it represented 6.6% of revenue. The increase was primarily due to acquisitions not included in fiscal 2014, partially offset by the expiration of amortization for prior acquisitions.

Total amortization expense of purchased intangible assets was $158.5 million in fiscal 2014, of which $82.9 million was recorded in Cost of sales and $75.6 million was recorded in Operating expenses. Total amortization expense of purchased intangibles represented 6.6% of revenue in fiscal 2014, a decrease of $4.3 million from fiscal 2013 when it represented 7.1% of revenue. The decrease was primarily due to the expiration of amortization for prior acquisitions, partially offset by acquisitions not included in fiscal 2013.

Non-operating Income (Expense), Net

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

Fiscal Years	2015	2014	2013
(in millions)			
Interest expense	$(25.6)	$(18.7)	$(17.6)
Foreign currency transaction gain (loss), net	0.2	(5.1)	(0.9)
Income from equity method investments, net	17.9	12.4	20.7
Other income (loss), net	4.9	16.6	(1.0)
Total non-operating income (expense), net	$(2.6)	$5.2	$1.2

Total non-operating income (expense), net decreased by $7.8 million during fiscal 2015 compared with fiscal 2014. The decrease was primarily due to higher interest expense and a gain on a partial equity sale of Virtual Site Solutions (VSS) included in the first quarter of fiscal 2014, partially offset by the impact of foreign currency transaction fluctuations and increased income from equity method investments due to joint venture profitability.

Total non-operating income (expense), net increased by $4.0 million during fiscal 2014 compared with fiscal 2013. The increase was primarily due to a gain on a partial equity sale of Virtual Site Solutions (included in Other income (loss), net, partially offset by lower profitability from joint ventures, and the impact of foreign currency transaction fluctuations.

Income Tax Provision

Our effective income tax rates for fiscal 2015, 2014 and 2013 were 20%, 20% and 14%, respectively. The fiscal 2015 rate was less than the U.S. federal statutory rate of 35% primarily due to the geographical mix of our pre-tax income and, to a lesser extent, the inclusion of the current year U.S. federal R&D credit. The fiscal 2014 rate was less than the U.S. federal statutory rate of 35% primarily due to the geographical mix of our pre-tax income and, to a lesser extent, the inclusion of the current year U.S. federal R&D credit, partially offset by the effect of a gain on a partial equity sale of VSS. The fiscal 2013 rate was less than the U.S. federal statutory rate of 35% primarily due to the geographical mix of our pre-tax income and, to a lesser extent, the inclusion of the current year U.S. federal R&D credit, the favorable benefit of the retroactive reinstatement of the 2012 R&D credit and the benefit of the tax rate reduction in Finland.

OFF-BALANCE SHEET ARRANGEMENTS

Other than operating leases, inventory purchases and other 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 exposure 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 have not been material and no liabilities have been recorded for these obligations on the Consolidated Balance Sheets at the end of fiscal 2015 and 2014.

LIQUIDITY AND CAPITAL RESOURCES

At the End of Fiscal Year	2015		2014		2013	
(Dollars in millions)						
Cash and cash equivalents	$116.0		$148.0		$147.2	
As a percentage of total assets	3.2	%	3.8	%	4.0	%
Principal balance of outstanding debt	$735.2		$741.6		$758.5	
Fiscal Years	2015		2014		2013	
(Dollars in millions)						
Cash provided by operating activities	$354.9		$407.1		$414.6	
Cash used in investing activities	$(172.4	)	$(344.0	)	$(324.8	)
Cash used in financing activities	$(202.8	)	$(51.5	)	$(98.4	)
Effect of exchange rate changes on cash and cash equivalents	$(11.7	)	$(10.8	)	$(2.0	)
Net increase (decrease) in cash and cash equivalents	$(32.0	)	$0.8		$(10.6	)

Cash and Cash Equivalents

At the end of fiscal 2015, cash and cash equivalents totaled $116.0 million compared to $148.0 million at the end of fiscal 2014. We had a principal balance of outstanding debt of $735.2 million at the end of fiscal 2015 compared to $741.6 million at the end of fiscal 2014.

We believe that our cash and cash equivalents, together with borrowings under our 2014 Credit Facility as described below under the heading “Debt”, will be sufficient to meet our anticipated operating cash needs, debt service, planned capital expenditures, acquisitions and stock repurchases under the stock repurchase program for at least the next twelve months.

We anticipate that planned capital expenditures primarily for enhancements of our ORACLE ERP systems, computer equipment, software, manufacturing tools and test equipment and leasehold improvements associated with business expansion, will constitute

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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 $354.9 million for fiscal 2015, as compared to $407.1 million for fiscal 2014. The decrease of $52.2 million was due to a decrease in net income before non-cash depreciation and amortization primarily due to decreased operating income in Engineering and Construction and to a lesser extent, Field Solutions. This was partially offset by a decrease in working capital requirements, particularly for inventory.

Cash provided by operating activities was $407.1 million for fiscal 2014, as compared to $414.6 million for fiscal 2013. The decrease of $7.5 million was due to a decrease in net income before non-cash depreciation and amortization, primarily due to decreased operating income in Field Solutions. This was partially offset by an increase in deferred revenue.

Investing Activities

Cash used in investing activities was $172.4 million for fiscal 2015, as compared to $344.0 million for fiscal 2014. The decrease is primarily due to cash used for business and intangible asset acquisitions. Fiscal 2015 acquisitions included PocketMobile and Vianova Systems and other acquisitions. Fiscal 2014 acquisitions included Manhattan Software, Amtech and other acquisitions.

Cash used in investing activities was $344.0 million for fiscal 2014, as compared to $324.8 million for fiscal 2013. The increase is primarily due to cash used for business and intangible asset acquisitions. Fiscal 2014 acquisitions included Manhattan Software, Amtech and other acquisitions. Fiscal 2013 acquisitions included ALK, Trade Services and other acquisitions.

Financing Activities

Cash used by financing activities was $202.8 million for fiscal 2015, as compared to cash used of $51.5 million during fiscal 2014. The increase of $151.3 million was primarily due to an increase in cash used for stock repurchases.

Cash used by financing activities was $51.5 million for fiscal 2014, as compared to cash used of $98.4 million during fiscal 2013. The decrease of $46.9 million was primarily due to a decrease in debt proceeds, net of repayments, slightly offset by an increase in proceeds received from the issuance of common stock related to stock option exercises and stock repurchases.

Accounts Receivable and Inventory Metrics

At the End of Fiscal Year	2015	2014
Accounts receivable days sales outstanding	59	58
Inventory turns per year	4.0	3.9

Accounts receivable days sales outstanding were up at 59 days at the end of fiscal 2015, as compared to 58 days at the end of fiscal 2014, primarily due to the impact of acquisitions during the year. 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. Our inventory turns were 4.0 at the end of fiscal 2015, as compared to 3.9 at the end of fiscal 2014. Our inventory turnover is based on the total cost of sales for the fiscal period over the average inventory for the corresponding fiscal period.

Debt

Notes

On October 30, 2014, we filed a shelf registration statement with the Securities and Exchange Commission (“SEC”) for the issuance of senior debt securities. On November 24, 2014, we issued $400.0 million of Senior Notes (“Notes”) under the shelf registration statement. The Notes mature on December 1, 2024 and accrue interest at a rate of 4.75% per annum, payable semiannually in arrears on December 1 and June 1 of each year, beginning on June 1, 2015. The Notes are classified as long-term in the Consolidated Balance Sheet.

Prior to September 1, 2024, we may redeem the Notes at our option at any time, in whole or in part, at a redemption price equal to the greater of (i) 100% of the aggregate principal amount of the Notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of interest and principal, calculated on a semiannual basis using a discount rate equal to the U.S. Treasury rate plus 40 basis points. After September 1, 2024, we may redeem the Notes at our option at any time, in whole or in part, at a redemption price equal to 100% of the aggregate principal amount of the Notes to be redeemed, plus accrued and unpaid interest thereon. In addition, in the event of a change of control, as defined in the prospectus filed with the SEC, each

holder of the Notes will have the right to require us to purchase for cash all or a portion of such holder's Notes at a purchase price equal to 101% of the principal amount of the Notes, plus any accrued and unpaid interest.
In connection with the closing of the Notes offering, we entered into an Indenture with U.S. Bank National Association, as trustee. The Indenture contains covenants limiting our ability to create certain liens, enter into sale and lease-back transactions, and consolidate or merge with or into, or convey, transfer or lease all or substantially all of our properties and assets to, another person, each subject to certain exceptions. We were in compliance with these covenants at the end of fiscal 2015. The Notes contain no financial covenants.

2014 Credit Facility
On November 24, 2014, we entered into a new five-year credit agreement with a group of lenders (the "2014 Credit Facility"), which replaced our previous 2012 Credit Facility. The 2014 Credit Facility provides for an unsecured revolving loan facility of $1.0 billion. Subject to the terms of the 2014 Credit Facility, the revolving loan facility may be increased and/or term loan facilities may be established in an amount up to $500.0 million. The outstanding balance of $216.0 million is classified as long-term in the Consolidated Balance Sheet.

The funds available under the 2014 Credit Facility may be used for working capital and general corporate purposes, stock repurchases and the financing of certain acquisitions. Under the 2014 Credit Facility, we may borrow, repay and reborrow funds under the revolving loan facility until its maturity on November 24, 2019, at which time the revolving facility will terminate, and all outstanding loans, together with all accrued and unpaid interest, must be repaid. Amounts not borrowed under the $1.0 billion revolving facility will be subject to a commitment fee, to be paid in arrears on the last day of each fiscal quarter, ranging from 0.10% to 0.30% per annum depending on either our credit rating at such time or our leverage ratio as of the most recently ended fiscal quarter, whichever results in more favorable pricing to us.

We may borrow funds under the 2014 Credit Facility in U.S. Dollars, Euros or in certain other agreed currencies, and borrowings will bear interest, at our option, at either: (i) a floating per annum base rate determined by reference to the highest of: (a) the administrative agent's prime rate; (b) 0.50% per annum above the federal funds effective rate; and (c) reserve-adjusted LIBOR for an interest period of one month plus 1.00%, plus a margin of between 0.00% and 0.75%, or (ii) a reserve-adjusted fixed per annum rate based on LIBOR or EURIBOR, depending on the currency borrowed, plus a margin of between 1.00% and 1.75%. The applicable margin in each case is determined based on either Trimble's credit rating at such time or Trimble's leverage ratio as of its most recently ended fiscal quarter, whichever results in more favorable pricing to us. Interest is payable on the last day of each fiscal quarter with respect to borrowings bearing interest at the base rate, or on the last day of an interest period, but at least every three months, with respect to borrowings bearing interest at LIBOR or EURIBOR rate.

The 2014 Credit Facility contains various customary representations and warranties by us, which include customary use of materiality, material adverse effect and knowledge qualifiers. The 2014 Credit Facility also contains customary affirmative and negative covenants including, among other requirements, negative covenants that restrict our ability to create liens and enter into sale and leaseback transactions, and that restrict our subsidiaries' ability to incur indebtedness. Further, the 2014 Credit Facility contains financial covenants that require the maintenance of minimum interest coverage and maximum leverage ratios. Specifically, we must maintain as of the end of each fiscal quarter a ratio of (a) EBITDA (as defined in the 2014 Credit Facility) to (b) interest expense for the most recently ended period of four fiscal quarters of not less than 3.50 to 1.00. We must also maintain, at the end of each fiscal quarter, a ratio of (x) total indebtedness (as defined in the 2014 Credit Facility) to (y) EBITDA (as defined in the 2014 Credit Facility) for the most recently ended period of four fiscal quarters of not greater than 3.00 to 1.00; provided, that on the completion of a material acquisition, we may increase the ratio by 0.50 for the fiscal quarter during which such acquisition occurred and each of the three subsequent fiscal quarters. We were in compliance with these covenants at the end of fiscal 2015.
The 2014 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 2014 Credit Facility, except that acceleration will be automatic in the case of bankruptcy and insolvency events of default.

The interest rate on the long-term debt outstanding under the credit facilities was 1.46% and 1.42% at the end of fiscal 2015 and 2014, respectively.

Uncommitted Facilities

We also have two $75 million revolving credit facilities which are uncommitted (the “Uncommitted Facilities”). The Uncommitted Facilities may be called by the lenders at any time, have no covenants and no specified expiration date. The interest rate on the Uncommitted Facilities is 1.00% plus either LIBOR or the bank’s cost of funds or as otherwise agreed upon by the bank and us.

The $118.0 million outstanding at the end of 2015 and the $57.0 million outstanding at the end of 2014 under the Uncommitted Facilities are classified as short-term in our Consolidated Balance Sheet. The weighted average interest rate on the Uncommitted Facilities was 1.37% at the end of fiscal 2015 and 1.15% at the end of fiscal 2014.

For additional discussion of our debt, see Note 8 of Notes to the Consolidated Financial Statements.

Repatriation of Foreign Earnings and Income Taxes

At the end of fiscal 2015, $95.6 million of cash and cash equivalents was held by our foreign subsidiaries, of which $29.0 million was borrowed from the U.S. under intercompany financing arrangements. If these loaned funds are needed for our operations in the U.S., we would not be required to accrue and pay U.S. federal and state taxes to repatriate the loaned funds. We expect that over the next two quarters these intercompany financing arrangements will be repaid and after such repayment, we would be required to pay U.S. federal and state taxes upon any repatriation of remaining cash held by our foreign subsidiaries. While a significant portion of our foreign earnings continue to be permanently reinvested in our foreign subsidiaries, it is anticipated this reinvestment will not impede cash needs at the parent company level. However, if we were to make significant acquisitions or stock repurchases, we may be required to increase our outstanding indebtedness, which could result in increased borrowing costs. In our determination of which foreign earnings are permanently reinvested, we consider numerous factors, including the financial requirements of the U.S. parent company, the financial requirements of the foreign subsidiaries, and the tax consequences of remitting the foreign earnings back to the U.S. There are no other material impediments to our ability to access sources of liquidity and our resulting ability to meet short and long-term liquidity needs, other than in the event we are not in compliance with the covenants under our 2014 Credit Facility or the potential tax costs of remitting foreign earnings back to the U.S.

CONTRACTUAL OBLIGATIONS

The following table summarizes our contractual obligations at the end of fiscal 2015:

	Payments Due By Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
(in millions)					
Principal payments on debt (1)	$735.2	$118.3	$0.4	$216.3	$400.2
Interest payments on debt (2)	205.3	23.6	66.4	38.4	76.9
Operating leases	131.1	31.2	43.7	26.5	29.7
Other purchase obligations and commitments (3)	136.4	131.6	4.2	0.6	—
Total	$1,208.0	$304.7	$114.7	$281.8	$506.8

(1) Amount represents principal payments over the life of the debt obligations. (See Note 8 of the Notes to the Consolidated Financial Statements for further financial information regarding debt.)

(2) Amount represents the expected interest payments relating to our debt. Our $400.0 million Notes accrue interest at 4.75% per annum and are payable semi-annually in arrears on December 1 and June 1 each year. Interest on our Credit Facilities and Uncommitted Facilities was estimated to be 1.46% and 1.37% per annum, respectively, based upon recent trends and is payable at least quarterly.

(3) Other purchase obligations and commitments primarily represent open non-cancelable purchase orders for material purchases with our vendors, and also include estimated payments due for acquisition related earn-outs and holdbacks. Purchase obligations exclude agreements that are cancelable without penalty.

At the end of fiscal 2015 we had unrecognized tax benefits (included in Other non-current liabilities) of $53.1 million, including interest and penalties. At this time, we cannot make a reasonably reliable estimate of the period of cash settlement with tax authorities regarding this liability, and therefore, such amounts are not included in the contractual obligations table above.

EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS

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

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

Our non-GAAP measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures. The non-GAAP financial measures included in the following tables as well as detailed explanations to the adjustments to comparable GAAP measures, are set forth below:

Non-GAAP gross margin

We believe our investors benefit by understanding our non-GAAP gross margin as a way of understanding how product mix, pricing decisions and manufacturing costs influence our business. Non-GAAP gross margin excludes restructuring costs, amortization of purchased intangible assets, stock-based compensation and amortization of acquisition-related inventory step-up from GAAP gross margin. We believe that these exclusions offer investors additional information that may be useful to view trends in our gross margin performance.

Non-GAAP operating expenses

We believe this measure is important to investors evaluating our non-GAAP spending in relation to revenue. Non-GAAP operating expenses exclude restructuring costs, amortization of purchased intangible assets, stock-based compensation, acquisition/divestiture costs associated with external and incremental costs resulting directly from merger and acquisition activities such as legal, due diligence, integration costs and litigation expense from GAAP operating expenses. We believe that these exclusions offer investors supplemental information to facilitate comparison of our operating expenses to our prior results.

Non-GAAP operating income

We believe our investors benefit by understanding our non-GAAP operating income trends which are driven by revenue, gross margin, and spending. Non-GAAP operating income excludes restructuring costs, amortization of purchased intangible assets, stock-based compensation, amortization of acquisition-related inventory step-up, acquisition/divestiture costs associated with external and incremental costs resulting directly from merger and acquisition activities such as legal, due diligence, integration costs, and litigation expenses. We believe that these exclusions offer an alternative means for our investors to evaluate current operating performance compared to results of other periods.

