Intermec, Inc.
Form 10-K
February 26, 2009

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2008

OR

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

Commission file number 001-13279

Intermec, Inc.
(Exact name of registrant as specified in its charter)

Delaware	95-4647021
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6001 36th Avenue West Everett, Washington www.intermec.com (Address of principal executive offices)	98203-1264 (Zip Code)

Registrant's telephone number, including area code: (425) 265-2400

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

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.01 per share	New York Stock Exchange

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

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

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

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

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 x.

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 the definitions of “large accelerated filer,” “accelerated filer” and ”smaller reporting company” in Rule 12b-2 of the Exchange

Large Accelerated Filer x	Accelerated Filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company Filer o

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

As of June 27, 2008, which was the last business day of the registrant’s most recent second fiscal quarter, the aggregate market value of the registrant’s common stock held by non-affiliates of the registrant was approximately $1.3 billion, based on the closing sale price as reported on the New York Stock Exchange.

On February 18, 2009, there were 61,332,549 shares of Common Stock outstanding, exclusive of treasury shares.

Documents Incorporated by Reference

Certain information required to be reported in Part III of this Annual report on Form 10-K is herein incorporated by reference from the registrant's Definitive Proxy Statement to be filed with the Securities and Exchange Commission with respect to the registrant's Annual Meeting of Stockholders scheduled to be held on May 27, 2009.

INTERMEC, INC.

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PART I

SAFE HARBOR

Forward-looking statements contained in this filing are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995 (alternatively: Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934) and are dependent upon a variety of important factors that could cause actual results to differ materially from those reflected in such forward-looking statements. Forward-looking statements include, but are not limited to, statements about: our cost reduction plans; our view of general economic and market conditions; our ability to develop, produce, market or sell our products, either directly or through third parties; maintaining or improving our revenues, gross margins or profits of our continuing operations, for the current period or any future period; competing effectively with our current products and planned products, and introducing new products; effectively completing restructuring and related transitional activities; maintaining or reducing expenses, maintaining or improving operational efficiency; using our investment in research and development to generate future revenue; and the applicability of accounting policies used in our financial reporting. When used in this document and in documents it references, the words "anticipate," "believe," "will," "intend," "project" and "expect" and similar expressions as t relate to Intermec or our management are intended to identify such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason after the date of this report on Form 10-K.

Forward-looking statements involve and are dependent upon certain risks and uncertainties, and are not guarantees of future performance. A number of factors can impact our business and determine whether we can or will achieve any forward-looking statement made in this report. Any one of these factors could cause our actual results to differ materially from those expressed or implied in a forward-looking statement. We outline these risk factors in reports that we file with the SEC, in press releases and on our website, www.Intermec.com. You are encouraged to review the discussion below in Part I, "Item 1A, Risk Factors," and in Part II, "Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operation," of this filing.

ITEM 1. BUSINESS

General

Intermec, Inc. ("Intermec", "us", "we", "our") became an independent public company when our common stock was distributed to the shareholders of Western Atlas Inc., our former parent company, on October 31, 1997. Intermec is a Delaware corporation and our headquarters are in Everett, Washington. Our major offices, and assembly and services facilities are in the states of Washington, Iowa, North Carolina and Ohio and internationally in the United Kingdom, the Netherlands, France, Canada, Mexico, Brazil and Singapore.

Information on our company may be found at the Internet website www.intermec.com. Our annual reports on Form 10-K and certain of our other filings with the Securities and Exchange Commission ("SEC") are available in PDF format through our Investor Relations website at www.intermec.com/IntermecInc/investorinfo.asp. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports are also available on the SEC website at www.sec.gov. The contents of these websites are not incorporated by reference into this report or in any other report or document we file. Our references to the addresses of these websites are intended to be inactive textual references only. Shareholders may request a free copy of the annual reports on Form 10-K and quarterly reports on Form 10-Q from:

Intermec, Inc.
Attention: Investor Relations
6001 36th Avenue West

Everett, WA 98203-1264

Continuing Operations

We design, develop, integrate, sell, resell and service wired and wireless automated identification and data collection ("AIDC") products and provide related services. Our products include mobile computing products, bar code scanners, radio frequency identification ("RFID") products, wired and wireless bar code printers and label media products. These products and services allow customers to identify, track and manage their assets and other resources in ways that improve the efficiency and effectiveness of their business operations. Our products are designed to withstand mobile use and rugged warehouse and field conditions.

Our products are sold worldwide for field mobility applications such as asset visibility and management, direct store delivery, maintenance and repair, in-transit visibility, routing and navigation, and telematics. Our products are also sold globally for in-premise applications such as asset visibility, freight yard operations, inventory management, warehouse operations, and work-in-process management.

ITEM 1. BUSINESS (Continued)

We generate our revenues primarily through:

- The sale and resale of wired and wireless AIDC products, mobile computing products, bar code scanners, wired and wireless bar code printers, label media and RFID products;
- The granting of licenses to use our intellectual property (“IP”);
- The delivery of professional services to actual or potential purchasers of our products;
- The sale of service contracts to customers who want “extended” or post-warranty service, maintenance or repairs for the products they have purchased from us.

Products and Services

We sell wired and wireless AIDC products, including mobile computing products, bar code scanners, wired and wireless barcode printers, label media, RFID products and related services. These products and services allow customers to identify, track and manage their assets and other resources in ways that improve the efficiency and effectiveness of their business operations.

Products

Mobile Computing Products

Our mobile computing products allow a customer’s in-premise and in-field workers to automatically and wirelessly collect and send data to remote computers and to automatically and wirelessly receive data from those remote computers. Our partners offer mobile computing application software that customers can use for a wide variety of business solutions including inventory management, order entry and fulfillment, and transaction processing.

Our mobile computing products include handheld and vehicle-mounted mobile computers, accessories and services that facilitate local-area and wide-area voice and data communications. These products typically contain multiple wireless technologies such as wide-area GPRS and CDMA, with local-area 802.11 and Bluetooth. Our mobile computing portfolio also includes AIDC devices with barcode scanning and/or RFID capabilities, specialized peripherals and printer products.

Our mobile computers use Microsoft Windows®, Windows® CE and Windows Mobile®, and embedded Windows XP operating systems, as well as scanning and Internet Protocol-based data communication capabilities. Our mobile computing products range from relatively low-cost, handheld batch and wireless data collection devices to higher-cost computers with network capabilities and flexible vehicle-mount communications.

Bar Code Scanners

Our bar code scanning products include fixed, mobile and vehicle-mounted laser scanners and linear and area imagers. These products are able to collect and decode bar codes and to transmit the resulting data to enterprise resource planning ("ERP") systems, warehouse management systems ("WMS"), and order fulfillment, transportation, logistics systems and other business intelligence applications.

Printer and Label Media Products

We sell barcode and RFID printers ranging from relatively low-cost, light-duty models to higher-cost, heavy-duty models. Our specialty printers provide custom capabilities, including color printing, a global language enabler and high resolution (400 DPI) printing that produces sharp typefaces and precise graphics even on small labels such as those used by the electronics industry. Our media products include pressure-sensitive bar code labels and thermal transfer ribbons, which are sold to customers worldwide. We also design and manufacture specialized labels to meet customer requirements for extreme environments such as clean rooms, chemical baths and high humidity.

