Intermec, Inc.
Form 10-K
March 11, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

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

For the fiscal year ended December 31, 2012

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: 001-13279

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, WA	98203-1264
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (425) 348-2600

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 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 whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, 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 Act.

Large accelerated filer	o	Accelerated Filer	x

Non-accelerated filer	o	(Do not check if 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 Act).	Yes	o	No x

As of June 29, 2012, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's voting and non-voting stock held by non-affiliates was approximately $372.7 million based on the closing sale price on that day as reported on the New York Stock Exchange.

On March 6, 2013, there were 60,450,425 shares of the registrant's 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 2013 Annual Meeting of Shareholders.

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PART I

FORWARD-LOOKING STATEMENTS AND RISK FACTORS; SAFE HARBOR

Statements made in this filing and any related statements that express Intermec's or our management's intentions, hopes, indications, beliefs, expectations, guidance, estimates, forecasts or predictions of the future constitute forward-looking statements, as defined by the Private Securities Litigation Reform Act of 1995, and relate to matters that are not historical facts. They include, without limitation, statements regarding: the proposed acquisition of Intermec by Honeywell International Inc., including the related stockholders meeting, the receipt of regulatory approval for the potential merger transaction, and the anticipated timing of the closing of the potential merger transaction, if at all; our view of general economic and market conditions; our revenue, expense, earnings, tax attributes or financial information for the fourth quarter and full-year 2012 and any other periods; our ability to develop, produce, market or sell our products, either directly or through third parties, to reduce or control expenses, to improve efficiency, to realign resources, to successfully integrate acquired companies, or to continue operational improvement and year-over-year or sequential growth; our impairment analysis for goodwill and long-lived assets, and our deferred tax valuation allowances; our evaluation of internal controls over financial reporting; and the applicability and results of accounting policies used in our financial reporting and the necessity to update information in our periodic or other required reports. They also include, without limitation, statements about future financial and operating results of our Company after the acquisition of other businesses and the benefits of such acquisitions. When used in this document and in documents it refers to, the words “anticipate,” “believe,” “will,” “intend,” “project” and “expect” similar expressions as they relate to us or our management are intended to identify such forward-looking statements. These statements represent beliefs and expectations only as of the date they were made. We may elect to update forward-looking statements but we expressly disclaim any obligation to do so, even if our beliefs and expectations change. Actual results may differ from those expressed or implied in our forward-looking statements. Such forward-looking statements involve and are subject to certain risks and uncertainties, which may cause our actual results to differ materially from those discussed in a forward-looking statement. These include, but are not limited to, risks and uncertainties described more fully in our reports filed or to be filed with the Securities and Exchange Commission including, but not limited to, our annual reports on Form 10-K and quarterly reports on Form 10-Q, which are available on our website at www.intermec.com.

You are encouraged to review the Risk Factors portion of Item 1A of Part I of this filing which discusses risk factors associated with our business.

ITEM 1. BUSINESS

General

Intermec, Inc. (“Intermec”, “us”, “we”, “our” or the “Company”) is a Delaware corporation, headquartered in Everett, Washington. We design, develop, integrate, and sell wired and wireless automated identification and data collection (“AIDC”) solutions through our suite of products, voice technologies and related software and services. Our solutions products are designed for rugged environments and to maintain connectivity, preserve computing capability and retain data despite harsh conditions and heavy use. We generate our revenues primarily through the sale of products and post-warranty equipment service and repair contracts, as well as other managed services.

Our major offices and repair facilities are in the states of Washington, Pennsylvania, Iowa, Ohio, North Carolina and Texas and in more than 20 countries internationally, including the United Kingdom, the European Union, Canada, Mexico, Brazil and Singapore.

We became an independent public company on October 31, 1997, with two principal lines of business: our current AIDC business, and unrelated industrial automation businesses that produced manufacturing products and services. In 2005, we divested our industrial automation businesses, and they are classified where applicable as discontinued operations for accounting purposes in our consolidated financial statements and related notes.

Since January 2006, our current AIDC business has been our sole line of business. In recent years, we have invested in programs to streamline our sales systems, supply chain and business processes, to develop products and services that offer solutions for our customers’ business needs, and to implement a global enterprise resource planning (ERP) system. On March 3rd, 2011, we added voice solutions to expand and complement our AIDC offerings through our acquisition of Vocollect, Inc., the leader in creating and providing voice-centric solutions for mobile workers in

distribution and warehouse environments worldwide. In the same month, we also acquired Enterprise Mobile, Inc. to enhance our managed services capabilities.

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ITEM 1. Business (continued)

Merger Agreement with Honeywell
On December 9, 2012, Intermec, Inc. entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Honeywell International Inc. (“Honeywell”) and Hawkeye Merger Sub Corp., a wholly owned subsidiary of Honeywell (“Merger Sub”). Under the Merger Agreement, Merger Sub will merge with and into Intermec, with Intermec continuing as the surviving corporation and wholly owned subsidiary of Honeywell (the “Merger”). After completion of the Merger, Honeywell will own 100% of Intermec's outstanding stock, and current stockholders will no longer have any interest in Intermec. If the Merger is completed, each share of Intermec common stock outstanding immediately prior to the effective time of the Merger (other than shares held by us as treasury stock and any shares owned by Honeywell or Merger Sub or any of their respective wholly owned subsidiaries, or by holders properly exercising appraisal rights under Delaware law), will be converted at the effective time of the Merger into the right to receive cash, without interest and subject to any required withholding of taxes, in the amount of $10.00 per share. Following completion of the Merger, Intermec will be delisted from the New York Stock Exchange (with there no longer being a public market for Intermec common stock), and Intermec common stock will be deregistered under the Securities Exchange Act of 1934, as amended.
The closing of the Merger is subject to customary closing conditions, including (i) receiving the required approval of the Company's stockholders and (ii) the expiration or termination of the applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”), and any applicable waiting period or approvals under the competition, antitrust or similar laws of certain foreign jurisdictions. On February 14, 2013, the Company filed with the SEC its definitive proxy statement (the “Proxy Statement”) for a Special Meeting of Stockholders to consider the adoption of the Merger Agreement and related matters (the “Special Meeting”) to be held on March 19, 2013, and began mailing the Proxy Statement and notice of the Special Meeting on February 15, 2013. Additional detail about the closing conditions to the Merger can be found in the Merger Agreement and the Proxy Statement.
The HSR Act prohibits us from completing the Merger until we have furnished certain information and materials to the Antitrust Division of the United States Department of Justice and the Federal Trade Commission ("FTC") and the required waiting period has expired or been terminated. The required notification and report forms under the HSR Act were initially filed on January 7, 2013. By agreement of the parties and the FTC, Honeywell refiled its report on February 8, 2013, thus extending until March 11, 2013 the date on which the HSR Act waiting period would expire, unless the U.S. government issued a second request for information in its investigation of the Merger. On March 11, 2013, Intermec and Honeywell received a second request for information from the FTC.
On February 15, 2013, Honeywell notified the European Commission of its proposed acquisition of Intermec. The provisional deadline for a decision from the European Commission relating to the proposed acquisition is March 22, 2013. Honeywell also notified the relevant authorities in Turkey of its proposed acquisition of Intermec. The provisional deadline for a decision from the Turkish authorities relating to the proposed acquisition is March 20, 2013. Expiration or termination of the applicable waiting period or approval in the required jurisdictions is a condition to the obligation of each of Intermec and Honeywell to consummate the Merger.
Each Intermec option outstanding immediately prior to the Merger, whether or not then vested and exercisable, will be cancelled and converted into the right to receive, for each share of common stock subject to such stock option, an amount in cash equal to the excess, if any, of $10.00 over the per share exercise price of such option, without interest and subject to any required withholding of taxes. In addition, restricted stock units and performance share units will become fully vested and payable, and the holder of such units will be entitled to receive, in full settlement of such restricted stock units or performance share units, an amount in cash equal to the product of (a) $10.00 multiplied by (b) the number of shares of our common stock subject to such restricted stock units or deemed payable under such performance share units, without interest and subject to any required withholding of taxes.
The foregoing description is a summary and does not purport to contain all details related to the Merger and the actions and conditions contemplated thereby, and therefore is qualified in all respects by reference to the Merger Agreement and related materials, which can be found in the Company's SEC filings at www.sec.gov. The foregoing information about the Merger Agreement and the actions and conditions contemplated thereby is stated as of the date

on which this Form 10-K is filed. We undertake no obligation to correct or update any information after the date hereof.

Products and Services

Our reportable segments comprise Intermec-branded products, Intermec-branded services and Voice solutions. We discuss each of these segments and their related products and services below. See Note 16, Segment Reporting, of the Notes to Consolidated Financial Statements of this Form 10-K for quarterly revenues and expenses.

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ITEM 1. Business (continued)

Intermec-branded Products
Our Intermec-branded products include mobile computers; bar code scanners; printers and label media; and radio frequency identification (“RFID”) products and related software. Our primary source of revenue from Intermec-branded products is the sale of mobile computers and bar code scanners, along with printers and label media. Our Intermec-branded products are explained and defined below.