Non-GAAP non-operating income (expense), net

We believe this measure helps investors evaluate our non-operating income trends. Non-GAAP non-operating income (expense), net excludes acquisition and divestiture gains/losses associated with unusual acquisition related items such as intangible asset impairment charges and gains or losses related to the acquisition or sale of certain businesses and investments, and an equity sale gain. These gains/losses are specific to particular acquisitions and divestitures and vary significantly in amount and timing. Non-GAAP non-operating income (expense), net also excludes debt issuance cost write-offs associated with terminated and/or modified credit facilities and costs associated with the issuance of new credit facilities and Senior Notes that were not capitalized as debt issuance costs. We believe that these exclusions provide investors with a supplemental view of our ongoing financial results.

Non-GAAP income tax provision

We believe that providing investors with the non-GAAP income tax provision is beneficial because it provides for consistent treatment of the excluded items in our non-GAAP presentation. In fiscal 2015 we began calculating a non-GAAP tax rate separate from the GAAP rate as we expect this to add consistency in the non-GAAP trends. The non-GAAP income tax provision excludes material non-recurring items such as build and release of valuation allowances, reserve releases related to closure of tax audits, and other non-recurring items. We have not retroactively restated prior periods' non-GAAP results with a similar separate rate. Therefore, comparability between periods may be affected.

Non-GAAP net income

This measure provides a supplemental view of net income trends which are driven by non-GAAP income before taxes and our non-GAAP tax rate. Non-GAAP net income excludes restructuring costs, amortization of purchased intangible assets, stock-based compensation, amortization of acquisition-related inventory step-up, acquisition and divestiture costs, litigation, an equity sale gain, debt issuance cost write-offs and non-GAAP tax adjustments from GAAP net income. We believe our investors benefit from understanding these exclusions and from an alternative view of our net income performance as compared to our past net income performance.

Non-GAAP diluted net income per share

We believe our investors benefit by understanding our non-GAAP operating performance as reflected in a per share calculation as a way of measuring non-GAAP operating performance by ownership in the company. Non-GAAP diluted net income per share excludes restructuring costs, amortization of purchased intangible assets, stock-based compensation, amortization of acquisition-related inventory step-up, acquisition and divestiture costs, litigation, an equity sale gain, debt issuance cost write-offs and non-GAAP tax adjustments from GAAP diluted net income per share. We believe that these exclusions offer investors a useful view of our diluted net income per share as compared to our past diluted net income per share.

Non-GAAP operating leverage

We believe this information is beneficial to investors as a measure of how much incremental revenue contributed to our operating income. Non-GAAP operating leverage is the increase in non-GAAP operating income as a percentage of the increase in revenue. We believe that this information offers investors supplemental information to evaluate our current performance and to compare to our past non-GAAP operating leverage.
These non-GAAP measures can be used to evaluate our historical and prospective financial performance, as well as our performance relative to competitors. We believe some of our investors track our ""core operating performance"" as a means of evaluating our performance in the ordinary, ongoing, and customary course of our operations. Core operating performance excludes items that are non-cash, not expected to recur or not reflective of ongoing financial results. Management also believes that looking at our core operating performance provides a supplemental way to provide consistency in period to period comparisons. Accordingly, management excludes from non-GAAP those items relating to restructuring, amortization of purchased intangible assets, stock based compensation, amortization of acquisition-related inventory step-up, acquisition and divestiture items, litigation, a gain on an equity sale, write-off of debt issuance costs and non-GAAP tax adjustments. For detailed explanations of the adjustments made to comparable GAAP measures, see items (A) - (M) below,

		Fiscal Years														
		2015					2014					2013				
(Dollars in millions, except per share data)		Dollar Amount		% of Revenue			Dollar Amount		% of Revenue			Dollar Amount		% of Revenue		
GROSS MARGIN:																
GAAP gross margin:		$1,202.2		52.5		%	$1,290.8		53.9		%	$1,203.8		52.6		%
Restructuring	(A)	1.4		0.1		%	0.4		—		%	0.8		—		%
Amortization of purchased intangible assets	(B)	92.6		4.0		%	82.9		3.5		%	81.1		3.6		%
Stock-based compensation	(C)	3.9		0.2		%	3.2		0.1		%	2.6		0.1		%
Amortization of acquisition-related inventory step-up	(D)	—		—		%	0.8		—		%	1.5		0.1		%
Non-GAAP gross margin:		$1,300.1		56.8		%	$1,378.1		57.5		%	$1,289.8		56.4		%
OPERATING EXPENSES:																
GAAP operating expenses:		$1,047.8		45.7		%	$1,030.0		43.0		%	$952.1		41.6		%
Restructuring	(A)	(11.4	)	(0.5		)%	(1.7	)	(0.1		)%	(6.0	)	(0.3		)%
Amortization of purchased intangible assets	(B)	(69.8	)	(3.1		)%	(75.6	)	(3.2		)%	(81.7	)	(3.5		)%
Stock-based compensation	(C)	(46.2	)	(2.0		)%	(40.2	)	(1.7		)%	(33.9	)	(1.4		)%
Acquisition / divestiture items	(E)	(9.9	)	(0.4		)%	(13.5	)	(0.5		)%	(13.2	)	(0.6		)%
Litigation	(F)	(0.3	)	—		%	(0.7	)	—		%	(1.3	)	(0.1		)%
Non-GAAP operating expenses:		$910.2		39.7		%	$898.3		37.5		%	$816.0		35.7		%
OPERATING INCOME:																
GAAP operating income:		$154.4		6.7		%	$260.8		10.9		%	$251.7		11.0		%
Restructuring	(A)	12.8		0.6		%	2.1		0.1		%	6.8		0.3		%

Amortization of purchased intangible assets	(B)	162.4	7.1	%	158.5	6.6	%	162.8	7.1	%
Stock-based compensation	(C)	50.1	2.2	%	43.4	1.8	%	36.5	1.5	%
Amortization of acquisition-related inventory step-up	(D)	—	—	%	0.8	—	%	1.5	0.1	%
Acquisition / divestiture items	(E)	9.9	0.4	%	13.5	0.6	%	13.2	0.6	%
Litigation	(F)	0.3	—	%	0.7	—	%	1.3	0.1	%

Non-GAAP operating income:		$389.9	17.0 %	$479.8	20.0 %	$473.8	20.7 %
NON-OPERATING INCOME (EXPENSE), NET:							
GAAP non-operating income (expense), net:		$(2.6)		$5.2		$1.2	
Acquisition / divestiture items	(E)	(3.9)		2.9		1.4	
Gain on an equity sale	(G)	—		(15.1)		—	
Debt issuance cost write-off	(H)	—		4.2		—	
Non-GAAP non-operating income (expense), net:		$(6.5)		$(2.8)		$2.6	
			GAAP and Non-GAAP Tax Rate % (L)		GAAP and Non-GAAP Tax Rate % (L)		GAAP and Non-GAAP Tax Rate % (L)
INCOME TAX PROVISION:							
GAAP income tax provision:		$31.1	20 %	$52.1	20 %	$34.7	14 %
Non-GAAP items tax effected:	(I)	47.1		44.3		30.1	
Difference in GAAP and Non-GAAP tax rate	(J)	13.8		—		—	
Tax on gain on an equity sale	(K)	—		(5.8)		—	
Non-GAAP income tax provision:		$92.0	24 %	$90.6	19 %	$64.8	14 %
NET INCOME:							
GAAP net income attributable to Trimble Navigation Limited		$121.1		$214.1		$218.9	
Restructuring charges	(A)	12.8		2.1		6.8	
Amortization of purchased intangible assets	(B)	162.4		158.5		162.8	
Stock-based compensation	(C)	50.1		43.4		36.5	
Amortization of acquisition-related inventory step-up	(D)	—		0.8		1.5	
Acquisition / divestiture items	(E)	6.0		16.4		14.6	
Litigation	(F)	0.3		0.7		1.3	
Gain on an equity sale	(G)	—		(15.1)		—	
Debt issuance cost write-off	(H)	—		4.2		—	
Non-GAAP tax adjustments	(I) - (K)	(60.9)		(38.5)		(30.1)	
Non-GAAP net income attributable to Trimble Navigation Limited		$291.8		$386.6		$412.3	
DILUTED NET INCOME PER SHARE:							
GAAP diluted net income per share attributable to Trimble Navigation Limited		$0.47		$0.81		$0.84	
Restructuring charges	(A)	0.05		0.01		0.03	
Amortization of purchased intangible assets	(B)	0.63		0.60		0.62	
Stock-based compensation	(C)	0.19		0.16		0.14	
Amortization of acquisition-related inventory step-up	(D)	—		—		—	

Acquisition / divestiture items	(E)	0.02	0.06	0.06
Litigation	(F)	—	—	0.01
Gain on an equity sale	(G)	—	(0.06)	—
Debt issuance cost write-off	(H)	—	0.02	—
Non-GAAP tax adjustments	(I) - (K)	(0.23)	(0.14)	(0.12)
Non-GAAP diluted net income per share attributable to Trimble Navigation Limited		$1.13	$1.46	$1.58
OPERATING LEVERAGE:				
Increase (decrease) in non-GAAP operating income		$(89.9)	$6.0	$76.5

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Increase (decrease) in revenue	$(105.1)	$107.4	$248.0
Operating leverage (increase in non-GAAP operating income as a % of increase in revenue)	N/A	5.5 %	30.9 %

A. Restructuring costs. Included in our GAAP presentation of cost of sales and operating expenses, restructuring costs recorded are primarily for employee compensation resulting from reductions in employee headcount in connection with our company restructurings. We exclude restructuring costs from our non-GAAP measures because we believe they do not reflect expected future operating expenses, they are not indicative of our core operating performance, and they are not meaningful in comparisons to our past operating performance. We have incurred restructuring expense in each of the last three years. However the amount incurred can vary significantly based on whether a restructuring has occurred in the period and the timing of headcount reductions.

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

C. Stock-based compensation. Included in our GAAP presentation of cost of sales and operating expenses, stock-based compensation consists of expenses for employee stock options and awards and purchase rights under our employee stock purchase plan. We exclude stock-based compensation expense from our non-GAAP measures because some investors may view it as not reflective of our core operating performance as it is a non-cash expense. For fiscal years 2015, 2014 and 2013, stock-based compensation was allocated as follows:

	Fiscal Years		
(In millions)	2015	2014	2013
Cost of sales	$3.9	$3.2	$2.6
Research and development	8.7	6.8	5.1
Sales and Marketing	9.1	7.6	7.3
General and administrative	28.4	25.8	21.5
Total stock-based compensation expense	$50.1	$43.4	$36.5

D. Amortization of acquisition-related inventory step-up. The purchase accounting entries associated with our business acquisitions require us to record inventory at its fair value, which is sometimes greater than the previous book value of the inventory. Included in our GAAP presentation of cost of sales, the increase in inventory value is amortized to cost of sales over the period that the related product is sold. We exclude inventory step-up amortization from our non-GAAP measures because it is a non-cash expense that we do not believe is indicative of our ongoing operating results. We further believe that excluding this item from our non-GAAP results is useful to investors in that it allows for period-over-period comparability.

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

F. Litigation. These amounts represents costs accrued to settle litigation, generally as a result of an arbitration agreement. The fiscal 2014 amount includes $51.3 million of estimated costs that were reserved during the third quarter based on a jury verdict in favor of the plaintiff, Recreational Data Services, Inc. and then reversed during the fourth quarter after the judge overturned the verdict. We have excluded these costs from our non-GAAP measures because they are non-recurring expenses that are not indicative of our ongoing operating results. We further believe that excluding these items from our non-GAAP results is useful to investors in that it allows for period-over-period comparability.

G. Gain on an equity sale. Included in our GAAP presentation of non-operating income (expense), net this amount represents a gain on a partial equity sale of Virtual Site Solutions. We excluded the gain from our non-GAAP measures. We believe that investors benefit from excluding this item from our non-GAAP measures because it facilitates an evaluation of our non-operating income trends.

H. Debt issuance cost write-off. Included in our GAAP non-operating income, net this amount represents a write-off of debt issuance costs for terminated and/or modified credit facilities and costs associated with the issuance of new credit facilities and Senior Notes in fiscal 2014 that were not capitalized as debt issuance costs. We excluded the debt issuance cost write-off from our non-GAAP measures. We believe that investors benefit from excluding this item from our non-operating income to facilitate a more meaningful evaluation of our non-operating income trends.

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

J. Difference in GAAP and Non-GAAP tax rate. This amount represents the difference between the GAAP and Non-GAAP tax rates applied to the Non-GAAP operating income plus the Non-GAAP non-operating income (expense), net. In fiscal 2015 we began calculating a non-GAAP tax rate separate from the GAAP rate as we expect this to add consistency in the quarterly trends. The non-GAAP income tax provision excludes material non-recurring items such as build and release of valuation allowances, reserve releases related to closure of tax audits, and other non-recurring items. We have not retroactively restated prior periods with a similar separate rate. Therefore, comparability between periods may be affected.

K. Tax on gain on an equity sale. This amount represents the tax effect of a gain on a partial equity sale of Virtual Site Solutions. We excluded this item as it represents the tax effect of a non-recurring gain. We believe that investors benefit from excluding this item from our non-GAAP income tax provision because it facilitates a comparison of the non-GAAP tax rate in 2014 to the non-GAAP tax rates in the current and prior periods.

L. GAAP and non-GAAP tax rate %. These percentages are defined as GAAP income tax provision as a percentage of GAAP income before taxes and non-GAAP income tax provision as a percentage of non-GAAP income before taxes. We believe that investors benefit from a presentation of non-GAAP tax rate percentage as a way of facilitating a comparison to non-GAAP tax rates in prior periods. However, this comparability may be impacted since we began separately calculating a non-GAAP tax rate in fiscal 2015.

Non-GAAP Operating Income

Non-GAAP operating income decreased by $89.9 million for fiscal 2015 as compared to fiscal 2014, and increased by $6.0 million for fiscal 2014 as compared to fiscal 2013. Non-GAAP operating income as a percentage of total revenue was 17.0%, 20.0%, and 20.7% for fiscal years 2015, 2014, and 2013, respectively.

The Non-GAAP operating income and Non-GAAP operating income percentage for fiscal 2015 decreased primarily due to revenue declines in Engineering and Construction and Field Solutions, partially offset by a revenue increase in Mobile Solutions. The increase in Non-GAAP operating income for 2014 was primarily due to a revenue increase in Engineering and Construction and Mobile Solutions, partially offset by revenue decrease in Field Solutions and the impact of acquisitions in Engineering and Construction. The decrease of Non-GAAP operating income percentage for 2014 was primarily due to a revenue decrease in Field Solutions and the impact of acquisitions in Engineering and Construction.

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, interest and non-interest bearing bank deposits as well as bank time deposits. The main objective of these instruments is 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 credit facilities. Our 2014 Credit Facility is comprised of a revolving credit agreement and a letter of credit sub-facility with maturity dates of November 24, 2019 and also two unsecured uncommitted revolving credit agreements that are callable by the bank at any time. We may borrow funds under these facilities in U.S. Dollars or in certain other currencies and borrowings will bear interest as described under Note 8 of Notes to the Consolidated Financial Statements.

At the end of fiscal 2015, we had outstanding a revolving loan of $216.0 million under the 2014 Credit Facility and a revolving credit line of $118.0 million under the Uncommitted Facilities. A hypothetical 10% increase in our borrowing rates at the end of fiscal 2015 could result in approximately $0.2 million annual increase in interest expense on these 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 operate in international markets, which expose us to market risk associated with foreign currency exchange rate fluctuations between the U.S. Dollar and various foreign currencies, the most significant of which is the Euro. Historically, the majority of our revenue contracts are denominated in U.S. Dollars, with the most significant exception being Europe, where we invoice primarily in Euros. Additionally, a portion of our expenses, primarily the cost to manufacture, cost of personnel to deliver technical support on our products and professional services, sales and sales support and research and development, are denominated in foreign currencies, primarily the Euro.

Revenue resulting from selling in local currencies and costs incurred in local currencies are exposed to foreign currency exchange rate fluctuations which can affect our operating income. As exchange rates vary, operating income may differ from expectations. In fiscal 2015, revenue and operating income were negatively impacted by foreign currency exchange rates by $92.3 million and $5.4 million, respectively. Currency translation subtracted approximately 4% of revenue and 3% of operating income in fiscal 2015.