ITEM 1. BUSINESS (Continued)

Radio Frequency Identification (RFID) Products

RFID facilitates wireless communication of more information than that available from a barcode and does not require "line-of-sight" as barcode technology does. RFID systems typically consist of RFID readers and RFID tags comprising a computer chip and antenna encased in a protective covering. RFID tags are programmed by users to contain identification, serial numbers, history and other product data. Certain RFID tags contain read/write memory to allow updates and tag reuse. Customers use RFID technology to track pallets, cartons, containers and individual goods and assets to make their supply chains and other operations more efficient, productive and responsive.

Our RFID product line is currently focused on passive UHF technology and consists of RFID tags, readers, printers, software and related equipment. Our RFID products comply with the EPCglobal Generation 2 UHF standard and other standards around the world.

Product Manufacture and Assembly

In 2008, we relocated the final assembly of our product lines from our headquarters location in Everett, Washington, to Venture Corporation Limited, a global electronics services provider. In December 2008, we entered into a Manufacturing Services Framework Agreement (the "Agreement") with Venture Corporation Limited and its affiliates (collectively, "Venture"). Under an earlier manufacturing services contract, Venture had manufactured printed circuit board assemblies and some finished goods for us. The Agreement supersedes and replaces the earlier manufacturing services contract.

Venture is our exclusive manufacturer for substantially all of the products we offered for sale at the time the Agreement was entered into. The Agreement provides that Intermec products introduced to the marketplace after the effective date of the Agreement will not be automatically included in the Agreement, but they may be included by mutual agreement. The Agreement does not require Intermec to purchase minimum quantities of its products.

Venture's manufacturing services include material and component procurement and equipment manufacturing, testing, packaging and shipment of finished goods. Venture will generally purchase and own raw material, component, and finished goods inventories, but in certain limited circumstances, Intermec may take ownership of portions of those inventories. Intermec takes the lead in selecting and negotiating with suppliers and contract manufacturers on key components to be purchased by Venture.

Under the Agreement, we may collaborate with Venture on new product design or current product upgrades. We intend to take advantage of Intermec's knowledge and experience in product design and Venture's expertise in manufacturing to achieve low costs for products that meet stringent performance demands.

Intellectual Property

We have more than 150 RFID patents and more than 20 companies have taken royalty-bearing licenses under those patents, including Cisco, Motorola, Inc., Texas Instruments, Avery Dennison, Honeywell Corporation and Zebra Technologies, Inc. We also have approximately 400 non-RFID patents covering wireless communication, networking, Internet access, imaging and similar technologies and have a licensing program for those patents as well.

Services

We help our customers design, implement and deploy AIDC systems in their businesses. Our project management teams create strategic plans that identify the customer's operational goals and AIDC solutions that will accomplish the customer's business objectives. Our project management teams also define the functional requirements for implementing AIDC products and systems in the customer's business environment.

Our project management teams prepare an implementation plan, evaluate AIDC products and integrate new AIDC products into the customer's existing system. Since our partners and other vendors provide complementary AIDC products, systems and services, we offer customers a "one-stop shopping" experience and comprehensive AIDC solutions.

We provide technical support and repair services through a global network of Intermec and third-party facilities. Through our global education services unit, we also provide AIDC training services, including the design and delivery of training programs for our customers' employees.

ITEM 1. BUSINESS (Continued)

Business Strategy

The key elements of our strategy are to target high growth opportunities in selected application markets; focus on developing and selling differentiated new products and services; emphasize channel fulfillment; pursue geographic expansion opportunities; and continue the transformation of our supply chain and other efficiency initiatives.

We and our partners are focused on the following applications where our products and services make it possible for our customers to achieve measurable and meaningful reductions in their operating costs, greater efficiency in their operations and improvements in their customer service and support activities:

Field Mobility Applications

Asset visibility and management. Many firms have employees in the field who are using, operating, installing or retrieving valuable assets such as machinery, tools, equipment, components and parts. Tracking those assets and their condition while they are in the field allows our customers to reduce capital expenditures, operating expenses, working capital requirements and cash consumption.

Direct store delivery ("DSD"). DSD is the delivery of consumer goods from a supplier or distributor directly to a retail store, bypassing a warehouse. DSD activities typically include in-store inventory management, store-level authorized item management, store-level ordering, forecasting, product pricing, promotion, invoicing, the physical delivery and return of merchandise, the electronic exchange of delivery data, and shelf merchandising. Our products and services allow our customers to manage these activities while they are in progress in the field and, in this manner, increase orders and revenue, achieve just-in-time inventory replenishment, update and confirm pricing “on the fly,” track promotion costs and product returns, etc.

Maintenance, repair and overhaul. Many firms provide in-field maintenance, repair and refurbishment services for their own products or for products manufactured by others. These services typically involve the steps of finding the specific location of the equipment within a facility or a yard, evaluating or confirming the nature of the work required, resolving technical or other issues which arise while the work is being performed, testing to confirm that the work had the desired effect, reporting the completion of the work, updating equipment service and repair records, invoicing for parts and labor, etc. Our products and services allow our customers to manage these activities while their employees are in the field and, in this manner, enhance revenue and decrease the cost, time and trouble of in-field maintenance and repair.

In-transit visibility. Most shippers and transporters want to know where their shipments are, who received the shipment, when it was delivered, the conditions and events that may have impacted the shipment in transit (e.g., temperature, humidity, shocks), the condition of the shipment on delivery, etc. Our products and services allow our customers to acquire, transmit, analyze and manage this information while the shipments are in the field and, in this manner, reduce the cost and simplify the management of outbound and inbound shipments.

Routing and Navigation. Many firms that operate transportation fleets want in-field control over their transportation assets so they can maximize the revenues generated by those assets and minimize their costs. Our products and services make this possible by allowing these firms to use automated route and revenue optimization systems, dynamic routing systems and navigation support systems while their transportation assets are in the field.

Telematics. Many firms operating transportation fleets also want to gather data about their transportation assets and operators while they are in the field and use that data to improve performance in the field and system-wide. Our products and services make this possible by allowing these firms to use automated methods of collecting, transmitting, analyzing and acting on data from the field such as vehicle tracking, engine diagnostics and parameters, fuel parameters and operator hours.

In-Premise Applications

Asset visibility and management. Most employees are using, operating, installing or retrieving valuable assets such as machinery, tools, equipment, components and parts in facilities owned or leased by their employers. Our products and services allow our customers to remotely track these assets and their condition and, in this manner, reduce shrink, and reduce capital expenditures, operating expenses, working capital requirements and cash consumption.

ITEM 1. BUSINESS (Continued)

Freight yard operations. Firms operating transportation fleets want to use information about their freight yards to increase revenues, improve productivity and reduce costs. Our products and services allow these firms to automatically collect, transmit, analyze and dynamically act on data from the yard such as inbound and outbound vehicles, yard location of equipment, equipment and operator availability, vehicle / trailer mismatches and goods loaded or offloaded from vehicles or trailers.