- Mobile Computers: Our mobile computer product line includes handheld computers and vehicle-mounted computers that support local-area, wide-area and Internet-enabled voice and data communications, enterprise-class software applications and data storage capabilities. These devices often include barcode scanning, Global Positioning System (“GPS”) and RFID features.
- Printers and Label Media: We sell fixed, desktop and portable bar code and RFID printers ranging from low-cost, light-duty models to higher-cost, heavy-duty models. Our specialty printers provide custom capabilities, including a global language enabler and high resolution printing that produces sharp typefaces and precise graphics even on ultra-small labels of the type used in the electronics industry. Our label media product line includes pressure-sensitive bar code labels, thermal transfer ribbons, RFID and smart labels as well as custom-designed labels for specialized environments or applications.
- Bar Code Scanners: Our bar code scanning portfolio includes fixed, handheld and vehicle-mounted laser scanners and linear and area imagers. These devices can collect and wirelessly decode bar codes and transmit the resulting data to enterprise resource management systems.
- RFID Products: We sell fixed, handheld and vehicle-mounted RFID readers, high value rigid RFID tags and high value inserts for RFID tags. Our RFID product line is focused on passive UHF technology and complies with the EPC global Generation 2 UHF standard and similar standards around the world.

Intermec-branded Services
Our Intermec-branded services include repair services; parts sales; advanced services; managed services; education services; and support services. Our primary source of revenue from Intermec-branded services is the sale of repair services. Our Intermec-branded services are explained and defined below. All of these services offerings are sold separately, and we often sell services in combination with products.

- Repair Services: Our repair services programs provide customers with post-warranty repair or replacement of defective or damaged devices or device components and provide spare devices that customers can use while defective or damaged devices are being repaired. These repair programs cover Intermec’s mobile computers, scanners and printers and selected non-Intermec products. The programs are available on a pre-paid basis for one, three or five years depending on product type and manufacturer. We offer “next business day” and “second business day” on-site repair options as well as “two business day” and “five business day” depot repair options.
- Parts Sales: Our parts sales include replacement parts required for device repairs, replacement batteries and print heads and certain accessories.
- Managed Services: Our managed services include asset management and real-time tracking of mobile and network devices; evaluation of the health, utilization and security of devices, networks and data; device and network diagnostics and configuration; and loading of custom or specialized software onto products. We provide these services by wirelessly accessing the customer’s devices and networks while they are in operation and using the resulting data to manage the devices for the customer or by making it possible for the customer to do so through an Internet portal. These services are typically priced on a “per device, per month” basis. Our Enterprise Mobile business, acquired in 2011, deploys and manages rugged and non-rugged devices for third parties, and its services comprise the majority of our Managed Services offerings.
- Advanced Services: Our advanced services consist of wireless site surveys and assessments; project management, testing, storage and staging of products; vehicle installations; activation of cellular products; and software consulting and development services.

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ITEM 1. Business (continued)

- Education Services: Our education services include the development and delivery of training programs and materials to help end users become proficient in the use of our products and adapt to the new business processes supported by our products. Our training materials and programs can be delivered at the customer's site or on-line.
- Support Services: Our support services unit consists of trained specialists who can address problems with our hardware or software or with the networks or systems that incorporate our products. These technical support services are delivered on-line or by telephone.

Voice Solutions

Our Voice solutions, acquired with the purchase of Vocollect, Inc. in 2011, derive revenue from sales of products, software and services utilizing voice recognition technology.

- Vocollect Supply Chain: We sell voice-directed workflow technology that combines voice recognition software and a wearable mobile computing device to create a system optimized for voice-directed applications in noisy and rugged settings. These products have been adopted primarily in warehouse and distribution center environments, but are also used in other industrial environments and mobile applications. This technology includes adaptive recognition capabilities: the devices proactively respond to changing environmental conditions and adapt to the user's speech, resulting in better performance and accuracy over time. Voice solutions software products can be used with both Intermec-branded AIDC products and those of other manufacturers. Repair, training, and support services are also offered. These products are primarily sold directly to customers but also through a growing number of certified reseller partners.
- Vocollect Healthcare Systems: We provide voice technology products and associated accessories and services for managing work flows primarily in skilled nursing facilities, but also developing into critical care environments. These products are frequently sold through leasing arrangements, as well as directly to the customer.

Product Manufacture and Supply Chain

We use contract manufacturers to make the Intermec-branded products and related spare parts. The services provided by our contract manufacturers include material and component procurement as well as manufacturing, testing, packaging and shipment of finished goods. We also use third-party contractors to design certain products, parts and components. Our contract manufacturers generally purchase and own the inventories of raw materials, components, work-in-process and finished goods until products are shipped to the customer.

In December 2008, we entered into a Manufacturing Services Framework Agreement (the "Agreement") with Venture Corporation Limited and its affiliates (collectively, "Venture"), and we relocated the final assembly of our product lines from our Everett, Washington headquarters to Venture locations. When we entered into the Agreement with Venture, Venture became the then exclusive manufacturer for substantially all of the products that we offered for sale; however, we now decide on a case-by-case basis whether to use Venture or another contract manufacturer. The Agreement does not generally require us to purchase minimum quantities of our products from Venture.

Venture and our other contract manufacturers are headquartered in and have manufacturing locations throughout Asia.

We manufacture our media products at our facilities in Cincinnati, Ohio and Nijmegen, Netherlands.

We perform final assembly and testing of Voice solution products at Vocollect's facility in Pittsburgh, Pennsylvania. Sub-assemblies and parts are procured from third-party suppliers, some on a limited or sole-source basis.

In addition to the use of contract manufacturers and suppliers, we also use U.S. and non-U.S. third-party service providers, including transportation and logistics and repair services firms as part of our customer delivery supply chain. In the future, we may take advantage of similar opportunities to use service providers to streamline our business and to enhance our flexibility and responsiveness to global markets.

Business Strategy

We provide rugged mobile business solutions that can help our customers gain insight and efficiency in their businesses and improve their workflow performance. Deployment of our products and services can help these businesses lower their operating costs, increase their revenues and improve customer satisfaction and loyalty. To expand the reach of our offerings and the variety

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ITEM 1. Business (continued)

of business solutions in which they are used, our distribution strategy includes direct sales as well as third-party value-added distributors, resellers, and independent software and service vendors (collectively, our “channel partners”). These solutions are delivered to customers across a wide range of industries all over the world. The following market segments are the largest significant areas of focus for us, because we believe they each have a favorable combination that blends our solution offerings, experience and knowledge, growth and profit potential, scale economics and differentiation opportunities:

- Warehouses and Distribution Centers: Employees in warehouses and distribution centers perform a variety of tasks, including: receiving and shelving goods; picking, packing, loading and transferring goods; checking inventory; and performing cycle counts. Through voice and scanning technology, our solutions help to simplify and accelerate these processes and improve the accuracy of the results by automating data capture and wirelessly confirming, synchronizing and updating data between mobile devices, warehouse management systems and other enterprise resource planning systems, and directing work activities more accurately and efficiently through the application of voice technologies.
- Direct Store Delivery (“DSD”): DSD is the delivery of consumer goods from a supplier or a distributor directly to a retail store. DSD activities typically include physical delivery and return of merchandise as well as individual or regional store-location forecasting, ordering, pricing, promotion, invoicing, shelf merchandising and inventory management. With our solutions, customers can electronically manage DSD activities while they are in progress in the field. This makes it possible for our customers to increase revenues and control or reduce costs with just-in-time inventory replenishment, real-time price updates, confirmations and similar business process tools.
- Field Service: Many companies perform in-field maintenance, repair and refurbishment services for their own products or products manufactured by others. By using our business solutions to electronically manage these activities while they are occurring, our customers can ensure that the work is done correctly the first time and is documented and invoiced in a rapid and accurate fashion. They may also offer additional programs, services or warranties at the point of sale closest to the customer. This increases revenue, speeds up collection and decreases the cost of operations.
- Postal and Courier Express Parcel: Private and public postal and courier express parcel (“CEP”) firms have many employees picking up, sorting, transporting and delivering mail and packages. With our business solutions, critical information and capabilities can be provided to and received from the field. These include, for example, address confirmation or correction; dynamic rate and pricing information; dynamic routing and navigation systems; pickup and delivery confirmation; package location; and field-triggered billing and payment processes. These capabilities can help our postal and CEP customers to increase their revenues, speed up revenue recognition and collection and decrease cost.

Markets and Customers

Since AIDC products and services can be used to streamline the operations of a company of any size or type, the AIDC market is large and customers can be found in a wide range of industries, including consumer goods, healthcare, industrial goods, postal and CEP, retail, and transportation and logistics. Market growth is driven by our customers’ need for technologies and solutions that help to: increase revenue; accelerate revenue recognition; reduce capital expenditures, operating expenses and working capital requirements; conserve cash; and improve customer and employee retention, productivity, quality, customer service and support. Our customers include commercial businesses as well as government agencies. Most of our U.S. federal government sales are to agencies within the Department of Defense, but we also sell to civilian agencies of the U.S. federal government.

