TRIMBLE NAVIGATION LTD /CA/
Form 10-Q
May 10, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED APRIL 1, 2011**

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	**(I.R.S. Employer Identification Number)**
incorporation or organization)	

935 Stewart Drive, Sunnyvale, CA 94085

(Address of principal executive offices) (Zip Code)

Telephone Number (408) 481-8000

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

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

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

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

As of May 6, 2011, there were 122,627,594 shares of Common Stock (no par value) outstanding.

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TRIMBLE NAVIGATION LIMITED

FORM 10-Q for the Quarter Ended April 1, 2011

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PART I FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TRIMBLE NAVIGATION LIMITED

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(In thousands)	April 1, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 244,342	$ 220,788
Accounts receivable, net	265,693	222,820
Other receivables	25,983	21,069
Inventories, net	203,014	192,852
Deferred income taxes	36,620	36,924
Other current assets	20,279	19,917
Total current assets	795,931	714,370
Property and equipment, net	51,634	50,692
Goodwill	863,459	828,737
Other purchased intangible assets, net	215,394	204,948
Other non-current assets	73,286	68,145
Total assets	$ 1,999,704	$ 1,866,892
LIABILITIES		
Current liabilities:		
Current portion of long-term debt	$ 153,029	$ 1,993
Accounts payable	89,357	72,349
Accrued compensation and benefits	51,987	60,976
Deferred revenue	81,501	73,888
Accrued warranty expense	12,829	12,868
Other current liabilities	32,977	29,741
Total current liabilities	421,680	251,815
Non-current portion of long-term debt	271	151,160
Non-current deferred revenue	7,736	10,777
Deferred income taxes	31,447	24,598
Other non-current liabilities	49,569	42,843
Total liabilities	510,703	481,193
Commitments and contingencies		
EQUITY		
Shareholders equity:		
Preferred stock, no par value; 3,000 shares authorized; none outstanding		
	826,495	781,779

Common stock, no par value; 180,000 shares authorized; 122,561 and 120,939 shares issued and outstanding at April 1, 2011 and December 31, 2010, respectively		
Retained earnings	575,968	536,350
Accumulated other comprehensive income	67,826	48,027
Total Trimble Navigation Ltd. shareholders equity	1,470,289	1,366,156
Noncontrolling interests	18,712	19,543
Total equity	1,489,001	1,385,699
Total liabilities and equity	$ 1,999,704	$ 1,866,892

See accompanying Notes to the Condensed Consolidated Financial Statements.

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TRIMBLE NAVIGATION LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

	Three Months Ended	
	April 1, 2011	April 2, 2010
(In thousands, except per share data)		
Revenue (1)	$ 384,293	$ 319,015
Cost of sales (1)	192,763	160,018
Gross margin	191,530	158,997
Operating expenses		
Research and development	43,232	35,890
Sales and marketing	61,207	49,768
General and administrative	33,472	28,547
Restructuring charges	767	631
Amortization of purchased intangible assets	9,177	8,046
Total operating expenses	147,855	122,882
Operating income	43,675	36,115
Non-operating income, net		
Interest income	285	399
Interest expense	(496)	(398)
Foreign currency transaction gain, net	306	746
Income from equity method investments, net	2,763	2,474
Other income (expense), net	(252)	314
Total non-operating income, net	2,606	3,535
Income before taxes	46,281	39,650
Income tax provision	7,409	11,498
Net income	38,872	28,152
Less: Net income (loss) attributable to noncontrolling interests	(831)	254
Net income attributable to Trimble Navigation Ltd.	$ 39,703	$ 27,898
Basic earnings per share	$ 0.33	$ 0.23
Shares used in calculating basic earnings per share	121,819	120,760
Diluted earnings per share	$ 0.32	$ 0.23
Shares used in calculating diluted earnings per share	125,856	123,829

(1) Sales to Caterpillar Trimble Control Technologies Joint Venture (CTCT) and Nikon-Trimble Joint Venture (Nikon-Trimble) were $5.8 million and $5.5 million for the three months ended April 1, 2011 and April 2, 2010, respectively, with associated cost of sales to those

related parties of $3.9 million and $3.7 million, respectively. In addition, cost of sales associated with related party net inventory purchases was $7.9 million and $6.1 million for the three months ended April 1, 2011 and April 2, 2010, respectively. See Note 4 regarding joint ventures for further information about related party transactions.