Inventory management. Most firms want an efficient method of regularly gathering inventory data from their supply chain so that they can use it to establish optimal inventory policies and to rapidly respond to unplanned changes in demand and supply. Our products and services meet this need by allowing firms to automatically collect, transmit, analyze and act on inventory data whether the inventory is in a plant, warehouse or a retail store.

Warehouse operations. Most firms with warehouse operations want to streamline and improve those operations through automatic data collection and processing. Our products and services meet this need by providing an automatic method of collecting, transmitting, analyzing and acting on data concerning the arrival, departure, storage location and condition of goods, equipment and workers.

Work-in-process ("WIP") management. Most manufacturers want to use WIP data to reduce waste and other inefficiencies in the manufacturing process. Our products and services meet this need by providing an automatic method of collecting, transmitting, analyzing and using WIP data to align production to demand, smooth production flow and reduce waste and rework.

We and our partners are focused on private and public sector customers in the following categories:

Consumer Goods. These customers make products for retailers and other firms which sell directly to businesses and consumers. Segments within this category include firms that produce foods, beverages, consumer packaged goods, footwear and apparel, health products and pharmaceuticals, beauty products, housewares and appliances, electronics, recreation products and services, and media and publications.

Healthcare. These customers provide healthcare products and services to healthcare providers, laboratories or patients. Segments within this category include firms that provide preventative and emergency medical services in hospitals, clinics and medical offices, firms that provide laboratory and test services, and firms that produce the medical and test equipment, pharmaceuticals and other products used in hospitals, clinics, medical offices and laboratories.

Industrial Goods. Some customers in this category supply raw materials, components and assemblies to manufacturers and service providers in a variety of industries, including aerospace, automotive, chemicals, electronics, and oil and gas. Other customers in this category produce durable goods for businesses and consumers, including automobiles, computers and household appliances.

Retail. These customers sell a wide variety of products and services to businesses and consumers through brick-and-mortar retail and mall stores, specialty outlets, department stores, warehouse-style mega-stores and the Internet. Segments within this category include firms that sell foods, beverages and other grocery items, pharmaceuticals, health and beauty products, electronics, housewares, appliances, footwear, apparel, office products, and books, magazines and other media products. .

Transportation and Logistics. These firms provide shipping, transportation and logistics services using their own personnel and equipment or third party resources. Segments within this category include motor freight, air transport, railways, waterborne transportation and logistics service providers.

Markets and Customers

Because AIDC solutions can be used by a company of any size, the AIDC market is large. Market growth is driven by the need for technologies and solutions that reduce capital expenditures, operating expenses, working capital requirements and cash consumption and improve productivity, quality, customer service and support. We cover the market through a combination of a direct sales and service organization, two-tier distributors, resellers and independent hardware, software and service vendors.

Our direct sales organization serves customers from offices throughout the Americas, Europe, the Middle East and Africa and in selected Asia Pacific countries, including China and Australia. Our two-tiered sales channel is also global and includes value-added distributors and resellers.

ITEM 1. BUSINESS (Continued)

Our customer base consists of private and public entities of many sizes. In 2008, 2007 and 2006, one customer, ScanSource, Inc., and its affiliated companies accounted for more than 10% of our revenues. Total sales to this customer were $113.8 million, $108.7 million and $99.8 million for the years ended December 31, 2008, 2007 and 2006, respectively. ScanSource is a distributor of our products, and not an end user customer.

The AIDC market is highly competitive and there are many firms capable of becoming and, we believe, willing to become distributors for Intermec in addition to those now engaged in that role. We do not believe that Intermec is substantially dependent upon any contractual arrangements with ScanSource or its affiliated companies.

Competition

The market for AIDC products is fragmented, highly competitive and rapidly changing. Independent market surveys suggest that we are one of the larger participants measured by revenues. Motorola, Inc. and its wholly-owned subsidiary, Symbol Technologies, Inc., are major competitors, supplying a range of barcode, RFID and mobile computing products and services. We also face strong competition in individual AIDC product lines from suppliers such as Zebra Technologies Corporation, which supplies barcode and RFID printers, and Honeywell Corporation, which supplies barcode imagers. In the label media area, we face competition from a number of large and small media producers, including, among many others, Avery Denison and Brady.

We compete primarily on the basis of our technology and expertise in our target markets, but our support services, product functionality, performance, ruggedness and overall product quality are also important elements of our competitive offerings.

Research and Development

Research and development expenditures amounted to $64.5 million, $65.6 million, and $72.4 million, all of which we sponsored in the years ended December 31, 2008, 2007 and 2006, respectively.

Intellectual Property

We strive to protect our investment in technology and to secure competitive advantage by obtaining IP protection. We have obtained approximately 612 patents and a number of trademarks, copyrights and trade secrets. When appropriate, we have obtained licenses to use IP controlled by other organizations. As we expand our product offerings, we try to obtain patents related to such offerings and, when appropriate, seek licenses to use inventions patented by third parties.

To distinguish our products and services from those of our competitors, we have obtained certain trademarks and trade names, and as we expand our product and service offerings, we try to obtain trademarks and trade names to cover those new offerings. We protect certain details of our processes, products and strategies as trade secrets by restricting access to that information. We have ongoing programs designed to maintain the confidentiality of such information.

We license our IP to generate revenue or to facilitate our effort to market and sell our products and services. We try to protect our investment in technology, generate revenue and secure competitive advantage by enforcing our IP rights. The nature, timing and geographic location of these efforts depends, in part, on the types of legal protection given to different types of IP rights in various countries.

Seasonality and Backlog

Our quarterly results reflect seasonality in the sale of our products and services, since our revenues are typically highest in the fourth fiscal quarter and the lowest in the first fiscal quarter. See “Quarterly Financial Information” on page 72 of this Form 10-K for quarterly revenues and expenses.

Sales backlog from our continuing operations was $80.9 million, $71.1 million and $42.9 million at December 31, 2008, 2007 and 2006, respectively. Our business typically operates without a significant backlog of firm orders, and we do not consider backlog to be a significant indicator of future sales.

ITEM 1. BUSINESS (Continued)

Employees

At December 31, 2008, we had 2,070 full-time employees, of which 2,055 were engaged in our wholly-owned subsidiary, Intermec Technologies Corporation, and 15 were engaged in our holding company, Intermec, Inc. Approximately 63% of our full-time employees are in the United States, approximately 20% are in Europe, the Middle East and Africa (“EMEA”), and the remainder are employed throughout the rest of the world, including the Asia Pacific region, Latin America, Canada and Mexico.

Discontinued Operations

In 2005, we divested our Industrial Automation Systems ("IAS") businesses, which comprised the Cincinnati Lamb and Landis Grinding Systems divisions. The IAS businesses are classified as discontinued operations for accounting purposes in our consolidated financial statements and related notes. At the time of divestiture, the IAS businesses were producers of manufacturing products and services, including integrated manufacturing systems, machining systems, stand-alone machine tools and precision grinding and abrasives operations primarily serving the global aerospace, automotive, off-road vehicle and diesel engine industries as well as the industrial components, heavy equipment and general job shop markets.

ITEM 1. BUSINESS (Continued)

EXECUTIVE OFFICERS OF THE REGISTRANT.

