

Intermec, Inc.
Form 10-K/A
March 27, 2008

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

FORM 10-K/A
(Amendment No. 1)

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2007
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
Commission file number 001-13279

Intermec, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

95-4647021
(I.R.S. Employer Identification No.)

6001 36th Avenue West
Everett, Washington
www.intermec.com
(Address of principal executive offices)

98203-1264
(Zip Code)

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

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

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

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

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

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

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 No

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

Edgar Filing: Intermec, Inc. - Form 10-K/A

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. (Check One):

Large Accelerated Filer

Accelerated Filer

Non-accelerated filer
(Do not check if a smaller reporting
company)

Smaller reporting company Filer

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

As of July 1, 2007, which was the last business day of the registrant's most recent second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$1.5 billion, based on the closing sale price as reported on the New York Stock Exchange.

On February 21, 2008, there were 60,934,808 shares of Common Stock outstanding, exclusive of treasury shares.

Documents Incorporated by Reference

Certain information required to be reported in Part III of this Annual Report on Form 10-K is herein incorporated by reference from the registrant's Definitive Proxy Statement to be filed with the Securities and Exchange Commission with respect to the registrant's Annual Meeting of Shareholders scheduled to be held on May 23, 2008.

Edgar Filing: Intermec, Inc. - Form 10-K/A

Amendment No. 1 to the Annual Report on Form 10-K
For the Year Ended December 31, 2007

EXPLANATORY NOTE

Intermec, Inc. is filing this Amendment No. 1 on Form 10-K/A (this “Amendment”) to its Annual Report on Form 10-K for the fiscal year ended December 31, 2007 (the “2007 10-K”), which was originally filed on March 3, 2008 (the “Original Filing”), to revise the date of and correct certain other typographical errors within the Report of Independent Registered Public Accounting Firm (the “Report”) included on pages 49 and 50 of the Original Filing.

While the changes effected by this Amendment are solely to amend the Report as described above, we have set forth in this Amendment the complete text of Item 8 of the 2007 10-K, an updated Consent of Independent Registered Public Accounting Firm and updated officer certifications, as required by Rule 12b-15 under the Securities Exchange Act of 1934.

By this Amendment we have not amended, except as described above, or updated any information contained in the Original Filing, and this Amendment should be read in conjunction with our filings made with the United States Securities and Exchange Commission subsequent to the Original Filing.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

	Page
<u>Management's Report on Internal Control over Financial Reporting</u>	4
<u>Management's Certifications</u>	5
<u>Report of Independent Registered Public Accounting Firm</u>	6
<u>Consolidated Statements of Operations for the years ended December 31, 2007, 2006 and 2005</u>	8
<u>Consolidated Balance Sheets as of December 31, 2007 and 2006</u>	9
<u>Consolidated Statements of Cash Flows for the years ended December 31, 2007, 2006 (restated) and 2005 (restated)</u>	10
<u>Consolidated Statements of Changes in Shareholders' Investment for the years ended December 31, 2007, 2006 and 2005</u>	11
<u>Notes to Consolidated Financial Statements</u>	12
<u>Quarterly Financial Information (unaudited)</u>	44

Intermec, Inc.

Management's Report on Internal Control over Financial Reporting

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

Management assessed our internal control over financial reporting as of December 31, 2007, the end of our fiscal year. Management based its assessment on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included evaluation of elements such as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies, and our overall control environment.

Based on our assessment, management has concluded that our internal control over financial reporting was effective as of the end of the fiscal year to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States. The effectiveness of the Company's internal control over financial reporting as of December 31, 2007 has been audited by Deloitte & Touche, LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Management's Certifications

The certifications of the Chief Executive Officer and Chief Financial Officer required by the Sarbanes-Oxley Act have been included as Exhibits 31 and 32 in the Form 10-K. In addition, in 2007, the Chief Executive Officer provided to the New York Stock Exchange the annual CEO certification regarding our compliance with the New York Stock Exchange's corporate governance listing standards.

/s/ Patrick J. Byrne
Patrick J. Byrne
Chief Executive Officer

/s/ Lanny H. Michael
Lanny H. Michael
Senior Vice President and
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Intermec, Inc.
Everett, WA

We have audited the accompanying consolidated balance sheets of Intermec, Inc. and subsidiaries (the "Company") as of December 31, 2007 and 2006, and the related consolidated statements of operations, changes in shareholders' investment, and cash flows for each of the three years in the period ended December 31, 2007. Our audits also included the financial statement schedule listed in the Index at Item 15. We also have audited the Company's internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the financial statements and financial statement schedule and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Intermec, Inc. and subsidiaries as of December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

As discussed in Note A to the financial statements, effective January 1, 2007, the Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes." Also, effective January 1, 2006, the Company adopted the provisions of FASB Statement No. 123(R), "Share-Based Payment." Effective December 31, 2006, the Company adopted certain provisions of Statement of Financial Accounting Standard No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an Amendment of FASB Statements No. 87, 88, 106 and 132(R)."

As discussed in Note A to the financial statements, the consolidated statements of cash flows for the years ended December 31, 2006 and 2005 have been restated.

/s/ Deloitte & Touche LLP

Seattle, WA
March 2, 2008

7

INTERMEC, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(thousands of dollars, except per share amounts)

	Year Ended December 31,		
	2007	2006	2005
Revenues:			
Product	\$ 692,050	\$ 692,417	\$ 720,959
Service	157,170	157,552	154,523
Total revenues	849,220	849,969	875,482
Costs and expenses:			
Cost of product revenues	432,166	429,691	420,707
Cost of service revenues	90,188	88,238	91,899
Research and development	65,610	72,356	66,506
Selling, general and administrative	223,838	227,908	237,819
Gains on intellectual property settlements	-	(16,538)	-
Restructuring charge	-	11,583	-
Total costs and expenses	811,802	813,238	816,931
Operating profit from continuing operations	37,418	36,731	58,551
Gain on sale of investments	-	2,305	-
Interest income	10,706	15,898	7,016
Interest expense	(8,946)	(9,360)	(11,042)
Earnings from continuing operations before income taxes	39,178	45,574	54,525
Provision for income taxes	14,843	10,575	13,880
Earnings from continuing operations	24,335	34,999	40,645
Earnings (loss) from discontinued operations, net of tax	(1,283)	(2,999)	21,147
Net earnings	\$ 23,052	\$ 32,000	\$ 61,792
Basic earnings (loss) per share			
Continuing operations	\$ 0.40	\$ 0.56	\$ 0.66
Discontinued operations	(0.02)	(0.05)	0.34
Net earnings per share	\$ 0.38	\$ 0.51	\$ 1.00
Diluted earnings (loss) per share			
Continuing operations	\$ 0.40	\$ 0.55	\$ 0.64
Discontinued operations	(0.02)	(0.05)	0.34
Net earnings per share	\$ 0.38	\$ 0.50	\$ 0.98
Shares used in computing basic earnings (loss) per share			
	60,359	62,535	61,785
Shares used in computing diluted earnings (loss) per share			
	61,163	63,830	63,350

See accompanying notes to consolidated financial statements.

INTERMEC, INC.
CONSOLIDATED BALANCE SHEETS
(thousands of dollars)

	December 31,	
ASSETS	2007	2006
Current assets:		
Cash and cash equivalents	\$ 237,247	\$ 155,027
Short-term investments	28,230	29,510
Accounts receivable, net	191,487	158,369
Inventories	113,145	119,027
Net current deferred tax assets	61,532	49,623
Other current assets	14,690	28,913
Total current assets	646,331	540,469
Property, plant and equipment, net	47,732	43,453
Intangibles, net	4,138	3,978
Net deferred tax assets	150,154	190,683
Other assets	52,280	31,757
Total assets	\$ 900,635	\$ 810,340
LIABILITIES AND SHAREHOLDERS' INVESTMENT		
Current liabilities:		
Accounts payable and accrued expenses	\$ 141,667	\$ 113,207
Payroll and related expenses	32,170	32,008
Deferred revenue	49,020	45,021
Current debt	100,000	-
Total current liabilities	322,857	190,236
Long-term deferred revenue	20,109	17,318
Long-term debt	-	100,000
Other long-term liabilities	73,558	85,184
Shareholders' investment:		
Common stock (250,000 shares authorized, 61,192 and 60,318 shares issued and outstanding)	612	598
Additional paid-in capital	679,241	657,468
Accumulated deficit	(196,795)	(212,903)
Accumulated other comprehensive income (loss)	1,053	(27,561)
Total shareholders' investment	484,111	417,602
Total liabilities and shareholders' investment	\$ 900,635	\$ 810,340

See accompanying notes to consolidated financial statements.

INTERMECC, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(thousands of dollars)

	Year Ended December 31,		
	2007	2006 (Restated, see Note A)	2005 (Restated, see Note A)
Cash and cash equivalents at beginning of year	\$ 155,027	\$ 256,782	\$ 217,899
Cash flows from operating activities:			
Net earnings	23,052	32,000	61,792
Net (earnings) loss from discontinued operations	1,283	2,999	(21,147)
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	13,314	10,939	9,865
Gain on sale of investments	-	(2,305)	-
Change in prepaid pension costs, net	(5,290)	17,178	11,525
Deferred taxes	7,643	12,412	11,155
Stock-based compensation and other	9,037	5,892	1,975
Excess tax benefits from stock-based payment arrangements	(2,050)	(4,733)	-
Changes in operating assets and liabilities:			
Accounts receivable	(25,204)	28,269	(33,560)
Inventories	8,060	(35,477)	(2,344)
Other current assets	(1,662)	5,577	(1,906)
Accounts payable and accrued expenses	35,805	(49,965)	9,482
Payroll and related expenses	(815)	179	(636)
Other long-term liabilities	(1,467)	1,548	15,257
Other operating activities	(5,081)	(4,296)	914
Net cash provided by operating activities of continuing operations	56,625	20,217	62,372
Cash flows from investing activities of continuing operations:			
Capital expenditures	(15,779)	(22,365)	(10,136)
Purchases of investments	-	(31,450)	-
Sale of investments	2,002	4,873	-
Restricted cash	-	-	50,000
Patent legal fees	(2,398)	(705)	-
Sale of property, plant and equipment	-	-	10,987
Other investing activities	(1,253)	653	729
Net cash provided by (used in) investing activities of continuing operations	(17,428)	(48,994)	51,580
Cash flows from financing activities of continuing operations:			
Repayment of long-term obligations	-	-	(108,500)
Excess tax benefits from stock-based payment arrangements	2,050	4,733	-
Stock options exercised	8,434	8,073	18,014

Edgar Filing: Intermecc, Inc. - Form 10-K/A

Stock repurchase	-	(99,948)	-
Other financing activities	2,269	2,780	2,148
Net cash provided by (used in) financing activities of continuing operations	12,753	(84,362)	(88,338)
Net cash provided by (used in) continuing operations	51,950	(113,139)	25,614
Net cash used in operating activities of discontinued operations	-	-	(52,558)
Net cash provided by investing activities of discontinued operations	20,178	5,710	70,416
Effect of exchange rate changes on cash and cash equivalents	10,092	5,674	(4,589)
Resulting increase (decrease) in cash and cash equivalents	82,220	(101,755)	38,883
Cash and cash equivalents at end of period	\$ 237,247	\$ 155,027	\$ 256,782
Supplemental information			
Cash payments:			
Interest on debt	\$ (7,000)	\$ (7,243)	\$ (11,498)
Income taxes	(5,943)	(5,361)	(6,199)

See accompanying notes to consolidated financial statements.