See accompanying Notes to the Condensed Consolidated Financial Statements.

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TRIMBLE NAVIGATION LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Three Months Ended	
(Dollars in thousands)	April 1, 2011	April 2, 2010
Cash flow from operating activities:		
Net income	$ 38,872	$ 28,152
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	4,603	4,451
Amortization expense	16,065	13,817
Provision for doubtful accounts	359	1,038
Deferred income taxes	(1,393)	103
Stock-based compensation	6,798	5,641
Income from equity method investments, net	(2,763)	(2,474)
Excess tax benefit for stock-based compensation	(8,357)	(482)
Provision for excess and obsolete inventories	2,489	1,902
Other non-cash items	577	(1,760)
Add decrease (increase) in assets:		
Accounts receivable	(40,624)	(31,546)
Other receivables	5,776	8,060
Inventories	(8,717)	(9,441)
Other current and non-current assets	4,927	(2,103)
Add increase (decrease) in liabilities:		
Accounts payable	16,377	27,319
Accrued compensation and benefits	(10,241)	4,741
Accrued liabilities	4,398	2,617
Deferred revenue	(1,219)	5,468
Net cash provided by operating activities	27,927	55,503
Cash flow from investing activities:		
Acquisitions of businesses, net of cash acquired	(38,979)	(21,571)
Acquisitions of property and equipment	(4,036)	(5,299)
Acquisitions of intangible assets	(250)	(297)
Purchases of equity method investments		(2,750)
Other	44	1
Net cash used in investing activities	(43,221)	(29,916)
Cash flow from financing activities:		
Issuances of common stock, net	27,785	8,649
Excess tax benefit for stock-based compensation	8,357	482
Payments on long-term debt and revolving credit lines	(672)	(54)
Net cash provided by financing activities	35,470	9,077
Effect of exchange rate changes on cash and cash equivalents	3,378	(1,439)

Net increase in cash and cash equivalents	23,554	33,225
Cash and cash equivalents, beginning of period	220,788	273,848
Cash and cash equivalents, end of period	$ 244,342	$ 307,073

See accompanying Notes to the Condensed Consolidated Financial Statements.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS UNAUDITED

NOTE 1. OVERVIEW AND BASIS OF PRESENTATION

Trimble Navigation Limited (the Company), incorporated in California in 1981, provides positioning solutions to commercial and government users in a large number of markets. These markets include surveying, agriculture, construction, asset management, mapping, and mobile resource management.

The Company has a 52-53 week fiscal year, ending on the Friday nearest to December 31, which for fiscal 2010 was December 31, 2010. The first quarter of fiscal 2011 and fiscal 2010 ended on April 1, 2011 and April 2, 2010, respectively. Fiscal 2011 and 2010 were both 52-week years. Unless otherwise stated, all dates refer to the Company s fiscal year and fiscal periods.

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

The accompanying financial data as of April 1, 2011 and for the three months ended April 1, 2011 and April 2, 2010 has been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements, prepared in accordance with U.S. generally accepted accounting principles, have been condensed or omitted pursuant to such rules and regulations. The Condensed Consolidated Balance Sheet as of December 31, 2010 is derived from the audited Consolidated Financial Statements included in the Annual Report on Form 10-K of Trimble Navigation Limited for fiscal year 2010. The following discussion should be read in conjunction with the Company s 2010 Annual Report on Form 10-K.