We cover the AIDC market through our own direct sales force and an indirect sales channel that consists of our channel partners. Our direct and indirect sales channels reach customers in the Americas, Europe, Middle East, and Africa ("EMEA") and in selected Asia Pacific countries, including Australia and China. Our indirect sales channel accounts for approximately 65% of our global revenues. Refer to Item 1A, Risk Factors, for a discussion of risk attendant to foreign operations; and to Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, for detail about revenues by geographic region.

In 2012, 2011 and 2010, one firm, ScanSource, Inc. and its affiliated companies ("ScanSource") accounted for more than 10% of our revenues. ScanSource is a distributor of our products, not an end user. Total sales to ScanSource were $164.9 million, $187.4 million and $156.8 million for the years ended December 31, 2012, 2011 and 2010, respectively. Because there are a number of distribution firms that compete with ScanSource and are qualified, ready, willing and able to distribute our products, we do not believe that Intermec is substantially dependent on our relationship with ScanSource.

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Competition
The AIDC market is fragmented, highly competitive and rapidly changing. Independent market surveys suggest that we are one of the larger participants measured by both revenues and units, and we believe Intermec has the broadest line of AIDC products. With respect to mobile computers and bar code scanners, major competitors include: Motorola Solutions, Inc., (which also acquired Psion Teklogix); Honeywell Scanning and Mobility (a division of Honeywell International Corporation, which acquired EMS Technologies including LXE, Inc. in 2011), and Datalogic. With respect to printers, Zebra Technologies Corporation is our major competitor. In the label media area, we compete with a number of large and small producers, including Avery Dennison Corporation and Brady Corporation. Our principal competitors in voice solutions technology applications include Voxware, Inc., Lucas Systems, Inc. and Topsystems GmbH.
Together with our channel partners, we compete primarily on the basis of our insight into the customers' processes, workflows and systems, our ability to develop the best solutions for each customer, and the innovative technology and expertise we use to deliver solutions. Our ruggedness, support services, product functionality, performance and overall product quality are also important elements of our competitive position.
Research and Development
We engage in research and development on an ongoing basis to develop new products and services and to enhance our existing products and services. Our research and development expenditures, net of credits, amounted to $82.5 million, $84.4 million and $69.5 million in the years ended December 31, 2012, 2011 and 2010, respectively. Research and development expenditures for voice solutions were approximately $22.1 million in 2012 and $18.8 million in 2011, which included only 10 months from the date of the acquisition of Vocollect as of March 3, 2011. Prior to our acquisition of Vocollect, its research and development expenditures were $22.1 million for the full year 2010.
Intellectual Property
We strive to protect our investment in technology and to secure competitive advantage by obtaining intellectual property (“IP”) protection. We have approximately 593 patents and 160 foreign patents (covering particular aspects of a variety of technologies, such as, RFID, mobile terminals, wireless communication, networking, Internet access, imaging, printers and similar technologies) 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 secure patents and other IP rights related to such offerings and, when appropriate, seek licenses to use IP owned 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 secure 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 and cross license our IP to generate revenue or to facilitate our effort to market and sell our products and services. We 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 lowest in our fiscal first quarter and highest in the fourth fiscal quarter, due to the annual cycle of customer budgeting, seasonal busy periods, and the timing of projects. See Note 17, Quarterly Financial Information, of the Notes to Consolidated Financial Statements of this Form 10-K for quarterly revenues and expenses.
Sales backlog from continuing operations was $50.3 million, $29.9 million and $59.7 million at December 31, 2012, 2011 and 2010, 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.
Employees

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At December 31, 2012, we had 2,214 full-time employees, of which 1,751 were engaged in our wholly-owned subsidiary Intermec Technologies Corporation, 447 were engaged in our wholly-owned subsidiary Vocollect, Inc., and 16 were engaged in our holding company, Intermec, Inc. Approximately 66% of our full-time employees are in the United States; approximately 17% in Europe, the Middle East and Africa (“EMEA”); 10% in the Asia Pacific region; and 7% employed throughout the rest of the world including Latin America, Canada and Mexico.

Environmental and Regulatory Matters

Our products are subject to regulation in each country or jurisdiction where we sell or intend to sell our products. Individual countries often require products or product families to be certified as compliant with local technical requirements. Changes in regulations, new products and changes in existing products may require us to obtain new certifications for our products.

We sell full-featured products providing wired and wireless access to enable enterprise access to data at its point of origin. Radio emissions, used in wireless communications, 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 wide variability among the regulations of various countries. Future regulatory changes in North America, China, the European Union and other jurisdictions are possible.

Some of our products are subject to various federal, state, local and international laws governing chemical substances in electronic products or governing energy efficiency. We incorporate the requirements of these laws and regulations in the design of our products.

In 2012, compliance with federal, state and local laws regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, did not have a material effect on our financial results or competitive position.

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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 28, 2013, and their business experience during the prior five years.

Name	Age	Position with Company and Principal Business Affiliations During Past Five Years
Allen J. Lauer	75	Interim Chief Executive Officer and President of Intermec since April 2012. Mr. Lauer is and has been a member of Intermec's Board since 2003; he has been Chairman of the Board since 2007 and was Chair of the Governance and Nominating Committee from 2007 to 2012. Mr. Lauer was Chairman of the Board of Varian, Inc. from 2000 to 2009 and retired as Varian's Chief Executive Officer in 2003.
Robert J. Driessnack	54	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.
Dennis A. Faerber	60	Senior Vice President, Global Supply Chain Operations and Global Services, of Intermec Technologies Corporation, since February 2009 and Senior Vice President, Global Services, of Intermec Technologies Corporation from February 2008 to February 2009. 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.
James P. McDonnell	58	Senior Vice President, Global Sales, of Intermec Technologies Corporation, since January 2010. Prior to joining Intermec, Mr. McDonnell was Vice President of Global Sales-Enterprise Storage and Servers Group, of Hewlett-Packard from 2007 to January 2010. Prior to assuming that position, Mr. McDonnell was Senior Vice President, Solutions Partners Organization, of Hewlett-Packard, from 2004 to 2007.
Yukio Morikubo	53	Senior Vice President, General Counsel and Secretary, since November 2011. Prior to joining Intermec, Mr. Morikubo was Vice President, General Counsel and Secretary at drugstore.com from November 2006 to September 2011, when the company was acquired by Walgreens Co.
Earl R. Thompson	51	Senior Vice President, Mobile Solutions Business Unit since October 2008. Mr. Thompson previously served as Vice President and General Manager of our 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.

Available Information

Information on our company may be found on our website at www.intermec.com. Our annual reports on Form 10-K and our other electronic filings with the Securities and Exchange Commission ("SEC") are available in PDF format through our Investor Relations website at http://www.intermec.com/about_us/investor_relations/index.aspx. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, definitive proxy statements, and amendments to those reports (if any) 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 that we file.

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

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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, operating results, earnings or stock price, in various ways. 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.

Risk Factors Related to the Proposed Merger with Honeywell

- The Merger is subject to various closing conditions, including governmental approvals, and other uncertainties and there can be no assurances as to whether and when it may be completed. On December 9, 2012, we entered into the Merger Agreement with Honeywell and Merger Sub, under which Merger Sub will merge with and into Intermec, with Intermec continuing as the surviving corporation and wholly owned subsidiary of Honeywell. The consummation of the Merger is subject to customary closing conditions. A number of the conditions are not within our control, and may prevent, delay or otherwise materially adversely affect the completion of the transaction. These conditions include, among other things, (i) receiving the required approval of the Company's stockholders and (ii) the expiration or termination of the applicable waiting period under the HSR Act, and any applicable waiting period or approvals under the competition, antitrust or similar laws of the United Kingdom and other foreign jurisdictions. It also is possible that a change, event, fact, effect or circumstance that could lead to a material adverse effect to Intermec may occur, which may give Honeywell the ability to not complete the Merger. We cannot predict with certainty whether and when any of the required closing conditions will be satisfied or if another uncertainty may arise. If the Merger does not receive, or timely receive, the required regulatory approvals and clearances, or if another event occurs delaying or preventing the Merger, such delay or failure to complete the Merger may cause uncertainty or other negative consequences that may materially and adversely affect our sales, financial performance and operating results, and the price per share for our common stock and perceived acquisition value.

- If the Merger Agreement is terminated, we may, under certain circumstances, be obligated to pay a termination fee or a break-up fee to Honeywell. These costs could require us to use available cash that would have otherwise been available for general corporate purposes. If the Merger is not completed, in certain circumstances, we would still be liable for significant transaction costs and could also be required to pay a termination fee of $24 million. If the Merger Agreement is terminated, the expense reimbursement and the termination fee we may be required to pay, if any, under the Merger Agreement may require us to use available cash that would have otherwise been available for general corporate purposes. For these and other reasons, a failed Merger could materially and adversely affect our business, operating results or financial condition, which in turn would materially and adversely affect our business or financial condition, the price per share of our common stock or our perceived acquisition value.