Our executive officers are elected each year by the Board of Directors at its first meeting following the Annual Meeting of Shareholders to serve during the ensuing year and until their respective successors are elected and qualified or until their earlier resignation or removal. Newly-hired executive officers are elected at the time of their employment to serve until the next Board of Directors meeting first following an Annual Meeting of Stockholders and until their successors are elected and qualified or until their earlier resignation or removal. There are no family relationships between any of our executive officers and any director or other executive officer. The following information indicates the positions and ages of our executive officers on February 24, 2009, and their business experience during the prior five years.

Name	Age	Position with Company and Principal Business Affiliations During Past Five Years
Patrick J. Byrne	48	Chief Executive Officer and President, and member of the Board of Directors since July 2007. Prior to joining Intermec, Mr. Byrne served as a Senior Vice President of Agilent Technologies Inc., a bio-analytical and electronic measurement company, and President of its Electronic Measurement Group from February 2005 to March 2007. Prior to assuming that position, Mr. Byrne served as Vice President and General Manager for Agilent's Electronic Products and Solutions Group's Wireless Business Unit from September 2001 to February 2005.
Robert J. Driessnack	50	Senior Vice President and Chief Financial Officer since January 19, 2009. Prior to his appointment as our Chief Financial Officer, Mr. Driessnack served as Vice President and Controller of HNI Corporation, a manufacturer and distributor of office furniture and hearth products, from 2004 until joining Intermec. Prior to assuming that position, from 2002 to 2004, Mr. Driessnack served as Vice President and Chief Financial Officer for the Retail Systems Division of NCR Corporation, a computer, retail and financial products manufacturing, service and distribution company, where he held a number of other management positions since joining that company in 1989.
Janis L. Harwell	54	Senior Vice President and General Counsel since September 2004 and Corporate Secretary since January 2006. In February 2009, Ms. Harwell also was made Senior Vice President Corporate Strategy. Prior to joining Intermec, Ms. Harwell was Vice President, General Counsel and Secretary of Renessen LLC, an agricultural biotechnology joint venture formed by Cargill, Inc. and Monsanto Company, from January 1999 to August 2004.
Fredric B. Anderson	41	Vice President, Corporate Controller, since September 2005. Acting Chief Financial Officer September 2005 to September 2006. Prior thereto, Mr. Anderson was Director of Accounting and Financial Reporting, and Chief Accounting Officer, from July 2002 to September 2005.
Kenneth L. Cohen	65	Vice President and Treasurer since January 2004 and Vice President, Taxes since July 2000.
Dennis A. Faerber	56	Senior Vice President, Global Supply Chain Operations and Global Services, of Intermec Technologies Corporation, since February 2008 for Global Supply Chain Operations, and

	since February 2009 for Global Services. Prior to joining Intermec, Mr. Faerber was employed by Applied Materials, Inc. from January 2007 through January 2008 as Corporate Vice President (Global Supply Chains) and by KLA-Tencor Corporation from March 2004 through January 2007 as Group Vice President and Chief Quality Officer. Prior thereto, Mr. Faerber was employed by Advanced Energy Industries, Inc. from February 2003 through January 2004 as Chief Operating Officer.
Earl R. Thompson 47	Senior Vice President, Mobile Solutions Business Unit since October 2008. Mr. Thompson previously served as Vice President and General Manager of the Printer/Media Business from April 2008 to October 2008. Prior to joining Intermec, Mr. Thompson was Vice President and General Manager, Wireless Division of Agilent Technologies, Inc. from 2004 to 2007. Prior thereto, Mr. Thompson was General Manager, China Wireless Operations, Wireless Business Unit for Agilent Technologies, Inc. from 2002 to 2004.
Michael A. Wills 45	Senior Vice President, Global Sales of Intermec Technologies Corporation, since January 2007. Between December 2007 and February 2009, Mr. Wills also was Senior Vice President for Global Services. Mr. Wills previously served as our Vice President & General Manager, Global Services and RFID from September 2004 to December 2006. Prior thereto, Mr. Wills was Vice President & General Manager, Printers and Media, from April 2003 to September 2004.

ITEMBUSINESS (Continued)
1.

Environmental and Regulatory Matters

In January 2003, the European Parliament and Council adopted Directive 2002/95/EC on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (the “RoHS Directive”). The RoHS Directive went into effect on July 1, 2006, and prohibits firms from putting on the European Union ("EU") market new electrical and electronic equipment that contains more than permitted levels of lead, cadmium, hexavalent chromium, polybrominated biphenyl ("PBB") and polybrominated diphenyl ether ("PBDE"). The RoHS Directive does not apply to units of equipment already placed on the EU market prior to July 1, 2006. In addition, the RoHS Directive contains exemptions for (a) certain types of equipment; (b) reuse of equipment placed on the EU market prior to July 1, 2006; and (c) spare parts for the repair of equipment placed on the EU market prior to July 1, 2006.

The State of California also has adopted restrictions on the use of certain materials in electronic products that are intended to harmonize with the RoHS Directive. Those restrictions went into effect in 2007. Other U.S. states are considering similar legislation or are in the process of implementing enacted legislation. Similarly, China has promulgated environmental regulations covering the same substances as the RoHS Directive. China’s regulations became effective on March 1, 2007 and imposed various marking and substance content disclosures (above defined thresholds) of electronic products imported into China. We have implemented a program to comply with these requirements. China has not yet defined the list of specific products for which the substance content will be restricted or the effective date of any imposed restrictions. It is unclear whether China’s use restrictions will be consistent with the use restrictions set forth in the RoHS Directive. Other countries outside of the EU and China are in various stages of establishing RoHS requirements and may adopt RoHS-type regulations in the future.

In addition, the State of California adopted restrictions on the energy efficiency of external alternating current power supplies used with many of the products we manufacture and sell. No significant costs were incurred in 2008 for our product and system re-certification to U.S. requirements due to migration to newer, more efficient power supplies. Additional certification costs may be incurred in 2009 and beyond as similar requirements are adopted in other countries in which we sell or intend to sell.

We have redesigned some of our current products to bring them into compliance with the RoHS Directive and similar regulations in other jurisdictions. In other cases, we are replacing non-compliant products with new products that comply with these regulations. No costs other than planned R&D expenditures were incurred in 2008 to comply with these regulations. We expect to incur additional costs in the future for compliance with the RoHS Directive and similar regulations in other jurisdictions. The amount and timing of such expenditures are uncertain due to uncertainties about the effective date and final content of RoHS-type regulations in various jurisdictions and the possibility that RoHS-type regulations in one jurisdiction will not be consistent with RoHS-type regulations in other jurisdictions.

Radio emissions are the subject of governmental regulation in all countries in which we currently conduct or expect to conduct business. In North America, both the Canadian and U.S. governments publish radio emission regulations and changes thereto after public hearings. In other countries, regulatory changes can be introduced with little or no grace period for implementation. Furthermore, there is little consistency among the regulations of various countries. Future regulatory changes in North America, China and other jurisdictions are possible. These conditions introduce uncertainty into our product-planning process and could have an adverse effect on our ability to sell our wireless products in a given country or adversely affect our cost of supplying wireless products in a given country.