We enter into foreign currency forward contracts to minimize the short-term impact of foreign currency exchange rate fluctuations on cash and certain trade and inter-company receivables and payables, primarily denominated in Swiss Franc, Euro, British pound and New Zealand and Canadian dollars. These contracts reduce the exposure to fluctuations in foreign currency exchange rate movements as the gains and losses associated with foreign currency balances are generally offset with the gains and losses on the forward contracts. These instruments are marked to market through earnings every period and generally range from one to two months in maturity. We do not enter into foreign currency forward contracts for trading purposes. We occasionally enter into foreign currency forward contracts to hedge the purchase price of some of our larger business acquisitions. Foreign currency forward contracts outstanding at the end of fiscal 2015 and 2014 are summarized as follows (in millions):

	At the End of Fiscal 2015		At the End of Fiscal 2014	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
(In millions)				
Forward contracts:				
Purchased	$(86.5)	$1.3	$(58.4)	$(1.1)
Sold	$88.1	$(0.5)	$132.9	$2.6

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TRIMBLE NAVIGATION LIMITED
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Item 8. Financial Statements and Supplementary Data
CONSOLIDATED BALANCE SHEETS

At the End of Fiscal Year	2015	2014
(In millions)		
ASSETS		
Current assets:		
Cash and cash equivalents	$116.0	$148.0
Accounts receivable, less allowance for doubtful accounts of $5.0 and $7.8, and sales return reserve of $5.1 and $3.6 at the end of fiscal 2015 and 2014, respectively	361.9	362.0
Other receivables	14.9	29.5
Inventories, net	261.1	278.1
Deferred income tax assets	—	45.6
Other current assets	44.5	39.1
Total current assets	798.4	902.3
Property and equipment, net	159.2	157.4
Goodwill	2,106.4	2,085.8
Other purchased intangible assets, net	487.1	594.5
Other non-current assets	129.6	115.9
Total assets	$3,680.7	$3,855.9
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Short-term debt	$118.3	$64.4
Accounts payable	99.8	103.8
Accrued compensation and benefits	98.9	98.9
Deferred revenue	234.6	211.6
Accrued warranty expense	18.5	20.6
Other current liabilities	90.8	89.0
Total current liabilities	660.9	588.3
Long-term debt	611.4	671.0
Non-current deferred revenue	29.6	26.3
Deferred income tax liabilities	51.7	121.1
Other non-current liabilities	106.5	95.8
Total liabilities	1,460.1	1,502.5
Commitments and contingencies (Note 9)		
Shareholders' equity:		
Preferred stock, no par value; 3.0 shares authorized; none outstanding	—	—
Common stock, no par value; 360.0 shares authorized; 250.7 and 259.2 shares issued and outstanding at the end of fiscal 2015 and 2014, respectively	1,238.3	1,207.3
Retained earnings	1,148.2	1,211.0
Accumulated other comprehensive loss	(166.8)	(76.7)
Total Trimble Navigation Limited shareholders' equity	2,219.7	2,341.6
Noncontrolling interests	0.9	11.8
Total shareholders' equity	2,220.6	2,353.4
Total liabilities and shareholders' equity	$3,680.7	$3,855.9

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

Fiscal Years	2015	2014	2013
(In millions, except per share data)			
Revenue:			
Product	$1,533.5	$1,713.6	$1,649.9
Service	419.9	396.0	364.3
Subscription	337.0	285.9	273.9
Total revenues	2,290.4	2,395.5	2,288.1
Cost of sales:			
Product	731.1	788.1	776.6
Service	164.2	152.6	141.9
Subscription	100.3	81.1	84.7
Amortization of purchased intangible assets	92.6	82.9	81.1
Total cost of sales	1,088.2	1,104.7	1,084.3
Gross margin	1,202.2	1,290.8	1,203.8
Operating expense			
Research and development	336.7	318.0	299.4
Sales and marketing	374.6	387.6	348.1
General and administrative	255.3	247.1	216.9
Restructuring charges	11.4	1.7	6.0
Amortization of purchased intangible assets	69.8	75.6	81.7
Total operating expense	1,047.8	1,030.0	952.1
Operating income	154.4	260.8	251.7
Non-operating income (expense), net			
Interest expense	(25.6)	(18.7)	(17.6)
Foreign currency transaction gain (loss), net	0.2	(5.1)	(0.9)
Income from equity method investments, net	17.9	12.4	20.7
Other income (loss), net	4.9	16.6	(1.0)
Total non-operating income (expense), net	(2.6)	5.2	1.2
Income before taxes	151.8	266.0	252.9
Income tax provision	31.1	52.1	34.7
Net income	120.7	213.9	218.2
Less: Net loss attributable to noncontrolling interests	(0.4)	(0.2)	(0.7)
Net income attributable to Trimble Navigation Limited	$121.1	$214.1	$218.9
Basic earnings per share	$0.47	$0.82	$0.85
Shares used in calculating basic earnings per share	255.8	260.1	256.6
Diluted earnings per share	$0.47	$0.81	$0.84
Shares used in calculating diluted earnings per share	258.5	264.5	261.2

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Fiscal Years	2015	2014	2013
(In millions)			
Net income	$120.7	$213.9	$218.2
Foreign currency translation adjustments, net of tax $(4.3) in 2015, $(6.4) in 2014, and $(1.4) in 2013	(90.2)	(104.0)	6.2
Net unrealized actuarial gain (loss), net of tax	0.1	(1.7)	0.4
Comprehensive income	30.6	108.2	224.8
Less: Comprehensive loss attributable to noncontrolling interests	(0.4)	(0.2)	(0.7)
Comprehensive income attributable to Trimble Navigation Limited	$31.0	$108.4	$225.5

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common stock		Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity	Noncontrolling Interest	Total
	Shares	Amount					
(In millions)							
Balance at the end of fiscal 2012	254.5	$1,006.8	$868.0	$ 22.4	$1,897.2	$ 16.1	$1,913.3
Net income			218.9		218.9	(0.7)	218.2
Other comprehensive income				6.6	6.6		6.6
Comprehensive income					225.5		224.8
Issuance of common stock under employee plans, net of tax withholdings	4.2	52.9	(5.2)		47.7		47.7
Stock-based compensation		36.6			36.6		36.6
Noncontrolling interest investments		(4.2)			(4.2)	(2.3)	(6.5)
Tax benefit from stock option exercises		13.9			13.9		13.9
Balance at the end of fiscal 2013	258.7	$1,106.0	$1,081.7	$ 29.0	$2,216.7	$ 13.1	$2,229.8
Net income			214.1		214.1	(0.2)	213.9
Other comprehensive loss				(105.7)	(105.7)		(105.7)
Comprehensive income					108.4		108.2
Issuance of common stock under employee plans, net of tax withholdings	3.7	57.9	(1.8)		56.1		56.1
Stock repurchases	(3.2)	(14.8)	(83.0)		(97.8)		(97.8)
Stock-based compensation		44.1			44.1		44.1
Noncontrolling interest investments		—			—	(1.1)	(1.1)
Tax benefit from stock option exercises		14.1			14.1		14.1
Balance at the end of fiscal 2014	259.2	$1,207.3	$1,211.0	$ (76.7)	$2,341.6	$ 11.8	$2,353.4
Net income			121.1		121.1	(0.4)	120.7
Other comprehensive loss				(90.1)	(90.1)		(90.1)
Comprehensive income					31.0		30.6
Issuance of common stock under employee plans, net of tax withholdings	2.7	33.3	(3.6)		29.7		29.7
Stock repurchases	(11.2)	(54.1)	(180.3)		(234.4)		(234.4)
Stock-based compensation		50.9			50.9		50.9
Noncontrolling interest investments					—	(10.5)	(10.5)
Tax benefit from stock option exercises		0.9			0.9		0.9
	250.7	$1,238.3	$1,148.2	$ (166.8)	$2,219.7	$ 0.9	$2,220.6

Balance at the end of fiscal
2015

See accompanying Notes to the Consolidated Financial Statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal Years	2015	2014	2013
(In millions)			
Cash flows from operating activities:			
Net income	$120.7	$213.9	$218.2
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense	36.7	33.1	26.7
Amortization expense	162.4	158.5	162.8
Provision for doubtful accounts	1.9	3.8	1.9
Deferred income taxes	0.9	(1.7)	(15.0)
Stock-based compensation	50.1	43.4	36.5
Income from equity method investments	(17.9)	(12.4)	(20.7)
Gain on an equity sale	—	(15.1)	—
Acquisition / divestiture (gain)/loss	(3.9)	2.9	1.4
Excess tax benefit for stock-based compensation	(2.1)	(14.1)	(13.5)
Provision for excess and obsolete inventories	12.3	4.8	3.2
Other non-cash items	10.0	4.7	(0.7)
Add decrease (increase) in assets:			
Accounts receivable	0.3	(10.9)	(4.1)
Other receivables	8.5	(2.3)	2.3
Inventories	(2.9)	(31.8)	(11.4)
Other current and non-current assets	(7.6)	(7.1)	(11.8)
Add increase (decrease) in liabilities:			
Accounts payable	(6.4)	(7.2)	(15.8)
Accrued compensation and benefits	(0.1)	0.5	4.1
Deferred revenue	28.1	45.9	29.4
Accrued warranty	(2.0)	3.1	0.7
Accrued liabilities	(34.1)	(4.9)	20.4
Net cash provided by operating activities	354.9	407.1	414.6
Cash flows from investing activities:			
Acquisitions of businesses, net of cash acquired	(156.3)	(307.9)	(258.8)
Acquisitions of property and equipment	(43.9)	(47.3)	(70.9)
Acquisitions of intangible assets	(0.1)	(7.6)	(0.2)
(Purchases) sales of equity method investments	(5.5)	(10.9)	2.4
Net proceeds from sale of business	12.1	—	—
Dividends received from equity method investments	20.0	32.2	7.7
Other	1.3	(2.5)	(5.0)
Net cash used in investing activities	(172.4)	(344.0)	(324.8)
Cash flows from financing activities:			
Issuance of common stock, net of tax withholdings	29.7	56.1	47.7
Repurchase and retirement of common stock	(234.4)	(97.8)	—
Excess tax benefit for stock-based compensation	2.1	14.1	13.5
Proceeds from debt and revolving credit lines	555.0	876.2	407.7
Payments on debt and revolving credit lines	(555.2)	(900.1)	(567.3)
Net cash used in financing activities	(202.8)	(51.5)	(98.4)
Effect of exchange rate changes on cash and cash equivalents	(11.7)	(10.8)	(2.0)
Net increase (decrease) in cash and cash equivalents	(32.0)	0.8	(10.6)
Cash and cash equivalents, beginning of fiscal year	148.0	147.2	157.8
Cash and cash equivalents, end of fiscal year	$116.0	$148.0	$147.2

See accompanying Notes to the Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: DESCRIPTION OF BUSINESS

Trimble Navigation Limited, a California corporation, is a leading provider of technology solutions that enable professionals and field mobile workers to improve or transform their work processes. Trimble's solutions are used across a range of industries including agriculture, architecture, civil engineering, survey and land administration, construction, geospatial, environmental management, government, natural resources, transportation and utilities. Representative Trimble customers include engineering and construction firms, surveying companies, farmers and agricultural companies, enterprise firms with large-scale fleets, energy, mining and utility companies, and state, federal and municipal governments.

Trimble focuses on integrating broad technological and application capabilities to create system-level solutions that transform how work is done within the industries the Company serves. Products are sold based on return on investment and provide benefits such as lower operational costs, higher productivity, improved quality, enhanced safety and regulatory compliance, and reduced environmental impact. Representative products include equipment that automates large industrial equipment such as tractors and bulldozers; integrated systems that track fleets of vehicles and workers and provide real-time information and powerful analytics to the back-office; data collection systems that enable the management of large amounts of geo-referenced information; software solutions that connect all aspects of a construction site or a farm; and building information modeling (BIM) software that is used throughout the design, build, and operation of buildings.

The Company began operations in 1978 and incorporated in California in 1981.

NOTE 2: ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used for allowances for doubtful accounts, sales returns reserve, allowances for inventory valuation, warranty costs, investments, goodwill impairment, intangibles impairment, purchased intangibles, stock-based compensation, and income taxes among others. Management bases its estimates on historical experience and various other assumptions believed to be reasonable. Although these estimates are based on management’s best knowledge of current events and actions that may impact the company in the future, actual results may differ materially from management’s estimates.

Basis of Presentation

The Company has a 52-53 week fiscal year, ending on the Friday nearest to December 31. Fiscal 2015 and 2014 were both 52-week years, and ended on January 1, 2016 and January 2, 2015, respectively. Fiscal 2013 was a 53-week year and ended on January 3, 2014. Unless otherwise stated, all dates refer to the Company’s fiscal year.

These Consolidated Financial Statements include the results of the Company and its consolidated subsidiaries. Inter-company accounts and transactions have been eliminated. Noncontrolling interests represent the noncontrolling shareholders’ proportionate share of the net assets and results of operations of the Company’s consolidated subsidiaries.

The Company has presented revenue and cost of sales separately for products, service and subscriptions. Product revenue includes hardware, software licenses, parts and accessories; service revenue includes maintenance and support for hardware and software products, training and professional services; subscription revenue includes software as a service (SaaS).

Historically, the Company allocated stock-based compensation to each segment. Beginning with the first quarter of fiscal 2015, the Company changed its methodology for allocating stock-based compensation to its segments. Stock-based compensation is shown in the aggregate within unallocated corporate expense and is not reflected in the segment results, which is consistent with the way the Chief Operating Decision Maker (CODM) evaluates each of the segment's performance and allocates resources. The Company has adjusted the presentation of previously reported segment information to conform to the current year methodology within Note 7.

In the third quarter of fiscal 2015, the Company identified an error in its previously reported financial statements with regard to a portion of its goodwill balance arising from deferred tax liabilities in foreign jurisdictions that had not been properly translated to U.S. dollars. As a result, both goodwill and the cumulative translation adjustment included in Accumulated other comprehensive loss on the Consolidated Balance Sheets were overstated and the resulting foreign currency translation adjustment component of Other comprehensive loss was incorrect. There was no impact on Net Income or Cash Flows.

The Company evaluated the impact of the error, both quantitatively and qualitatively, and concluded that the differences were not material individually or in the aggregate to any of the prior reporting periods. The impact has no effect on Net Income or Cash

Flows, but in light of the significance of the cumulative amount of the error on comprehensive income on the full year 2015, the Company has revised previously issued financial information for periods contained in this Annual Report on Form 10-K to correct for the foreign currency translation figures. Interim periods not presented herein will be revised, as applicable, when they are included in future filings. See Note 17 of the Notes to Consolidated Financial Statements for further information.

Foreign Currency Translation

Assets and liabilities of non-U.S. subsidiaries that operate in local currencies are translated to U.S. dollars at exchange rates in effect at the balance sheet date, with the resulting translation adjustments directly recorded to a separate component of accumulated other comprehensive income, net of tax in accumulated other comprehensive loss within the shareholders' equity section of the Consolidated Balance Sheets. Income and expense accounts are translated at average monthly exchange rates during the year.

Derivative Financial Instruments

The Company enters into foreign exchange forward contracts to minimize the short-term impact of foreign currency fluctuations on cash, certain trade and inter-company receivables and payables, primarily denominated in Australian, Canadian, Singapore and New Zealand Dollars, Japanese Yen, Chinese Yuan, Indian Rupee, Brazilian Real, South African Rand, Swedish Krona, Swiss Franc, Euro and 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 two months in original maturity. The Company occasionally enters into foreign exchange forward contracts to hedge the purchase price of some of its larger business acquisitions. The Company does not enter into foreign exchange forward contracts for trading purposes. As of the fiscal years ended 2015 and 2014, there were no derivative financial instruments outstanding that were accounted for as hedges.

Cash and Cash Equivalents

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

Concentration of Risk

Cash and cash equivalents are maintained with several financial institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal credit risk.

The Company is also exposed to credit risk in the Company's trade receivables, which are derived from sales to end-user customers in diversified industries as well as various resellers. The Company performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary but generally does not require collateral.

With Flextronics Corporation International as an exclusive manufacturing partner for many of its products, the Company is dependent upon a sole supplier for the manufacture of these products. In addition, the Company relies on sole suppliers for a number of its critical components.

Allowance for Doubtful Accounts

The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments.

The Company evaluates the ongoing collectibility of its 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 the Company is aware of a specific customer's inability to meet its financial obligations to the Company, a specific allowance for bad debts is estimated and recorded which reduces the recognized receivable to the estimated amount that the Company believes will ultimately be collected. In addition to specific customer identification of potential bad debts, bad debt charges are recorded based on the Company's recent past loss history and an overall assessment of past due trade accounts receivable amounts outstanding.

Inventories

Inventories are stated at the lower of cost or market. Adjustments are also made to reduce the cost of inventory for estimated excess or obsolete balances. Factors influencing these adjustments include declines in demand which impact inventory purchasing forecasts, technological changes, product life cycle and development plans, component cost trends, product pricing, physical deterioration and quality issues. If the Company's estimates used to reserve for excess and obsolete inventory are different from what it expected, the Company may be required to recognize additional reserves, which would negatively impact its gross margin.

Property and Equipment, Net

Property and equipment, net is stated at cost less accumulated depreciation. Depreciation of property and equipment is computed using the straight-line method over the shorter of the estimated useful lives or the lease terms when applicable. Useful lives generally include a range from four to six years for machinery and equipment, five to seven years for furniture and fixtures, two to five years for computer equipment and software, 39 years for buildings, and the life of the lease for leasehold improvements. The Company capitalizes eligible costs to acquire or develop internal-use software that are incurred subsequent to the preliminary project stage. Capitalized costs related to internal-use software are amortized using the straight-line method over the estimated useful lives of the assets, which range generally from two to five years. The costs of repairs and maintenance are expensed when incurred, while expenditures for refurbishments and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Depreciation expense was $36.7 million in fiscal 2015, $33.1 million in fiscal 2014 and $26.7 million in fiscal 2013.