- While the Merger is pending, we are subject to business uncertainties and contractual restrictions that could materially adversely affect our operations and the future of our business or result in a loss of employees. The Merger Agreement includes restrictions on the conduct of our business prior to the completion of the Merger, generally requiring us to conduct our business generally in the ordinary course and subjecting us to a variety of specified limitations absent Honeywell's prior written consent. We may find that these and other contractual arrangements in the Merger Agreement may delay or prevent us from or limit our ability to respond effectively to competitive pressures, industry developments and future business opportunities that may arise during such period, even if our management thinks they may be advisable. The pendency of the Merger may also divert management's attention and our resources from ongoing business and operations. Our employees, customers and suppliers may have uncertainties about the effects of the Merger. In connection with the pending Merger, it is possible that some customers, suppliers and other persons with whom we have a business relationship may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationship with us as a result of the Merger. Similarly, current and prospective

employees may experience uncertainty about their future roles with us following completion of the Merger, which may materially adversely affect our ability to attract and retain key employees. If any of these effects were to occur, it could materially and adversely impact our revenues, earnings and cash flows and other business results and financial condition, as well as the market price of our common stock and our perceived acquisition value, regardless of whether the Merger is completed. In addition, whether or not the Merger is completed, while it is pending we will continue to incur costs, fees, expenses and charges related to the proposed Merger, which may materially and adversely affect our business results and financial condition.

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- Failure to complete the Merger could negatively impact our stock price and our business and financial results. There is no assurance that the Merger or any other transaction will occur or that the conditions to the Merger will be satisfied in a timely manner or at all. Further, there is no assurance that any event, change or other circumstances that could give rise to the termination of the Merger Agreement will not occur. Because the share price of our common stock after the announcement of the Merger Agreement may reflect an assumption that the Merger will be completed, the share price of our common stock may drop, potentially significantly, if the Merger is not completed. In addition, under circumstances defined in the Merger Agreement, if the Merger is not completed we may be required to pay a termination fee of up to approximately $24 million. Certain costs associated with the Merger are already incurred or may be payable even if the Merger is not completed. Further, a failed transaction may result in negative publicity and a negative impression of us in the investment community. Finally, any disruptions to our business resulting from the announcement and pendency of the Merger and from intensifying competition from our competitors, including any adverse changes in our relationships with our customers, vendors and employees or recruiting and retention efforts, could continue or accelerate in the event of a failed transaction. There can be no assurance that our business, these relationships or our financial condition will not be negatively impacted, as compared to prior to the announcement of the Merger, if the Merger is not consummated. If any of these effects were to occur, it could negatively impact our revenues, earnings and cash flows and other business results and financial condition, as well as the market price of our common stock and our perceived acquisition value.

- Pending litigations against Intermec and our directors could result in an injunction preventing completion of the Merger, and significant litigation costs that could adversely affect our financial condition. Since the announcement on December 10, 2012 of the signing of the Merger Agreement, Intermec, as well as the members of our Board of Directors, have been named as defendants in multiple lawsuits purportedly brought by our stockholders challenging the proposed Merger. The lawsuits generally allege, among other things, that the Merger fails to properly value Intermec, that the individual defendants breached their fiduciary duties in approving the Merger Agreement and that those breaches were aided and abetted by the Company, Honeywell and Merger Sub. The lawsuits seek, among other things, injunctive relief to enjoin the defendants from completing the Merger on the agreed-upon terms, monetary relief and attorneys' fees and costs.

One of the conditions to the closing of the Merger is that no injunction preventing the consummation of the Merger and the other transactions contemplated by the Merger Agreement shall be in effect and that no rule, regulation, order or injunction shall have been enacted, entered, promulgated or enforced by any governmental entity that prohibits or makes illegal the consummation of the Merger. Consequently, if the plaintiffs were to secure injunctive or other relief prohibiting, delaying, or otherwise adversely affecting the defendants' ability to complete the Merger, then such injunctive or other relief may prevent the Merger from becoming effective within the expected time frame or at all. If completion of the Merger is prevented or delayed, it could result in substantial costs to us and Honeywell. In addition, Intermec and Honeywell are incurring and will continue incurring significant costs in connection with the lawsuits, including costs associated with the indemnification of our directors and officers.

Risk Factors Related to our Business

- Macroeconomic conditions beyond our control could lead to decreases in demand for our products, reduced profitability or deterioration in the quality of our working capital. Domestic and international economic, political and social conditions are uncertain due to a variety of factors, including:
- global, regional and national economic downturns and financial stability;
- 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, political turmoil, or war in a given country or region; and
- natural disasters 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, economic or social conditions could affect potential customers in ways that reduce demand for our products and disrupt our manufacturing and sales plans and efforts. These global, regional or local conditions may also cause governments to change their spending priorities, which may delay, reduce or eliminate funding for our products and services. Acts of terrorism, wars, natural disasters, public health issues and increased energy costs could disrupt commerce in ways

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that could impair our supply chain and our ability to get products to our customers and increase our manufacturing and delivery costs. Changes or increased volatility of our 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, economic or social 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.

- 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 quoted, billed and collected in the customer's local currency in EMEA and in U.S. dollars elsewhere. Our product costs are largely denominated in U.S. dollars. Therefore, our product margins are exposed to changes in foreign exchange rates. Foreign exchange rate fluctuations may also affect the cost of goods and services that we purchase and personnel that we employ outside of the United States. 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.

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.

- 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 of our products 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, and costs may fluctuate based on the distribution of our sales between various jurisdictions. Growth in our revenues, gross margins and earnings therefore depends on the customer, product and geographic mix of our sales. Our introduction of lower-priced products may also affect our ability to sell high-end products, even if those products have advanced features. In addition, our distributors, dealers and resellers can have a significant impact on the mix of our products and services. If we are unable to execute a sales strategy that results in a favorable sales mix, our revenues, gross margins and earnings could be adversely affected. 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.

- We have entered into a senior secured credit facility agreement that includes covenants, financial tests and ratios, which, if not met, may have an adverse effect on our business, financial condition, results of operations and cash flows. We maintain a senior secured credit facility with Wells Fargo Bank, National Association (the "Bank") that contains certain customary covenants to the Bank, including financial covenants that require us to comply with specified financial ratios and tests. The credit facility is secured by pledges of equity in and assets of certain of our domestic subsidiaries, which have also guaranteed our payment obligations under the credit facility. We must take into account the requirements of these covenants in the conduct of our business. The Merger, if consummated, would be considered a "change of control" under the credit facility, which would constitute an event of default. Depending on the circumstances under which we could fail to satisfy one or more of these covenants, we may need to make choices that limit some of our business or financing activities in order to comply with them. These choices may have an adverse effect on our results of operations and cash flows. Furthermore, we were not in compliance with certain of our debt covenants effective as of December, 31, 2012, but the Bank agreed to amend the credit facility agreement to bring us back into compliance. However, if we fail to comply with the requirements of the credit facility in the future, we would be in default, and we may not be able to obtain the necessary amendments or waivers of an event of default. In that event, the Bank could declare all amounts outstanding, together with accrued interest, to be immediately due and payable. The Bank could also move to enforce its rights under its security interests in our assets and those of our

subsidiaries. If at that time we were not able to repay any amounts borrowed under the credit facility using our existing cash or to obtain sufficient financing from alternative sources to make the repayment, or if alternative financing is not available on favorable terms, our business and financial condition would be materially adversely affected. Such alternative financing, if available, may include increased costs or other terms affecting our business or assets. We could also incur substantial costs in pursuing such alternative financing arrangements. Financing arrangements that include the issuances of equity or other securities convertible into equity could cause our existing stockholders' interests to be diluted.

- Our business may be adversely affected if we do not continue to improve our business processes and systems and transform our supply chain or if those efforts have unintended results. In order to increase sales and profits, including those of acquired businesses, 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 ways that are cost effective and efficient from an operational and a tax perspective. To achieve our objectives, we are continuing to streamline our sales systems, supply chain and business processes

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and to enhance our global enterprise resource planning (ERP) and other management reporting systems. We have also established an international headquarters in Singapore. These are complex undertakings and may result in unanticipated costs, liabilities and operational disruptions, or tax or other financial consequences. They might not proceed as planned, could result in unintended consequences or might not accomplish the intended goals, any of which could have a material adverse impact on our sales, profits, results of operations and earnings.

- Our business may be adversely affected if we are unable to attract and retain skilled managers and employees. Competition for skilled employees is high in our industry and the countries in which we operate, and we must remain competitive in terms of compensation and other employee benefits to retain key employees. In connection with businesses that we acquire, we may need to rely on acquired management and employees to continue to operate those businesses and to help us deepen our penetration of the market for their products and services. In addition, to pursue new products, services or strategic initiatives, we may need to attract individuals with particular knowledge, skills or qualifications. If we are unsuccessful in hiring and retaining skilled managers and employees, we may be unable to maintain and expand our business.