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 its Condensed Consolidated Financial Statements and accompanying notes. Management bases its estimates on historical experience and various other assumptions believed to be reasonable. Although these estimates are based on management s best knowledge of current events and actions that may impact the company in the future, actual results may be different from the estimates.

In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present a fair statement of financial position as of April 1, 2011, results of operations for the three months ended April 1, 2011 and April 2, 2010 and cash flows for the three months ended April 1, 2011 and April 2, 2010, as applicable, have been made. The results of operations for the three months ended April 1, 2011 are not necessarily indicative of the operating results for the full fiscal year or any future periods. Individual segment revenue may be affected by seasonal buying patterns and general economic conditions. The Company has evaluated all subsequent events through the date that these financial statements have been filed with the Securities and Exchange Commission.

NOTE 2. UPDATES TO SIGNIFICANT ACCOUNTING POLICIES

There have been no material changes to the Company s significant accounting polices during the three months ended April 1, 2011 from those disclosed in the Company s 2010 Form 10-K.

Recent Accounting Pronouncements

There are no updates to recent accounting standards as disclosed in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

NOTE 3. SHAREHOLDERS EQUITY

Stock Repurchase Activities

In January 2008, the Company s Board of Directors authorized a stock repurchase program (2008 Stock Repurchase Program), authorizing the Company to repurchase up to $250 million of Trimble s common stock under this program. No shares of common stock were repurchased during the three months ended April 1, 2011 and April 2, 2010. Since January 2008, the Company has repurchased approximately 6,819,000 shares of common stock in open market purchases at an average price of $29.29 per share, for a total of $199.7 million. The purchase price was reflected as a decrease to common stock based on the average stated value per share with the remainder to retained earnings. Common stock repurchases under the program were recorded based upon the trade date for accounting purposes. All common shares repurchased under this program have been retired. As of April 1, 2011, the 2008 Stock Repurchase Program had remaining authorized funds of $50.3 million. The timing and actual number of future shares repurchased will depend on a variety of factors including price, regulatory requirements, capital availability, and other market conditions. The program does not require the purchase of any minimum number of shares and may be suspended or discontinued at any time without public notice.

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Stock-Based Compensation

The Company accounts for its employee stock options and rights to purchase shares under its stock participation plans under the fair value method, which requires stock-based compensation to be estimated using the fair value on the date of grant using an option-pricing model. The value of the portion of the award that is expected to vest is recognized as expense over the related employees requisite service periods in the Company s Condensed Consolidated Statements of Income.

The following table summarizes stock-based compensation expense, net of tax, related to employee stock-based compensation included in the Condensed Consolidated Statements of Income for the three months ended April 1, 2011 and April 2, 2010.

	Three Months Ended	
(Dollars in thousands)	April 1, 2011	April 2, 2010
Cost of sales	$ 468	$ 501
Research and development	1,096	947
Sales and marketing	1,634	1,383
General and administrative	3,600	2,810
Total operating expenses	6,330	5,140
Total stock-based compensation expense	6,798	5,641
Tax benefit (1)	(2,203)	(776)
Total stock-based compensation expense, net of tax	$ 4,595	$ 4,865

(1) Tax benefit related to U.S. non-qualified options, restricted stock units, and disqualified disposition of incentive stock options, applying a Federal statutory and State (Federal effected) tax rate for the respective periods.

Options

Stock option expense recognized during the period is based on the fair value of the portion of the stock option that is expected to vest during the period and is net of estimated forfeitures. The fair value of each stock option is estimated on the date of grant using a binomial valuation model. The binomial model takes into account variables such as volatility, dividend yield rate, and risk free interest rate. For options granted during the three months ended April 1, 2011 and April 2, 2010, the following weighted average assumptions were used:

	Three Months Ended	
	April 1, 2011	April 2, 2010
Expected dividend yield		
Expected stock price volatility	41.9%	43.5%
Risk free interest rate	1.0%	2.1%
Expected life of option	4.2 years	4.2 years

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

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 stock options.