INTERMEC, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' INVESTMENT
(thousands of dollars)

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance, January 1, 2005	\$ 611	\$ 703,416	\$ (306,695)	\$ 13,902	\$ 411,234
Comprehensive income:					
Net earnings			61,792		61,792
Currency translation adjustment and other, net				(26,464)	(26,464)
Minimum pension liability adjustment, net				(3,583)	(3,583)
Comprehensive loss					31,745
Stock-based activity	16	32,808			32,824
Balance, December 31, 2005	627	736,224	(244,903)	(16,145)	475,803
Comprehensive income:					
Net earnings			32,000		32,000
Currency translation adjustment and other, net				6,351	6,351
Unrealized gain on securities, net				49	49
Minimum pension liability adjustment, net				(328)	(328)
Comprehensive income					38,072
SFAS 158 transition amount, net				(17,488)	(17,488)
Repurchase of common stock	(38)	(99,910)			(99,948)
Stock-based activity	9	21,154			21,163
Balance, December 31, 2006	598	657,468	(212,903)	(27,561)	417,602
Comprehensive income:					
Net earnings			23,052		23,052
Currency translation adjustment and other, net				5,851	5,851
SFAS 158, net of tax of \$4.3 million				22,668	22,668
Unrealized gain on securities, net				95	95
Comprehensive income					51,666
FIN 48 adoption			(6,944)		(6,944)
Stock-based activity	14	21,773			21,787
Balance, December 31, 2007	\$ 612	\$ 679,241	\$ (196,795)	\$ 1,053	\$ 484,111

See accompanying notes to consolidated financial statements.

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A: Significant Accounting Policies

Nature of Operations. Intermec, Inc. (“Intermec”, “us”, “we”, “our”), formerly UNOVA, Inc., provides global supply chain solutions and design, development, manufactures and integrates wired and wireless automated data collection, mobile computing systems, bar code printers, label media and Intermec RFID (radio frequency identification). Our products and services are used by customers in many industries to improve productivity, quality and responsiveness of business operations, from supply chain management and enterprise resource planning to field sales and service. Our products and services are sold globally to a diverse set of customers in markets and applications such as manufacturing, warehousing, direct store delivery, retail, consumer goods, field services, government, security, healthcare, transportation and logistics.

In 2005, we divested our Industrial Automation Systems (“IAS”) businesses, which comprised the Cincinnati Lamb and Landis Grinding Systems divisions. The IAS businesses are classified as discontinued operations for accounting purposes in our consolidated financial statements and related notes.

Restatement: Cash flows from operating activities in the consolidated statements of cash flows for the years ended December 31, 2006 and 2005 have been restated from amounts previously reported to properly separate the effects of exchange rate changes on cash, which were previously reflected in certain line items of the consolidated statements of cash flows for those years. The impact of this restatement was to increase (decrease) the reported cash flows from operating activities for 2006 and 2005 by approximately (\$5.7) million and \$4.6 million, respectively, and to reflect the effect of foreign exchange rates on cash as a reconciling item after cash provided by (used in) operating, investing and financing activities, before the total change in cash and cash equivalents, as an increase (decrease) in cash of \$5.7 million and (\$4.6) million for the years ended December 31, 2006 and 2005, respectively. There was no change in cash and cash equivalents from amounts previously reported at the end of those periods.

The results of this restatement on the recorded amounts and a disclosure within the 2006 and 2005 consolidated statements of cash flows are as follow (thousands of dollars):

	For the year ended December 31, 2006		For the year ended December 31, 2005	
	As previously reported	As restated	As previously reported	As restated
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	\$ 9,942	\$ 10,939	\$ 9,865	\$ 9,865
Change in prepaid pension costs, net	17,182	17,178	11,525	11,525
Deferred taxes	13,063	12,412	11,615	11,155
Accounts receivable	22,616	28,269	(33,561)	(33,560)
Inventories	(36,939)	(35,477)	(2,344)	(2,344)
Other current assets	5,271	5,577	(1,906)	(1,906)
Accounts payable and accrued expenses	(46,438)	(49,965)	9,134	9,482
Payroll and related expenses	1,200	179	(636)	(636)
Other long-term liabilities	1,757	1,548	15,111	15,257

Edgar Filing: Intermecc, Inc. - Form 10-K/A

Other operating activities	4,384	(4,296)	(3,640)	914
Net cash provided by operating activities of continuing operations	25,891	20,217	57,783	62,372
Net cash provided by (used in) continuing operations	(107,465)	(113,139)	21,025	25,614
Effect of exchange rate changes on cash and cash equivalents	-	5,674	-	(4,589)
Supplemental Information				
Effect of exchange rates on cash and cash equivalents	1,659	-	(7,928)	-

12

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A: Significant Accounting Policies (Continued)

Principles of Consolidation. The consolidated financial statements include the accounts of Intermec, Inc., our wholly owned subsidiaries and companies in which we have a controlling interest. Investments in companies over which we have influence, but not a controlling interest, are accounted for using the equity method. Equity investments of less than 20% ownership in other companies are carried at cost. All significant intercompany transactions and balances have been eliminated in consolidation. We have no unconsolidated subsidiaries.

Use of Estimates in the Preparation of Financial Statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for each reported period. Actual results could differ from those estimates. Significant estimates and assumptions were used to determine the provisions for uncollectible accounts receivable, allowance for sales returns, excess and obsolete inventory, tax valuation allowances, tax contingency accruals, recoverability of other intangible assets, warranty costs, pension and post retirement obligations, and stock-based compensation.

Revenue Recognition. Revenues are generally recognized when products are shipped or services are rendered, the title and risk of loss has passed to the customer, the sales price is fixed or determinable and collectibility is reasonably assured. Royalty revenue is recorded when the revenue is earned and reported, the amount due is fixed or determinable and collectibility is reasonably assured. Service and maintenance revenue is recognized as services are rendered, generally over the contract term, and collectibility is reasonably assured. When a sale involves multiple elements, such as sales of products that include services, the entire revenue from the arrangement is allocated to each respective element based on its relative fair value and is recognized when the revenue recognition criteria for each element are met. Fair value for each element is established based on the sales price charged when the same element is sold separately. We reduce revenue for estimated customer returns, price protection, rebates and other offerings that occur under sales programs established by us directly or with our distributors and resellers. We accrue the estimated cost of post-sale obligations, including basic product warranties, based on historical experience at the time we recognize revenue.

We typically do not sell our software products without the related hardware. Our typical products require no significant production, modification or customization of the software or hardware after they are shipped. For software sales, and hardware sales where the software is more than incidental, revenue is recognized upon shipment, delivery, installation or customer acceptance of the product, as defined in the customer contract.

Under our Rapid Start RFID intellectual property (“RFID IP”) licensing program, we license rights to use portions of our IP portfolio, including certain patents essential to and/or useful in the manufacture and sale of certain RFID products and systems. As a result of our RFID IP licensing program, which ended on August 31, 2005, we have expanded our revenue recognition policy to include the license fees from this program. Licensees participating in the Rapid Start program typically paid a nonrefundable up-front fee and agreed to pay ongoing royalties based on their sales of products incorporating or using our licensed RFID IP. Under the terms of such Rapid Start RFID license agreements, the licensees receive the right to certain future divisions, continuations and continuations-in-part of the licensed RFID patents. Non-refundable up-front fees and license transfer fees related to our Rapid Start RFID IP licensing program are recorded as deferred revenue and recognized over five years, representing the estimated future period we expect to receive patents on certain divisions, continuations and/or continuations-in-part for the licensed RFID patents and our estimate of the average technology lifecycle for the automated identification data capture (“AIDC”) industry. We earn royalties on licensed RFID products sold by its licensees’ at the time that the licensees’ sales

occur. Our licensees report and pay royalties owed for sales made in any given quarter after the conclusion of that quarter. We recognize such royalty revenue in the period earned and reported from licensees.

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A: Significant Accounting Policies (Continued)

Stock-Based Compensation. As of December 31, 2006, we had four stock-based compensation plans available for future grants. Prior to January 1, 2006, these plans were accounted for under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations. During the first quarter of 2006, we began expensing stock options as required under SFAS No. 123(R), "Share-Based Payments."

Cash Equivalents. We consider highly liquid investments purchased within three months of their date of maturity to be cash equivalents.

Short-term Investments. All short-term investments are classified as "available-for-sale" under SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. Unrealized gains and losses, net of tax, related to available-for-sale securities are included in accumulated other comprehensive loss within shareholders' investment. We evaluate the carrying value of our investments in marketable equity securities considered available-for-sale as required under the provisions of SFAS No. 115.

Accounts Receivable. We provide an allowance for doubtful accounts equal to the estimated uncollectible accounts receivable. That estimate is based on historical collection experience, the aging of the accounts receivable, current international, political, economic and market conditions, and a review of the current status of specific customer's trade accounts receivable. Our allowance for doubtful accounts and sales returns was \$12,854 and \$7,796 at December 31, 2007 and 2006, respectively.

Inventories. Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Inventoried costs include material, labor and manufacturing overhead. General and administrative costs are expensed as incurred. We write down estimated obsolete or unsalable inventory based on assumptions about future demand for our products and market conditions.

Property, Plant and Equipment. Property, plant and equipment are stated at cost, net of accumulated depreciation. Depreciation, computed generally by the straight-line method, is provided over the estimated useful lives of the related assets.

Pension and Other Postretirement Benefits. We have retirement plans which cover most of our employees. Some of these plans were frozen June 2006. Annual employer contributions are made to the extent such contributions are actuarially determined to adequately fund the plans, and to match a portion of the employees' contribution. Retiree benefits are based on the amount of participant contributions over the term of the participant's employment.

Assumptions used in determining projected benefit obligations and the fair values of plan assets for our pension plans and other postretirement benefits are evaluated at least annually by management. Changes in assumptions are based on relevant data, such as the rate of increase in compensation levels and the expected long-term rate of return on plan assets. Critical assumptions such as the discount rate used to measure the benefit obligations, the expected long-term rate of return on plan assets and health care cost projections are evaluated and updated annually. Note K to the consolidated financial statements includes disclosure of these assumptions for our domestic and foreign plans. We believe the assumptions are appropriate. However, these assumptions could vary materially from actual results due to economic events or different rates of retirement, mortality or withdrawal, positively or negatively impacting future results of operations.

Effective December 31, 2006, we adopted SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106 and 132(R) (SFAS No. 158), which requires that the consolidated statements of financial position reflect the funded status of the pension and postretirement plans (See Note K, Pension and Other Postretirement Benefit Plans). In future reporting periods, the difference between actual amounts and estimates based on actuarial assumptions will be recognized in other comprehensive income (loss) in the period in which they occur.