- Some of our competitors are substantially larger and more profitable than we are, which may give them a competitive advantage. We operate in a highly competitive industry. Both historically and as a result of recent consolidation in the AIDC industry, we have certain competitors that are larger and potentially stronger than we are, and consequently we expect that competition may continue to intensify. Some of our competitors have, and new competitors may have, substantially more capital, revenue, profit or other and financial resources than we have. Among other things, these advantages may allow them to: invest more in R&D, sales and marketing, and customer support; achieve greater economies of scale in manufacturing and distribution; weather market downturns longer or adapt more quickly to emerging technology developments, market trends or price declines; or precipitate market changes by introducing new or complementary technologies, reducing prices or otherwise changing their market offerings. Such competition may require us to reduce our prices, thereby lowering our margins, or to increase our costs, and this could materially and adversely affect our earnings. There is no assurance that our strategies to counteract our competitors' advantages will succeed, and if they do not, our business or financial results could suffer as a result.

- The AIDC industry, including the voice technology segment, is characterized by rapid technological change, and our success depends upon the frequent enhancement of existing products and timely introduction of new products that meet our customers' needs. Customer requirements for AIDC products evolve and technological changes in our industry occur regularly. To keep up with new customer requirements and distinguish Intermec from our competitors, we must frequently introduce new products and enhancements of existing products. Enhancing existing products and developing new products is complex and uncertain. It often requires significant investments in R&D. We may not have adequate capital or resources to invest in R&D to keep pace with technological changes in our industry. Even if we make adequate investments in R&D, they may not result in products that are attractive or acceptable to our customers. New technologies, such as Vocollect's voice technology, may also not achieve widespread acceptance or may be preempted by competing technologies. Furthermore, we may not be able to launch new or improved products before our competition launches comparable products. Any of these factors could cause our business or financial results to suffer.

- Introduction of new products could render our existing products obsolete, which could have an adverse effect on our business or financial results. Introduction of new products or technologies by us or our competitors could render certain of our products obsolete. This could reduce sales volumes, or result in substantial excess or obsolete inventories, or both. If that were to occur, we might have to sell all or a portion of the excess or obsolete inventory at a substantial discount which may also be below the cost of making or acquiring that inventory and cause us to write off the difference. If we are unable to anticipate the obsolescence of our products or to mitigate the risk of product obsolescence, our financial results could be materially and adversely affected.

- Our reliance on third-party distributors could adversely affect our business and financial results. In addition to offering our products and services to certain customers and resellers directly, we rely to a significant and increasing degree on our channel partners to sell our products and services to end-users. In 2012, 2011 and 2010, one distributor, ScanSource, Inc., accounted for more than 10% of our sales of Intermec-branded products. It or other distributors may account for a substantial portion of our sales of our products or services 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 such distributors of our products and services to bring them to market at the right time and in the right locations. In addition, our competitors' strategic relationships with, or acquisitions of, these distributors could disrupt our relationships with them. Any such disruption could impair or delay sales of our products and services to end users and increase our costs of distribution, which could adversely affect business and financial results.

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- Use of third-party contract manufacturers, suppliers and service providers could adversely affect our product quality, delivery schedules or customer satisfaction, any of which could have an adverse effect on our business and financial results. In relying on third-party contractors to assemble all of our Intermec-branded products, we do not have direct physical control over the manufacturing process and operations. Third-party suppliers also provide the components that our contract manufacturers and Vocollect use in the final assembly of our products. Some of these components may be available only from a single source. We also outsource a number of services to third-party service providers, including certain design services, transportation and logistics, management of spare parts, and warranty service. Accordingly, our products and services could be adversely affected by, among other things, inadequate quality control of these third-party suppliers and service providers, or by their inability to design products, parts and components to our specifications, to ship product, to manage our product inventory, to meet delivery deadlines or to otherwise satisfy our customers' needs. Failure of these third-party suppliers and service providers in any of these respects could negatively affect our customer relationships, our sales and our earnings. Failures on the part of our third-party designers could impair our ability to enhance our existing products and to introduce new products. The disruption of our supply chain could cause us to incur greater expense to purchase parts or products in short supply, to purchase quantities of these items in excess of our estimated near term requirements, or to take other steps to ensure the availability of necessary quantities that could increase our costs.

- If Vocollect's manufacturing process or facility is disrupted, sales of Vocollect's products could be disrupted, and we could incur unforeseen costs or loss of revenues. Final assembly of Vocollect's products is performed at a single location in the U.S. If the operations of that facility are disrupted, we would be unable to fulfill customer orders for the period of the disruption. We would not be able to recognize revenue on orders that we could not ship, and we might need to modify our standard sales terms to secure the commitment of new customers during the period of the disruption and perhaps longer. Depending on the cause of the disruption, we could incur significant costs to remedy the disruption and resume product shipments. Such a disruption could have a material adverse effect on our revenue, results of operations and earnings.

- As part of our growth strategy, we may acquire or make investments in other businesses, patents, technologies, products or services, and our failure to do so successfully may not generate the intended benefits, adversely affecting our competitive position or financial results. We have made and expect to continue to make acquisitions or investments to expand our suite of products and services. Our growth could be limited if we were unable to identify suitable acquisitions and investments or agree on the terms of any such acquisition or investment. We may not be able to consummate any such transaction if we lack sufficient resources to finance the transaction on our own and cannot obtain financing at a reasonable cost. Furthermore, 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 lose some customer or vendor relationships due to our acquisition of competitors of those customers or vendors.
  - We may have problems unifying management following a transaction.
  - 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.
  - Our management's attention may be diverted to the assimilation of the technology and personnel of acquired businesses or new product or service lines.
  - We may experience difficulties in coordinating geographically disparate organizations and corporate cultures and integrating management personnel with different business backgrounds.

If we are not able to complete such acquisitions and successfully integrate them, or to complete investments and successfully realize their intended benefits, our competitive position may suffer, which could adversely affect our revenues, results of operations and earnings.

Business combinations and other acquisition transactions may have a direct adverse effect on our financial condition, results of operations or liquidity, or on our stock price. In order to complete acquisitions or investments, we may have to use cash, issue new equity securities with dilutive effects on existing stockholders, take on new debt, assume contingent liabilities or amortize assets or expenses in a manner that might have a material adverse effect on our balance sheet, results of operations or liquidity. We are required to record certain acquisition-related costs and other items as current period expenses, which would have the effect of reducing our reported earnings in the period in which an acquisition is consummated. We are also required to record post-closing goodwill or other long-lived asset impairment charges in the period in which they occur, which could result in a significant charge to our earnings in that period. These and other potential negative effects of an acquisition could prevent us from realizing the benefits of such transactions and have a material adverse impact on our stock price, revenues, revenue growth, balance sheet, results of operations and liquidity.

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- Our inability to successfully protect, defend or enforce our intellectual property rights could adversely affect the growth of our business and results of operations. To protect our IP portfolio, we may be required to initiate patent infringement lawsuits. IP infringement lawsuits are complex proceedings, and the results are very difficult to predict. There is no assurance that we will prevail in any or all of these cases or that we will achieve the desired outcome in terms of injunctive relief or damages or that the other parties will be able to pay the damages awarded. Adverse results in such 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 IP lawsuits could also reduce our royalty revenues. In some periods, IP litigation recoveries and expenses could result in large fluctuations of revenue or expenses from prior periods, increase the volatility of our financial results or have a material adverse impact on our operating profits, results of operations or net earnings.

Since our business strategy includes global expansion, we are operating in developing countries where the institutional structures for creating and enforcing IP rights are very new or non-existent and where government agencies, courts and market participants have little experience with IP rights. There is no assurance that we will be able to protect our technology in such countries, because we may not be able to enforce IP rights in those jurisdictions and alternative methods of protecting our IP rights 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 inability to successfully defend ourselves from the intellectual property infringement claims of others could have an adverse effect on the growth of our business and results of operations. Our competitors, our potential competitors and other companies may have IP rights covering products and services similar to those we market and sell. These firms may try to use their IP rights to prevent us from selling some of our products, to collect royalties from us, or to deter us from enforcing our IP rights against them. Those efforts may include 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 IP lawsuits brought against us. If the results of such litigation are adverse to us or our customers, we could be enjoined from selling and our customers could be enjoined from using our products or services and ordered to pay for past damages. We might also be required to pay future royalties or be forced to incur the cost of designing around a third party's IP. In some periods, IP litigation expenses could result in large fluctuations from prior periods. Any of these events could increase the volatility of our financial results or have a material adverse effect on our sales, revenues, operating profits, results of operations or earnings per share.

- Our failure to expand our IP portfolio could adversely affect the growth of our business and results of operations. Expansion of our IP portfolio is one of the available methods of developing new or improved products to grow our revenues and our profits. This involves a complex and costly set of activities with uncertain outcomes. Our ability to obtain patents and other IP can be adversely affected by insufficient inventiveness of our employees, by changes in IP laws, treaties, and regulations, and by judicial and administrative interpretations of those laws, treaties and regulations. Our ability to expand our IP portfolio could also be adversely affected by the lack of valuable IP for sale or license at affordable prices. There is no assurance that we will be able to obtain valuable IP in the jurisdictions where we and our competitors operate or that we will be able to use or license that IP or that we will be able to generate meaningful royalty revenue or profits from our IP.