Raw Materials

We use a variety of raw materials in the manufacture of our products, and we obtain such raw materials from a variety of suppliers. In general, the raw materials we use are available from numerous alternative sources. As is customary for our industry, we at various times enter into certain single-source component part supply agreements. We believe these agreements will be renewed in the ordinary course of business.

ITEM 1A. RISK FACTORS

You are encouraged to review the discussion of Forward Looking Statements and Risk Factors appearing in this report at Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operation.”

In addition to the other information set forth in this report, you should carefully consider the following factors, which could materially affect our business, financial condition or operating results. The risks described in this report are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or operating results.

Macroeconomic conditions beyond our control could lead to decreases in demand for our products, reduced profitability or deterioration in the quality of our accounts receivable. Domestic and international political and economic conditions are uncertain due to a variety of factors, including

- global, regional and national economic downturns;
- the availability and cost of credit;
- volatility in stock and credit markets;
- energy costs;
- fluctuations in currency exchange rates
- the risk of global conflict;
- the risk of terrorism and war in a given country or region; and
- public health issues.

Our business depends on our customers’ demand for our products and services, the general economic health of current and prospective customers, and their desire or ability to make investments in technology. A deterioration of global, regional or local political or economic conditions could affect potential customers in a way that reduces demand for our products and disrupts our manufacturing and sales plans. Changes in foreign currency exchange rates may negatively impact reported revenue and expenses. In addition, our sales are typically made on unsecured credit terms that are generally consistent with the prevailing business practices in the country in which the customer is located. A deterioration of political or economic conditions in a given country or region could reduce or eliminate our ability to collect accounts receivable in that country or region. In any of these events, our results of operations could be materially and adversely affected.

We face risks as a global company that could adversely affect our revenues, gross profit margins and results of operations. Due to the global nature of our business, we face risks that companies operating in a single country or region do not have. U.S. and foreign government restrictions on the export or import of technology could prevent us from selling some or all of our products in one or more countries. Our sales could also be materially and adversely affected by burdensome laws, regulations, security requirements, tariffs, quotas, taxes, trade barriers or capital flow restrictions imposed by the U.S. or foreign governments. In addition, political and economic instability in a particular country or region could reduce demand for our products or impair or eliminate our ability to sell or deliver those products to customers in those countries or put our assets at risk. Any of the foregoing factors could adversely affect our ability to continue or expand sales of our products in any market, and disruptions of our sales could materially and adversely impact our revenues, revenue growth, gross profit margins and results of operations.

A significant percentage of our products and components for those products are designed, manufactured, produced, delivered, serviced or supported in countries outside of the U.S. From time to time, we contract with companies outside of the U.S. to perform one or more of these activities, or portions of these activities. For operational, legal or other reasons, we may have to change the mix of domestic and international operations or move outsourced activities from one overseas vendor to another. In addition, U.S. or foreign government actions or economic or political instability and potentially weaker foreign intellectual property protections may disrupt or require changes in our international operations or international outsourcing arrangements. The process of implementing such changes and dealing with such disruptions is complex and can be expensive. There is no assurance that we will be able to accomplish these tasks in an efficient or cost-effective manner, if at all. If we encounter difficulties in making such transitions, our revenues, gross profit margins and results of operations could be materially and adversely affected.

Fluctuations in currency exchange rates may adversely impact our cash flows and earnings. Due to our global operations, our cash flows, revenue and earnings are exposed to currency exchange rate fluctuations. Our international sales are typically quoted, billed and collected in the customer's local currency, and therefore exposed to changes in exchange rates. Our product costs are largely denominated in U.S. dollars, and as such, do not significantly change with exchange rate fluctuations. Exchange rate fluctuations may also affect the cost of goods and services that we purchase and personnel we employ. When appropriate, we may attempt to limit our exposure to exchange rate changes by entering into short-term currency exchange contracts. There is no assurance that we will hedge or will be able to hedge such foreign currency exchange risk or that our hedges will be successful.

ITEMRISK FACTORS (Continued)
1A.

Our currency exchange gains or losses (net of hedges) may materially and adversely impact our cash flows and earnings. Additionally, adverse movements in currency exchange rates could result in increases in our cost of goods sold or reduction in growth in international orders, materially impacting our cash flows and earnings.

We are dependent on Venture Corporation Limited for the manufacture of substantially all of our products and any failure or inability of Venture to provide its manufacturing services to us would adversely affect our business. In relying on Venture to assemble our products, we will no longer have direct physical control over the manufacturing process and operations. This might adversely affect our ability to control the quality of our products and the timeliness of their delivery to our customers. Either of those potential consequences could adversely affect our customer relationships and our revenues. Furthermore, Venture's access to our intellectual property could possibly increase the risk of infringement or misappropriation of our assets.

If Venture were unable to manufacture our products at one or more of its facilities for any extended period, we would be required to obtain alternative sources of manufacturing. There is no assurance that any such sources would be available in a timely manner or at comparable cost. Any such interruption of Venture's manufacturing capabilities could increase our costs, impair our ability to provide our customers with our products in a timely and efficient manner and adversely affect our customer relationships and our financial results.

The transition of our manufacturing to foreign jurisdictions could also result in operational risk as well as customer concerns regarding product quality and delivery schedules during the transition period. We expect to complete the transition in the first quarter of 2009. However, completion of the transition could be delayed by foreign or U.S. regulatory requirements or other unforeseen events. If the transition is inefficient or delayed, our sales and income could be adversely affected.

Venture's use of third-party suppliers could adversely affect our product quality, delivery schedules or customer satisfaction, any of which could have an adverse effect on our financial results. Third-party suppliers that we approve will be providing the components that Venture will use in the final assembly of our products. Some of these components may be available only from a single source or limited sources, and if they become unavailable for any reason, we or Venture may be unable to obtain alternative sources of supply on a timely basis. Our products may also be adversely affected by the quality control of these third-party suppliers or by their inability to meet delivery deadlines. Failure of these third-party suppliers in any of these respects may negatively affect our revenue and customer relationships. Furthermore, these suppliers may have access to our intellectual property, which may increase the risk of infringement or misappropriation.

Our reliance on third-party distributors could adversely affect our business, revenues and earnings. In addition to offering our products to certain customers and resellers directly, we rely to a significant and increasing degree on third-party distributors and integrators to sell our products to end-users. In 2007 and 2008, one distributor, ScanSource, Inc., accounted for more than 10% of our sales, and it or other distributors may account for a substantial portion of our sales in the future. Changes in markets, customers or products, or negative developments in general economic and financial conditions and the availability of credit, may adversely affect the ability of these distributors to effectively bring our products to market at the right time and in the right locations. In addition, if a significant distributor, such as ScanSource, were to become unavailable or substantially reduce its purchases from us, we would be required to obtain alternative sources of distribution or enhance our internal sales force. Such a disruption in the distribution of our products could impair or delay sales of our products to end users and increase our costs of distribution, which could adversely affect our sales or income.