Income Taxes. We account for income taxes using the asset and liability approach, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. This method also requires the recognition of future tax benefits, such as net operating loss carry forwards and other tax credits. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. Valuation allowances are provided to reduce deferred tax assets to an amount that is more likely than not to be realized. We evaluate the likelihood of realizing our deferred tax assets by estimating sources of future taxable income and the impact of tax planning strategies. Our deferred tax assets include future tax benefits of discontinued operations that remain with us. Effective January 1, 2007 we began recording benefits from uncertain tax positions in accordance with FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes." Accordingly, we recognize the largest amount of benefit greater than 50% determined by cumulative probability of being realized upon ultimate settlement with the tax authority.

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A: Significant Accounting Policies (Continued)

Concentrations of Credit Risk. Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. We place our cash and cash equivalents with high-credit-quality institutions. Concentrations of credit risk with respect to trade receivables are limited because a large number of geographically diverse customers make up our customer base, thus spreading the credit risk. We evaluate the creditworthiness of our customers and maintain an allowance for anticipated losses. For 2007 and 2006, one customer accounted for more than 10% of our revenues. Total sales to this customer were 13% and 12% for the years ended December 31, 2007 and 2006, respectively. No single customer accounted for more than 10% of our revenues in 2005.

Currencies. Our consolidated financial statements are presented in U.S. dollars. The financial statements of our operations outside the U.S., whose functional currencies are not the U.S. dollar, are translated into U.S. dollars at the exchange rates in effect at the balance sheet dates for assets and liabilities and at average rates for the period for revenues and expenses. The unrealized translation gains and losses on our net investment in these operations, including long-term intercompany advances considered part of the net investment, are accumulated as a component of other comprehensive income (loss). Currency transaction gains and losses are recorded in the consolidated statements of operations. Operating results include net currency transaction gains (losses) of \$(1.5) million, \$(1.3) million, \$0.7 million December 31, 2007, 2006 and 2005.

Derivative Instruments and Hedging Activities. Due to our global operations, our cash flows and earnings are exposed to foreign exchange rate risk. Our use of derivatives is limited to foreign currency exchange contracts entered into to limit this exposure to foreign currency exchange rate fluctuations. We enter into these contracts with major financial institutions to minimize our risk of foreign exchange loss. Our policies do not permit active trading of or speculation in derivative financial instruments. Our policy is to hedge major foreign currency cash flow exposures through foreign exchange forward contracts at amounts up to 100% of such cash flows. The translation gains and losses on the effective portion of the hedging instruments that qualify for hedge accounting are recorded in OCI; other translation gains and losses are recorded in net earnings (loss). The fair values of derivative instruments are recorded on the consolidated balance sheets. The difference between the net fair values of foreign exchange contracts and the underlying foreign currency based assets and liabilities as of December 31, 2007 and 2006 was not material.

Intangibles. Intangible assets with finite useful lives are amortized generally on a straight-line basis over the periods benefited. All of our finite-lived intangible assets pertain to our patent portfolio and have estimated useful lives of 18 years. See Note E for additional information.

The carrying values of intangible assets with definite useful lives are tested for impairment annually or when events or circumstances indicate the carrying value of an asset may not be recoverable. If the carrying value of an intangible asset exceeds its fair value, an impairment loss is recognized. Fair value is estimated based on discounted expected future cash flows.

Other assets. Other assets consist primarily of pension assets in excess of pension liabilities and certain idle facilities. Assets held for sale totaling \$8.7 million and previously reported as such at December 31, 2006, have been reclassified to other assets to conform with the 2007 presentation.

Warranty Costs. Provisions for estimated expenses related to product warranties are made at the time products are sold. These estimates are established using historical information on the nature, frequency, and average cost of warranty claims. Management actively studies trends of warranty claims and takes action to improve product quality

and minimize warranty claims.

Impairment of Long-Lived Assets. We assess the recoverability of long-lived assets when events or circumstances indicate that the carrying amount of an asset may not be fully recoverable. If undiscounted expected cash flows to be generated by a long-lived asset or asset group are less than its carrying amount, we record an impairment to write down the long-lived asset or asset group to its estimated fair value. Fair value is estimated based on discounted expected future cash flows.

Discontinued Operations. Divested businesses are classified in the consolidated financial statements as discontinued operations. For businesses classified as discontinued operations, the balance sheet amounts and income statement results and cash flows are reclassified from their historical presentation to assets and liabilities of discontinued operations on the consolidated balance sheets, to loss from discontinued operations in the consolidated statements of operations, and to cash flows from discontinued operations on the consolidated statements of cash flows for all periods presented. Additionally, segment information does not include the results of businesses classified as discontinued operations.

Restructuring Charge. We record restructuring charges when a liability is incurred for costs associated with an exit or disposal activity at fair value, in accordance with SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities (“SFAS 146”).

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A: Significant Accounting Policies (Continued)

Environmental Costs. A liability for environmental costs is recorded when we determine our responsibility for remedial efforts and such amounts are reasonably estimable. Environmental costs were not material for all years presented.

Contingencies. We assess our exposure to loss contingencies, including environmental, legal and income tax matters, and provide for an exposure if it is judged to be probable and estimable. If the actual loss from a loss contingency differs from management's estimates, results of operations could be adjusted upward or downward.

Research and Development. Research and development ("R&D") costs are expensed as incurred. Total expenditures of continuing operations on research and development activities amounted to \$65.6 million, \$72.4 million and \$66.5 million for the years ended December 31, 2007, 2006 and 2005, respectively. These expenditures were for Company-sponsored R&D and were primarily for labor, materials and other administrative costs. We incurred no costs associated with R&D sponsored by customers or other external parties.

Advertising. Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2007, 2006 and 2005 were \$1.0 million, \$1.3 million and \$1.7 million, respectively.

New Accounting Pronouncements. In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities, Including an Amendment of FASB Statement No. 115," which will become effective in 2008. SFAS No. 159 permits entities to measure eligible financial assets, financial liabilities and firm commitments at fair value, on an instrument-by-instrument basis, that are otherwise not permitted to be accounted for at fair value under other generally accepted accounting principles. The fair value measurement election is irrevocable and subsequent changes in fair value must be recorded in earnings. We will adopt this Statement in fiscal year 2008 and will determine whether we will elect the fair value option for any of our eligible financial instruments and other items. We do not expect this statement will have a significant impact on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. While the statement is effective in the first fiscal quarter of 2008, the FASB provided a one year deferral for the implementation with respect to other nonfinancial assets and liabilities. We believe that the adoption of SFAS No. 157 will not have a material effect on our results of operations, cash flows or financial position.

In September 2006, the FASB issued SFAS No. 158, "Employer's Accounting for Defined Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106 and 132(R)". The statement has new provisions regarding the measurement date as well as certain disclosure requirements. Effective December 31, 2008, SFAS No. 158 will require us to measure plan assets and benefit obligations at fiscal year end. We currently perform this measurement at September 30 of each year. In addition, beginning in fourth quarter of 2007, this Standard required that we eliminate the use of a three-month lag period when recognizing the impact of curtailments or settlements and instead, recognize these amounts in the period in which they occur. The provisions of SFAS No. 158 do not permit retrospective application. We expect to incur between \$0.5 million and \$1.0 million as an adjustment to retained earnings upon adoption of the remainder of this statement.

In September 2006, the EITF issued EITF 06-4, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements" ("EITF 06-04"), which will become effective in 2008. The Task Force concluded that an employer should recognize a liability for future benefits in accordance with

SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" or Opinion 12, "Classification and Disclosure of Allowances Disclosure of Depreciable Assets and Depreciation Deferred Compensation Contracts Capital Changes Convertible Debt and Debt Issued with Stock Warrants Amortization of Debt Discount and Expense or Premium" based on the substantive agreement with the employee. We do not expect the adoption of EITF 06-4 to result in a change to our accounting policy or have an effect on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141R, "Business Combinations," which was effective for all business acquisitions with an acquisition date on or after January 1, 2009. This statement generally requires an acquirer to recognize the assets acquired, the liabilities assumed, contingent purchase consideration, and any noncontrolling interest in the acquiree, at fair value on the date of acquisition. SFAS No. 141R also requires an acquirer to expense most transaction and restructuring costs as incurred, and not include such items in the cost of the acquired entity. We are currently evaluating the impact of the adoption of SFAS No. 141R on our consolidated financial statements.

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note B: Cash and Cash Equivalents, Short-term Investments and Long-term Debt

Cash and cash equivalents amounted to \$237.2 and \$155.0 million at December 31, 2007 and 2006, respectively, and consisted mainly of bank deposits and money market funds. Cash and cash equivalents at December 31, 2007 and 2006, include \$1.4 million and \$1.2 million, respectively, of bank deposits required to be maintained in support of letters of credit. Letters of credit are purchased guarantees to ensure our contract performance to third parties in accordance with specified terms and conditions. We have two money market funds totaling 25.6% and 22.7%, respectively, of cash and cash equivalents at December 31, 2007.

Short-term investments totaled \$28.2 million at December 31, 2007 and primarily consisted of variable rate demand notes totaling \$27.8 million. Fair value approximates carrying value for short-term investments. Due to the nature of these instruments, we consider it reasonable to expect that their fair market values will not be significantly impacted by a change in interest rates, and that they can be liquidated for cash upon demand.

Long-term debt comprises the following (thousands of dollars):

	Current Portion of Long-term Debt		Non-Current Portion of Long-term Debt	
	December 31,		December 31,	
	2007	2006	2007	2006
Debentures, with interest at 7.00%, due March 2008	\$ 100,000	\$ -	\$ -	\$ 100,000
Long-term obligations	\$ 100,000	\$ -	\$ -	\$ 100,000

On September 27, 2007 we closed on a new unsecured Revolving Credit Facility (the "Revolving Facility") with a maximum amount available under the Revolving Facility of \$50.0 million. Net of outstanding letters of credit and limitations on availability, we had borrowing capacity at December 31, 2007, of \$47.6 million under the Revolving Facility. We made no borrowings under the Revolving Facility as of December 31, 2007. As of December 31, 2007, we were in compliance with the financial covenants of the Revolving Facility. The Revolving Facility matures in October 2012.

The key terms of the Revolving Facility are as follows:

- Loans will bear interest at a variable rate equal to (at our option) (i) LIBOR plus the applicable margin, which ranges from 0.60% to 1.00%, or (ii) the Bank's prime rate, less the applicable margin, which ranges from 0.25% to 1.00%. If an event of default occurs and is continuing, then the interest rate on all obligations under the Revolving Facility may be increased by 2.0% above the otherwise applicable rate, and the Bank may declare any outstanding obligations under the Revolving Facility to be immediately due and payable.
- A fee ranging from 0.60% to 1.00% on the maximum amount available to be drawn under each letter of credit that is issued and outstanding under the Revolving Facility will be required. The fee on the unused portion of the Revolving Facility ranges from 0.125% to 0.20%.

- Certain of our domestic subsidiaries have guaranteed the Revolving Facility.

•

The Revolving Facility contains various restrictions and covenants, including restrictions on our ability and the ability of our subsidiaries to consolidate or merge, make acquisitions, create liens, incur additional indebtedness or dispose of assets.