Business Combinations

The Company allocates the fair value of purchase consideration to the assets acquired, liabilities assumed, and non-controlling interests in the acquiree based on their fair values at the acquisition date. The excess of the fair value of purchase consideration over the fair value of these assets acquired, liabilities assumed and non-controlling interests in the acquiree is recorded as goodwill.

When determining the fair values of assets acquired, liabilities assumed, and non-controlling interests in the acquiree, management makes significant estimates and assumptions, especially with respect to intangible assets. Critical estimates in valuing intangible assets include, but are not limited to, expected future cash flows, which includes consideration of future growth rates and margins, customer attrition rates, future changes in technology and brand awareness, loyalty and position, and discount rates. Fair value estimates are based on the assumptions management believes a market participant would use in pricing the asset or liability. Amounts recorded in a business combination may change during the measurement period, which is a period not to exceed one year from the date of acquisition, as additional information about conditions existing at the acquisition date becomes available.

Goodwill and Purchased Intangible Assets

Goodwill represents the excess of the purchase consideration over the fair value of the net tangible and identifiable intangible assets 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, trademarks and in-process research and development. 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 month to twelve years with a weighted average useful life of 6.2 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

The Company evaluates 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 Company performs its annual goodwill impairment testing in the fourth fiscal quarter of each year based on the values on the first day of that quarter. For the Company's annual goodwill impairment test in the fourth quarter of fiscal 2015 goodwill was reviewed for impairment utilizing a quantitative two-step process. In the first step of this test, goodwill is tested for impairment 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. When the Company performs a quantitative assessment of goodwill impairment, the determination of fair value of a reporting unit involves the use of significant estimates and assumptions. The discounted cash flows are based upon, among other things, assumptions about expected future operating performance using risk-adjusted discount rates. Actual future results may differ from those estimates. As of the first day of the

fourth quarter of fiscal 2015, the fair value for our reporting units ranged from 131% to approximately 701% of carrying amounts, therefore goodwill was not impaired and no further testing was required. For certain earlier stage reporting units, due to the smaller magnitude of the carrying value and fair value of each respective reporting unit, the margins by which the fair value exceeded the carrying value on an absolute dollar basis were relatively small.
Depreciation and amortization of the Company's 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 the Company's business model, or changes in the capital strategy could result in the actual useful lives differing from initial estimates. In cases where the Company determines that the useful life of an asset should be revised, the Company will depreciate the net book value in excess of the estimated residual value 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. The estimated future cash flows are based upon, among other things, assumptions about expected future operating performance and these estimates may differ from actual future 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

The Company accrues for warranty costs as part of its cost of sales based on associated material product costs, technical support labor costs, and costs incurred by third parties performing work on the Company's behalf. The Company's expected future 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. When products sold include warranty provisions, they are covered by a warranty for periods ranging generally from 1 year to 2 years.

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

Changes in the Company's product warranty liability during the fiscal years ended 2015 and 2014 are as follows:

At the End of Fiscal Year	2015	2014
(In millions)		
Beginning balance	$20.6	$17.8
Acquired warranties	0.1	—
Accruals for warranties issued	16.6	22.8
Changes in estimates	4.8	2.6
Warranty settlements (in cash or in kind)	(23.6)	(22.6)
Ending Balance	$18.5	$20.6

Guarantees, Including Indirect Guarantees of Indebtedness of Others

In the normal course of business to facilitate sales of its products, the Company indemnifies other parties, including customers, lessors, and parties to other transactions with the Company. For example, the Company has 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 by certain parties. These agreements may limit the time within which an indemnification claim can be made and the amount of the claim. In addition, the Company has entered into indemnification agreements with its officers and directors, and the Company's bylaws contain similar indemnification obligations to the Company's agents.

It is not possible to determine the maximum potential exposure 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 the Company under these agreements have not been material and no liabilities have been recorded on the Consolidated Balance Sheets at the end of fiscal 2015 and 2014.

Revenue Recognition

The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when persuasive evidence of an arrangement exists, delivery 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. The Company assesses 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. The Company assesses collectibility based primarily on the creditworthiness of the customer as determined by credit checks and analyses, 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. The Company bears all costs and risks of loss or damage to the goods up to that point. The Company’s shipment terms for U.S. orders and international orders fulfilled from the Company’s 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, delivery is deemed to occur when the carrier takes the goods into its charge from the place determined by the Company. 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 Cost of sales.

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

Revenue from purchased extended warranty and post contract support (PCS) agreements is deferred and recognized ratably over the term of the warranty or support period. Revenue from the Company's subscription services related to its hardware and software applications is recognized ratably over the term of the subscription service period beginning on the date that service is made available to the customer, assuming all revenue recognition criteria have been met.

The Company presents revenue net of sales taxes and any similar assessments.

The Company’s software arrangements generally consist of a perpetual license fee and PCS. The Company generally has established vendor-specific objective evidence (VSOE) of fair value for the Company’s PCS contracts based on the renewal rate. 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 fair value has been established for all remaining undelivered elements. In cases where VSOE of fair value for PCS is not established, revenue is recognized ratably over the PCS period after all software deliverables have been made and the only the undelivered element is PCS.

For services performed on a fixed-fee basis, revenue is recognized using the proportional performance method, with performance measured based on hours of work performed. For contracts that involve significant customization and implementation or consulting services that are essential to the functionality of the software, the license and services revenues are recognized using the percentage-of-completion method or, if we are unable to reliably estimate the costs to complete the services, we use the completed-contract method of accounting. A contract is considered complete when all significant costs have been incurred or when acceptance from the customer has been received.

Some of the Company’s subscription product offerings include hardware, subscription services and extended warranty. Under these hosted arrangements, the customer typically 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.

The Company’s multiple deliverable product offerings include hardware with embedded firmware, extended warranty, software, PCS and subscription services, which are considered separate units of accounting. For certain of the Company’s products, software and non-software components function together to deliver the tangible product’s essential functionality.

In evaluating the revenue recognition for the Company's hardware or subscription agreements which contain multiple deliverables, the Company determined that in certain instances the Company was not able to establish VSOE for some or all deliverables in an arrangement as the Company infrequently sold each element on a standalone basis, did not price products within a narrow range, or had a limited sales history. When VSOE cannot be established, the Company attempts to establish the selling price of each element based on relevant third-party evidence (TPE). TPE is determined based on competitor prices for similar deliverables when sold separately. The Company’s offerings may contain a significant level of proprietary technology, customization or differentiation such that the comparable pricing of products with similar functionality cannot be obtained. Furthermore, the Company is unable to reliably determine what similar competitor products' selling prices are on a stand-alone basis. Therefore, the Company typically is not able to establish the selling price of an element based on TPE.

When the Company is unable to establish selling price using VSOE or TPE, the Company uses its best estimate of selling price (BESP) in the Company's allocation of arrangement consideration. The objective of BESP is to determine the price at which the Company would transact a sale if the product or service were sold on a stand-alone basis. BESP is generally used for offerings that are not typically sold on a stand-alone basis or for new or highly customized offerings. The Company determines BESP for a product or service by considering multiple factors including, but not limited to, pricing practices, market conditions, competitive landscape, internal costs, geographies and gross margin. The determination of BESP is made through consultation with and formal approval by the Company's management, taking into consideration the Company's go-to-market strategy.

Advertising Costs

The Company expenses all advertising costs as incurred. Advertising expense was approximately $32.3 million, $39.0 million, and $33.8 million, in fiscal 2015, 2014 and 2013, respectively.

Research and Development Costs

Research and development costs are charged to expense as incurred. Cost of software developed for external sale subsequent to reaching technical feasibility were not significant and were expensed as incurred. The Company received third party funding of approximately $12.5 million, $13.5 million, and $5.1 million in fiscal 2015, 2014 and 2013, respectively. The Company offsets research and development expense with any third party funding earned. The Company retains the rights to any technology developed under such arrangements.

Stock-Based Compensation

The Company has employee stock benefit plans, which are described more fully in "Note 13: Employee Stock Benefit Plans." Stock compensation expense recognized in the Consolidated Statements of Income is based on the fair value of the portion of share-based payment awards that is expected to vest during the period and is net of estimated forfeitures. The Company attributes the value of stock options to expense using the straight-line single option method. The grant date fair value for options is estimated using the binomial valuation model. The fair value of rights to purchase shares under the Employee Stock Purchase Plan is estimated using the Black-Scholes option-pricing model. The fair value of restricted stock units is valued as of the grant date using the fair value of Trimble's common stock. The fair value for restricted stock units with market-based vesting conditions is valued as of the grant date using a Monte Carlo simulation. The Company is required to estimate forfeitures at the time of grant and revise those estimates in subsequent periods if actual forfeitures differ from those estimates. The Company uses historical data to estimate pre-vesting option forfeitures and records stock-based compensation expense only for those awards that are expected to vest.

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. The Company's valuation allowance is primarily attributable to foreign net operating losses and state research and development credit carryforwards. Management believes that it is more likely than not that the Company will not realize certain of these deferred tax assets, and, accordingly, a valuation allowance has been provided for such amounts. Valuation allowance adjustments associated with an acquisition after the measurement period are recorded through income tax expense.

Relative to uncertain tax positions, the Company only recognizes a tax benefit if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and may not accurately forecast actual tax audit outcomes. Determining whether an uncertain tax position is effectively settled requires judgment. Changes in recognition or measurement of the Company's uncertain tax positions would result in the recognition of a tax benefit or an additional charge to the tax provision. The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense.

The Company is subject to income taxes in the U.S. and numerous other countries, and is subject to routine corporate income tax audits in many of these jurisdictions. The Company generally believes that positions taken on its tax returns are more likely than not to be sustained upon audit, but tax authorities in some circumstance have, and may in the future, successfully challenge these positions. Accordingly, the Company's income tax provision includes amounts intended to satisfy assessments that may result from these challenges. Determining the income tax provision for these potential assessments and recording the related effects requires management judgments and estimates. The amounts ultimately paid on resolution of an audit could be materially different from the amounts previously included in the Company's income tax provision and, therefore, could have a material impact on its income tax provision, net income and cash flows. The Company's accrual for uncertain tax positions includes uncertainties concerning the tax treatment of our international operations, including the allocation of income among different jurisdictions, intercompany transactions and related interest. See Note 11 to the Consolidated Financial Statements for additional information.

Computation of Earnings Per Share

The number of shares used in the calculation of basic earnings per share represents the weighted average common shares outstanding during the period and excludes any potentially dilutive securities. The dilutive effects of outstanding stock options, shares to be purchased under the Company's employee stock purchase plan and restricted stock units are included in diluted earnings per share.

Recent Accounting Pronouncements

In April 2014, the FASB issued amendments to guidance for reporting discontinued operations and disposals of components of an entity. The amended guidance requires that a disposal representing a strategic shift that has (or will have) a major effect on an entity's financial results or a business activity classified as held for sale should be reported as discontinued operations. The amendments also expand the disclosure requirements for discontinued operations and add new disclosures for individually significant dispositions that do not qualify as discontinued operations. The Company adopted the amendments beginning in the first quarter of fiscal 2015. The adoption did not have a material impact on the Company's Condensed Consolidated Financial Statements.

In May 2014, the FASB issued a comprehensive new revenue recognition standard that replaces the current revenue recognition guidance under U.S. GAAP. The new standard requires companies to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The revised effective date for the Company under the new standard will be the beginning of fiscal 2018, with early adoption permitted as of the original effective date. Entities have the option of using either a full retrospective or modified retrospective approach for the adoption of the standard. The Company is currently evaluating the effect of the updated standard on its consolidated financial statements and related disclosures.

In February 2015, the FASB issued amendments to the consolidation guidance. The amendments under the new guidance modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities and eliminate the presumption that a general partner should consolidate a limited partnership. The standard is effective for the Company in fiscal 2016, although early adoption is permitted. The Company does not anticipate a material impact on its consolidated financial statements as a result of the amendments.

In April 2015, the FASB issued amendments to the guidance for debt issuance costs that will require debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability instead of being recorded as an asset. Amortization of the costs will continue to be reported as interest expense. The amendments are effective for the Company beginning in fiscal 2016. However, early adoption is permitted and the Company adopted this standard in the fourth quarter of fiscal 2015. The new guidance was applied retrospectively to each prior period presented. The Consolidated Balance Sheet at the end of fiscal 2014 reflects reclassification of unamortized debt issuance costs associated with the issuance of the Notes of $0.3 million from Other current assets and $2.7 million from Other non-current assets to Long-term debt. The debt issuance costs related to the Company's credit facilities will continue to be presented as assets on the Consolidated Balance Sheet.

In July 2015, the FASB issued amendments to simplify the measurement of inventory. Under the amendments, inventory will be measured at the "lower of cost and net realizable value" and options that currently exist for "market value" will be eliminated. The guidance defines net realizable value as the "estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation". No other changes were made to the current guidance on inventory measurement. The amendments are effective for the Company beginning in fiscal 2017, although early adoption is permitted. The Company is currently evaluating the effect of the updated standard on its consolidated financial statements and related disclosures.

In September 2015, the FASB issued new guidance related to business combinations. The new guidance requires that any adjustments to provisional amounts in a business combination be recorded in the period such adjustments are determined, rather than retrospectively adjusting previously reported amounts. The standard is effective for the Company in fiscal 2016, although early adoption is permitted. The Company is currently evaluating the effect of the updated standard on its consolidated financial statements and related disclosures.

In November 2015, the FASB issued new guidance for balance sheet classification of deferred taxes, which requires that all deferred income tax assets and liabilities be classified as noncurrent in the balance sheet. The standard may be applied either prospectively or retrospectively and is effective for the Company beginning in fiscal 2016. However, early adoption is permitted and the Company adopted this standard in the fourth quarter of fiscal 2015 on a prospective basis. The adoption of this new accounting guidance resulted in all deferred tax assets and liabilities being classified as non-current in the Company's consolidated balance sheet for fiscal 2015. Prior periods were not retrospectively adjusted. See "Note 11: Income Taxes" for additional information related to the presentation of deferred income tax assets and liabilities.

In January 2016, the FASB issued changes to the accounting for financial instruments that primarily affect equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. The amendments are effective for the Company beginning in fiscal 2018, although early adoption is permitted. The new standard should be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption, with certain exceptions. The Company is currently evaluating the effect of the updated standard on its consolidated financial statements and related disclosures.

NOTE 3: EARNINGS PER SHARE

Basic earnings per share is computed by dividing Net income by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing Net income by the weighted-average number of shares of common stock outstanding during the period increased to include the number of additional shares of common stock that would have been outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include outstanding stock options, shares to be purchased under the Company's employee stock purchase plan and restricted stock units. The dilutive effect of potentially dilutive securities is reflected in diluted earnings per share by application of the treasury stock method. Under the treasury stock method, an increase in the fair market value of the Company's common stock can result in a greater dilutive effect from potentially dilutive securities.

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

Fiscal Years	2015	2014	2013
(Dollars in millions, except per share data)			
Numerator:			
Net income attributable to Trimble Navigation Limited	$121.1	$214.1	$218.9
Denominator:			
Weighted average number of common shares used in basic earnings per share	255.8	260.1	256.6
Effect of dilutive securities	2.7	4.4	4.6
Weighted average number of common shares and dilutive potential common shares used in diluted earnings per share	258.5	264.5	261.2
Basic earnings per share	$0.47	$0.82	$0.85
Diluted earnings per share	$0.47	$0.81	$0.84

For fiscal 2015, 2014 and 2013 the Company excluded 6.1 million shares, 1.4 million shares and 3.1 million shares of outstanding stock options, respectively, from the calculation of diluted earnings per share because their effect would have been antidilutive.

NOTE 4. GAIN ON EQUITY SALE

In October, 2008, VirtualSite Solutions (VSS), a business formed by the Company and Caterpillar began operations. Originally, the Company had a 65% ownership and Caterpillar had a 35% ownership in VSS. VSS develops software for fleet management and connected worksite solutions for both Caterpillar and Trimble and in turn, sells software subscription services to Caterpillar and Trimble, which are sold through Caterpillar's and the Company's respective distribution channels. For financial reporting purposes prior to 2014, VSS's results of operations were consolidated with those of the Company, which were reported under the Engineering and Construction segment. Caterpillar's 35% interest was included in the overall Consolidated Financial Statements as Noncontrolling interest.

Effective January 4, 2014, the Company sold 15% of its ownership in VSS to Caterpillar resulting in both the Company and Caterpillar owning 50% of the VSS joint venture. After the sale the Company no longer held a controlling interest in VSS. The sale of the 15% ownership resulted in the deconsolidation of VSS and a gain in the amount of $15.1 million in the first quarter of fiscal 2014. Of this amount, $8.5 million relates to the remeasurement of the Company's retained interest in the joint venture to fair value which was measured using a combination of the income and market approaches. The total gain is included in Other income (loss), net on the Company's fiscal 2014 Consolidated Statements of Income. The Company's 50% investment in VSS is classified as an equity method investment.