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

NOTE 4. JOINT VENTURES

Caterpillar Trimble Control Technologies Joint Venture

On April 1, 2002, Caterpillar Trimble Control Technologies LLC (CTCT), a joint venture formed by the Company and Caterpillar, began operations. CTCT develops advanced electronic guidance and control products for earth moving machines in the construction and mining industries. The joint venture is 50% owned by the Company and 50% owned by Caterpillar, with equal voting rights. The joint venture is accounted for under the equity method of accounting. Under the equity method, the Company s share of profits and losses are included in Income from equity method investments, net in the Non-operating income, net section of the Condensed Consolidated Statements of Income. During the three months ended April 1, 2011, the Company recorded $2.4 million as its proportionate share of CTCT net income. During the comparable period of 2010, the Company recorded $1.7 million as its proportionate share of CTCT net income. During the fiscal quarters ended April 1, 2011 and April 2, 2010, there were no dividends received from CTCT. The carrying amount of the investment in CTCT was $11.3 million at April 1, 2011 and $8.9 million at December 31, 2010, and is included in Other non-current assets on the Condensed Consolidated Balance Sheets.

The Company acts as a contract manufacturer for CTCT. Products are manufactured based on orders received from CTCT and are sold at direct cost, plus a mark-up for the Company s overhead costs to CTCT. CTCT then resells products at cost, plus a mark-up in consideration for CTCT s research and development efforts to both Caterpillar and to the Company for sales through their respective distribution channels. Generally, the Company sells products through its after-market dealer channel, and Caterpillar sells products for factory and dealer installation. CTCT does not have net inventory on its balance sheet in that the resale of products to Caterpillar and the Company occur simultaneously when the products are purchased from the Company. During the three months ended April 1, 2011, the Company recorded $1.4 million of revenue and $1.4 million of cost of sales for the manufacturing of products sold by the Company to CTCT and then sold through the Caterpillar distribution channel. During the comparable three month period of fiscal 2010, the Company recorded $0.9 million of revenue and $0.9 million of cost of sales for the manufacturing of products sold by the Company to CTCT and then sold through the Caterpillar distribution channel. In addition, during the three months ended April 1, 2011 and April 2, 2010, the Company recorded $7.9 million and $6.1 million in net cost of sales for the manufacturing of products sold by the Company to CTCT and then repurchased by the Company upon sale through the Company s distribution channel.

In addition, the Company received reimbursement of employee-related costs from CTCT for company employees dedicated to CTCT or performance of work for CTCT totaling $3.9 million and $2.7 million for the three months ended April 1, 2011 and April 2, 2010, respectively. The reimbursements were offset against operating expense.

At April 1, 2011 and December 31, 2010, the Company had amounts due to and from CTCT. Receivables and payables to CTCT are settled individually with terms comparable to other non-related parties. The amounts due to and from CTCT are presented on a gross basis in the Condensed Consolidated Balance Sheets. At April 1, 2011 and December 31, 2010, the receivables from CTCT were $8.8 million and $4.4 million, respectively, and are included within Accounts receivable, net, on the Condensed Consolidated Balance Sheets. As of the same dates, the payables due to CTCT were $10.7 million and $5.7 million, respectively, and are included within Accounts payable on the Condensed Consolidated Balance Sheets.

Nikon-Trimble Joint Venture

On March 28, 2003, Nikon-Trimble Co., Ltd (Nikon-Trimble), a joint venture, was formed by the Company and Nikon Corporation. The joint venture began operations in July 2003 and is 50% owned by the Company and 50% owned by Nikon, with equal voting rights. It focuses on the design and manufacture of surveying instruments including mechanical total stations and related products.