Growth of and changes in our revenues and profits depend on the customer, product and geographic mix of our sales. Fluctuations in our sales mix could have an adverse impact on or increase the volatility of our revenues, gross margins and profits. Sales to large enterprises tend to have lower prices and gross margins than sales to smaller firms. In addition, our gross margins vary depending on the product or service and the geographic region in which sales are made. Growth in our revenues and gross margins therefore depends on the customer, product and geographic mix of our sales. If we are unable to execute a sales strategy that results in a favorable sales mix, our revenues, gross margins and earnings may decline. Further, changes in the mix of our sales from quarter-to-quarter or year-to-year may make our revenues, gross margins and earnings more volatile and difficult to predict.

ITEMRISK FACTORS (Continued)
1A.

Our business may be adversely affected if we do not continue to transform our supply chain, improve our business processes and systems and attract and retain skilled managers and employees. In order to increase sales and profits, we must continue to expand our operations into new product and geographic markets and deepen our penetration of the markets we currently serve, and do so in efficient and cost effective ways. To achieve our objectives, we need to continue to streamline our supply chain and our business processes and continue to improve our financial, information technology and enterprise resource planning systems. To accomplish this, there may be times when we must significantly restructure our business and recognize the anticipated costs of such restructurings. Such restructuring charges could have a material adverse impact on our results of operations. Competition for skilled employees is high in our industry, and we must remain competitive in terms of compensation and other employee benefits to retain key employees. If we are unsuccessful in hiring and retaining skilled managers and employees, we will be unable to achieve the objectives of our restructuring programs or to maintain and expand our business.

Our industry is characterized by rapid technological change, and our success depends upon the timely introduction of new products and our ability to mitigate the risk of product obsolescence. Customer requirements for AIDC products are rapidly evolving and technological changes in our industry occur rapidly. To keep up with new customer requirements and distinguish Intermec from our competitors, we must frequently introduce new products and enhancements of existing products through potentially significant investments in research and development ("R&D"). We may not have adequate resources to invest in R&D that will keep pace with technological changes in our industry, and any such investments may not result in competitive products. Furthermore, we may not be able to launch new products before our competition launches comparable products. Any of these factors could cause our business to suffer.

Rapid technological change, whether through our or our competitors' introduction of new products or technologies, could also render our products obsolete and result in substantial excess inventories. In such event, we might have to sell all or a portion of the excess or obsolete inventory at a substantial discount to the planned resale price or the cost of making or acquiring that inventory and write off the difference. If our response to technological changes and our ability to introduce new products and product enhancements is not effective, and we do not mitigate the risk of product obsolescence, our financial results could be materially and adversely affected.

Our failure to expand our patent portfolio or to successfully protect our intellectual property rights and defend against infringement claims could adversely affect the growth of our business and our results of operations. One element of our strategy to compete in our industry is to expand our AIDC patent portfolio to differentiate our products from those of our competitors and to generate royalty income. The expansion of a patent portfolio involves a complex and costly set of activities with uncertain outcomes. Our ability to obtain patents can be adversely affected by insufficient inventiveness of our employees, by changes in patent laws, treaties, and regulations, and by judicial and administrative interpretations of those laws treaties and regulations. Our ability to expand our patent portfolio can also be adversely affected by the lack of valuable patents for sale or license at affordable prices. There is no assurance that we will be able to obtain valuable AIDC patents in the jurisdictions where we and our competitors operate or that we will be able to use or license those patents to differentiate our products in the marketplace or to generate meaningful royalty revenue.

To protect our patent portfolio, we may be required to initiate patent infringement lawsuits. Patent lawsuits are complex proceedings, and the results are very difficult to predict. There is no assurance that we will prevail in all or any of these cases. Adverse results in such patent lawsuits could give competitors the legal right to compete with us and with our licensees using technology that is similar to or the same as ours. Adverse outcomes in patent lawsuits could also reduce our royalty revenues. In some periods, patent litigation recoveries and expenses could result in large fluctuations from prior periods, increasing the volatility of our financial results and possibly impacting our earnings per share.

Since our business strategy includes global expansion, we are operating in developing countries (e.g., China) where the institutional structures for creating and enforcing intellectual property rights are very new or non-existent and where government agencies, courts and market participants have little experience with intellectual property rights. There is no assurance that we will be able to protect our technology in such countries because we may not be able to obtain or enforce patents or other intellectual property rights in those jurisdictions and alternative methods of protecting our technology may not be effective. Our inability to prevent competitors in these developing markets from misappropriating our technology could materially and adversely affect our sales, revenues and results of operations.

Our competitors, potential competitors and companies that purchase and enforce patents may have patents covering AIDC products and services similar to those we market and sell. These firms may try to use their patents to prevent us from selling some of our AIDC products, to collect royalties from us with respect to sales of products they claim are covered by their patents, or to deter us from enforcing our patents against them. As part of this effort, the patent-holders may initiate patent infringement lawsuits against us or our customers. These lawsuits are complex proceedings with uncertain outcomes. There is no assurance that we or our customers will prevail in any

ITEM 1A. RISK FACTORS (Continued)

patent lawsuits initiated by third party patent-holders. If the results of such litigation are adverse to us or our customers, we could be enjoined from practicing an invention covered by the patent in question. We could also be required to pay damages for past infringement, which might have a material adverse effect on our results of operations. If an injunction is issued, we may not be able to sell a particular product or product line, which could materially and adversely impact our sales, revenues and results of operations. If third-party patent-holders are willing to license or sell their patents to us, or if we must redesign the affected products, the associated costs could have a material and adverse effect on our sales, revenues or results of operations.

Some of our competitors are substantially larger or more profitable than we are, which may give them a competitive advantage. We operate in a highly competitive industry. Due to acquisitions and other consolidation of the AIDC industry, competition is likely to intensify. Some of our competitors have substantially more revenue or profit than we do. The scale advantage of these companies may allow them to invest more in R&D, sales and marketing, and customer support than we can or to achieve economies of scale in manufacturing and distribution. The scale advantage may also allow them to acquire or make complementary products that alone or in combination with other AIDC products could afford them a competitive advantage. These advantages may enable our larger competitors to weather market downturns longer or adapt more quickly to emerging technology developments, market trends or price declines than we can. Those competitors may also be able to precipitate such market changes by introducing new technologies, reducing their prices or otherwise changing their activities. There is no assurance that our strategies to counteract our competitors' advantages will successfully offset all or a portion of this scale imbalance. If we are unable to offset all or a significant portion of this imbalance, our earnings may be materially and adversely affected.

Business combinations, private equity transactions and similar events are altering the structure of the AIDC industry and, could intensify competition and create other risks for our business. Large, well-financed companies and private equity groups have been acquiring companies in AIDC industry. As examples, Motorola acquired Symbol Technologies, Inc.; Honeywell acquired Hand Held Products, Inc. and Metrologic Holdings Corporation, parent of Metrologic Instruments; and Zebra Technologies acquired WhereNet, Navis Holdings LLC and proveo AG. These acquisitions and other similar events have altered the structure of the AIDC industry and may spawn more transactions and additional structural changes. These events could intensify competition within the AIDC industry by expanding the presence of companies that have greater business and financial resources than the firms they acquired and by increasing the market share of some companies in our industry. Such increased competition could have material adverse impacts to our revenues, revenue growth and results of operations. There is no assurance that any of the strategies we employ to react to the structural changes and related increased competition in our industry will be successful.