- Estimating our income tax rate is complex and subject to uncertainty. The computation of income taxes is complex, because it is based on the laws of numerous taxing jurisdictions and requires significant judgment on the application of complicated rules governing accounting for tax provisions under accounting principles generally accepted in the United States. The income tax expense or benefit for interim quarters is based on a forecast of our global tax rate for the year, which includes forward looking financial projections. Such financial projections are based on numerous assumptions, including the expectations of profit and loss by jurisdiction. It is difficult to accurately forecast various items that make up the projections. Examples of items that could cause variability in our income tax rate include our

mix of income by jurisdiction, tax deductions for stock option expense, application of transfer pricing rules, tax audits, and changes to our valuation allowance for deferred tax assets. Future events, such as changes in our business and the tax law in the jurisdictions where we do business, could also affect our rate. For these reasons, our global tax rate for the year may be materially different than our estimates for interim periods. Such differences may result in material differences between our actual reported net earnings and earnings per share, and our or analysts' estimates.

- If we do not generate sufficient future taxable income, we may be required to recognize additional deferred tax asset valuation allowances. The value of our deferred tax assets depends, in part, on our ability to use them to offset taxable income in future years. If we are unable to generate sufficient future taxable income in the U.S. and certain other jurisdictions, or if there are significant changes in tax laws or the tax rates or the period within which the underlying temporary differences become taxable or deductible, we could be required to increase our valuation allowance against our deferred tax assets. Such an increase would result in an increase in our effective tax rate and have a negative impact on our operating results. If our

future taxable income is increased, the valuation allowances for deferred tax assets may be reduced. These changes may also contribute to the volatility of our financial results.

- Our ability to use tax credit and net operating loss carryforwards to reduce our future income tax liability could be substantially limited if we experience an "ownership change" within the meaning of Internal Revenue Code Section 382. In that event, we may be required to recognize a noncash charge to our earnings, which could be material. We have substantial tax credit and net operating loss ("NOL") carryforwards (collectively, "Tax Attributes") for United States federal income tax purposes that are available to reduce our future income tax liability. Under Sections 382 and 383 of the Internal Revenue Code, following an "ownership change," certain limitations apply to the use by a "loss corporation" of its Tax Attributes arising before the "ownership change." In general, an "ownership change" would occur if there is a cumulative change in the ownership of our common stock of more than 50% by one or more "5% shareholders" during a three-year period. In the event of an "ownership change," the Tax Attributes that may be used to offset our future taxable income in each year after the "ownership change" will be subject to an annual limitation. In general, the annual limitation is equal to the product of the fair market value of our stock on the date of the "ownership change" and the "long term tax exempt rate" (which is published monthly by the IRS), subject to specified adjustments (the "Section 382 Limitation").

The computation of percentage increases in ownership by "5% shareholders" is subject to numerous factual and legal uncertainties, and there can be no assurance that the IRS or a court will agree with our calculation. In general, we have no control over the fact or timing of acquisitions or transfers of our common stock. Furthermore, in the event an "ownership change" occurs at a time when our stock price has declined, a lower Section 382 Limitation would result, which could result in a significant portion of our Tax Attributes expiring before we could fully use them. We cannot predict whether there will be changes in the ownership of our common stock that would result in the imposition of a Section 382 Limitation. However, if such an "ownership change" were to occur, our ability to use our Tax Attributes could be substantially limited. In such a case we could be required to record a valuation allowance and take a noncash charge against our earnings to reduce our net deferred tax assets in the quarter in which the "ownership change" occurs, which could adversely affect our financial results for that quarter and for the year in question. Furthermore, our inability to fully use our Tax Attributes could result in higher tax payments, thereby reducing our cash flow.

- If we do not comply with agreements that we have made in certain jurisdictions, we may lose favorable tax treatment that results from those agreements. In some jurisdictions in which we operate, favorable tax rates and other tax benefits are subject to our compliance with agreements that we have with relevant governmental agencies. If we are unable to satisfy the requirements of those agreements, our tax rate in those jurisdictions might increase or we might lose certain tax benefits, which could have a material adverse effect on our effective tax rate or our financial results.

- We may have additional tax liabilities. In determining the adequacy of income taxes, we assess the likelihood of adverse outcomes resulting from IRS and other tax authorities' examinations. The IRS and tax authorities in countries where we do business regularly examine our tax returns. The ultimate outcome of these examinations cannot be predicted with certainty. For example, our tax expense may be impacted if our intercompany transactions, which are required to be computed on an arm's-length basis, are challenged and successfully disputed by the tax authorities. Should the IRS or other tax authorities assess additional taxes as a result of examinations, we may be required to record charges to operations that could have a material impact on the results of operations, financial position, or cash flows.

- 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.

In addition, aspects of our business are subject to a variety of U.S. and international laws regarding data privacy. The European Union has also adopted a data privacy directive that requires member states to impose restrictions on the collection and use of personal data. The issue of data privacy is an increasingly important area of public policy in various jurisdictions. The evolving regulatory environment in which we operate could adversely impact aspects of our business or the businesses of third parties on whom we depend. Compliance with these regulations may involve significant costs or require changes in business practices that result in reduced revenue or profits. Noncompliance could result in disruptions to our business or

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operations, proceedings against the Company by government entities, customers or others, require changes to our business practices and lead to legal liability. Any of the foregoing factors could adversely affect our ability to sell or deliver products, maintain our work force in affected areas, or to continue or expand our operations in particular markets, which could materially and adversely impact our revenues, revenue growth, gross profit margins and results of operation.

A significant percentage of our products and their components 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 IP 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.

- Violations of the U.S. Foreign Corrupt Practices Act could subject us to civil or criminal liability. As a global company, we are also subject to risks that our employees, contractors, representatives or agents could conduct our operations outside the U.S. in ways that violate the U.S. Foreign Corrupt Practices Act or other similar anti-bribery laws. Although we have policies and procedures to comply with those laws, our employees, contractors, representatives and agents may take actions that violate our policies. Moreover, third-party sales representatives or other agents that help sell our products or provide other services may violate our anti-bribery policies and procedures, because it may be more difficult for us to oversee their conduct. Any such violations could result in fines and other penalties and could otherwise have a negative impact on our business.

- 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 EPC global 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 or region;
- 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 a material adverse effect on our revenues, gross profit margins and results of operations and increase the volatility of our financial results.

- We could be negatively affected by information technology system failures, network disruptions and breaches in data security. We face the risk of a security breach, whether through cyber attack or cyber intrusion over the Internet, malware, computer viruses, or other significant disruption of our information technology (“IT”) networks and related systems. We face an added risk of a security breach or other significant disruption of the IT networks, products and related systems that we develop, install, operate and maintain for certain of our customers, which may involve managing and protecting information relating to our customers’ data or our data. IT system failures could also result in the unintentional disclosure of Intermec’s confidential information or that of our customers and employees. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any security breach could result in a loss of

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confidence in the security of our products and services, damage our reputation, disrupt our business, lead to legal liability and negatively impact our future sales.

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 998,802 square feet, of which 777,262 square feet, or 78%, are located in the United States, and 221,540 square feet, or 22%, are located outside the United States, primarily in Mexico, the Netherlands, Spain, Canada, France and Singapore.

Approximately 92,000 square feet, or 9%, 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. offices associated with our continuing operations are located in the following states (in square feet):

Washington	218,000
Iowa	184,927
Ohio	97,483
Pennsylvania	131,366
Other states	64,418
Total	696,194

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 properties located in Pennsylvania are associated with our Voice solutions segment, as are offices located in the U.K., India and Japan. The Pennsylvania location includes facilities for product assembly, in addition to general commercial office space. All other properties are associated primarily with our Intermec-branded products segment and Intermec-branded services segment. Properties used by these segments include general commercial office space.

The foregoing information excludes the following properties.

- Facilities held under lease that we are subleasing to third parties, comprising approximately 314,000 square feet in Michigan, and Ontario, Canada.
- Approximately 94,000 square feet held under lease, previously used for manufacturing in Everett, WA.
- 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.

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 currently do not expect the ultimate resolution of pending matters (including the matters described below) to be material to Intermec in relation to our business, financial condition, results of operations or liquidity.

We capitalize external legal costs incurred in the defense of our patents where we believe that there is an evident increase in the value of the patent and that the successful outcome of the legal action is probable. If the likelihood of a successful outcome of the entire action is determined to be less than probable, the capitalized costs would be charged to expense in the period in which the change is determined. Refer to Note 1, Significant Accounting Policies, Capitalized Legal Patent Costs, of the Notes to Consolidated Financial Statements. For information regarding the capitalized patent defense costs refer to Note 13, Litigation, Commitments and Contingencies, of the Notes to Consolidated Financial Statements.