The joint venture is accounted for under the equity method of accounting. Under the equity method, the Company s share of profits and losses are included in Income from equity method investments, net in the Non-operating income, net section of the Condensed Consolidated Statements of Income. During the three months ended April 1, 2011 and April 2, 2010, the Company recorded a profit of both $0.8 million as its proportionate share of Nikon-Trimble net income. During the three months ended April 1, 2011 and April 2, 2010, there were no dividends received from Nikon-Trimble. The carrying amount of the investment in Nikon-Trimble was $15.8 million at April 1, 2011 and $15.0 million at December 31, 2010, and is included in Other non-current assets on the Condensed Consolidated Balance Sheets.

Nikon-Trimble is the distributor in Japan for Nikon and the Company s products. The Company is the exclusive distributor outside of Japan for Nikon branded survey products. For products sold by the Company to Nikon-Trimble, revenue is recognized by the Company on a sell-through basis from Nikon-Trimble to the end customer.

The terms and conditions of the sales of products from the Company to Nikon-Trimble are comparable with those of the standard distribution agreements which the Company maintains with its dealer channel and margins earned are similar to those from third party dealers. Similarly, the purchases of product by the Company from Nikon-Trimble are made on terms comparable with the arrangements which Nikon maintained with its international distribution channel prior to the formation of the joint venture with the Company. During the three months ended April 1, 2011, the Company recorded $4.4 million of revenue and $2.5 million of cost of sales for the manufacturing of products sold by the Company to Nikon-Trimble. During the three months ended April 2, 2010, the Company recorded $4.6 million of revenue and $2.8 million of cost of sales for the manufacturing of products sold by the Company to Nikon-Trimble. The Company also purchases product from Nikon-Trimble for future sales to third party customers. Purchases of inventory from Nikon-Trimble were $5.9 million and $5.4 million during the three months ended April 1, 2011 and April 2, 2010, respectively.

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At April 1, 2011 and December 31, 2010, the Company had amounts due to and from Nikon-Trimble. Receivables and payables to Nikon-Trimble are settled individually with terms comparable to other non-related parties. The amounts due to and from Nikon-Trimble are presented on a gross basis in the Condensed Consolidated Balance Sheets. At April 1, 2011 and December 31, 2010, the amounts due from Nikon-Trimble were $2.5 million and $3.5 million, respectively, and are included within Accounts receivable, net on the Condensed Consolidated Balance Sheets. As of the same dates, the amounts due to Nikon-Trimble were $5.8 million and $7.0 million, respectively, and are included within Accounts payable on the Condensed Consolidated Balance Sheets.

NOTE 5. GOODWILL AND INTANGIBLE ASSETS

Intangible Assets

Intangible Assets consisted of the following:

	April 1, 2011		
(Dollars in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed product technology	$ 255,433	$ (158,847)	$ 96,586
Trade names and trademarks	22,932	(16,923)	6,009
Customer relationships	162,970	(73,765)	89,205
Distribution rights and other intellectual properties	50,513	(26,919)	23,594
	$ 491,848	$ (276,454)	$ 215,394

	January 1, 2010		
(Dollars in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed product technology	$ 247,575	$ (148,171)	$ 99,404
Trade names and trademarks	22,136	(16,449)	5,687
Customer relationships	143,125	(68,104)	75,021
Distribution rights and other intellectual properties	50,207	(25,371)	24,836
	$ 463,043	$ (258,095)	$ 204,948

The estimated future amortization expense of intangible assets as of April 1, 2011, is as follows:

(Dollars in thousands)	
2011 (Remaining)	$ 47,177
2012	55,477
2013	49,586
2014	27,497
2015	17,754
Thereafter	17,903
Total	$ 215,394

Goodwill

The changes in the carrying amount of goodwill by operating segment for the three months ended April 1, 2011, are as follows:

(Dollars in thousands)	Engineering and Construction	Field Solutions	Mobile Solutions	Advanced Devices	Total
Balance as of December 31, 2010	$ 432,364	$ 26,211	$ 348,166	$ 21,996	$ 828,737
Additions due to acquisitions	22,855				22,855
Purchase price adjustments	(3)				(3)
Foreign currency translation adjustments	10,329	73	973	495	11,870
Balance as of April 1, 2011	$ 465,545	$ 26,284	$ 349,139	$ 22,491	$ 863,459

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NOTE 6. CERTAIN BALANCE SHEET COMPONENTS

Inventories, net consisted of the following:

As of *(Dollars in thousands)*	April 1, 2011	December 31, 2010
Raw materials	$ 82,223	$ 79,057
Work-in-process	7,426	5,672
Finished goods	113,365	108,123
Total inventories, net	$ 203,014	$ 192,852

Deferred costs of revenue are included within finished goods and were $14.4 million at April 1, 2011 and $14.0 million at December 31, 2010.

Other non-current liabilities consisted of the following:

As of *(Dollars in thousands)*	April 1, 2011	December 31, 2010
Deferred compensation	$ 10,894	$ 9,736
Unrecognized tax benefits	19,102	17,830
Other non-current liabilities	19,573	15,277
Total other non-current liabilities	$ 49,569	$ 42,843

As of April 1, 2011 and December 31, 2010, the Company has $19.1 million and $17.8 million, respectively, of unrecognized tax benefits included in Other non-current liabilities that, if recognized, would favorably affect the effective income tax rate and interest and/or penalties related to income tax matters in future periods.

NOTE 7. SEGMENT INFORMATION

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

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

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

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

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

Advanced Devices The various operations that comprise this segment are aggregated on the basis that no single operation accounts for more than 10% of the Company s total revenue, operating income, and assets. This segment is comprised of the Component Technologies, Military and Advanced Systems, Applanix, Trimble Outdoors, and ThingMagic businesses.

The Company 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.

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The following table presents revenue, operating income, and identifiable assets for the four segments. Operating income is revenue less cost of sales and operating expense, excluding general corporate expense, amortization of purchased intangibles, amortization of acquisition-related inventory step-up, non-recurring acquisition costs and restructuring charges. The identifiable assets that the Company s Chief Operating Decision Maker, its Chief Executive Officer, views by segment are accounts receivable, inventories, and goodwill.

	Reporting Segments				
(Dollars in thousands)	Engineering and Construction	Field Solutions	Mobile Solutions	Advanced Devices	Total
Three Months Ended April 1, 2011					
Segment revenue	$ 190,034	$ 123,053	$ 44,421	$ 26,785	$ 384,293
Operating income	22,779	52,505	(1,334)	3,863	77,813
Three Months Ended April 2, 2010					
Segment revenue	$ 157,618	$ 95,901	$ 37,959	$ 27,537	$ 319,015
Operating income	18,807	39,313	1,899	5,625	65,644
As of April 1, 2011					
Accounts receivable	$ 142,348	$ 81,457	$ 25,374	$ 16,514	$ 265,693
Inventories	130,211	37,255	18,004	17,544	203,014
Goodwill	465,545	26,284	349,139	22,491	863,459
As of December 31, 2010					
Accounts receivable	$ 131,808	$ 52,065	$ 24,806	$ 14,141	$ 222,820
Inventories	123,780	33,964	16,721	18,387	192,852
Goodwill	432,364	26,211	348,166	21,996	828,737

Unallocated corporate expense includes general corporate expense, amortization of acquisition-related inventory step-up and non-recurring acquisition costs. A reconciliation of the Company s consolidated segment operating income to consolidated income before income taxes is as follows:

	Three Months Ended	
(Dollars in thousands)	April 1, 2011	April 2, 2010
Consolidated segment operating income	$ 77,813	$ 65,644
Unallocated corporate expense	(17,207)	(15,038)
Amortization of purchased intangible assets	(16,065)	(13,817)
Restructuring charges	(866)	(674)
Consolidated operating income	43,675	36,115
Non-operating income, net	2,606	