NOTE 5: BUSINESS COMBINATIONS

During fiscal 2015, 2014 and 2013 the Company acquired multiple businesses, all with cash consideration. The Consolidated Statements of Income include the operating results of the businesses from the dates of acquisition.

During fiscal 2015, the Company acquired thirteen businesses, all with cash consideration, in its Engineering and Construction, Field Solutions and Mobile Solutions segments. The Consolidated Statements of Income include the operating results of the businesses from the dates of acquisitions. The acquisitions were not significant individually or in the aggregate. The purchase prices ranged from less than $2.0 million to $30.0 million. The largest acquisition was a Norwegian company specializing in BIM software for infrastructure design software solutions across the European region. In the aggregate, the businesses acquired during fiscal 2015 collectively contributed less than one percent to the Company's total revenue during fiscal 2015.

During fiscal 2014, the Company acquired thirteen businesses across its Engineering and Construction, Field Solutions, and Mobile Solutions segments. The purchase prices ranged from less than $0.6 million to $83.1 million. The largest acquisitions were of a company that provides software solutions to Mechanical, Electrical and Plumbing (MEP) industry and a software provider for real estate and facility management within the Engineering and Construction segment. In the aggregate, the businesses acquired during fiscal 2014 collectively contributed less than one percent to the Company's total revenue during fiscal 2014.

During fiscal 2013, the Company acquired sixteen businesses across its Engineering and Construction, Field Solutions and Mobile Solutions segments. The purchase prices ranged from less than $0.5 million to $80.0 million. The largest acquisitions were of a company that provides product and pricing information to the MEP industry within the Engineering and Construction segment, and a software for logistics providers within the Mobile Solutions segment. In the aggregate, the businesses acquired during fiscal 2013 collectively contributed less than three percent to the Company's total revenue during fiscal 2013.

The Company determined the total consideration paid for each of its acquisitions as well as the fair value of the assets acquired and liabilities assumed as of the date of each acquisition. For certain acquisitions completed in fiscal 2015, the fair value of the assets acquired and liabilities assumed are preliminary and may be adjusted as the Company obtains additional information, primarily related to adjustments for the true up of acquired net working capital in accordance with certain purchase agreements, and estimated values of certain net tangible assets and liabilities including tax balances, pending the completion of final studies and analyses. If there are adjustments made for these items the fair value of intangible assets and goodwill could be impacted. Thus the provisional measurements of fair value set forth below are subject to change. Such changes could be significant. The Company expects to finalize the valuation of the net tangible and intangible assets as soon as practicable, but not later than one-year from the acquisition date.

The fair value of identifiable assets acquired and liabilities assumed were determined under the acquisition method of accounting for business combinations. The excess of purchase consideration over the fair value of net tangible and identifiable intangible assets acquired was recorded as goodwill. The fair value of intangible assets acquired is generally determined based on a discounted cash flow analysis. Acquisition costs of $12.0 million, $13.4 million and $13.5 million in fiscal 2015, 2014 and 2013, respectively, were expensed as incurred and were included in General and administrative expenses in the Consolidated Statements of Income.

The following table summarizes the Company’s business combinations completed during fiscal 2015, 2014 and 2013:

(In millions)	Fiscal 2015	Fiscal 2014	Fiscal 2013
Fair value of total purchase consideration	$176.2	$331.8	$284.7
Less fair value of net assets acquired:			
Net tangible assets acquired	8.0	41.2	20.9
Identified intangible assets	83.3	155.8	130.1
Deferred taxes	(13.6)	(46.8)	(26.3)
Noncontrolling interests	—	—	(2.0)
Goodwill	$98.5	$181.6	$162.0

Intangible Assets

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

(In millions)	At the End of Fiscal 2015 Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	At the End of Fiscal 2014 Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed product technology	$802.1	$(536.0)	$266.1	$770.4	$(445.4)	$325.0
Trade names and trademarks	52.8	(39.8)	13.0	51.2	(33.9)	17.3
Customer relationships	448.1	(258.0)	190.1	455.0	(226.8)	228.2
Distribution rights and other intellectual properties	78.6	(60.7)	17.9	78.5	(54.5)	24.0
	$1,381.6	$(894.5)	$487.1	$1,355.1	$(760.6)	$594.5

The weighted-average amortization period is six years for developed product technology, five years for trade names and trademarks, seven years for customer relationships, and eight years for distribution rights and other intellectual properties.

The estimated future amortization expense of intangible assets at the end of fiscal 2015 is as follows (in millions):

2016	$152.6
2017	129.1
2018	100.5
2019	59.3
2020	30.7
Thereafter	14.9
Total	$487.1

Goodwill

The changes in the carrying amount of goodwill for fiscal 2015 are as follows (in millions):

	Engineering and Construction	Field Solutions	Mobile Solutions	Advanced Devices	Total
At the end of fiscal 2014	$1,170.6	$96.0	$796.0	$23.2	$2,085.8
Additions due to acquisitions and current year acquisitions' purchase price adjustments	33.5	31.1	33.9	—	98.5
Purchase price adjustments	(0.6)	1.7	(2.1)	—	(1.0)
Foreign currency translation adjustments	(49.1)	(3.1)	(7.1)	(3.3)	(62.6)
Divestitures	(14.3)	—	—	—	(14.3)
At the end of fiscal 2015	$1,140.1	$125.7	$820.7	$19.9	$2,106.4

NOTE 6: CERTAIN BALANCE SHEET COMPONENTS

The following tables provide details of selected balance sheet items:

At the End of Fiscal Year	2015	2014
(In millions)		
Inventories:		
Raw materials	$107.5	$116.8
Work-in-process	5.9	4.8
Finished goods	147.7	156.5
Total inventories, net	$261.1	$278.1

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Finished goods includes $14.6 million at the end of fiscal year 2015 and $9.4 million at the end of fiscal year 2014 for costs of sales that have been deferred in connection with deferred revenue arrangements.

At the End of Fiscal Year	2015	2014
(In millions)		
Property and equipment, net:		
Machinery and equipment	$115.8	$109.8
Software and licenses	112.1	93.5
Furniture and fixtures	26.8	26.1
Leasehold improvements	30.4	26.6
Construction in progress	13.5	24.7
Buildings	48.1	48.5
Land	8.2	5.0
	354.9	334.2
Less accumulated depreciation	(195.7)	(176.8)
Total	$159.2	$157.4

At the End of Fiscal Year	2015	2014
(In millions)		
Other non-current liabilities:		
Deferred compensation	$21.1	$19.2
Pension	13.5	13.4
Deferred rent	3.0	3.9
Unrecognized tax benefits	53.1	43.6
Other	15.8	15.7
Total	$106.5	$95.8

NOTE 7: REPORTING SEGMENT AND GEOGRAPHIC INFORMATION

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

- Engineering and Construction: This segment primarily serves customers working in architecture, engineering, construction, geospatial and government. Within this segment our most substantial product portfolios are focused on civil engineering and construction, building construction, and geospatial.

- Field Solutions: This segment provides solutions for the farming, government and consumer markets, with its products focused on agriculture and geographic information systems (GIS).

- Mobile Solutions: This segment provides solutions that enable end-users to monitor and manage their mobile work, mobile workers and mobile assets in the areas of transportation and logistics and field services management.

- Advanced Devices - The various operations that comprise this segment are aggregated on the basis that these operations, taken as a whole, do not exceed 10% of the Company's total revenue, operating income or assets. This segment is comprised of the Embedded Technologies, Timing, Applanix, Military and Advanced Systems and ThingMagic businesses.

The Company’s CODM, its Chief Executive Officer, evaluates each of its segment’s performance and allocates resources based on segment operating income before income taxes and some corporate allocations. The Company and each of its segments employ consistent accounting policies. In each of its segments the Company sells many individual products. For this reason it is impracticable to segregate and identify revenue for each of the individual products or group of products.

The following tables present revenue, operating income, depreciation expense and identifiable assets for the four segments. Operating income is revenue less cost of sales and operating expense, excluding general corporate expense, acquisition costs, amortization of purchased intangible assets, amortization of acquisition-related inventory step-up, restructuring charges, stock-based compensation and litigation reserves. The identifiable assets that the CODM views by segment are accounts receivable, inventories and goodwill.

Fiscal Years	2015	2014	2013
(In millions)			
Engineering and Construction			
Revenue	$1,283.3	$1,348.1	$1,222.0
Operating income	218.8	284.1	263.6
Depreciation expense	14.1	13.4	12.0
Field Solutions			
Revenue	$355.3	$422.1	$473.9
Operating income	108.6	137.8	176.2
Depreciation expense	1.2	0.9	0.6
Mobile Solutions			
Revenue	$520.3	$486.8	$465.1
Operating income	85.6	78.0	68.0
Depreciation expense	5.4	5.3	4.6
Advanced Devices			
Revenue	$131.5	$138.5	$127.1
Operating income	46.9	44.3	29.8
Depreciation expense	0.6	0.6	0.8
Total			
Revenue	$2,290.4	$2,395.5	$2,288.1
Operating income	459.9	544.2	537.6
Depreciation expense	21.3	20.2	18.0

At the End of Fiscal Year	2015	2014	2013
(Dollars in millions)			
Engineering and Construction			
Accounts receivable	$215.9	$227.7	$185.6
Inventories	178.0	185.2	171.9
Goodwill	1,140.1	1,170.6	1,076.0
Field Solutions			
Accounts receivable	$57.1	$51.6	$62.8
Inventories	36.0	51.0	39.5
Goodwill	125.7	96.0	88.7
Mobile Solutions			
Accounts receivable	$69.6	$62.9	$70.2
Inventories	30.4	26.1	27.7
Goodwill	820.7	796.0	796.1
Advanced Devices			
Accounts receivable	$19.3	$19.8	$19.3
Inventories	16.7	15.8	15.2
Goodwill	19.9	23.2	24.5
Total			
Accounts receivable	$361.9	$362.0	$337.9
Inventories	261.1	278.1	254.3
Goodwill	2,106.4	2,085.8	1,985.3

Historically, the Company allocated stock-based compensation to each segment. Beginning with the first quarter of fiscal 2015, the Company changed its methodology for allocating stock-based compensation to its segments.

Stock-based compensation is shown in the aggregate within unallocated corporate expense and not reflected in the segment results, which is consistent with the way the CODM evaluates each of the segment's performance and allocates resources. The Company has adjusted the presentation of segment information for fiscal 2014 and 2013 to conform to the current year methodology. The following table shows the amount of stock-based compensation that had been previously allocated to the business segments in the fiscal 2014 and 2013 and the impact to those segments' Operating income.

	Reporting Segments				
	Engineering and Construction	Field Solutions	Mobile Solutions	Advanced Devices	Total
(In millions)					
Fiscal 2014					
Operating income	$284.1	$137.8	$78.0	$44.3	$544.2
Previously allocated stock-based compensation	(15.2)	(3.6)	(5.1)	(1.9)	(25.8)
Previously reported operating income	$268.9	$134.2	$72.9	$42.4	$518.4
Fiscal 2013					
Operating income	$263.6	$176.2	$68.0	$29.8	$537.6
Previously allocated stock-based compensation	(12.3)	(3.1)	(4.0)	(3.2)	(22.6)
Previously reported operating income	$251.3	$173.1	$64.0	$26.6	$515.0

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

Fiscal Years	2015	2014	2013
(In millions)			
Consolidated segment operating income	$459.9	$544.2	$537.6
Unallocated corporate expense	(80.2)	(79.4)	(79.8)
Restructuring charges	(12.8)	(2.1)	(6.8)
Stock-based compensation	(50.1)	(43.4)	(36.5)
Amortization of purchased intangible assets	(162.4)	(158.5)	(162.8)
Consolidated operating income	154.4	260.8	251.7
Non-operating income (expense), net	(2.6)	5.2	1.2
Consolidated income before taxes	$151.8	$266.0	$252.9

Unallocated corporate expense includes general corporate expense, amortization of acquisition-related inventory step-up, acquisition/divestiture costs and litigation expenses.

The geographic distribution of Trimble's revenue and long-lived assets is summarized in the tables below. Other non-US geographies include Canada, and countries in South and Central America, the Middle East, and Africa. Revenue is defined as revenue from external customers.

Fiscal Years	2015	2014	2013
(In millions)			
Revenue (1):			
United States	$1,142.1	$1,147.7	$1,131.2
Europe	557.2	581.7	535.6
Asia Pacific	321.1	345.6	317.2
Other non-US countries	270.0	320.5	304.1
Total consolidated revenue	$2,290.4	$2,395.5	$2,288.1

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

No single customer or country other than the United States accounted for 10% or more of Trimble's total revenue in fiscal years 2015, 2014 and 2013. No single customer accounted for 10% or more of Trimble's accounts receivable as of fiscal years ended 2015 and 2014.

Property and equipment, net by geographic area was as follows:

At the End of Fiscal Year	2015	2014
(In millions)		
Property and equipment, net:		
United States	$130.4	$124.5
Europe	18.9	21.2
Asia Pacific and other non-US countries	9.9	11.7
Total property and equipment, net	$159.2	$157.4

NOTE 8: DEBT

Debt consisted of the following:

At the End of Fiscal Year	2015	2014
(Dollars in millions)		
Notes:		
Principal amount	$400.0	$400.0
Unamortized discount on Notes	(2.8)	(3.1)
Debt issuance costs	(2.7)	(3.0)
Credit Facilities:		
2014 Credit facility	216.0	277.0
Uncommitted facilities	118.0	57.0
Promissory notes and other debt	1.2	7.5
Total debt	729.7	735.4
Less: Short-term debt	118.3	64.4
Long-term debt	$611.4	$671.0

Notes

On October 30, 2014, the Company filed a shelf registration statement with the Securities and Exchange Commission ("SEC") for the issuance of senior debt securities. On November 24, 2014, the Company issued $400.0 million of Senior Notes ("Notes") under the shelf registration statement. Net proceeds from the offering were $396.9 million after deducting the 0.795% discount on the public offering price. The Company recognized $3.0 million of debt issuance costs associated with the issuance of the Notes, including an underwriting discount of $2.6 million, which is classified as an offset to the Notes on the Consolidated Balance Sheets. The discount and debt issuance costs are being amortized to interest expense using the effective interest rate method over the term of the Notes. The Notes mature on December 1, 2024 and accrue interest at a rate of 4.75% per annum, payable semiannually in arrears in cash on December 1 and June 1 of each year, beginning on June 1, 2015. The Notes are classified as long-term in the Consolidated Balance Sheet.

Prior to September 1, 2024, Trimble may redeem the Notes at its option at any time, in whole or in part, at a redemption price equal to the greater of (i) 100% of the aggregate principal amount of the Notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of interest and principal, calculated on a semiannual basis using a discount rate equal to the U.S. Treasury rate plus 40 basis points. After September 1, 2024, Trimble may redeem the Notes at its option at any time, in whole or in part, at a redemption price equal to 100% of the aggregate principal amount of the Notes to be redeemed, plus accrued and unpaid interest thereon. In addition, in the event of a change of control, as defined in the prospectus filed with the SEC, each holder of the Notes will have the right to require Trimble to purchase for cash all or a portion of such holder's Notes at a purchase price equal to 101% of the principal amount of the Notes, plus any accrued and unpaid interest.

In connection with the closing of the Notes offering, Trimble entered into an Indenture with U.S. Bank National Association, as trustee. The Indenture contains covenants limiting Trimble's ability to create certain liens, enter into sale and lease-back transactions, and consolidate or merge with or into, or convey, transfer or lease all or substantially all of Trimble's properties and assets to, another person, each subject to certain exceptions. The Notes contain no financial covenants.

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Credit Facilities
2014 Credit Facility
On November 24, 2014, the Company entered into a new five-year credit agreement with a group of lenders (the "2014 Credit Facility"). The 2014 Credit Facility provides for an unsecured revolving loan facility of $1.0 billion. Subject to the terms of the 2014 Credit Facility, the revolving loan facility may be increased and/or term loan facilities may be established in an amount up to $500.0 million. The outstanding balance of $216.0 million and $277.0 million is classified as long-term in the Consolidated Balance Sheet as of fiscal years ended 2015 and 2014, respectively.

The 2014 Credit Facility replaced the Company's previous 2012 Credit Facility comprised of a five-year revolving loan facility of $700.0 million and a five-year $700.0 million term loan facility. Upon entering into the 2014 Credit Facility, the Company borrowed $307.0 million under the revolving loan facility. The Company used the proceeds from the revolving loan facility and the issuance of the Notes to pay off the then $638.8 million outstanding term loan balance under the 2012 Credit Facility. The Company also wrote off a portion of the unamortized debt issuance costs related to the 2012 Credit Facility totaling $2.7 million, which is classified as a non-operating expense in the Company's fiscal 2014 Consolidated Statement of Income. In addition, the Company recognized $1.6 million of debt issuance costs associated with the 2014 Credit Facility. The remaining unamortized debt issuance costs associated with the 2012 Credit Facility and the new debt issuance costs associated with the 2014 Credit Facility are classified as current and non-current assets on the Consolidated Balance Sheets and being amortized to interest expense using the effective interest rate method over the term of the 2014 Credit Facility.