- Financial covenants include a Maximum Leverage test and a Minimum Tangible Net Worth test, each as defined in the Revolving Facility.

In March 1998, we sold \$200.0 million principal amount of senior unsecured debt in an underwritten offering. The debt comprised \$100.0 million of 6.875% seven-year notes and \$100.0 million of 7.00% ten-year notes. In March 2005, we retired the \$100.0 million of seven-year notes. Interest payments on the ten-year notes are due semi-annually in March and September. Including underwriting fees, discounts and other issuance costs, the effective interest rates on the ten-year notes is 7.175%. The ten-year notes will mature in March 2008.

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note B: Cash and Cash Equivalents, Short-term Investments and Long-term Debt (Continued)

At December 31, 2007 and 2006, our fixed rate debentures had carrying and estimated fair market values of \$100.0 million, based on market trade values. At December 31, 2007 and 2006, we had no variable rate borrowings. Fair values of our accounts receivable and accounts payable approximate their carrying values due to their short-term nature.

We also have letter-of-credit reimbursement agreements totaling \$3.9 million at December 31, 2007, compared to \$7.4 million at December 31, 2006. As of December 31, 2007, \$3.8 million of the agreements related to performance on contracts with current customers and vendors, \$0.1 million of the agreements related to customer contracts assumed by the purchaser of the Cincinnati Lamb operations that were sold and \$0.2 million of the agreements related to customer contracts assumed by the purchaser of the Landis operations that were sold. We are indemnified by the purchaser of the Cincinnati Lamb operation on the \$0.1 million of letter-of-credit agreements related to Cincinnati Lamb. We are also indemnified by the purchaser of the Landis operations on the \$0.2 million of letter-of-credit agreement to Landis. No liability is recorded as the risk of non-performance is remote.

Note C: Inventories

Inventories comprise the following (thousands of dollars):

	December 31,	
	2007	2006
Raw materials	\$ 65,257	\$ 69,769
Work in process	1,318	450
Finished goods	46,569	48,808
Inventories	\$ 113,145	\$ 119,027

Note D: Property, Plant and Equipment, Net, and Commitments

Property, plant and equipment, net, comprise the following (thousands of dollars):

	December 31,	
	2007	2006
Property, plant and equipment, at cost		
Land	\$ 6,080	\$ 5,960
Buildings and improvements	8,508	7,619
Machinery and equipment	139,040	130,625
Total property, plant and equipment, at cost	153,628	144,204
Less: accumulated depreciation	(105,896)	(100,751)
Property, plant and equipment, net	\$ 47,732	\$ 43,453

Included in machinery and equipment above, as of December 31, 2007 and 2006, is the capitalization of imputed interest of \$0.6 million and \$0.3 million, respectively, related to improvements to our Enterprise Resource Planning ("ERP") system.

Edgar Filing: Intermec, Inc. - Form 10-K/A

Depreciation expense from continuing operations was \$12.6 million, \$10.5 million and \$9.5 million for the years ended December 31, 2007, 2006 and 2005, respectively.

The ranges of estimated useful lives of the major classes of assets are:

Buildings	21-30 years
Building improvements	2-10 years
Machinery and equipment	2-10 years

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note D: Property, Plant and Equipment, Net, and Commitments (Continued)

As of December 31, 2007 and 2006, we deferred \$3.2 million and \$3.7 million, respectively, of gains related to sale-leaseback transactions. These deferred gains are being amortized over the terms of the related leases. Minimum rental commitments under non-cancellable operating leases were as follows at December 31, 2007 (thousands of dollars):

2008	\$ 11,549
2009	9,519
2010	8,467
2011	6,856
2012	6,149
Thereafter	14,052
Total	\$ 56,592

Rental expense for operating leases of continuing operations, including amounts for short-term leases with nominal, if any, future rental commitments, was \$9.1 million, \$11.0 million and \$12.8 million, for the years ended December 31, 2007, 2006 and 2005, respectively.

Aggregate future minimum rental income to be received under non-cancelable subleases is \$2.3 million at December 31, 2007.

Note E: Intangibles, Net

For the year ended December 31, 2007, intangibles, net comprised a \$4.1 million patent portfolio. The components of intangibles, net, including the gross carrying amount and accumulated amortization of our amortizable intangibles, are as follows (thousands of dollars):

	December 31,	
	2007	2006
Amortizable intangibles:		
Gross carrying amount	\$ 11,329	\$ 10,769
Accumulated amortization	(7,191)	(6,791)
Intangibles, net	\$ 4,138	\$ 3,978

Included in intangible assets above, as of December 31, 2007, is approximately \$0.2 million related to capitalized legal costs incurred in successfully defending our patents.

Amortization expense on intangible assets was \$0.7 million, \$0.4 million and \$0.4 million, for the years ended December 31, 2007, 2006 and 2005, respectively.

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note E: Intangibles, Net (Continued)

Estimated amortization expense for the succeeding five fiscal years is as follows (thousands of dollars):

Year Ending December 31,		
2008	\$	914
2009		914
2010		627
2011		398
2012		398

Note F: Shareholders' Investment

Stock Awards

We adopted SFAS No. 123 (revised 2004), Share-Based Payment ("SFAS 123(R)"), using the modified prospective transition method beginning January 1, 2006. SFAS 123(R) eliminates the ability to account for share-based compensation transactions, as we formerly did, using the intrinsic value method as prescribed by Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and generally requires that such transactions be accounted for using a fair-value-based method and recognized as expenses in our consolidated statements of operations over the requisite service period.

For stock-based awards granted after January 1, 2006, we have recognized compensation expense based on the estimated grant date fair value method using the Black-Scholes valuation model. For these awards, we have recognized compensation expense using a straight-line amortization method. Because SFAS 123(R) requires that stock-based compensation expense be based on awards that are ultimately expected to vest, stock-based compensation has been reduced for estimated forfeitures. When estimating forfeitures, we consider voluntary termination behaviors as well as trends of actual option forfeitures. The impact on our results of operations of recording stock-based compensation for the years ended December 31 (in thousands):

	2007	2006
Cost of revenues	\$ 507	\$ 275
Selling, general and administrative	8,464	4,487
	\$ 8,971	\$ 4,762

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note F: Shareholders' Investment (Continued)

Prior to adopting SFAS 123(R), we presented all tax benefits resulting from the exercise of stock options as operating cash flows in the Statement of Cash Flows. SFAS 123(R) requires cash flows resulting from excess tax benefits to be classified as a part of cash flows from financing activities. Excess tax benefits are realized tax benefits from tax deductions for exercised options in excess of the deferred tax asset attributable to stock compensation costs for such options. As a result of adopting SFAS 123(R), \$2.1 million and \$4.7 million for the years ended December 31, 2007 and 2006, respectively, of excess tax benefits have been classified as a source of cash from financing activities. Cash received from option exercises under all share-based payment arrangements for the years ended December 31, 2007, 2006 and 2005 was \$8.4 million, \$8.1 million and \$18.0 million, respectively. The total income tax benefit recognized in the statement of operations for stock-based compensation costs was \$3.4 million and \$1.7 million for the years ended December 31, 2007 and 2006, respectively. We calculated the fair value of each option award on the date of grant using the Black-Scholes option pricing model. The following assumptions were used for each respective period:

	2007	2006	2005
Risk-free interest rate	4.72%	4.82%	3.84%
Expected option life	4.9 years	4.8 years	5 years
Expected stock price volatility	38.35%	40.15%	53.29%
Expected dividend yield	0.00%	0.00%	0.00%

Our computation of expected volatility for 2007 and 2006 is based on a combination of historical and market-based implied volatility from traded options on a group of peer stocks. Prior to 2006, our computation of expected volatility was based on historical volatility. Our computation of expected life in 2007 and 2006 was determined based on historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules and expectations of future employee behavior. The interest rate for periods within the contractual life of the award is based on the U.S. Treasury yield curve in effect at the time of grant.

The fair value of the options granted based on the above assumptions is \$9.87, \$12.80 and \$10.75 for the years ended December 31, 2007, 2006 and 2005, respectively. All grants of our options under all plans must be approved or authorized by the Compensation Committee of the Board of Directors, which consists entirely of outside directors.

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note F: Shareholders' Investment (Continued)

The following tables summarize the pro forma effect of stock-based compensation as if the fair value method of accounting for stock compensation had been applied in periods prior to January 1, 2006 (in thousands, except earnings per share):

Continuing operations:	2005
Net earnings from continuing operations as reported	\$ 40,645
Add stock compensation expense recorded under the intrinsic value method, net of tax	1,427
Less pro forma stock compensation expense computed under the fair value method, net of tax	(3,970)
Pro forma net earnings	\$ 38,102
Basic pro forma earnings per share	\$ 0.62
Diluted pro forma earnings per share	\$ 0.60
Discontinued operations:	2005
Net earnings from discontinued operations as reported	\$ 21,147
Add stock compensation expense recorded under the intrinsic value method, net of tax	1,734
Less pro forma stock compensation expense computed under the fair value method, net of tax	(1,623)
Pro forma net earnings	\$ 21,258
Basic pro forma earnings per share	\$ 0.34
Diluted pro forma earnings per share	\$ 0.33

Our 2001, 1999 and 1997 Stock Incentive Plans and our 2004 Omnibus Incentive Compensation Plan (the "Stock Incentive Plans," collectively) provide for the grant of incentive awards to officers and other key employees. The numbers of shares authorized for grant under the 2004, 2001 and 1999 Plans are 3,000,000, 1,000,000, and 4,500,000, respectively. No additional shares are authorized for grant under the 1997 Plan, which was frozen subsequent to the approval of the 1999 Stock Incentive Plan. As of December 31, 2007, there were 161,700 options outstanding that were granted under the 1997 Plan before it was frozen.

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note F: Shareholders' Investment (Continued)

Incentive awards may be granted in the form of stock options with or without related stock appreciation rights, restricted stock, restricted stock units and performance units. Under the Stock Incentive Plans, stock options may not be granted at an exercise price less than the market value of our common stock on the date of grant. The Stock Incentive Plans' options generally vest in equal increments over five years and expire in ten years.

The 2002 Director Stock Option and Fee Plan ("2002 DSOP") and the 1997 Director Stock Option Plan ("1997 DSOP", collectively "DSOPs") provide for the grant of stock options to our non-employee directors. The numbers of shares authorized for grant under the 2002 DSOP is 745,000. No additional shares are authorized under the 1997 DSOP. Subsequent to the grant of 255,000 options under the 1997 DSOP, it was frozen upon the approval of the 2002 DSOP. Under the 2002 DSOP, stock options are granted annually at an exercise price equal to the fair market value of our common stock on the date of grant. The number of options granted annually to each director is fixed by the Director Plan. Prior to 2006, such options became fully exercisable on the first anniversary of their date of grant. Pursuant to an amendment, the grant made to the directors in January, 2006, vested immediately. Therefore, the corresponding expense was recorded in the quarter ended April 2, 2006. Starting in January 2007, the options granted to our director vest over four quarters.