Growth in our revenues and profits depends, in part, on development of the RFID market. There is uncertainty about the volume and the timing of demand for RFID products in the vertical markets and applications that we and our licensees target. Potential RFID customers typically use pilot programs, qualification processes and certification processes to determine whether to acquire an RFID system and which vendor's products and systems to buy. We cannot predict how fast the RFID market will grow or how large it will become. If it grows into a significant market, we and our licensees may not be able to successfully penetrate that market with our RFID product offerings. If the RFID market does not grow significantly or if we and our licensees are unable to successfully penetrate that market, our revenue growth and profitability could be adversely affected.

To compete effectively in the AIDC industry, we may seek to acquire or make investments in other businesses, patents, technologies, products or services, and our failure to do so successfully may adversely affect our competitive position or financial results. The industry trend toward business combinations and other factors may make it appropriate for us to acquire or make investments in other businesses, patents, technologies, products or services. Our ability to do so could be hampered if we are unable to identify suitable acquisitions and investments or to agree on the terms of any such acquisition or investment. We may not be able to consummate any such transaction if we cannot obtain financing at a reasonable cost and lack sufficient resources to finance the transaction on our own. If we are not able to complete such transactions, our competitive position may suffer, which could have adverse impacts on our revenues, revenue growth and results of operations.

Our business combinations or other transactions may not succeed in generating the intended benefits and therefore adversely affect shareholder value or our financial results. Integration of new businesses or technologies into our business may have any of the following adverse effects:

We may have difficulty transitioning customers and other business relationships to Intermec.
We may have problems unifying management of a combined Company.
We may lose key employees from our existing or acquired businesses.
We may experience intensified competition from other companies seeking to expand sales and market share during the integration period.

ITEMRISK FACTORS (Continued)
1A.

Furthermore, in order to complete such transactions, we may have to use cash, issue new equity securities with dilutive effects on existing shareholders, take on new debt, assume contingent liabilities or amortize assets or expenses in a manner that has a material adverse effect on our balance sheet or results of operations. We may also consume considerable management time and attention on the integration that would divert resources from the development and operation of our existing business. These and other potential problems could prevent us from realizing the benefits of such transactions and have a material adverse impact on our revenues, revenue growth, balance sheet and results of operations.

Global regulation and regulatory compliance, including environmental, technological and standards setting regulations, may limit our sales or increase our costs, which could adversely impact our revenues and results of operations. We are subject to domestic and international technical and environmental standards and regulations that govern or influence the design, components or operation of our products. Such standards and regulations may also require us to pay for specified collection, recycling, treatment and disposal of past and future covered products. Our ability to sell AIDC products in a given country and the gross margins on products sold in a given country could be affected by such regulations. We are also subject to self-imposed standards setting activities sponsored by organizations such as ISO, AIM, IEEE and EPCglobal that provide our customers with the ability to seamlessly use our products with products from other AIDC vendors, which our customers demand. Changes in standards and regulations may be introduced at any time and with little or no time to bring products into compliance with the revised technical standard or regulation. Standards and regulations may:

- prevent us from selling one or more of our products in a particular country;
- increase our cost of supplying our products by requiring us to redesign existing products or to use more expensive designs or components;
- require us to obtain services or create infrastructure in a particular country to address collection, recycling and similar obligations; or
- require us to license our patents on a royalty free basis and prevent us from seeking damages and injunctive relief for patent infringements.

In these cases, we may experience unexpected disruptions in our ability to supply customers with our products or may have to incur unexpected costs to bring our products into compliance. Due to these uncertainties and compliance burdens, our customers may postpone or cancel purchases of our products. As a result, global regulation and compliance could have an adverse effect on our revenues, gross profit margins and results of operations and increase the volatility of our financial results.

Seasonal variations in demand could increase the volatility of our financial results. Our revenues are affected by the seasonality of technology purchases and the timing of the introduction of new products and enhancements to existing products. Our quarterly results reflect seasonality in the sale of our products and services, as our revenues are historically highest in the fourth fiscal quarter and the lowest in the first fiscal quarter. Revenues may also decline in quarters when our customers are anticipating new product introductions or significant product enhancements, but may increase significantly in quarters when we announce those product introductions or enhancements. These fluctuations in demand may also impact our ability to manufacture and distribute products in an efficient manner. Any of these factors could increase the volatility of our revenues, gross margins and results of operations from one period to another.

Our effective tax rate is impacted by a number of factors that could have a material impact on our financial results and could increase the volatility of those results. Due to the global nature of our business, we are subject to national and local taxation in many different countries, and we file a significant number of tax returns that are subject to audit by the tax authorities in those countries. Tax audits are often complex and may require several years to resolve. There is no assurance that all or any of these tax audits will be resolved in our favor. In addition, under applicable accounting rules, the value that we report for our deferred tax assets reflects our estimate for these assets, net of those that we believe are more likely than not to expire before being utilized. Our financial results may include favorable or unfavorable adjustments to our estimated tax liabilities or deferred tax assets in the periods when the tax assessments are made or resolved or when statutes of limitations on the tax assessments or tax attributes expire. The outcome of these tax assessments or estimates could have a material positive or negative impact on our earnings and increase the volatility of our earnings relative to prior periods.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 2. PROPERTIES

Our executive offices are located at 6001 36th Avenue West, Everett, Washington. Our continuing operations have an aggregate floor area of approximately 938,131 square feet, of which 680,614 square feet, or 73%, are located in the United States, and 257,517 square feet, or 27%, are located outside the United States, primarily in the Netherlands, France, Spain, Germany and Canada.

Approximately 92,000 square feet, or 10%, of our principal plant, office and commercial floor area associated with continuing operations, is owned by us, and the balance is held under lease.

The U.S. plants and offices associated with our continuing operations are located in the following states (in square feet):

Washington	346,728
Ohio	97,483
Iowa	180,927
Other states	55,476
Total	680,614

The above-mentioned facilities are in satisfactory condition and suitable for the particular purposes for which they were acquired, constructed or leased and are adequate for present operations.

The foregoing information excludes the following properties:

Plants or offices that, when added to all other of our plants and offices in the same city, have a total floor area of less than 10,000 square feet.

Facilities held under lease that we are subleasing to third parties, comprising 26,000 square feet in New Mexico.

Various properties we own that are not used for operations are classified as other assets as of December 31, 2008. These properties total 2.0 million square feet and include 1.3 million square feet, located in Ohio, 459,000 square feet, located in Pennsylvania and 251,000 square feet, located in Illinois.

Approximately 312,000 square feet, previously used in a discontinued business located in Michigan, held under lease.

ITEM 3. LEGAL PROCEEDINGS

We currently, and from time to time, are involved in claims, lawsuits and other proceedings, including, but not limited to, intellectual property, commercial, and employment matters, which arise in the ordinary course of business. We do not expect the ultimate resolution of currently pending matters to be material in relation to our business, financial condition, and results of operations or liquidity.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the fourth quarter of the fiscal year ended December 31, 2008.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The high and low sales prices of our common stock, by quarter, in the years ended December 31, 2008 and 2007, are as follows:

	Year Ended December 31,			
	2008		2007	
	High	Low	High	Low
First Quarter	$ 24.86	$ 17.53	$ 25.81	$ 20.50
Second Quarter	24.96	19.56	26.40	20.90
Third Quarter	23.00	15.09	30.16	23.32
Fourth Quarter	19.65	9.29	27.48	20.12

Our common stock is traded on the New York Stock Exchange under the symbol IN. As of February 6, 2009, there were approximately 11,081 holders of record and 19,585 beneficial owners of our common stock. No cash dividends were paid during 2008 or 2007.