The funds available under the 2014 Credit Facility may be used for working capital and general corporate purposes including stock repurchases and the financing of certain acquisitions. Under the 2014 Credit Facility, the Company may borrow, repay and reborrow funds under the revolving loan facility until its maturity on November 24, 2019, at which time the revolving facility will terminate, and all outstanding loans, together with all accrued and unpaid interest, must be repaid. Amounts not borrowed under the revolving facility will be subject to a commitment fee, to be paid in arrears on the last day of each fiscal quarter, ranging from 0.10% to 0.30% per annum depending on either the Company's credit rating at such time or the Company's leverage ratio as of the most recently ended fiscal quarter, whichever results in more favorable pricing to the Company.

The Company may borrow funds under the 2014 Credit Facility in U.S. Dollars, Euros or in certain other agreed currencies, and borrowings will bear interest, at the Company's option, at either: (i) a floating per annum base rate determined by reference to the highest of: (a) the administrative agent's prime rate; (b) 0.50% per annum above the federal funds effective rate; and (c) reserve-adjusted LIBOR for an interest period of one month plus 1.00%, plus a margin of between 0.00% and 0.75%, or (ii) a reserve-adjusted fixed per annum rate based on LIBOR or EURIBOR, depending on the currency borrowed, plus a margin of between 1.00% and 1.75%. The applicable margin in each case is determined based on either Trimble's credit rating at such time or Trimble's leverage ratio as of its most recently ended fiscal quarter, whichever results in more favorable pricing to Trimble. Interest is payable on the last day of each fiscal quarter with respect to borrowings bearing interest at the base rate, or on the last day of an interest period, but at least every three months, with respect to borrowings bearing interest at LIBOR or EURIBOR rate.

The 2014 Credit Facility contains various customary representations and warranties by the Company, which include customary use of materiality, material adverse effect and knowledge qualifiers. The 2014 Credit Facility also contains customary affirmative and negative covenants including, among other requirements, negative covenants that restrict the Company's ability to create liens and enter into sale and leaseback transactions, and that restrict its subsidiaries' ability to incur indebtedness. Further, the 2014 Credit Facility contains financial covenants that require the maintenance of minimum interest coverage and maximum leverage ratios. Specifically, the Company must maintain as of the end of each fiscal quarter a ratio of (a) EBITDA (as defined in the 2014 Credit Facility) to (b) interest expense for the most recently ended period of four fiscal quarters of not less than 3.50 to 1.00. The Company must also maintain, at the end of each fiscal quarter, a ratio of (x) total indebtedness (as defined in the 2014 Credit Facility) to (y) EBITDA (as defined in the 2014 Credit Facility) for the most recently ended period of four fiscal quarters of not greater than 3.00 to 1.00; provided, that on the completion of a material acquisition, the Company may increase the ratio by 0.50 for the fiscal quarter during which such acquisition occurred and each of the three subsequent fiscal quarters. The Company was in compliance with these covenants at the end of fiscal 2015.

The 2014 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 in the case of an event of default arising from the nonpayment of principal and the lenders may accelerate the Company's obligations under the 2014 Credit Facility, except that acceleration will be automatic in the case of bankruptcy and insolvency events of default.

The interest rate on the long-term debt outstanding under the 2014 Credit Facility was 1.46% and 1.42% at the end of fiscal 2015 and 2014, respectively.

Uncommitted Facilities

The Company also has two $75 million revolving credit facilities which are uncommitted (the "Uncommitted Facilities"). The Uncommitted Facilities may be called by the lenders at any time, have no covenants and no specified expiration date. The interest rate on the Uncommitted Facilities is 1.00% plus either LIBOR or the bank’s cost of funds or as otherwise agreed upon by the bank and the Company. The $118.0 million outstanding at the end of 2015 and the $57.0 million outstanding at the end of 2014 under the Uncommitted Facilities are classified as short-term in the Consolidated Balance Sheet. The weighted average interest rate on the Uncommitted Facilities was 1.37% at the end of fiscal 2015 and 1.15% at the end of fiscal 2014.

Promissory Notes and Other Debt

At the end of fiscal 2015 and 2014, the Company had promissory notes and other notes payable totaling approximately $1.2 million and $7.5 million, respectively, of which $0.9 million and $0.1 million, respectively, was classified as long-term in the Consolidated Balance Sheet.

Debt Maturities

At the end of fiscal 2015, the Company's debt maturities based on outstanding principal were as follows (in millions):

Year Payable	
2016	$118.3
2017	0.2
2018	0.2
2019	216.2
2020	0.1
Thereafter	$400.2
Total	$735.2

NOTE 9: COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company’s principal facilities in the United States are leased under various cancelable and non-cancelable operating leases that expire at various dates through 2025. For tenant improvement allowances and rent holidays, Trimble records a deferred rent liability on the Consolidated Balance Sheets and amortizes the deferred rent over the terms of the leases as reductions to rent expense on the Consolidated Statements of Income.

The estimated future minimum payments required under the Company’s operating lease commitments at the end of fiscal 2015 were as follows (in millions):

2016	$31.2
2017	25.2
2018	18.5
2019	15.1
2020	11.4
Thereafter	29.7
Total	$131.1

Net rent expense under operating leases was $34.0 million in fiscal 2015, $34.1 million in fiscal 2014, and $32.2 million in fiscal 2013.

At the end of fiscal 2015, the Company had unconditional purchase obligations of approximately $136.4 million. These unconditional purchase obligations primarily represent open non-cancelable purchase orders for material purchases with the Company’s vendors. Purchase obligations exclude agreements that are cancelable without penalty.

NOTE 10: FAIR VALUE MEASUREMENTS

The Company determines fair value based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Where available, fair value is based on observable market prices or parameters. Where observable prices or inputs are not available, valuation models are applied. Hierarchical levels, defined by the guidance on fair value measurements are directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, and are as follows:

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

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

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

Fair Value on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are categorized in the tables below based upon the lowest level of significant input to the valuations.

	Fair Values at the end of Fiscal 2015			
(In millions)	Level I	Level II	Level III	Total
Assets				
Deferred compensation plan assets (1)	$21.1	$—	$—	$21.1
Derivative assets (2)	—	2.9	—	2.9
Contingent consideration assets (3)	—	—	7.0	7.0
Total	$21.1	$2.9	$7.0	$31.0
Liabilities				
Deferred compensation plan liabilities (1)	$21.1	$—	$—	$21.1
Derivative liabilities (2)	—	2.1	—	2.1
Contingent consideration liabilities (4)	—	—	6.6	6.6
Total	$21.1	$2.1	$6.6	$29.8

	Fair Values at the end of Fiscal 2014			
(In millions)	Level I	Level II	Level III	Total
Assets				
Deferred compensation plan assets (1)	$19.2	$—	$—	$19.2
Derivative assets (2)	—	2.9	—	2.9
Contingent consideration assets (3)	—	—	8.3	8.3
Total	$19.2	$2.9	$8.3	$30.4
Liabilities				
Deferred compensation plan liabilities (1)	$19.2	$—	$—	$19.2
Derivative liabilities (2)	—	1.4	—	1.4
Contingent consideration liabilities (4)	—	—	3.7	3.7
Total	$19.2	$1.4	$3.7	$24.3

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

(2) Derivative assets and liabilities primarily represent forward currency exchange contracts. The Company typically enters into these contracts to minimize the short-term impact of foreign currency exchange rates on certain trade and inter-

company receivables and payables. Derivative assets and liabilities are included in Other current assets and Other current liabilities on the Company's Consolidated Balance Sheets.

(3) Contingent consideration assets represents arrangements for buyers to pay the Company for certain businesses that it has divested. The fair value is determined based on the Company's expectations of future receipts. The minimum amount to be received under these arrangements is $3.5 million. Contingent consideration assets are included in Other non-current assets on the Company's Consolidated Balance Sheets.

(4) Contingent consideration liabilities represents arrangements to pay the former owners of certain companies that Trimble acquired. The undiscounted maximum payment under the arrangements is $21.4 million at the end of fiscal 2015, based on future revenues, gross margins and other milestones. Contingent consideration liabilities is included on Other current liabilities and Other non-current liabilities on the Company's Consolidated Balance Sheets.

Additional Fair Value Information

The following table provides additional fair value information relating to the Company’s financial instruments outstanding:

At the End of Fiscal Year	Carrying Amount 2015	Fair Value	Carrying Amount 2014	Fair Value
(In millions)				
Assets:				
Cash and cash equivalents	$116.0	$116.0	$148.0	$148.0
Liabilities:				
Notes	$400.0	$399.9	$400.0	$396.9
Credit facility	216.0	216.0	277.0	277.0
Uncommitted facilities	118.0	118.0	57.0	57.0
Promissory notes and other debt	1.2	1.2	7.6	7.6

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

NOTE 11: INCOME TAXES

Income before taxes and the provision for taxes consisted of the following:

Fiscal Years	2015	2014	2013
(In millions)			
Income before taxes:			
United States	$55.6	$99.3	$78.3
Foreign	96.2	166.7	174.6
Total	$151.8	$266.0	$252.9
Provision for taxes:			
US Federal:			
Current	$47.5	$45.7	$38.5
Deferred	(23.0)	(11.7)	(8.7)
	24.5	34.0	29.8
US State:			
Current	5.7	7.7	7.0
Deferred	(2.8)	(0.9)	(0.8)
	2.9	6.8	6.2
Foreign:			
Current	25.4	25.3	17.6
Deferred	(21.7)	(14.0)	(18.9)
	3.7	11.3	(1.3)
Income tax provision	$31.1	$52.1	$34.7
Effective tax rate	20 %	20 %	14 %

The difference between the tax provision at the statutory federal income tax rate and the tax provision as a percentage of income before taxes (effective tax rate) was as follows:

Fiscal Years	2015	2014	2013
Statutory federal income tax rate	35 %	35 %	35 %
Increase (reduction) in tax rate resulting from:			
Foreign income taxed at lower rates	(11)%	(18)%	(20)%
US State income taxes	1 %	2 %	2 %
US Federal research and development credits	(3)%	(1)%	(3)%
Stock-based compensation	1 %	1 %	1 %
Foreign tax rate change	— %	— %	(2)%
Valuation allowance release - foreign	(3)%	— %	— %
Other	— %	1 %	1 %
Effective tax rate	20 %	20 %	14 %

The effective tax rate in fiscal 2015 remained consistent with 2014, however certain specific items affecting the effective tax rate did change. These included a change in geographic mix of pretax income, which was partially offset by tax benefits resulting from the closing of a foreign tax audit, valuation allowance releases and an increase in federal research and development credit.

During the fourth quarter of fiscal 2015, due to legislation, the federal research and development credit was made permanent. The Company recorded a tax benefit in the fourth quarter of fiscal 2015.

The effective tax rate in fiscal 2014 increased compared to 2013 in part due to a change in geographic mix of pretax income and recognition of federal research and development credit for 2014, instead of two years as was the case in fiscal 2013.

During the fourth quarter of fiscal 2014, due to legislation, the federal research and development credit was extended through December 31, 2014. As a result, the Company recorded a tax benefit in the fourth quarter of fiscal 2014.
Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company’s deferred tax assets and liabilities are as follows:

At the End of Fiscal Year	2015		2014	
(In millions)				
Deferred tax liabilities:				
Purchased intangibles	$122.6		$143.3	
Depreciation and amortization	11.0		11.3	
US residual tax on foreign earnings	12.2		12.3	
Other	—		0.3	
Total deferred tax liabilities	145.8		167.2	
Deferred tax assets:				
Inventory valuation differences	11.5		9.8	
Expenses not currently deductible	26.2		26.2	
US federal tax credit carryforwards	0.6		0.4	
Deferred revenue	6.6		4.5	
US state tax credit carryforwards	16.4		15.7	
Accrued warranty	3.4		3.8	
US federal net operating loss carryforwards	5.5		7.9	
Foreign net operating loss carryforwards	41.7		29.7	
Stock-based compensation	29.6		21.8	
Other	9.0		5.3	
Total deferred tax assets	150.5		125.1	
Valuation allowance	(34.9	)	(29.3	)
Total deferred tax assets	115.6		95.8	
Total net deferred tax liabilities	$(30.2	)	$(71.4	)
Reported as:				
Current deferred income tax assets	$—		$45.6	
Non-current deferred income tax assets	21.5		5.0	
Current deferred income tax liabilities	—		(0.9	)
Non-current deferred income tax liabilities	(51.7	)	(121.1	)
Net deferred tax liabilities	$(30.2	)	$(71.4	)

In the fourth quarter of 2015, the Company adopted new accounting guidance for balance sheet classification of deferred taxes, which requires that all deferred income tax assets and liabilities be classified as non-current in the balance sheet. The guidance was adopted on a prospective basis and, therefore, prior periods were not retrospectively adjusted.
At the end of fiscal 2015, the Company has federal and foreign net operating loss carryforwards, or NOLs, of approximately $18.5 million and $208.2 million, respectively. The federal NOLs expire beginning year 2021. There is, generally, no expiration for the foreign NOLs. Utilization of the Company’s federal and state NOLs are subject to annual limitations in accordance with the applicable tax code. The Company has determined that it is more likely than not that the Company will not realize a portion of the foreign NOLs and, accordingly, a valuation allowance has been established for such amount.

The Company has Federal and California research and development credit carryforwards of approximately $0.9 million and $18.6 million, respectively. The federal tax credit carryforwards will expire beginning 2030. The California research tax credits have indefinite carryforward period. The Company believes that it is more likely than not that the Company will not realize a portion of the California research and development credit carryforwards and, accordingly, a valuation allowance has been established for such amount.

At the end of fiscal 2015, the Company's foreign subsidiaries had approximately $776.2 million of accumulated undistributed earnings that are intended to be indefinitely reinvested outside the U.S. and, accordingly, no provision for federal, state income taxes have been provided thereon. If such earnings were to be distributed in the form of dividends or otherwise, the Company would have to recognize additional tax liability of approximately $237.1 million.

The total amount of the unrecognized tax benefits at the end of fiscal 2015 was $59.0 million. A reconciliation of unrecognized tax benefit is as follows:

At the End of Fiscal Year	2015	2014	2013
(In millions)			
Beginning gross balance	$51.4	$44.1	$32.2
Increase related to prior years' tax positions	6.0	0.8	1.8
Increase related to current year tax positions	6.2	7.5	12.0
Lapse of statute of limitations	(1.5)	(1.0)	(1.9)
Settlement with taxing authorities	(3.1)	—	—
Ending gross balance	$59.0	$51.4	$44.1

The Company's total unrecognized tax benefits that, if recognized, would affect its effective tax rate were $52.7 million and $45.6 million at the end of fiscal 2015 and 2014, respectively.

The Company and its subsidiaries are subject to U.S. federal, state, and foreign income taxes. The Company has substantially concluded all U.S. federal income tax audits for years through 2009. State income tax matters have been concluded for years through 2008 and non-U.S. income tax matters have been concluded for years through 2004. The Company is currently in various stages of multiple year examinations by federal, state, and foreign (multiple jurisdictions) taxing authorities. While the Company generally believes it is more likely than not that its tax positions will be sustained, it is reasonably possible that future obligations related to these matters could arise. The Company believes that its reserves are adequate to cover any potential assessments that may result from the examinations and negotiations. Although the timing of resolution and/or closure for these audits is highly uncertain, the Company does not believe that the unrecognized tax benefits would materially change in the next twelve months.

In the first quarter of fiscal 2015, the Company received a Notice of Proposed Adjustment from the IRS for the fiscal years 2010 and 2011. The proposed adjustments primarily relate to the valuations of intercompany transfers of acquired intellectual property. The assessments of tax, interest and penalties for the years in question total $67.0 million. The Company does not agree with the IRS position and has filed a protest with the IRS Appeals Office in April 2015. In the fourth quarter of fiscal 2015, an IRS Appeals conference date was set for March 2016. No payments have been made on the assessment. The Company intends to vigorously contest the IRS position.

The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company's liability for unrecognized tax benefits including interest and penalties was recorded in Other non-current liabilities in the accompanying Consolidated Balance Sheets. At the end of fiscal 2015 and 2014, the Company had accrued $6.7 million and $4.7 million, respectively, for payment of interest and penalties.

NOTE 12: ACCUMULATED OTHER COMPREHENSIVE LOSS

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

At the End of Fiscal Year	2015	2014
(In millions)		
Accumulated foreign currency translation adjustments	$(163.4)	$(73.2)
Net unrealized actuarial losses	(3.4)	(3.5)
Total accumulated other comprehensive loss	$(166.8)	$(76.7)

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NOTE 13: EMPLOYEE STOCK BENEFIT PLANS

The Company's stock benefit plans include the employee stock purchase plan and stock plans adopted in 2002, 1993, 1992, 1990, as well as one stock plan assumed through an acquisition in 2007. Other than the employee stock purchase plan and the 2002 and 1992 stock plans described below, the other plans have no shares available for future grant.