As of December 31, 2007, there were 2.3 million shares available for grant under our Stock Incentive Plans and DSOPs. The following table summarizes changes in options outstanding and exercisable under our stock award plans:

	Outstanding		Exercisable	
	Number of Shares	Weighted-Average Exercise Price Per Share	Number of Shares	Weighted-Average Exercise Price Per Share
January 1, 2005	4,415,266	\$ 11.70	2,876,822	\$ 12.37
Granted	685,151	20.91		
Exercised	(1,525,145)	12.27		
Canceled	(356,346)	11.37		
December 31, 2005	3,218,926	13.35	1,902,288	11.66
Granted	604,250	28.26		
Exercised	(706,252)	11.43		
Forfeited	(158,951)	21.27		
Canceled	(7,000)	14.71		
December 31, 2006	2,950,973	16.43	1,732,881	13.77
Granted	974,364	24.33		
Exercised	(662,935)	12.72		
Forfeited	(293,206)	21.98		
Canceled	(21,740)	17.72		
December 31, 2007	2,947,456	\$ 19.31	1,668,742	\$ 16.03

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note F: Shareholders' Investment (Continued)

As of December 31, 2007, there was \$10.7 million of total unrecognized compensation cost related to non-vested options. That cost is expected to be recognized over a weighted average period of 3 years and 7 months.

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value (In millions)
Vested	1,135,591	\$ 14.14	4.94 years	\$ 8.2
Expected to vest	971,690	\$ 23.45	8.69 years	\$ 0.6
Total	2,107,281	\$ 18.43	6.67 years	\$ 8.8

During fiscal years 2007, 2006, and 2005 the following activity occurred under our plans:

	2007	2006	2005
Total intrinsic value of stock options exercised	\$ 8,004	\$ 12,395	\$ 23,569
Total fair value of stock awards vested	1,330	1,867	5,035
Total fair value of shared performance stock awards vested	1,236	-	-

The table below summarizes outstanding stock option data as of December 31, 2007, excluding 533,151 options outstanding, held by directors:

Range of Exercise Prices	Number of Shares	Options Outstanding		Options Exercisable	
		Contractual Life	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price
\$3.52 - \$7.92	520,968	4.07 years	\$ 6.20	489,703	\$ 6.10
\$12.38 - \$19.99	705,473	5.45 years	18.09	475,738	17.73
\$22.00 - \$33.96	1,187,864	9.10 years	25.47	170,150	27.26
	2,414,305	6.95 years	\$ 19.15	1,135,591	\$ 14.14

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note F: Shareholders' Investment (Continued)

The following table summarizes changes in nonvested restricted stock awards:

	Number of Shares	Weighted-Average Grant Date Fair Value
Restricted stock:		
Nonvested balance at December 31, 2006	113,361	\$ 26.63
Granted	24,000	22.63
Vested	(60,619)	21.94
Forfeited	(12,742)	22.01
Nonvested balance at December 31, 2007	64,000	\$ 22.51

The fair value of each restricted stock award ("RSA") and unit ("RSU") is the market price of our stock on the date of grant. As of December 31, 2007 and 2006, there was \$0.8 million and \$1.4 million, respectively, of total unrecognized compensation cost related to non-vested RSU's. That cost is expected to be recognized over a weighted average period of 2 years and 5 months.

Shared Performance Stock Awards are a form of stock award in which the number of shares ultimately received depends on our performance against specified performance targets. The performance period is January 1 through December 31 and covers a period of 3 fiscal years. At the end of the performance period, the number of shares of stock and stock awards issued will be determined by adjusting upward or downward from the target in a range between 0% and 200%. The final performance percentage, on which the payout will be based, considering performance metrics established for the performance period, will be determined by the Board of Directors or a committee of the board in its sole discretion. Shares of stock will be issued following the end of the performance period. Shared Performance Stock Awards are amortized over the vesting period (generally 32 months) using the straight line method.

Total compensation expense (credit) related to performance stock awards was \$1.4 million, \$(1.0) million and \$1.3 million for the years ended December 31, 2007, 2006 and 2005, respectively. The \$(1.0) million credit included in compensation expense for 2006, related to a change in our estimate of projected performance compared to performance targets.

Employee Stock Purchase Plan

We administer the Employee Stock Purchase Plan (the "ESPP") under which five million shares are reserved for issuance. Employees with three months of continuous service prior to an offering period are eligible to participate in the ESPP. Eligible employees may elect to become participants in the ESPP and may contribute up to \$21,250 per year through payroll deductions to purchase stock purchase rights. Participants may, at any time and for any reason, cancel their payroll deduction authorizations and have the balance in their stock purchase right account applied to the purchase of shares or have the amount refunded. The offering period begins on the first day of the quarter and ends on the last day of the quarter. The stock purchase rights are used to purchase our common stock at 85 percent of the fair market value of a share as of the grant date applicable to the participant. We treat this expense as compensation. The compensation expense related to the ESPP for the years ended December 31, 2007 and 2006 was \$510,700 and \$543,000, respectively.

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note F: Shareholders' Investment (Continued)

Capital Stock

At December 31, 2007 and 2006, 250 million shares of common stock, par value \$0.01, and 50 million shares of preferred stock, par value \$0.01 were authorized for issuance. At December 31, 2007 and 2006, 61,192,019 and 60,318,131 shares of common stock were outstanding, respectively. There were no shares of preferred stock outstanding at December 31, 2007 or 2006.

In 2006 we repurchased \$100 million or approximately 3.8 million shares of our common stock under a share repurchase program.

Shareholder Rights Plan

In September 1997, the Board of Directors adopted a Share Purchase Rights Plan (the "Plan") and, in accordance with such Plan, declared a dividend of one preferred share purchase right (the "Right") for each outstanding share of common stock, payable to shareholders of record on October 31, 1997. All Rights pertaining to the Plan were extinguished on September 24, 2007. Pursuant to the terms of the Plan, the Rights expired and became null and void on September 24, 2007.

Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding for the year. Diluted earnings (loss) per share is computed using basic weighted average outstanding shares plus the dilutive effect on income from continuing operations of unvested restricted stock and outstanding stock options using the "treasury stock" method.

Shares used for basic and diluted earnings (loss) per share were computed as follows for the years ended December 31:

	2007	2006	2005
Weighted average common shares - basic	60,358,552	62,535,286	61,785,295
Dilutive effect of options, unvested restricted shares and other common stock equivalents	804,658	1,294,477	1,565,057
Weighted average shares - diluted	61,163,210	63,829,763	63,350,352

At December 31, 2007 and 2006, employees and directors held options to purchase 1,012,315 and 655,401 shares, respectively, of common stock that were anti-dilutive to the computation of diluted earnings (loss) per share from continuing operations due to the exercise price of these options exceeding the average fair value of our common stock for the period. These options could become dilutive in future periods if the average market price of our common stock exceeds the exercise price of the outstanding options and we report net earnings.

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note F: Shareholders' Investment (Continued)

Accumulated Other Comprehensive Income (Loss)

At December 31, 2007, 2006 and 2005, accumulated other comprehensive income (loss) comprised the following, (thousands of dollars):

	2007	December 31, 2006	2005
Currency translation adjustment, net	\$ 8,842	\$ 2,933	\$ (3,418)
Unamortized benefit plan costs, net of tax benefit of \$4,320 and \$16,446, respectively	(7,884)	(30,543)	-
Minimum pension liability adjustment net of tax benefit of \$5,995	-	-	(12,727)
Unrealized gain on securities, net	95	49	-
Accumulated other comprehensive income (loss)	\$ 1,053	\$ (27,561)	\$ (16,145)

At December 31, 2005, \$4.9 million of the minimum pension liability adjustment relates to continuing operations and \$7.8 million relates to discontinued operations. (See Note K).

Note G: Restructuring

In March 2006, we announced our plan to close our design centers in Goteborg and Lund, Sweden. The activities previously assigned to the design centers in Sweden have been reassigned to other parts of our business or moved to third-party vendors to improve efficiencies and benefit from reduced costs. In addition to the anticipated cost savings, this realignment of resources is expected to increase new product development capacity. This restructuring, which was substantially completed by the end of 2006, resulted in charges for severance of \$3.1 million for the elimination of 65 positions in Sweden. The restructuring costs also included facility closure costs of \$1.3 million and other related costs of \$0.3 million.

On November 15, 2006, we committed to a business restructuring plan intended to reduce costs, streamline operations and improve productivity. The restructuring included headcount reductions and consolidation of certain facilities on a regional and/or global basis. The restructuring is expected to be substantially completed by the end of the first fiscal quarter of 2007 and full implementation of the plan is expected to be completed by the end of 2007. During the fourth quarter of 2006, we recorded charges for severance of \$6.8 million for the termination of 205 employees and \$0.1 of other exit costs in accordance with SFAS 146. As of December 31, 2006, 86 employees had been terminated and \$1.6 million in severance costs had been paid.

The restructuring liability is summarized as follows (in thousands):

	Total
Balance at December 31, 2006	\$ 6,338
New charges	-
Cash payments	(6,338)
Balance at December 31, 2007	\$ -

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note H: Discontinued Operations

During the fourth quarter of 2004, we committed to a plan to dispose of our IAS business, comprising the Cincinnati Lamb and Landis Grinding Systems businesses, after it was determined that the IAS business was no longer aligned with our long-term strategy. In accordance with SFAS 144, "Accounting for Disposal or Impairment of Long-Lived Assets," the IAS business is classified as discontinued operations in our consolidated financial statements for all periods presented.

On April 3, 2005, we completed the sale of the Cincinnati Lamb business. The consideration received for the Cincinnati Lamb business included (i) \$16 million, paid in cash on April 4, 2005, (ii) a \$10.0 million long-term secured note receivable with an estimated fair value of \$8.4 million at the time of sale and (iii) liabilities related to certain pension and other post-retirement obligations of \$39.1 million assumed by the buyer. We were also required to deliver to the buyer a guaranteed net working asset balance. Accordingly, during the second quarter of 2005, we reimbursed the buyer \$12.6 million for accounts payable related to the Cincinnati Lamb business, satisfying the net working asset adjustment.

In connection with the sale, during the second quarter of 2005, we loaned the buyer \$1.5 million. This note receivable, the \$10.0 million long-term secured note and an additional \$1.0 million of face value note were combined into a single \$12.5 million long-term note receivable secured by the assets sold, bearing interest at an annual rate of LIBOR plus three percent with interest payable quarterly. We received the final payment of the note in December 2007.

We recognized a pre-tax loss on the sale of the Cincinnati Lamb business of \$34.7 million during the quarter ended April 3, 2005. During the second quarter of 2006, we recognized an additional \$1.2 million pre-tax loss on the sale of the Cincinnati Lamb business. The loss on the sale recorded in 2005 includes an \$8.3 million gain related to cumulative translation adjustment and a \$12.9 million charge related to the adjustment to recognize minimum pension liability related to Cincinnati Lamb, which previously had been included in the accumulated other comprehensive income component of shareholders' investment ("OCI"). We also incurred \$5.3 million of transaction-related expense primarily for severance and professional services.