No shares of common stock were repurchased in the fourth quarter of 2008.

STOCK PERFORMANCE GRAPH

Set forth below is a line graph comparing the percentage change in the cumulative total shareholder return on our common stock for the five-year period ended December 31, 2008, with the cumulative total return for the same period of the Standard & Poor's Midcap 400 Index and the Standard & Poor's 1500 Electronic Equipment and Instruments index. The graph assumes an investment of $100 at the beginning of the period in our common stock, in the S&P Midcap 400 Index and in the companies included in the Standard & Poor's 1500 Electronic Equipment and Instruments index. Total shareholder return was calculated on the basis that in each case all dividends were reinvested. The stock price performance shown in the graph is not necessarily indicative of future price performance.

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES (Continued)

Total Return To Shareholders
(Includes reinvestment of dividends)

	ANNUAL RETURN PERCENTAGE Years Ended December 31,				
Company / Index	2004	2005	2006	2007	2008
INTERMEC INC	10.20	33.65	(28.20)	(16.32)	(34.61)
S&P MIDCAP 400 INDEX	16.48	12.55	10.32	7.98	(36.23)
S&P 1500 ELECTRONIC EQUIPMENT & INSTRUMENTS	20.03	11.56	19.65	23.57	(36.99)

		INDEXED RETURNS Years Ending December 31,				
Company / Index	Base Period 2003	2004	2005	2006	2007	2008
INTERMEC INC	100	110.20	147.28	105.75	88.50	57.86
S&P MIDCAP 400 INDEX	100	116.48	131.11	144.64	156.18	99.59
S&P 1500 ELECTRONIC EQUIPMENT & INSTRUMENTS	100	120.03	133.91	160.23	197.99	124.76

ITEM 6. SELECTED FINANCIAL DATA

INTERMEC, INC.
(Millions of dollars, except per share data)

	Year Ended December 31,				
	2008	2007	2006	2005	2004
Operating results: (a)					
Revenues	$ 890.9	$ 849.2	$ 850.0	$ 875.5	$ 791.7
Operating profits from continuing operations (b)	$ 47.0	$ 37.4	$ 36.7	$ 58.6	$ 64.7
Earnings from continuing operations	$ 35.7	$ 24.4	$ 35.0	$ 40.7	$ 52.2
Earnings (loss) from discontinued operations	-	(1.3)	(3.0)	21.1	(101.3)
Net earnings (loss)	$ 35.7	$ 23.1	$ 32.0	$ 61.8	$ (49.1)
Basis earnings (loss) per share					
Continuing operations	$ 0.58	$ 0.40	$ 0.56	$ 0.66	$ 0.86
Discontinued operations	-	(0.02)	(0.05)	0.34	(1.67)
Net earnings (loss) per share	$ 0.58	$ 0.38	$ 0.51	$ 1.00	$ (0.81)
Diluted earnings (loss) per share					
Continuing operations	$ 0.58	$ 0.40	$ 0.55	$ 0.64	$ 0.84
Discontinued operations	-	(0.02)	(0.05)	0.34	(1.63)
Net earnings (loss) per share	$ 0.58	$ 0.38	$ 0.50	$ 0.98	$ (0.79)
(In thousands)					
Shares used for basic earnings (loss) per share	61,183	60,359	62,535	61,785	60,502
Shares used for diluted earnings (loss) per share	61,658	61,163	63,830	63,350	62,154
Financial position (at end of year):					
Total assets	$ 789.9	$ 900.6	$ 810.3	$ 902.7	$ 1,072.7
Current portion of long-term debt	$ -	$ 100.0	$ -	$ -	$ 108.5
Long-term debt	$ -	$ -	$ 100.0	$ 100.0	$ 100.0
Working capital	$ 371.4	$ 323.5	$ 350.2	$ 440.4	$ 399.2
Current ratio	3.1	2.0	2.98	3.0	1.9
Total debt as a percentage of total capitalization	-%	17%	19%	17%	34%

(a) All periods reflect the classification of IAS as discontinued operations.

(b) Includes restructuring charges of $5.8 million in 2008 and $11.6 million in 2006. Also includes pre-tax gains on intellectual property settlements of $16.5 million and $15.6 million in 2006 and 2004, respectively.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements and the notes thereto that appear in Item 8 of this annual report on Form 10-K.

Overview

Intermec, Inc. ("Intermec", "us", "we", "our") designs, develops, integrates, sells, resells and services wired and wireless automated identification and data collection ("AIDC") products and provides related services. Our products include mobile computing products, bar code scanners, radio frequency identification ("RFID") products, wired and wireless bar code printers and label media products. These products and services allow customers to identify, track and manage their assets and other resources in ways that improve the efficiency and effectiveness of their business operations. Our products are designed to withstand mobile use and rugged warehouse and field conditions.

Our products are sold globally for field mobility applications such as asset visibility and management, direct store delivery, maintenance and repair, in-transit visibility, routing and navigation, and telematics. Our products are also sold globally for in-premise applications such as asset visibility, freight yard operations, inventory management, warehouse operations, and work-in-process management.

The key elements of our strategy are to target high growth opportunities in selected application markets; focus on developing and selling differentiated new products and services; emphasize channel fulfillment; pursue geographic expansion opportunities; and continue the transformation of our supply chain and our other efficiency initiatives.

Our financial reporting currency is the U.S. Dollar, and changes in exchange rates can significantly affect our financial trends and reported results. If the U.S. Dollar weakens year-over-year relative to currencies in our international locations, our consolidated revenues, costs of revenues and operating expenses will be higher than if currencies had remained constant. If the U.S. Dollar strengthens year-over-year relative to currencies in our international locations, our consolidated revenues, costs of revenues and operating expenses will be lower than if currencies had remained constant. We believe it is important to evaluate our operating results and growth rates before and after the effect of currency changes.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Results of Operations

The following discussion compares our historical results of operations for the years ended December 31, 2008, 2007 and 2006. The results of operations and percentage of revenues were as follows (millions of dollars):

	Year Ended December 31,					
	2008		2007		2006	
	Amounts	Percent of Revenues	Amounts	Percent of Revenues	Amounts	Percent of Revenues
Revenues	$ 890.9		$ 849.2		$ 850.0	
Costs and expenses:						
Cost of revenues	536.1	60.2%	522.4	61.5%	517.9	60.9%
Research and development	64.5	7.2%	65.6	7.7%	72.4	8.5%
Selling, general and administrative	236.4	26.5%	223.8	26.4%	227.8	26.8%
Gains on intellectual property settlements	-	-	-	-	(16.5)	-1.9%
Flood related charge	1.1	0.1%	-	-		
Restructuring charge	5.8	0.7%	-	-	11.6	1.4
Total costs and expenses	843.9	94.7%	811.8	95.6%	813.2	95.7%
Operating profit from continuing						