Plans

Employee Stock Purchase Plan

The Company has an Employee Stock Purchase Plan ("Purchase Plan") under which an aggregate of 39.1 million shares of Common Stock have been approved for issuance to eligible employees as approved by the shareholders to date. The plan permits eligible employees to purchase Common Stock through payroll deductions at 85% of the lower of the fair market value of the Common Stock at the beginning or at the end of each offering period, which is generally six months. Rights to purchase shares are granted during the first and third quarter of each fiscal year. The Purchase Plan terminates on September 30, 2018. In fiscal 2015, 2014 and 2013, 1.0 million, 0.7 million, and 0.6 million shares were issued, respectively, representing $18.1 million, $16.4 million and $13.5 million in cash received for the issuance of stock under the Purchase Plan. At the end of fiscal 2015, the number of shares reserved for future purchases by eligible employees was 10.9 million.

2002 Stock Plan

Trimble's 2002 Stock Plan ("2002 Plan"), provides for the granting of incentive and non-statutory stock options and restricted stock units ("RSUs") for up to 62.6 million shares plus any shares currently reserved but unissued to employees, consultants, and directors of Trimble. Both incentive and non-statutory stock options may be granted at exercise prices that are not less than 100% of the fair market value of Common Stock on the date of grant. Employee stock options under the 2002 plan generally vest over four years with biennial, annual, or monthly vesting, and expire seven years from the date of grant. RSUs are converted into shares of Trimble common stock upon vesting on a one-for-one basis, except those with market-based vesting conditions in which the number of shares that may be issued ranges from 0% to 200% of the units granted. RSUs granted to employees generally vest over three years. RSUs granted to non-employee directors generally vest after one year. Grants of RSUs assumes the maximum number of shares will be issued and decreases the plan reserves by1.69X that amount and any forfeitures of these awards due to their not vesting would increase the plan reserve by the same measure.

1992 Employee Stock Bonus Plan

At the end of fiscal 2015, there were no options outstanding to purchase shares under the 1992 Employee Stock Bonus Plan ("Bonus Plan") and 1,606 shares were available for future grant under the Bonus Plan.

Stock Option and Restricted Stock Unit Activity

The following table summarizes the Company's stock option and restricted stock unit activity during fiscal 2015:

		Stock Options Outstanding		Restricted Stock Units Outstanding	
	Shares Available for Grant	Options	Weighted average exercise price	Restricted Stock Units	Weighted Average Grant-Date Fair Value
(In millions, except for per share data)					
Outstanding at the beginning of year	14.4	13.1	$ 21.23	3.1	$ 28.14
Granted	(4.3)	0.1	$ 25.08	2.1	$ 24.84
Option exercised	—	(1.3)	$ 12.35	—	$ —
Shares released, net	—	—	$ —	(0.7)	$ 24.86
Cancelled and Forfeited	0.7	(0.3)	$ 25.58	(0.2)	$ 27.78
Outstanding at the end of year	10.8	11.6	$ 22.15	4.3	$ 26.98

The following table summarizes information about stock options outstanding as of fiscal 2015 year end:

	Number Of Shares (in millions)	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Vested and expected to vest	11.4	$22.08	3.02	$24.3
Options exercisable	8.6	$20.42	2.49	$24.0

The intrinsic value of options vested and expected to vest and exercisable is calculated based on the difference between the exercise price and the fair value of the Company's common stock as of the end of fiscal 2015. The total intrinsic value of options exercised during fiscal 2015, 2014 and 2013 was $13.9 million, $61.3 million, and $55.5 million, respectively, and is calculated based on the difference between the exercise price and the fair value of the Company's common stock as of the exercise date.

The following table summarizes information about restricted stock units outstanding as of fiscal 2015:

	Number Of Shares Underlying Restricted Stock Units (in millions)	Weighted-Average Remaining Vesting Period (in years)	Aggregate Fair Value (in millions)
Vested and expected to vest	3.8	1.77	$82.5

The fair value of restricted stock units vested and expected to vest as of fiscal 2015 is calculated based on the fair value of the Company's common stock as of the end of fiscal 2015.

Stock-Based Compensation Expense

The following table summarizes stock-based compensation expense included in the Consolidated Statements of Income.

Fiscal Years	2015	2014	2013
(In millions)			
Cost of sales	$3.9	$3.2	$2.6
Research and development	8.7	6.8	5.1
Sales and marketing	9.1	7.6	7.3
General and administrative	28.4	25.8	21.5
Total operating expenses	46.2	40.2	33.9
Total stock-based compensation expense	$50.1	$43.4	$36.5

Fair Value of Share Purchase Rights

The fair value of the share purchase rights granted under the Purchase Plan are valued using the Black-Scholes option pricing model with the following weighted-average assumptions:

Fiscal Years	2015	2014	2013
Expected life of purchase	0.5 years	0.5 years	0.5 years
Expected stock price volatility	31.3 %	30.5 %	31.5 %
Risk free interest rate	0.08 %	0.07 %	0.12 %
Expected dividend yield	—	—	—

Expected Life of Purchase—The Company's expected life of the purchase is based on the term of the offering period of the purchase plan.

Expected Stock Price Volatility—The Company's computation of expected volatility is based on implied volatilities from traded options on the Company's stock. The Company used implied volatility because it is representative of future stock price trends during the purchase period.

Expected Risk Free Interest Rate—The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for the expected term of the purchase period.

Expected Dividend Yield—The dividend yield assumption is based on the Company's history and expectation of dividend payouts.

The weighted average grant-date fair value per share of stock purchase rights granted under the Employee Stock Purchase Plan during fiscal years 2015, 2014 and 2013 was $5.24, $8.32 and $8.05 per share, respectively.

Fair value of Stock Options

The fair value of stock compensation is valued as of the grant date using a binomial valuation model. The binomial model takes into account variables such as volatility, dividend yield rate, and risk free interest rate. In addition, the binomial model incorporates actual option-pricing behavior and changes in volatility over the option's contractual term. For options granted during fiscal 2015, 2014 and 2013, the following weighted-average assumptions were used:

Fiscal Years	2015		2014		2013	
Expected life of options	3.9 years		4.0 years		3.9 years	
Expected stock price volatility	36	%	35	%	35	%
Risk free interest rate	1.26	%	1.29	%	0.69	%
Expected dividend yield	—		—		—	

Expected Life of Options—The Company's expected life represents the period that the Company's stock options are expected to be outstanding and was determined based on historical experience of similar stock options with consideration for the contractual terms of the stock options, vesting schedules and expectations of future employee behavior.

Expected Stock Price Volatility—The Company's computation of expected volatility is based on a combination of implied volatilities from traded options on the Company's stock and historical volatility, commensurate with the expected life of the stock options.

Expected Risk Free Interest Rate—The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for the expected life of the option.

Expected Dividend Yield—The dividend yield assumption is based on the Company's history and expectation of dividend payouts.

The weighted average grant-date fair value per share of stock options granted during fiscal years 2015, 2014 and 2013 was $7.36, $9.07, and $7.90, respectively. The fair value of all stock options vested during fiscal years 2015, 2014 and 2013 was $18.3 million, $20.5 million and $20.3 million, respectively.

Fair value of Restricted Stock Units

The fair value of restricted stock units is valued as of the grant date using the fair value of Trimble's common stock. The weighted average grant-date fair value per share of RSUs granted during fiscal years 2015, 2014 and 2013 was $23.22, $30.18, and $28.17 per share, respectively. The fair value of all restricted stock units vested during fiscal years 2015, 2014 and 2013 was $16.3 million, $3.9 million and $10.0 million, respectively.

Fair Value of Market-Based Restricted Stock Units

Restricted stock units with market-based vesting conditions vest based on the achievement of the Company's relative total shareholder return (TSR) of its common stock as compared to the TSR of the constituents of the S&P 500 at the start of the performance period. The fair value of restricted stock units with market-based vesting conditions is valued as of the grant date using a Monte Carlo simulation, using the following weighted-average assumptions:

Fiscal Years	2015	
Expected life of options	2.6 years	
Expected stock price volatility	30.9	%
Risk free interest rate	0.9	%
Expected dividend yield	—	

The weighted average grant-date fair value of the restricted stock units with market-based vesting conditions granted during fiscal 2015 was $31.60 per share.

Unrecognized Stock-Based Compensation

At the end of fiscal 2015, total unamortized stock-based compensation expense was $94.6 million, with a weighted-average recognition period of 2.1 years.

NOTE 14: COMMON STOCK REPURCHASE

In August 2014, the Company's Board of Directors approved a stock repurchase program (2014 Stock Repurchase Program), authorizing the Company to repurchase up to $300.0 million of Trimble's common stock, replacing a stock repurchase program which had been in place since 2011. In August 2015, the Company's Board of Directors approved a stock repurchase program (2015 Stock Repurchase Program), authorizing the Company to repurchase up to $400.0 million of Trimble's common stock, replacing the 2014 Stock Repurchase Program.

During fiscal 2015, the Company repurchased approximately 7.5 million shares of common stock in open market purchases, at an average price of $21.29 per share, for a total of $159.4 million. This total includes $75.1 million and $84.3 million of open market purchases completed under the 2015 and 2014 Stock Repurchase Programs, respectively.

As part of the 2015 Stock Repurchase Program, in September 2015, the Company entered into an accelerated share repurchase agreement, or ASR, with an investment bank for $75.0 million. The ASR was completed in December 2015 and resulted in the aggregate repurchase of approximately 3.7 million shares of common stock with a volume weighted average price of $20.11 per share.

During fiscal 2014, under the provisions of both the 2014 and 2011 Stock Repurchase Programs, the Company repurchased approximately 3.2 million shares of common stock in open market purchases at an average price of $30.22 per share, for a total of $97.8 million.

No shares of common stock were repurchased during fiscal 2013.

Stock repurchases are reflected as a decrease to common stock based on the average book value per share for all outstanding shares calculated at the time of each individual repurchase transaction. The excess of the purchase price over this average for each repurchase was charged to retained earnings. As a result of the 2015 repurchases, retained earnings was reduced by $180.3 million in fiscal 2015. 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 canceled.

At the end of fiscal 2015, the 2015 Stock Repurchase Program had remaining authorized funds of $249.9 million. Under the share repurchase program, the Company may repurchase shares from time to time in open market transactions, privately negotiated transactions, accelerated share buyback programs, tender offers, or by other means. The timing and amount of repurchase transactions will be determined by the Company's management based on its evaluation of market conditions, share price, legal requirements and other factors. The program may be suspended, modified or discontinued at any time without prior notice.

NOTE 15: STATEMENT OF CASH FLOW DATA

Fiscal Years	2015	2014	2013
(In millions)			
Supplemental disclosure of cash flow information:			
Interest paid	$26.5	$15.6	$19.0
Income taxes paid	$54.0	$66.1	$42.6

NOTE 16: LITIGATION

On August 9, 2013, Harbinger Capital Partners, LLC and additional plaintiffs ("Harbinger Plaintiffs") filed a lawsuit against Deere & Co., Garmin, the Company and two other defendants in the U.S. District Court in Manhattan in connection with Plaintiffs' investment in LightSquared. The Harbinger Plaintiffs alleged, among other things, fraud and negligent misrepresentation, claiming that the defendants were aware of material facts that caused the Federal Communications Commission to take adverse action against LightSquared and failed to disclose those facts prior to Plaintiffs' investment in LightSquared, and sought $1.9 billion in damages from the defendants. On November 1, 2013, LightSquared, Inc. and several related parties ("LightSquared Plaintiffs") filed suit against the same defendants, asserting similar state law claims to those made in the Harbinger lawsuit, as well as additional claims, including breach of contract. On February 5, 2015, the U.S. District Court dismissed all claims brought by the Harbinger Plaintiffs and the majority of those brought by the LightSquared Plaintiffs. On February 11, 2015, the Harbinger

Plaintiffs filed a notice of appeal of the District Court's dismissal of their claims. The District Court's dismissal of claims of the Harbinger Plaintiffs was affirmed by the Second Circuit Court of Appeals on December 7, 2015. Incident to approval of its bankruptcy reorganization plan effective December 7, 2015, LightSquared Inc.'s successor under the bankruptcy reorganization plan acquired the claims of the Harbinger Plaintiffs. On December 14, 2015, the LightSquared Plaintiffs (as reorganized) dismissed all claims against the Company without prejudice pursuant to an initial agreement with the Company. On February 3, 2016, the LightSquared Plaintiffs (as reorganized) and the Company entered into a settlement agreement which includes mutual releases of all claims between the parties, and which provides for the dismissal of all claims of the LightSquared Plaintiffs (as reorganized) with prejudice. Under the settlement agreement, the LightSquared Plaintiffs (as reorganized) further agreed to take no further action to preserve or prosecute the claims of the Harbinger Plaintiffs.

On September 2, 2011 Research Data Services, LLC filed a lawsuit in the Superior Court for the State of Alaska in Anchorage against Trimble Navigation Limited, Cabela's Incorporated, AT&T Mobility and Alascom, Inc., alleging breach of contract, breach of fiduciary duty, interference with contract, promissory estoppel, fraud, and negligent misrepresentation. The case was tried in front of a jury in Alaska beginning on September 9, 2014. On September 26, 2014, the jury returned a verdict in favor of the plaintiff and awarded the plaintiff damages of $51.3 million. On January 29, 2015, the court granted our Motion for Judgment Notwithstanding the Verdict, and on March 18, 2015, the Court awarded the Company a portion of its incurred attorneys' fees and costs, and entered judgment in the Company's favor in the amount of $0.6 million. The judgment also provides that Plaintiff take nothing on its claims. On April 17, 2015, Plaintiff filed a Notice of Appeal to the Alaska Supreme Court. The parties have completed all appellate briefing, and the matter is scheduled for oral argument before the Alaska Supreme Court.

On March 12, 2015, Rachel Thompson filed a putative class action complaint in California Superior Court against the Company, the members of its Board of Directors, and JP Morgan Chase Bank. The suit alleges that the Company's Board of Directors breached their fiduciary obligations to the Company's shareholders by entering into a credit agreement with JP Morgan Chase Bank that contains certain change of control provisions that plaintiff contends are disadvantageous to shareholders. The complaint seeks declaratory relief, injunctive relief, and costs of the action but does not seek monetary damages. The parties have reached a proposed settlement, which would modify one provision of the credit agreement and permit the named plaintiff to seek recovery of attorney's fees. By order filed February 1, 2016, the Court granted preliminary approval of the proposed settlement, ordered that notice be provided to shareholders, and scheduled a hearing to consider any objections to the settlement.

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

NOTE 17. REVISIONS TO PREVIOUSLY REPORTED FINANCIAL INFORMATION

In the third quarter of fiscal 2015, the Company identified an error in its previously reported financial statements with regard to a portion of its goodwill balance arising from deferred tax liabilities in foreign jurisdictions that had not been properly translated to U.S. dollars. As a result, both goodwill and the cumulative translation adjustment included in Accumulated other comprehensive loss on the Consolidated Balance Sheets were overstated and the resulting foreign currency translation adjustment component of Other comprehensive income was incorrect. There was no impact on Net Income or Cash Flows.

The Company evaluated the impact of the error, both quantitatively and qualitatively, and concluded that the differences were not material individually or in the aggregate to any of the prior reporting periods. The impact has no effect on Net Income or Cash Flows, but in light of the significance of the cumulative amount of the error on comprehensive income to the third quarter and full year 2015, the Company has revised previously issued financial information for periods contained in this Annual Report on Form 10-K to correct for the foreign currency translation figures.

The following table presents the impact of the adjustment to the Condensed Consolidated Balance Sheet line items as of 2014 fiscal year end (in millions):

	As of Fiscal Year End 2014		
	As previously		As
Consolidated Balance Sheet Data:	Reported (1)	Adjustment	Revised

Goodwill	$2,101.2	$(15.4)	$2,085.8
Total assets	3,871.3	(15.4)	3,855.9
Accumulated other comprehensive loss	(61.3)	(15.4)	(76.7)
Total Trimble Navigation Limited shareholders' equity	2,357.0	(15.4)	2,341.6
Total equity	2,368.8	(15.4)	2,353.4
Total liabilities and equity	3,871.3	(15.4)	3,855.9

(1) Total assets and total liabilities and equity as previously reported have been adjusted to reflect the reclassification of debt issuance costs. For further information, see Recent Accounting Pronouncements in Note 2 to the Consolidated Financial Statements.

The following table presents the impact of these corrections in the Consolidated Statements of Comprehensive Income for fiscal 2014 and 2013 (in millions):

Consolidated Statements of Comprehensive Income	Fiscal 2014 As previously Reported	Adjustment	As Revised	Fiscal 2013 As previously Reported	Adjustment	As Revised
Net income	$213.9	$—	$213.9	$218.2	$—	$218.2
Foreign currency translation adjustments	(92.8)	(11.2)	(104.0)	10.2	(4.0)	6.2
Net unrealized actuarial gain (loss)	(1.7)	—	(1.7)	0.4	—	0.4
Comprehensive income	119.4	(11.2)	108.2	228.8	(4.0)	224.8
Less: Comprehensive loss attributable to noncontrolling interests	(0.2)	—	(0.2)	(0.7)	—	(0.7)
Comprehensive income attributable to Trimble Navigation Limited	$119.6	$(11.2)	$108.4	$229.5	$(4.0)	$225.5

Interim periods not presented herein will be revised, as applicable, when they are included in future filings.