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In the case Alien Technologies Corporation v. Intermec, Inc., et al., Civil Action No. 3:06-cv-0051, United States District Court for the District of North Dakota, Southeastern Division (the “Alien Case”), Alien Technologies Corporation (“Alien”) sued Intermec in June 2006 for a declaratory judgment that Alien does not infringe certain Intermec patents relating to radio frequency identification technology (“RFID”) and that certain Intermec RFID patents are invalid; Alien's case against Intermec does not assert any counterclaimed damages or loss against Intermec. Intermec counterclaimed against Alien for infringement related to certain of those patents. In the suit, Intermec is seeking a decision that its patents are valid and infringed by Alien. Both parties have requested reimbursement of legal fees. The Intermec patent remaining in the Alien Case after the District Court's summary judgment decisions has been the subject of proceedings in the U.S. Patent and Trademark Office (“USPTO”), which upheld the validity of most of the original claims as well as found new claims patentable upon reexamination. The reexamination decision was appealed by Alien to the Board of Patent Appeals and Interferences (“BPAI”) of the USPTO. As previously disclosed, on July 19, 2012, the BPAI issued a decision finding that the examiner erred in not considering certain grounds of rejection previously proposed by Alien. The BPAI did not find error with the examiner's decision not to adopt any other grounds of rejection originally proposed by Alien. Intermec timely began reexamination proceedings for the patent claims at issue, including the submission of further evidence demonstrating that the possible new grounds of rejection should not be adopted by the examiner. The legal fees related to the defense of this case have been capitalized and reported on our Consolidated Balance Sheets as Other assets.

In the case R+L Carriers, Inc. v. Intermec Technologies Corp., Civil Action No. 1 :09-cv-00532, United States District Court for the Southern District of Ohio, Western Division, United States District Court for the Southern District of Ohio (the “R+L Case”), R+L alleges that the Company induces infringement of a method patent owned by R+L, a trucking company, by selling certain of its products and services. The Company has denied the allegation, asserted counterclaims for non-infringement and invalidity of R+L's patent. The R+L Case is in the discovery phase; the Markman hearing to interpret the R+L patent is set for late 2013. The Company intends to continue to vigorously defend itself against these claims and to pursue claims for fees and costs.

In the case Intermec v. International Business Machines, C11-0165-JCC, United States District Court for the Western District of Washington (the “IBM Case”), Intermec sued IBM for the return of royalty overpayments in the amount of approximately $1.7 million and interest; IBM counterclaimed, alleging that Intermec owed IBM additional royalty payments. On cross motions for Summary Judgment the Court ruled that Intermec's contract interpretation was correct. The matter went to the jury in late March 2012 and the jury returned a verdict in Intermec's favor of $1.05 million. The Court then denied IBM's motion for a new trial and Intermec's motion for pre-judgment interest. The case is now on appeal to the United States Court of Appeals for the Ninth Circuit.

In the case Zebra Technologies Corporation and ZIH Corporation vs. Intermec, Inc., Civil Action No. 12-cv-9808, United States District Court for the Northern District of Illinois, Eastern Division (the “Zebra Case”), Zebra has asserted that Intermec infringes certain Zebra patents relating to RFID and printing technologies. Intermec has counterclaimed Zebra's infringement of certain Intermec patents directed to battery and printing technologies. The Zebra Case was filed in December 2012; discovery has not yet begun. The Company intends to continue to vigorously defend itself against these claims and to pursue its counterclaims. A portion of the legal fees related to the defense of this case may be eligible to be capitalized and, in that event, would be reported on our Consolidated Balance Sheets as Other assets.

We continue to monitor developments in legal actions brought by or against Round Rock Research, LLC (“Round Rock”). Round Rock is a non-producing owner of certain patents related to RFID technology, which Round Rock asserts read on certain “Gen 2” RFID standards and, therefore, are infringed by some Gen 2-compliant products, such as Intermec's. We are not a party to any such suits. However, we believe there are valid defenses against assertions that Intermec products infringe Round Rock patents.

Merger Related Litigation

On December 13, 2012, a purported class action lawsuit was filed on behalf of the Company's stockholders in Delaware Chancery Court, docketed as Foster v. Intermec, Inc., et al., Case No. 8105-CS. A week later, on December 20, 2012, another purported class action lawsuit on behalf of the Company's stockholders was filed in Delaware Chancery Court, docketed as Reeder v. Intermec, Inc., et al., Case No. 8137-CS. On December 28, 2012, a third purported class action lawsuit on behalf of the Company's stockholders was filed in Delaware Chancery Court,

docketed as Liu v. Intermec, Inc., et al., Case No. 8161-CS. On January 10, 2013, the three Delaware cases were consolidated as In re Intermec, Inc. Shareholders Litigation, C.A. No. 8137-CS, and lead counsel was appointed. On January 24, 2013, lead counsel for the plaintiffs in the consolidated action filed an amended complaint.
Meanwhile, on December 13, 2012, a purported class action lawsuit was filed on behalf of the Company's stockholders in the Superior Court of Snohomish County, Washington, docketed as NECA-IBEW Pension Trust Fund (The Decatur Plan) v. Intermec, Inc., et al., Case No. 12-2-01841-1. Five days later, on December 18, 2012, another purported class action lawsuit on behalf of

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the Company's stockholders was filed in the Superior Court of Snohomish County, docketed as Settle v. Intermec, Inc., et al., Case No. 12-2-09793-1. The next day, on December 19, 2012, a purported class action lawsuit on behalf of the Company's stockholders was filed in the Superior Court of King County, Washington, docketed as Grauel v. Barnes, Case No. 12-2-40170-5 SEA. Intermec moved to stay the Snohomish County actions in favor of the consolidated action in Delaware but the motion was denied by the Superior Court of Snohomish County on January 11, 2013. The Superior Court consolidated the Snohomish County cases under the name, In re Intermec, Inc. Shareholder Litigation, Lead Case No. 12-2-01841-1, and lead counsel was appointed. On January 11, 2013, the King County case was transferred to Snohomish County for the purpose of being consolidated into the In re Intermec, Inc. Shareholder Litigation. On February 24, 2013, the Court entered a stipulated confidentiality order. On February 28, 2013, plaintiffs filed a Consolidated Amended Complaint. On March 1, 2013, plaintiffs filed a motion for a preliminary injunction. On March 8, 2013, defendants filed a brief in opposition to the preliminary injunction motion. A preliminary injunction hearing is set for March 15, 2013 in the Superior Court of Washington for Snohomish County.

The lawsuits allege, among other things, that our Board of Directors breached its fiduciary duties to stockholders by failing to take steps to maximize stockholder value or to engage in a fair sale process before approving the proposed acquisition of Intermec by Honeywell. Specifically, the lawsuits allege that the consideration paid by Honeywell is grossly inadequate in light of Intermec's recent performance. The lawsuits also allege that the process was designed to ensure that Honeywell had the only opportunity to acquire the Company and that the use of certain deal protection mechanisms precluded the Company from seeking out competing offers. The lawsuits also allege that Intermec's preliminary and definitive proxy statements omit certain purportedly material information. The lawsuits allege that the Board was aided and abetted in its breaches of fiduciary duty by Intermec and Honeywell. Each of the complaints names the Company, the members of our Board of Directors, Honeywell International Inc., and Hawkeye Merger Sub Corp., a wholly owned subsidiary of Honeywell, as defendants.

The plaintiffs in these various actions seek relief that includes, among other things, an injunction prohibiting the consummation of the proposed merger, rescission to the extent the Merger terms have already been implemented, damages for the breaches of fiduciary duty, and the payment of plaintiffs' attorneys' fees and costs. We believe the lawsuits are without merit and intend to defend against them vigorously. There can be no assurance, however, with regard to the outcome of these lawsuits.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER 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, 2012 and 2011, are as follows:

	2012		2011	
	High	Low	High	Low
First Quarter	$8.84	$6.83	$13.05	$9.89
Second Quarter	7.71	4.97	12.21	10.28
Third Quarter	7.11	5.43	11.31	6.20
Fourth Quarter	9.94	6.02	8.62	5.87

Our common stock is traded on the New York Stock Exchange under the symbol "IN". As of March 6, 2013, there were approximately 7,543 holders of record of our common stock. This does not include persons whose stock is in nominee or "street name" accounts through brokers. No cash dividends were paid during 2012 or 2011. No shares of common stock were repurchased in the fourth quarter of 2012.

Stock Performance Graph

The graph below compares the cumulative total shareholder returns on our common stock for the last five years, with the cumulative total returns of the Standard & Poor's Midcap 400 Index ("S&P Midcap 400") and the Standard & Poor's 1500 Electronic Equipment and Instruments Index ("S&P 1500 EE&I"). The cumulative total shareholder returns of each assume an investment of $100 at the close of trading on December 31, 2007, with reinvestment of all dividends.