On December 9, 2005, we completed the sale of the Landis Grinding Systems division ("Landis"). The consideration received for the Landis purchased assets consists of \$69 million in cash, a \$10 million two-year note at an interest rate of 5% per annum guaranteed by the buyer's parent, classified as other current assets on the balance sheet, and the buyer's assumption of certain liabilities, including certain pension and other post-retirement obligations. We received payment for the \$10 million two-year note from Landis on December 10, 2007. We additionally recorded a \$10.2 million favorable price adjustment related to net working assets at closing in 2005.

The gain on the sale of Landis was \$42.9 million. The gain includes a \$2.7 million gain related to cumulative translation adjustment, a \$7.8 million charge for the write-off of goodwill, a \$3.8 million accrual relating to the fair value of below-market leases provided to buyer under the terms of the sale agreement, and \$14.3 million in settlement and curtailment gains that includes \$13.8 million of long-term liabilities sold. We also incurred \$2.8 million of transaction-related expense, primarily for professional services.

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note H: Discontinued Operations (Continued)

The following table sets forth the components of earnings (loss) from discontinued operations, net of tax, for the years ended December 31, 2007, 2006 and 2005 (thousands of dollars):

	Year Ended December 31,		
	2007	2006	2005
Product and service revenues	\$ -	\$ -	\$ 223,460
Operating loss	-	-	(14,114)
Loss on sale of Cincinnati Lamb	-	-	(35,926)
Gain on sale of Landis	-	-	(42,945)
Loss from discontinued operations before tax	(1,995)	(3,747)	(7,095)
Benefit for income taxes	712	748	28,242
Earnings (loss) from discontinued operations net of tax	\$ (1,283)	\$ (2,999)	\$ 21,147

The loss from discontinued operations, before tax, in 2007 includes the write-off of a \$2.0 million account receivable related to the sale of the Cincinnati Lamb business.

The loss from discontinued operations, before tax, in 2006 includes period expenses related to finalizing the sale of the Landis Grinding Systems and changes to the closing balance sheets and estimated sales price adjustments. The tax benefit for discontinued operations for the year ended December 31, 2006, reflects a \$1.4 million benefit related to our true up of the tax provision during the third quarter.

The loss from discontinued operations, before tax, of \$14.1 million in 2005, which includes non-cash impairment charges of \$2.0 million and a \$9.9 million charge relating to a legal settlement.

The tax benefit for discontinued operations for the year ended December 31, 2005 reflects a significant difference from the U.S. statutory tax rate of 35% as a result of our divestiture of our IAS business through the disposition of the Cincinnati Lamb business and the Landis grinding business in the first and fourth quarters of 2005, respectively. The increase is primarily due to approximately \$24.0 million of tax benefits from the disposition of the Cincinnati Lamb business. These benefits, including a tax effected capital loss in the U.S. in the amount of \$12.4 million, resulted from differences between the book basis of assets sold and the related tax basis of the stock and a benefit of \$6.9 million from a deferred intercompany sale and an election to treat a foreign subsidiary as a branch.

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note I: Income Taxes

Earnings from continuing operations before income taxes by geographic area are as follows (thousands of dollars):

	Year Ended December 31,		
	2007	2006	2005
United States	\$ 26,180	\$ 34,426	\$ 41,950
International	12,999	11,148	12,575
Earnings from continuing operations before income taxes	\$ 39,179	\$ 45,574	\$ 54,525

Income taxes for continuing operations consist of the following provision (thousands of dollars):

	Year Ended December 31,		
	2007	2006	2005
Current:			
United States	\$ -	\$ (1,173)	\$ 19
International	6,488	(1,315)	167
Total current	6,488	(2,488)	186
Deferred:			
United States (a)	8,553	13,045	11,604
International	(198)	18	2,090
Total deferred	8,355	13,063	13,694
Provision for income taxes	\$ 14,843	\$ 10,575	\$ 13,880

(a) U.S. income taxes include state taxes of approximately 1.2% per year.

The following is a reconciliation of income taxes at the U.S. statutory rate to the provision for income taxes:

	Year Ended December 31,		
	2007	2006	2005
Tax at U.S. statutory rate	35.0%	35.0%	35.0%
State income taxes net of federal benefit	1.2%	(1.6)%	(0.9)%
Deductible goodwill & intangibles	0.0%	0.0%	2.8%
Tax credits	(4.3)%	(2.4)%	(8.9)%
Extraterritorial income exclusion	0.0%	(1.5)%	(1.6)%
Foreign net earnings taxed at other than U.S statutory rate	2.3%	(4.0)%	(7.0)%
(b) Tax settlement	0.0%	(11.9)%	0.0%
Provision to return true up	0.0%	4.9%	5.8%
Change in tax contingencies	(3.3)%	0.0%	0.0%
Nondeductible expenses	0.0%	2.0%	1.2%
Change in valuation allowance	5.6%	0.0%	0.0%
Stock compensation expense	2.2%	1.8%	0.0%
Officer's life insurance	(2.1)%	0.0%	0.0%

Edgar Filing: Intermec, Inc. - Form 10-K/A

Other items	1.3%	0.9%	(0.9)%
	37.9%	23.2%	25.5%

(b) Includes the effect of resolution of certain foreign tax audits.

30

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note I: Income Taxes (Continued)

Deferred income taxes reflect the net tax effect of transactions which are recognized in different periods for financial and tax reporting purposes. The primary components of our deferred tax assets and liabilities are as follows (thousands of dollars):

	December 31,	
	2007	2006
Current deferred tax assets:		
Accrued expenses	\$ 13,970	\$ 17,027
Receivable and inventories	10,264	9,397
Net operating loss carryforwards	37,730	17,859
Capitalized R&D	-	6,878
Other items	1,400	-
Total current deferred tax assets	63,364	51,161
Valuation allowance	(1,832)	(1,538)
Net current deferred tax assets	61,532	49,623
Long-term deferred tax assets:		
Retiree medical benefits	11,163	12,972
Intangibles	8,601	10,311
Tax credit carryforwards	88,891	91,312
Deferred income	7,125	8,120
Fixed assets	1,676	1,004
Net operating loss carryforwards	30,839	32,974
Capitalized R&D	12,600	35,518
Cumulative translation adjustments	1,172	1,817
Pension	-	8,672
Other items	1,512	16
Total long-term deferred tax assets	163,579	202,716
Valuation allowance	(13,425)	(12,033)
Net long-term deferred tax assets	150,154	190,683
Deferred tax liabilities:		
Pensions	(784)	-
Net deferred tax asset	\$ 210,902	\$ 240,306

We have considered future market growth, forecasted earnings, future taxable income and the mix of earnings in the jurisdictions in which we operate and prudent, feasible and permissible tax planning strategies in determining the realizability of deferred tax assets. If we were to determine that we would not be able to realize a portion of our net deferred tax asset in the future for which there is currently no valuation allowance, an adjustment to the net deferred tax asset would be charged to earnings in the period such determination was made. Conversely, if we were to make a determination that it is more likely than not that the deferred tax assets for which there is currently a valuation allowance would be realized, the related valuation allowance would be reduced and a benefit to earnings would be recorded. Our deferred tax assets include future tax benefits of discontinued operations that remain with us.

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note I: Income Taxes (Continued)

We have available at December 31, 2007 net operating tax loss carryforwards in the United States of approximately \$146.5 million, which result in a deferred tax asset of \$51.3 million. These losses expire from 2023 through 2025.

We also have available at December 31, 2007 capital tax loss carryforwards in the United States of approximately \$9.3 million which expire in 2010. No deferred tax asset has been recognized for capital loss carryforwards.

Our valuation allowance increased during 2007 primarily for certain foreign net operating loss carryforwards and general business credit carryforwards, which will not be used within their respective carryforward periods.

We have \$34.2 million general business credit carryforwards and \$53.2 million foreign tax credit carryforwards at December 31, 2007. The general business credit carryforwards have expiration dates ranging from 2010 through 2027. The foreign tax credit carryforwards have expiration dates ranging from 2013 to 2017. We have a valuation allowance of \$1.2 million at December 31, 2007 for general business credit carryforwards.

We have a valuation allowance of \$5.6 million at December 31, 2007 for deferred tax assets related to state net operating tax loss carryforwards from discontinued operations. We have recognized deferred tax assets of \$4.6 million at December 31, 2007 for state net operating loss carryforwards from continuing operations.

At December 31, 2007, we have foreign net operating tax loss carryforwards in the Netherlands and Canada which result in a deferred tax asset of \$0.6 million after considering a valuation allowance of \$1.3 million. We also have a full valuation allowance against our U.K. capital loss carryforwards of \$23.1 million as of December 31, 2007, which carries forward indefinitely.

We conduct business in various countries throughout the world and are subject to tax in numerous jurisdictions. As a result of our business activities, we file a significant number of tax returns that are subject to audit by various tax authorities. Tax audits are often complex and may require several years to resolve. Our future results may include favorable or unfavorable adjustments to our estimated tax liabilities in the period the assessments are made or resolved or when statutes of limitation on potential assessments expire. As a result, our effective tax rate may fluctuate significantly on a quarterly basis. For example, in 2006 we recorded tax settlement benefits attributed to prior years of \$5.4 million, primarily related to settlement of Canadian tax disputes.

We have not provided deferred U.S. income taxes on undistributed earnings of certain foreign subsidiaries that we intend to reinvest permanently outside of the United States; the total amount of such earnings as of December 31, 2007, was \$64.3 million. Should we distribute earnings of foreign subsidiaries in the form of dividends or otherwise, we may be subject to U.S. income taxes. Due to complexities in tax laws and various assumptions that would have to be made, it is not practicable to estimate the amount of unrecognized deferred U.S. taxes on these earnings.

On January 1, 2007, we adopted Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement 109" ("FIN 48"). Upon adoption of FIN 48, we recognized a charge of \$6.9 million to accumulated deficit in shareholders' investment. The following table sets forth the reconciliation of the beginning and ending amount of unrecognized tax benefits at December 31, 2007 (thousands of dollars):

For the year
ended December

Edgar Filing: Intermec, Inc. - Form 10-K/A

	31, 2007
Balance at January 1, 2007	\$ 21,132
Additions related to positions taken this year	-
Additions for tax positions of prior years	641
Reductions for tax positions of prior years	(1,633)
Reduction for tax positions of prior years – lapse of statute	(189)
Settlements	-
Balance at December 31, 2007	\$ 19,951

32

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note I: Income Taxes (Continued)

Estimated interest and penalties related to the underpayment of income taxes are classified as a component of tax expense in the consolidated statement of operations. We recognized approximately \$0.1 million in interest and penalties for the years ended December 31, 2007. We had approximately \$0.1 million for the payment of interest and penalties accrued at December 31, 2007.

We file our tax returns as prescribed by the tax laws of the jurisdictions in which we operate. In the U.S., our tax years 1997 – 2007 remain open to examination by the Internal Revenue Service, as well as various state jurisdictions. In the normal course of business, we are subject to examination by taxing authorities throughout the world, including such major jurisdictions as Canada, France, Germany, Italy, Mexico, the Netherlands, Spain, Sweden and the United Kingdom. In many cases, our uncertain tax positions are related to tax years that remain subject to examination by the relevant taxing authorities.