NOTE 18: SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Trimble has a 52-53 week fiscal year, ending on the Friday nearest to December 31. Both fiscal 2015 and 2014 were a 52-week year.

Fiscal Period	First Quarter 2015	Second Quarter 2015	Third Quarter 2015	Fourth Quarter 2015
(in millions, except per share data)				
Revenue	$582.6	$585.8	$562.3	$559.7
Gross margin	307.2	303.9	298.0	293.1
Net income attributable to Trimble Navigation Limited	34.1	25.9	37.1	24.0
Basic net income per share	0.13	0.10	0.15	0.10
Diluted net income per share	0.13	0.10	0.14	0.09

Fiscal Period	First Quarter 2014	Second Quarter 2014	Third Quarter 2014	Fourth Quarter 2014
(in millions, except per share data)				
Revenue	$604.7	$642.2	$584.8	$563.8
Gross margin	326.9	354.6	316.8	292.5
Net income attributable to Trimble Navigation Limited	68.6	77.9	11.8	55.8
Basic net income per share	0.26	0.30	0.05	0.22
Diluted net income per share	0.26	0.29	0.04	0.21

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Trimble Navigation Limited

We have audited the accompanying consolidated balance sheets of Trimble Navigation Limited as of January 1, 2016 and January 2, 2015, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended January 1, 2016. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Trimble Navigation Limited at January 1, 2016 and January 2, 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended January 1, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Trimble Navigation Limited's internal control over financial reporting as of January 1, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 24, 2016, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
San Jose, California
February 24, 2016

Report of Independent Registered Public Accounting Firm
The Board of Directors and Shareholders of Trimble Navigation Limited
We have audited Trimble Navigation Limited's internal control over financial reporting as of January 1, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Trimble Navigation Limited's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Trimble Navigation Limited maintained, in all material respects, effective internal control over financial reporting as of January 1, 2016, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of all current year acquisitions, which are included in the January 1, 2016 consolidated financial statements of Trimble Navigation Limited and constituted less than 1% of total assets and net assets as of January 1, 2016, and less than 1% of consolidated revenue and net income for the year then ended. Our audit of internal control over financial reporting of Trimble Navigation Limited also did not include an evaluation of the internal control over financial reporting of all current year acquisitions.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Trimble Navigation Limited as of January 1, 2016 and January 2, 2015, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended January 1, 2016 of Trimble Navigation Limited and our report dated February 24, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
San Jose, California
February 24, 2016

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

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

Inherent Limitations on Effectiveness of Controls

The Company’s management, including the CEO and CFO, does not expect that our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

(b) Management’s Report on Internal Control over Financial Reporting

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

The Company’s management, including the CEO and CFO, conducted an evaluation of the effectiveness of its internal control over financial reporting based on the Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). The Company has excluded from its evaluation the internal control over financial reporting of all current year acquisitions, which are included in the January 1, 2016 consolidated financial statements and constituted less than 1% of total assets and net assets as of January 1, 2016, and less than 1% of consolidated revenue and net income for the year then ended. Based on the results of this evaluation, the Company’s management concluded that its internal control over financial reporting was effective at the end of fiscal 2015.

The effectiveness of our internal control over financial reporting at the end of fiscal 2015 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included elsewhere herein.

Changes in Internal Control over Financial Reporting

During the fourth quarter of fiscal 2015, there were no changes in the Company’s internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item, insofar as it relates to Trimble's directors, will be contained under the captions "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement and is incorporated herein by reference. The information required by this item relating to executive officers is set forth above in Item 1 Business Overview under the caption "Executive Officers."

The information required by this item insofar as it relates to the nominating and audit committees will be contained in the Proxy Statement under the caption "Board Meetings and Committees; Director Independence."

Code of Ethics

The Company's Business Ethics and Conduct Policy applies to, among others, the Company's Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer and other finance organization employees. The Business Ethics and Conduct Policy is available on the Company's website at www.trimble.com under the heading "Corporate Governance - Governance Documents" on the Investor Relations page of our website. A copy will be provided, without charge, to any shareholder who requests one by written request addressed to General Counsel, Trimble Navigation Limited, 935 Stewart Drive, Sunnyvale, CA 94085.

If any substantive amendments to the Business Ethics and Conduct Policy are made or any waivers are granted, including any implicit waiver, from a provision of the Business Ethics and Conduct Policy, to its Chief Executive Officer, Chief Financial Officer, Vice President of Finance, or Corporate Controller, the Company will disclose the nature of such amendment or waiver on the Company's website at www.trimble.com or in a report on Form 8-K.

Item 11. Executive Compensation

The information required by this item will be contained in the Proxy Statement under the captions "Executive Compensation" and "Non-Employee Director Compensation" and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be contained in the Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters" and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be contained in the Proxy Statement under the caption "Certain Relationships and Related Person Transactions" and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this item will be contained in the Proxy Statement under the caption "Principal Accounting Fees and Services" and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) (1) Financial Statements

The following consolidated financial statements required by this item are included in Part II Item 8 hereof under the caption "Financial Statements and Supplementary Data."

(1) Financial Statement Schedules

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

All other schedules have been omitted as they are either not required or not applicable, or the required information is included in the consolidated financial statements or the notes thereto.

(b) Exhibits

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

TRIMBLE NAVIGATION LIMITED

By: /S/ STEVEN W. BERGLUND
Steven W. Berglund,
President and Chief Executive Officer

February 24, 2016

POWER OF ATTORNEY

Know all persons by these presents, that each person whose signature appears below constitutes and appoints Steven W. Berglund as his attorney-in-fact, with the power of substitution, for him in any and all capacities, to sign any amendments to this Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Capacity in which Signed	
/s/ STEVEN W. BERGLUND Steven W. Berglund	President, Chief Executive Officer, Director	February 24, 2016
/s/ ROBERT G. PAINTER Robert G. Painter	Chief Financial Officer (Principal Financial Officer)	February 24, 2016
/s/ JULIE A. SHEPARD Julie A. Shepard	Vice President of Finance (Principal Accounting Officer)	February 24, 2016
/s/ MERIT E. JANOW Merit E. Janow	Director	February 24, 2016
/s/ ULF J. JOHANSSON Ulf J. Johansson	Director	February 24, 2016
/s/ RON S. NERSESIAN Ron S. Nersesian	Director	February 24, 2016
/s/ MARK S. PEEK Mark S. Peek	Director	February 24, 2016
/s/ NICKOLAS W. VANDE STEEG Nickolas W. Vande Steeg	Director	February 24, 2016
/s/ BÖRJE EKHOLM Börje Ekholm	Director	February 24, 2016
/s/ KAIGHAM (KEN) GABRIEL Kaigham (Ken) Gabriel	Director	February 24, 2016

INDEX TO EXHIBITS

Exhibit Number	
3.1	Restated Articles of Incorporation of the Company filed June 25, 1986 (Incorporated by reference to exhibit number 3.1 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1999)
3.2	Certificate of Amendment of Articles of Incorporation of the Company filed October 6, 1988 (Incorporated by reference to exhibit number 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1999)
3.3	Certificate of Amendment of Articles of Incorporation of the Company filed July 18, 1990 (Incorporated by reference to exhibit number 3.3 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1999)
3.4	Certificate of Determination of the Company filed February 19, 1999 (Incorporated by reference to exhibit number 3.4 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1999)
3.5	Certificate of Amendment of Articles of Incorporation of the Company filed May 29, 2003 (Incorporated by reference to exhibit number 3.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 4, 2003)
3.6	Certificate of Amendment of Articles of Incorporation of the Company filed March 4, 2004 (Incorporated by reference to exhibit number 3.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2004)
3.7	Certificate of Amendment of Articles of Incorporation of the Company filed February 21, 2007 (Incorporated by reference to exhibit number 3.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2007)
3.8	Certificate of Amendment of Articles of Incorporation of the Company filed March 19, 2013 (Incorporated by reference to exhibit number 3.1 to the Company's Current Report on Form 8-K, filed on March 20, 2013)
3.9	Bylaws of the Company (amended and restated through May 7, 2015) (Incorporated by reference to exhibit number 3.2 to the Company's Current Report on Form 8-K filed on March 25, 2015)
4.1	Specimen copy of certificate for shares of Common Stock of the Company (Incorporated by reference to exhibit number 4.1 to the Company's Registration Statement on Form S-1, as amended (File No. 33-35333), which became effective July 19, 1990)
4.2	Indenture, dated as of October 30, 2014, between the Company and U.S. Bank National Association (Incorporated by reference to exhibit number 4.2 to the Company's Registration Statement on Form S-3, filed October 30, 2014)
4.3	First Supplemental Indenture, dated November 24, 2014, between the Company and U.S. Bank National Association (which includes Form of 4.750% Senior Note due 2024) (Incorporated by reference to exhibit number 4.1 to the Company's Current Report on Form 8-K, filed November 24, 2014)
10.1+	

	Employment Agreement between the Company and Steven W. Berglund dated March 17, 1999 (Incorporated by reference to exhibit number 10.67 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1999)
10.2+	Amendment to Employment Agreement between the Company and Steven W. Berglund dated December 19, 2008 (Incorporated by reference to exhibit number 10.14 to the Company's Annual Report on Form 10-K for the year ended January 2, 2009)
10.3+	Form of Indemnification Agreement between the Company and its officers and directors (Incorporated by reference to exhibit number 10.1 to the Company's Annual Report on Form 10-K for the year ended December 30, 2005)

10.4+	Amended and Restated form of Change in Control severance agreement between the Company and certain Company officers (Incorporated by reference to exhibit number 10.13 to the Company's Annual Report on Form 10-K for the year ended January 2, 2009)
10.5+	Trimble Navigation Limited Annual Management Incentive Plan Description (Incorporated by reference to exhibit number 10.1 to the Company’s Current Report on Form 8-K, filed on May 3, 2010)
10.6	Letter of assignment between the Company and Christopher Gibson dated June 11, 2008 (Incorporated by reference to exhibit number 10.24 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010)
10.7	Amendment to the letter of assignment between the Company and Christopher Gibson dated December 20, 2009 (Incorporated by reference to exhibit number 10.25 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010)
10.8+	Offer letter between the Company and François Delépine dated November 1, 2013 (Incorporated by reference to exhibit number 10.9 to the Company’s Annual Report on Form 10-K for the fiscal year ended January 3, 2014)
10.9+	Board of Directors Compensation Policy (effective as of May 7, 2015) (Incorporated by reference to exhibit number 10.1 to the Company’s Current Report on Form 8-K filed on May 11, 2015)
10.10+	Trimble Navigation Limited Deferred Compensation Plan effective December 30, 2004, as amended and restated (Incorporated by reference to exhibit number 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 2, 2015)
10.11	Lease dated May 11, 2005 between CarrAmerica Realty Operating Partnership, L.P. and the Company (Incorporated by reference to exhibit number 10.17 to the Company’s Annual Report on Form 10-K for the year ended December 30, 2005)
10.12	First Amendment to Lease between Carr NP Properties, LLC and the Company (Incorporated by reference to exhibit number 10.23 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010)
10.13**	Master Manufacturing Services Agreement by and between the Company and Flextronics Corporation (formerly Solectron Corporation) dated March 12, 2004, as amended January 19, 2005, October 25, 2005 and June 20, 2007 (Incorporated by reference to exhibit number 10.6 to the Company’s Quarterly Report on Form 10-Q for the quarter ended July 3, 2009)
10.14**	Consigned Excess Inventory Addendum to the Master Manufacturing Services Agreement by and between the Company and Flextronics Corporation (formerly Solectron Corporation) dated July 6, 2009 (Incorporated by reference to exhibit number 10.1 to the Company’s Quarterly Report on Form 10-Q for the quarter ended October 2, 2009)
10.15	Five-Year Credit Agreement, dated as of November 24, 2014, among the Company, the subsidiary borrowers from time to time party thereto, the lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (Incorporated by reference to exhibit number 10.1 to the Company’s Current Report on Form 8-K, filed November 24, 2014)
10.16+	@Road, Inc. 2000 Stock Option Plan, as amended May 16, 2000 (Incorporated by reference to exhibit number 10.19 to the Company’s Annual Report on Form 10-K for the year ended December 29, 2006)

10.17+	Trimble Navigation Limited Australian Addendum to the Amended and Restated Employee Stock Purchase Plan (Incorporated by reference to exhibit number 10.5 to the Company’s Quarterly Report on Form 10-Q for the quarter ended July 3, 2009)
10.18+	Australian Addendum to the Trimble Navigation Limited Amended and Restated 2002 Stock Plan (Incorporated by reference to exhibit number 10.7 to the Company’s Quarterly Report on Form 10-Q for the quarter ended July 3, 2009)
10.19+	Trimble Navigation Limited Amended and Restated 2002 Stock Plan (Incorporated by reference to exhibit number 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 4, 2014)

10.20+	Trimble Navigation Limited Amended and Restated Employee Stock Purchase Plan (Incorporated by reference to exhibit number 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 2, 2015)
10.21	Form of officer stock option agreement under the Company’s Amended and Restated 2002 Stock Plan (Incorporated by reference to exhibit number 10.1 to the Company’s Quarterly Report on Form 10-Q for the quarter ended October 3, 2014)
10.22	Form of U.S. director stock option agreement under the Company’s Amended and Restated 2002 Stock Plan (Incorporated by reference to exhibit number 10.2 to the Company’s Quarterly Report on Form 10-Q for the quarter ended October 3, 2014)
10.23	Form of non-U.S. director stock option agreement under the Company’s Amended and Restated 2002 Stock Plan (Incorporated by reference to exhibit number 10.3 to the Company’s Quarterly Report on Form 10-Q for the quarter ended October 3, 2014)
10.24	Form of global stock option agreement (officers) under the Company’s Amended and Restated 2002 Stock Plan. (Incorporated by reference to exhibit number 10.1 to the Company’s Quarterly Report on Form 10-Q for the quarter ended October 2, 2015)
10.25	Form of global restricted stock unit award agreement under the Company’s Amended and Restated 2002 Stock Plan (Incorporated by reference to exhibit number 10.2 to the Company’s Quarterly Report on Form 10-Q for the quarter ended October 2, 2015)
10.26	Form of U.S. director restricted stock unit award agreement under the Company’s Amended and Restated 2002 Stock Plan (Incorporated by reference to exhibit number 10.3 to the Company’s Quarterly Report on Form 10-Q for the quarter ended October 2, 2015)
10.27	Form of non-U.S. director restricted stock unit award agreement under the Company’s Amended and Restated 2002 Stock Plan (Incorporated by reference to exhibit number 10.4 to the Company’s Quarterly Report on Form 10-Q for the quarter ended October 2, 2015)
10.28	Form of global subscription agreement under the Company’s Amended and Restated Employee Stock Purchase Plan (Incorporated by reference to exhibit number 10.5 to the Company’s Quarterly Report on Form 10-Q for the quarter ended October 2, 2015)
10.29	Form of global performance restricted stock unit award agreement under the Company’s Amended and Restated 2002 Stock Plan (Incorporated by reference to exhibit number 10.6 to the Company’s Quarterly Report on Form 10-Q for the quarter ended October 2, 2015)
10.30	Form of global restricted stock unit award agreement (officers) under the Company’s Amended and Restated 2002 Stock Plan (filed herewith)
10.31+	Offer letter between the Company and Robert G. Painter dated January 29, 2016 (Incorporated by reference to exhibit number 10.1 to the Company’s Current Report on Form 8-K, filed February 1, 2016)
21.1	Subsidiaries of the Company (filed herewith)
23.1	Consent of Independent Registered Public Accounting Firm (filed herewith)

24.1 Power of Attorney (included on signature page herein)

31.1 Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)

31.2 Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)

32.1 Certification of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)

32.2 Certification of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)

101.INS	++	XBRL Instance Document
101.SCH	++	XBRL Taxonomy Extension Schema Document
101.CAL	++	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	++	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	++	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	++	XBRL Taxonomy Extension Presentation Linkbase Document

Users of this data are advised that, pursuant to Rule 406T, these interactive data files are deemed not filed and otherwise are not subject to liability.

+ Indicates management contract or compensatory plan or arrangement required to be filed as an exhibit to this Annual Report on Form 10-K.

++ Pursuant to applicable securities laws and regulations, the Company is deemed to have complied with the reporting obligation relating to the submission of interactive data files in such exhibits and is not subject to liability under any anti-fraud provisions of the federal securities laws as long as the Company has made a good faith attempt to comply with the submission requirements and promptly amends the interactive data files after becoming aware that the interactive data files fails to comply with the submission requirements.

** Portions of this document have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment under Rule 24b-2.

SCHEDULE II
TRIMBLE NAVIGATION LIMITED
VALUATION AND QUALIFYING ACCOUNTS
(in millions)

Fiscal Years	2015	2014	2013
Allowance for doubtful accounts:			
Balance at beginning of period	$7.8	$6.3	$6.3
Acquired allowance	0.6	2.6	1.2
Bad debt expense	1.9	3.8	1.9
Write-offs, net of recoveries	(5.3)	(4.9)	(3.1)
Balance at end of period	$5.0	$7.8	$6.3