	Year Ended December 31,					
	2007	2008	2009	2010	2011	2012
Intermec, Inc	100.00	65.39	63.32	62.33	33.78	48.55
S&P Midcap 400	100.00	63.77	87.61	110.94	109.02	128.51
S&P 1500 EE&I	100.00	69.78	82.24	95.23	89.18	95.41

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ITEM 6. SELECTED FINANCIAL DATA

	Intermec, Inc. (in millions, except per share data) Year Ended December 31,				
	2012	2011 (b)	2010	2009	2008
Operating Results:					
Total revenues	$790.1	$848.2	$679.1	$658.2	$890.9
Operating (loss) profit from continuing operations (a)	(63.7)	(6.2)	0.3	(19.4)	47.0
Net (loss) earnings from continuing operations (c)	(282.5)	(30.8)	(5.3)	(10.8)	35.7
Net (loss) from discontinued operations	—	—	—	(1.0)	—
Net (loss) earnings	$(282.5)	$(30.8)	$(5.3)	$(11.8)	$35.7
Basic (loss) earnings per share:					
Continuing operations	$(4.68)	$(0.51)	$(0.09)	$(0.17)	$0.58
Discontinued operations	—	—	—	(0.02)	—
Net (loss) earnings per share	$(4.68)	$(0.51)	$(0.09)	$(0.19)	$0.58
Diluted (loss) earnings per share:					
Continuing operations	$(4.68)	$(0.51)	$(0.09)	$(0.17)	$0.58
Discontinued operations	—	—	—	(0.02)	—
Net (loss) earnings per share	$(4.68)	$(0.51)	$(0.09)	$(0.19)	$0.58
(Shares in thousands)					
Shares used for basic (loss) earnings per share	60,324	60,098	61,364	61,644	61,183
Shares used for diluted (loss) earnings per share	60,324	60,098	61,364	61,644	61,658
Financial Position:					
Total assets	$556.3	$869.3	$749.3	$771.8	$789.9
Working capital	$154.6	$239.9	$331.5	$352.3	$371.4
Current ratio	1.8	2.2	3.2	3.2	3.1
Long-term debt obligation	$65.0	$85.0	$—	$—	$—

(a) Includes restructuring charges of $4.4 million in 2012, $5.9 million in 2011, $2.8 million in 2010, $20.6 million in 2009 and $5.7 million in 2008.

(b) On March 3, 2011, we completed the acquisition of Vocollect, Inc. Vocollect's financial results are included in our consolidated financial results after the closing date of the acquisition.

(c) In 2012 and 2011, we recorded a valuation allowance of $201.7 million and $20.9 million, respectively, against our US deferred tax assets.

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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 are incorporated by reference from Item 8 of this Annual Report on Form 10-K.

Overview

Intermec, Inc. ("Intermec", "us", "we", "our", or the "Company") is a global business that designs, develops, integrates, sells and resells wired and wireless automated identification and data collection ("AIDC") products and related services. Our products and services are used by businesses of all sizes, throughout the world, and are particularly suited for challenging or harsh environments where mobility, reliability and durability are important. We offer a broad range of products including mobile computers, bar code scanners, printers, label media, radio frequency identification ("RFID") products and related software, and wearable voice data collection devices and related software. With our products, we also offer a variety of services. Refer to Item 1, Business, for detail about our products and services. Most of our revenue is currently generated through sales of mobile computers, wearable voice data capture devices and related software, bar code scanners, printers and repair services.

Our strategy is to provide mobile business solutions that help our customers improve workflow performance, increase revenues, lower costs and improve customer satisfaction and loyalty. As part of that strategy, we seek to strengthen our position as a solutions company in the AIDC industry through vertical market expertise, a solutions orientation, and a focus on customer and partner relationships. We also seek to grow our business by targeting vertical markets, increasing our marketing activities, expanding our channel, adding software and managed services to our offerings and introducing innovative new products.

In 2012, total revenue decreased by 7%, or $58.1 million, compared to 2011. The decline was driven by several factors, including slowing global economic activity, particularly in Europe, and declining foreign currency exchange rates relative to the U.S. dollar. Our international revenues in 2012 declined 11.3% compared to 2011, largely attributable to a slowdown in Europe, Middle East and Africa ("EMEA") where total revenues declined 16.1%. Revenues in Asia Pacific ("ASIAPAC") and Latin America and Mexico ("LATAM") declined 5.8% and 1.5%, respectively, in 2012.

Our financial reporting currency is the U.S. dollar, and changes in exchange rates can significantly affect our financial trends and reported results. In 2012, the decrease in revenues of $58.1 million included an $18.5 million decrease attributable to unfavorable foreign currency exchange rates. See Foreign Currency Transactions and Effect of Foreign Exchange Rates in this Item 7 for further information about our foreign currency exposure and our risk management program.

Our revenue performance in North America, while still down 2.1% in 2012 over 2011, was stronger than in EMEA and ASIAPAC, due in part to our acquisitions of Vocollect and Enterprise Mobile that we completed in 2011. Our Voice solutions segment revenue increased, in part due to the inclusion of a full year of results in 2012, compared to only ten months of results in 2011 for our Vocollect business that was acquired in March 2011. Total gross margin for the year ended December 31, 2012 was 40.0%, as compared to 40.9% in the prior year, reflecting negative foreign currency exchange impacts and reduced sales, partially offset by higher margins on our Voice solutions segment, which included a full year of results in 2012.

On June 12, 2012, after revising our 2012 business forecast to reflect current economic and other expectations, we committed to a business restructuring plan to better align our cost structure with our current and anticipated needs by lowering costs primarily in our largest markets: North America and Europe. These reductions lowered our service and supply chain overhead and general and administrative support costs, with lesser impacts to research and development and sales and marketing. The net restructuring expense for the year ended December 31, 2012 was $4.4 million. We believe that the restructuring resulted in savings of approximately $6.7 million in 2012, and approximately $14.1 million on an annualized basis.

Merger Agreement with Honeywell

On December 9, 2012, Intermec entered into an Agreement and Plan of Merger with Honeywell and Merger Sub. Under the Merger Agreement, Merger Sub will merge with and into Intermec, with Intermec continuing as the surviving corporation and a wholly owned subsidiary of Honeywell (the "Merger"). After completion of the Merger,

Honeywell will own 100% of Intermec's outstanding stock, and current stockholders will no longer have any interest in Intermec. The closing of the Merger is subject to customary closing conditions, including (i) receiving the required approval of the Company's stockholders and (ii) the expiration or termination of the applicable waiting period under the HSR Act, and any applicable waiting period or approvals under the competition, antitrust or similar laws of certain foreign jurisdictions. See Part I, Item 1, Business, Merger Agreement with Honeywell, for more information. The Merger Agreement and related materials can be found in the Company's SEC filings at www.sec.gov.

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

Results of Operations
The following compares our results of operations and percentages of revenues for the years ended December 31, 2012, 2011 and 2010 (in millions, except for per share data):

	Year Ended December 31,					
	2012		2011		2010	
	Amounts	Percent of Revenues	Amounts	Percent of Revenues	Amounts	Percent of Revenues
Total revenues	$790.1		$848.2		$679.1	
Costs and expenses:						
Cost of revenue	474.1	60.0%	501.4	59.1%	421.5	62.1%
Research and development, net	82.5	10.4%	84.4	10.0%	69.5	10.2%
Selling, general and administrative	246.8	31.2%	250.2	29.5%	184.9	27.2%
Impairment of property, plant and equipment	—	—%	0.9	0.1%	3.0	0.4%
Capitalized legal fees charge	—	—%	5.6	0.7%	—	—%
Impairment of goodwill	51.2	6.5%	—	—%	—	—%
Gain on sale of assets	(5.2)	(0.7)%	—	—%	(2.9)	(0.4)%
Acquisition costs	—	—%	6.0	0.7%	—	—%
Restructuring costs	4.4	0.6%	5.9	0.7%	2.8	0.4%
Total costs and expenses	853.8	108.1%	854.4	100.7%	678.8	100.0%
Operating (loss) profit	(63.7)	(8.1)%	(6.2)	(0.7)%	0.3	—%
Interest expense, net	(2.8)	(0.4)%	(2.2)	(0.3)%	(0.1)	—%
(Loss) earnings before income taxes	(66.5)	(8.4)%	(8.4)	—	0.2	—%
Income tax expense	216.0	27.3%	22.3	2.6%	5.5	0.8%
Net loss	$(282.5)	(35.8)%	$(30.7)	(3.6)%	$(5.3)	(0.8)%
Loss per share:						
Basic	$(4.68)		$(0.51)		$(0.09)	
Diluted	$(4.68)		$(0.51)		$(0.09)	

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

Revenues

Revenues by category and as a percentage of total revenues from continuing operations for the years ended December 31, 2012, 2011 and 2010, as well as the year-over-year product and service revenue changes were as follows (in millions):

	Year Ended December 31,								
	2012			2011			2010		
	Amount	Percent of Revenues		Amount	Percent of Revenues		Amount	Percent of Revenues	
Revenues by category									
Intermec branded:									
Systems and solutions	$380.7	48.2	%	$423.4	49.9	%	$381.6	56.2	%
Printer and media	148.9	18.8	%	175.5	20.7	%	163.6	24.1	%
Services	138.3	17.5	%	143.1	16.9	%	133.9	19.7	%
Voice solutions	122.2	15.5	%	106.2	12.5	%	—	—	%
Total revenues	$790.1	100.0	%	$848.2	100.0	%	$		