Based on the outcome of relevant examinations, or as a result of the expiration of statute of limitations for specific jurisdictions, it is not reasonably possible that the related unrecognized tax benefits for tax positions taken regarding previously filed tax returns will materially change within the next twelve months from those recorded as liabilities for uncertain tax positions in our financial statements at December 31, 2007.

Note J: Intellectual Property Settlements

In March 2006, we settled an intellectual property lawsuit relating to our battery power-management patents. The terms of this settlement are confidential. IP settlements relating to the battery power-management patents have been reached to date with companies that, in the aggregate, represent over ninety percent of U.S. laptop sales. We are involved in various other patent infringement lawsuits that may result in future revenue and operating profit. Management cannot predict the outcome, timing or amount of future settlements or judgments in intellectual property lawsuits. Net pretax gains from IP settlements for the year ended December 31, 2006 was \$16.5 million.

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note K: Pension and Other Postretirement Benefit Plans

We have retirement and pension plans that cover most of our employees. Most of our U.S. employees, as well as the employees of certain non-U.S. subsidiaries, are covered by contributory defined benefit plans under which employees may contribute up to 4% of covered compensation annually. Annual contributions are made to the extent such contributions are actuarially determined to adequately fund the plans. Retiree benefits are based on the amount of participant contributions over the term of the participant's employment. There are also defined contribution voluntary savings programs generally available for U.S. employees, which qualify under Sections 401(a) and 401(k) of the Internal Revenue Code. These plans are designed to enhance the retirement programs of participating employees. Under these plans, we match up to 80% of a certain portion of participants' contributions. Matching contributions for these plans were \$2.6 million and \$1.2 million in fiscal years 2007 and 2006, respectively.

Effective June 30, 2006, we amended our Financial Security and Savings Program, Pension Plan, Restoration Plan and Supplemental Executive Retirement Plan (collectively, the "U.S. Defined Benefit Plans"). The effect of these amendments was to "freeze" benefit accruals under the U.S. Defined Benefit Plans and to fully vest benefits under the U.S. Defined Benefits Plan, except for the Nonqualified Supplemental Employee Retirement Plan ("SERP"), as of June 30, 2006, for most participants. In accordance with SFAS No. 88, Employers' Accounting for Settlements and Curtailments for Defined Benefit Pension Plans and for Termination Benefits ("SFAS 88"), the effects of these amendments require a new measurement date. The impact of the related curtailments reflected in 2006 was a \$2.1 million gain.

Effective December 31, 2006, we adopted SFAS No. 158, which requires the recognition of the funded status of a defined benefit or postretirement plan on our consolidated balance sheet. Upon adoption, we recorded an adjustment of \$17.5 million to the end-of-year balance of accumulated other comprehensive loss in shareholders' investment to recognize unamortized pension and postretirement benefit plan costs as components of the ending balance of other comprehensive income, net of tax.

Effective December 31, 2008, SFAS No. 158 will require us to measure plan assets and benefit obligations at fiscal year end. We currently perform this measurement at September 30 of each year. In addition, this Standard requires us to eliminate the use of a three-month lag period when recognizing the impact of curtailments or settlements and, instead, recognize these amounts in the period in which they occur. The provisions of SFAS No. 158 do not permit retrospective application. We expect to incur between \$0.5 million and \$1.0 million as an adjustment to equity upon adoption of the remainder of this statement.

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note K: Pension and Other Postretirement Benefit Plans (Continued)

We use a measurement date of September 30 for our pension and other postretirement benefit plans. The following table sets forth the change in benefit obligations and plan assets of our pension plans and the funded status (thousands of dollars):

	2007		2006	
	U.S.	Non U.S.	U.S.	Non U.S.
Change in benefit obligations:				
Benefit obligation at beginning of year	\$ 182,767	\$ 53,062	\$ 201,354	\$ 43,518
Service cost	1,810	-	5,757	1,106
Interest cost	10,712	2,591	11,642	2,234
Special termination benefits	-	-	1,350	-
Plan participants' contributions	1,456	-	3,350	-
Actuarial loss (gain)	(17,284)	(7,722)	(16,724)	3,481
Benefits paid	(5,198)	(2,339)	(5,112)	(3,134)
Application of SFAS No. 158	-	1,905	-	-
Curtailement	-	-	(18,850)	-
Foreign currency translation adjustment	-	770	-	5,857
Benefit obligation at end of year	174,263	48,267	182,767	53,062
Change in plan assets:				
Fair value of plan assets at beginning of year	124,390	52,672	115,431	32,466
Actual return on plan assets	16,739	3,126	8,484	5,024
Plan participants' contributions	1,456	-	3,350	-
Employer contributions	2,246	590	2,226	12,481
Benefits paid	(5,198)	(2,339)	(5,112)	(3,134)
Application of SFAS No. 158	-	1,026	-	-
Settlement	-	-	-	-
Foreign currency translation adjustment	-	833	-	5,835
Fair value of plan assets at end of year	139,633	55,908	124,389	52,672
Funded status	(34,630)	7,641	(58,378)	(390)
Net amount recognized	\$ (34,630)	\$ 7,641	\$ (58,378)	\$ (390)

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note K: Pension and Other Postretirement Benefit Plans (Continued)

Amounts pertaining to our U.S. and non-U.S. pension plans recognized on our consolidated balance sheets are classified as follows (thousands of dollars):

	2007		2006	
	U.S.	Non U.S.	U.S.	Non U.S.
Noncurrent assets	21,889	8,520	2,135	-
Current liabilities	(3,221)	-	(2,596)	(390)
Noncurrent liabilities	(53,299)	(879)	(57,917)	-
Net amount recognized	\$ (34,631)	\$ 7,641	\$ (58,378)	\$ (390)

The accumulated benefit cost for the U.S. plans was \$165.7 million and \$171.6 million as of December 31, 2007, and 2006, respectively. The accumulated benefit cost for the non-U.S. plans was \$46.4 million and \$53.1 million as of December 31, 2007, and 2006, respectively.

The table below sets forth amounts for our pension plans with accumulated benefit obligations in excess of fair value of plan assets (thousand of dollars):

	2007		2006	
	U.S.	Non U.S.	U.S.	Non U.S.
Projected benefit obligation	\$ 56,520	\$ 1,905	\$ 60,513	\$ 53,062
Accumulated benefit obligation	\$ 54,529	\$ 1,026	\$ 56,670	\$ 53,062
Fair value of plan assets	\$ -	\$ -	\$ -	\$ 52,672

We do not expect to contribute to our U.S. funded plans in 2008. We expect to contribute \$3.2 million to our U.S. unfunded plans in 2008. For the non-U.S. plans, we do not expect to contribute for 2008.

The weighted average actuarial assumptions used to determine benefit obligations at the end of the 2007 and 2006 fiscal years are as follows:

	2007		2006	
	U.S.	Non U.S.	U.S.	Non U.S.
Discount rate	6.35%	5.88%	5.95%	5.00%
Rate of compensation increase	4.00%	3.00%	4.00%	N/A

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note K: Pension and Other Postretirement Benefit Plans (Continued)

U.S. plan assets consist primarily of equity securities, U.S. government securities, corporate bonds and 31,475 shares of our common stock at December 31, 2007 and 2006. The asset allocation for our U.S pension plans as of December 31, 2007 and 2006, and the target allocation, by asset category, are as follows:

U.S. Pension Plans	Target Allocation	Allocation of Plan Assets at Measurement Date	
		2007	2006
Equity securities	65%	68%	59%
Debt securities	29%	24%	24%
Other	5%	5%	12%
Cash and cash equivalents	1%	3%	5%
Total	100%	100%	100%

Most of our U.S. pension obligations are 20 to 30 years in the future. Consistent with this obligation, our investment strategy for the plan assets is to invest for strong long-term returns. As a result of a reversion of surplus pension assets in 2001, the allocation of assets among asset categories is different from our target allocation. Our objective is to adjust the investment allocation to reflect the target allocation as certain alternative investments liquidate. Alternative investments, classified as other in the above table, are \$7.5 million and \$14.5 million at December 31, 2007 and 2006, respectively. They include holdings in partnerships and funds that invest in public and private debt and equity and emerging markets real estate. These investments reflect fair value, as determined by active trades, appraisals and other relevant data.

Non-U.S. plan assets consist primarily of equity securities, non-U.S. government securities, and corporate bonds. Our investment strategy for the plan assets is to invest for strong long-term returns. The asset allocation for our non-U.S. pension plans as of December 31, 2007 and 2006, and the target allocation, by asset category, are as follows:

Non-U.S. Pension Plans	Target Allocation	Allocation of Plan Assets at Measurement Date	
		2007	2006
Equity securities	60%	73%	74%
Debt securities	40%	26%	25%
Cash and cash equivalents and other	-	1%	1%
Total	100%	100%	100%

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note K: Pension and Other Postretirement Benefit Plans (Continued)

In 2006 and 2005, we offered voluntary early retirement to certain U.S. employees resulting in special termination benefits charges of \$1.4 million and \$2.0 million, respectively. A summary of the components of net periodic pension expense (income) for our defined benefit plans and defined contribution plans is as follows (thousands of dollars):

	Year Ended December 31,					
	2007		2006		2005	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Components of net periodic pension expense:						
Service cost	\$ 1,810	\$ -	\$ 5,757	\$ 1,106	\$ 8,254	\$ 3,459
Interest cost	10,712	2,591	11,642	2,234	10,107	5,947
Expected return on plan assets	(10,443)	(3,127)	(10,023)	(3,061)	(10,086)	(5,682)
Amortization of prior service cost	577	-	676	-	714	-
Recognized net actuarial loss	3,768	411	4,491	454	3,282	1,239
Amortization of transition asset	-	(169)	-	(159)	-	(336)
Special termination benefits	-	-	1,350	-	2,027	-
Curtailement and settlement charges	-	-	(2,146)	-	(171)	(2,691)
	6,423	(294)	11,747	574	14,127	1,936
Defined contribution plans	350	730	1,099	526	2,232	932
Net periodic pension expense	\$ 6,773	\$ 436	\$ 12,846	\$ 1,100	\$ 16,359	\$ 2,868

For the year ended December 31, 2005, net periodic pension income of \$11.9 million, relating to our non-U.S. plans is classified in loss from discontinued operations on our consolidated statements of operations. The portion of U.S. plan net periodic pension expense classified in loss from discontinued operations is \$4.0 million for the year ended December 31, 2005.

The weighted average actuarial assumptions used to determine net cost are as follows:

	U.S.			Non-U.S.		
	2007	2006	2005	2007	2006	2005
Discount rate	6.35%	5.91%	6.00%	5.90%	5.00%	5.50%
Expected return on plan assets	8.75%	8.75%	9.00%	6.40%	7.60%	8.00%
Rate of compensation increase	4.00%	4.00%	4.00%	3.00%	N/A	3.75%

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note K: Pension and Other Postretirement Benefit Plans (Continued)

Our analysis of the asset rate of return assumptions for the U.S. plans supports a long-term rate of approximately 8.75% for the September 30, 2007, measurement date based on the long-term perspective of the investments and the historical results of investment funds.

Our analysis of the asset rate of return assumptions for the non-U.S. plans supports a long term rate of return of approximately 6.40% based on the long-term perspective of the investments and the historical results of investment funds.

The table below sets forth the expected future pension benefit payments for the next five years and the following five-year period (millions of dollars):

Years	U.S.	Non U.S.
2008	\$ 6,263	\$ 2,378
2009	6,787	2,599
2010	7,391	2,633
2011	7,955	2,833
2012	9,007	2,838
2013 through 2017	56,313	15,621

Other Postretirement Benefits

In addition to pension benefits, certain U.S. employees are covered by postretirement health care and life insurance benefit plans provided by us. These benefit plans are unfunded. The following table sets forth the change in benefit obligation of our other postretirement benefits and amounts recognized in our balance sheets (thousands of dollars):

	2007	December 31, 2006
Change in postretirement benefit obligations:		
Benefit obligation at beginning of year	\$ 3,252	\$ 4,953
Service cost	-	16
Interest cost	177	264
Actuarial loss (gain)	(152)	(1,549)
Benefits paid	(251)	(318)
Curtailement	-	(114)
Benefit obligation at end of year	3,026	3,252
Funded status	(3,026)	(3,252)
Unrecognized net actuarial loss	-	-
Fourth quarter contribution	75	76
Accrued postretirement benefit obligation	\$ (2,951)	\$ (3,176)

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note K: Pension and Other Postretirement Benefit Plans (Continued)

A summary of our net periodic postretirement (benefit) cost is as follows (thousands of dollars):

Components of net periodic postretirement (benefit) cost:	Year Ended December 31,		
	2007	2006	2005
Service cost	\$ -	\$ 16	\$ 134
Interest cost	177	264	1,563
Recognized actuarial loss and transition obligation	-	110	374
Amortization of prior service cost	-	-	(598)
Curtailment	-	-	(12,274)
Settlement	-	-	(25,694)
Net periodic postretirement (benefit) cost	\$ 177	\$ 390	\$ (36,495)

For the year ended December 31, 2005, (\$36.5) million of the net periodic postretirement benefit is classified as a gain from discontinued operations within our consolidated statements of operations.

Actuarial assumptions used to measure the postretirement benefit obligation include a discount rate of 6.10% and 5.70% at December 31, 2007 and 2006, respectively. The weighted average discount rates used to measure net periodic benefit cost for the years ended December 31, 2007, 2006 and 2005 were 5.70%, 5.58% and 6.00%, respectively. The assumed health care cost trend rate for fiscal year 2007 was 8.50% and is projected to decrease over seven years to 5.00%, where it is expected to remain thereafter. The effect of a one-percentage-point increase or decrease in the assumed health care cost trend rate on the service cost and interest cost components of the net periodic postretirement benefit cost is not material. A one-percentage-point increase in the assumed health care cost trend rate on the postretirement benefit obligation results in an increase of approximately \$0.2 million, while a one-percentage point decrease results in a decrease of \$0.2 million.

Estimated future gross benefit payments are \$0.3 million for each of the next five years, 2008 through 2012, and \$1.3 million in aggregate for the subsequent five-year period, 2013 through 2017.

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note L: Litigation, Commitments and Contingencies

Provisions for estimated expenses related to product warranties are made at the time products are sold. These estimates are established using historical information on the nature, frequency, and average cost of warranty claims. Management actively studies trends of warranty claims and takes action to improve product quality and minimize warranty claims. The following table indicates the change in our warranty liability from continuing operations during the years ended December 31, 2007 and 2006, (thousands of dollars):

	Year Ended December 31,	
	2007	2006
Beginning balance	\$ 6,800	\$ 5,542
Payments	(6,235)	(8,231)
Increase in liability (new warranties issued)	3,740	9,489
Ending balance	\$ 4,305	\$ 6,800

We currently, and from time to time, are subject to claims and lawsuits arising in the ordinary course of business. The ultimate resolution of currently pending proceedings is not expected to have a material adverse effect on our business, financial condition, results of operations or liquidity.

Note M: Related Party Transactions

Unitrin, Inc. and its subsidiaries (“Unitrin”) is a significant shareholder, owning 21% of our outstanding shares. In January 2005, Unitrin’s Life and Health Insurance segment agreed to hire one of our subsidiaries to develop the software for the next generation of Life and Health Insurance’s handheld computers. For the years ended December 31, 2007, 2006 and 2005, we recognized \$0.1 million, \$0.3 million and \$2.7 million, respectively, in revenues from Unitrin for the sale of hardware. Also, as of December 31, 2007 and 2006, there was \$0.4 million and \$0.3 million, respectively, of deferred service revenue from Unitrin. We believe that the prices of goods and services sold to Unitrin are comparable to those received from unaffiliated third parties. As of December 31, 2007 and 2006, accounts receivable from Unitrin were not material.

Note N: Segment Reporting

Our reportable segments comprise products and services. The product segment generates revenue from the design, development, manufacture, sale and resale of wired and wireless AIDC products, mobile computing products, wired and wireless bar code printers, label media and RFID products and license fees. The service segment generates revenue from customer support, product maintenance and other services related to the products and systems integration.

The accounting policies of our two reportable segments are the same as those used to prepare our consolidated financial statements. Performance and resource allocation are primarily measured by sales and standard gross profit. All other earnings, costs and expenses are aggregated and reported on a consolidated basis. It is also not practicable to segregate total assets by segment. Total assets for the year ended December 31, 2007 and 2006 were \$900.6 million and \$810.3 million, respectively.

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note N: Segment Reporting (Continued)

The following table sets forth our operations by reportable segment (millions of dollars):

	Year Ended December 31,		
	2007	2006	2005
Revenues:			
Product	\$ 692.0	\$ 692.4	\$ 721.0
Service	157.2	157.6	154.5
Total	\$ 849.2	\$ 850.0	\$ 875.5
Gross profit:			
Product	259.9	262.7	300.3
Service	67.0	69.3	62.6
Total	\$ 326.9	\$ 332.0	\$ 362.9

For 2007 and 2006, one customer accounted for more than 10% of our consolidated revenues. Total sales to this customer were \$108.7 million, \$99.8 million and \$80.7 million for the years ended December 31, 2007, 2006 and 2005, respectively, and primarily related to product sales. No single customer accounted for more than 10% of our consolidated revenues in 2005.

The following table sets forth our revenues by product lines (millions of dollars):

	Year Ended December 31,		
	2007	2006	2005
Revenues:			
Systems and solutions	\$ 485.6	\$ 477.2	\$ 497.8
Printer and media	206.4	215.2	223.2
Service	157.2	157.6	154.5
Total	\$ 849.2	\$ 850.0	\$ 875.5

Revenues by geographic region are determined based on the location of the customer. European revenues and long-lived assets relate primarily to the United Kingdom, Germany and France. No individual country, other than the U.S., exceeds 10% of consolidated revenues. The following table sets forth our revenues by geographic region (millions of dollars):

	Year Ended December 31,		
	2007	2006	2005
North America	\$ 422.9	\$ 494.4	\$ 512.4
Europe, Middle East and Africa	290.6	241.1	260.4
All others	135.7	114.5	102.7
Total	\$ 849.2	\$ 850.0	\$ 875.5

INTERMEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note N: Segment Reporting (Continued)

The following table sets forth our long-lived assets by geographic region (millions of dollars):

	December 31,	
	2007	2006
North America	\$ 87.7	\$ 63.1
Europe, Middle East and Africa	14.8	5.7
All others	1.7	1.7
Total	\$ 104.2	\$ 70.5

The following table sets forth depreciation for our long-lived assets by geographic region (millions of dollars):

	Year Ended December 31,		
	2007	2006	2005
North America	\$ 10.4	\$ 8.9	\$ 7.3
Europe, Middle East and Africa	1.5	1.3	1.9
All others	0.7	0.3	0.3
Total	\$ 12.6	\$ 10.5	\$ 9.5

INTERMEC, INC.
 QUARTERLY FINANCIAL INFORMATION (unaudited)

Below is unaudited quarterly financial information for 2007 and 2006 (in millions, except earnings per share and common stock sales price):

	2007			
	Q1	Q2	Q3	Q4 (a)
Revenues	\$ 179.3	\$ 210.5	\$ 206.0	\$ 253.4
Gross profit	64.5	81.2	78.1	103.1
Earnings from continuing operations	(4.4)	7.9	4.4	16.4
Net earnings (b)	(4.4)	6.6	4.4	16.4
Basic earnings per share	\$ (0.07)	\$ 0.11	\$ 0.07	\$ 0.27
Diluted earnings (loss) per share	\$ (0.07)	\$ 0.11	\$ 0.07	\$ 0.27
Common stock sales price per share:				
High	\$ 25.81	\$ 26.40	\$ 30.16	\$ 27.48
Low	\$ 20.50	\$ 20.90	\$ 23.32	\$ 20.12

	2006			
	Q1	Q2	Q3	Q4
Revenues	\$ 203.8	\$ 231.4	\$ 195.9	\$ 218.9
Gross profit	80.4	93.6	76.1	81.9
Earnings from continuing operations	15.1	11.3	3.4	5.2
Net earnings (b)	14.0	10.4	4.8	2.8
Basic earnings per share	\$ 0.22	\$ 0.16	\$ 0.07	\$ 0.05
Diluted earnings per share	\$ 0.22	\$ 0.16	\$ 0.07	\$ 0.05
Common stock sales price per share:				
High	\$ 38.81	\$ 30.40	\$ 30.74	\$ 26.43
Low	\$ 29.71	\$ 21.45	\$ 20.50	\$ 21.00

(a) Includes certain adjustments, after tax, totaling approximately \$1.3 million, which primarily relate to royalty revenues which should have been recorded in prior quarters of 2007.

(b) Includes earnings (loss) from discontinued operations as follows (millions of dollars):

	2007	2006
First Quarter	\$ -	\$ (1.1)
Second Quarter	(1.3)	(0.9)
Third Quarter	-	1.3
Fourth Quarter	-	(2.3)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Intermec, Inc.

By: /s/ Lanny H. Michael
Lanny H. Michael
Senior Vice President, Chief Financial Officer
March 27, 2008

INTERMEC, INC.

INDEX TO EXHIBITS

Exhibit No.	Description of Exhibit
<u>23.1</u>	Consent of Independent Registered Public Accounting Firm.
<u>31.1</u>	Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002 (Rules 13a-14 (a) and 15 (d)-14 (a) under the Securities Exchange Act of 1934, as amended), dated March 27, 2008.
<u>31.2</u>	Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002 (Rules 13a-14 (a) and 15 (d)-14 (a) under the Securities Exchange Act of 1934, as amended), dated March 27, 2008.
<u>32.1</u>	Certification pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsection (a) and (b) of section 1350, chapter 63 of Title 18, United States Code), dated March 27, 2008.
<u>32.2</u>	Certification pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsection (a) and (b) of section 1350, chapter 63 of Title 18, United States Code), dated March 27, 2008.