

Intermec, Inc.  
Form DEF 14A  
April 15, 2011  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a)**

**of the Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

**Intermec, Inc.**

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):



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1) Amount Previously Paid:

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**Table of Contents**

April 15, 2011

Dear Stockholders:

On behalf of the Board of Directors of Intermec, Inc., it is my pleasure to invite you to attend the 2011 Annual Meeting of Stockholders of Intermec, Inc. to be held on May 25, 2011. During the Annual Meeting, stockholders will have the opportunity to vote on each item of business described in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement.

In our Annual Report to Stockholders, we describe the strategy and initiatives we have been executing to improve the long-term health of Intermec and position us for future success. In taking these actions, we have achieved important milestones on our path toward improved future business performance and stockholder value.

Proposal 5, the Amendment to the Intermec, Inc. 2008 Omnibus Incentive Plan, is directly linked to implementing our strategy and initiatives. This proposal will replenish the number of shares authorized under that plan, so that we have the flexibility to continue providing appropriate equity incentives to our management team. We believe that the availability of stock-based long-term incentive compensation is vital to our ability to attract, motivate and retain executives and other key employees needed to achieve continued strong performance in the future. We urge you to vote FOR Proposal 5.

It is important that your shares be represented at the Annual Meeting, regardless of how many you hold. We urge you to read the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement and vote your shares promptly, whether or not you expect to attend the meeting in person. As described in our Proxy Statement, submitting your vote using your proxy card will not prevent you from voting your shares at the Annual Meeting if you desire to do so, as your proxy is revocable at your option.

Your vote is very important to the future of Intermec. We appreciate your support and look forward to seeing you at our Annual Meeting of Stockholders.

Very truly yours,

Allen J. Lauer

Chairman of the Board

**Table of Contents**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

Time and Date	10:00 a.m. Pacific time, on Wednesday, May 25, 2011
Place	Intermec Headquarters, 6001 36th Avenue West, Everett, Washington 98203-1264
Items of Business	<p>To elect nine directors nominated by our Board of Directors for a term expiring at the 2012 Annual Meeting of Stockholders and until their successors are elected and qualified.</p> <p>To vote on an advisory proposal to ratify the appointment of Deloitte &amp; Touche LLP as the Company's independent registered public accounting firm for 2011.</p> <p>To vote on an advisory resolution approving the compensation of the Company's named executive officers for 2010.</p> <p>To conduct an advisory vote on the frequency of future advisory votes on the compensation of the Company's named executive officers.</p> <p>To approve the Amendment to the Company's 2008 Omnibus Incentive Plan, including an increase in the total number of authorized shares and re-approval of the material terms of the performance goals currently in this plan.</p> <p>To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.</p>
Record Date	You are entitled to vote if you were a stockholder as of the close of business on March 28, 2011.
Voting	<p>We urge you to read this proxy statement and vote your shares promptly, whether or not you expect to attend the meeting in person. You can vote your shares by proxy over the Internet or by telephone. You can also vote by proxy if you complete, sign and date your voting instruction form and return it by mail (if you are a beneficial owner) or if you request a printed proxy card to complete, sign and return it by mail (if you are a stockholder of record).</p> <p>If you attend the meeting in person, your proxy may be revoked and you may personally vote your shares, even though you have previously voted using a proxy card.</p>

By order of the Board of Directors,

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Janis L. Harwell

Senior Vice President, General Counsel and Corporate Secretary

Everett, Washington

April 15, 2011

**Table of Contents**

**TABLE OF CONTENTS**

<b>Item</b>	<b>Page</b>
<u>Forward-Looking Statements</u>	ii
<u>Questions and Answers About the Proxy Materials and the Annual Meeting</u>	1
<u>Corporate Governance</u>	7
<u>Availability of Information and Communications with the Board</u>	7
<u>The Board of Directors</u>	7
<u>Board Independence</u>	7
<u>Meetings and Attendance</u>	8
<u>Board Committees</u>	8
<u>Compensation Committee Interlocks and Insider Participation</u>	10
<u>Board Leadership Structure</u>	10
<u>The Board's Oversight of Risk Management</u>	11
<u>Consideration of Director Nominees</u>	11
<u>Director Compensation</u>	13
<u>Proposal 1. Election of Directors</u>	17
<u>Security Ownership of Certain Beneficial Owners and Management</u>	21
<u>Beneficial Owners of More than 5%</u>	21
<u>Beneficial Ownership of Directors and Management</u>	23
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	25
<u>Certain Relationships and Related Persons Transactions</u>	25
<u>Policies, Procedures and Practices</u>	25
<u>Certain Transactions</u>	25
<u>Report of the Audit and Compliance Committee</u>	26
<u>Principal Accountant Fees and Services</u>	26
<u>Proposal 2. Advisory Vote Ratifying Appointment of Independent Registered Public Accounting Firm</u>	27
<u>Executive Compensation</u>	28
<u>Compensation Discussion and Analysis</u>	28
<u>Report of the Compensation Committee</u>	42
<u>Summary Compensation Table</u>	43
<u>2010 Grants of Plan-Based Awards</u>	45
<u>Outstanding Equity Awards at 2010 Fiscal Year-End</u>	47
<u>2010 Option Exercises and Stock Vested</u>	49
<u>2010 Pension Benefits</u>	50
<u>2010 Nonqualified Deferred Compensation</u>	53
<u>Potential Payments upon Termination or Change of Control</u>	55
<u>Equity Compensation Plan Information</u>	64
<u>Proposal 3. Advisory Vote on the Compensation of Our Named Executive Officers</u>	65
<u>Proposal 4. Advisory Vote on the Frequency of Future Advisory Stockholder Votes on the Compensation of Our Named Executive Officers</u>	66
<u>Proposal 5. Approval of Amendment to the Intermec, Inc. 2008 Omnibus Incentive Plan</u>	67
<u>Householding of Proxy Materials</u>	76
<u>Appendix A - Intermec, Inc. 2008 Omnibus Incentive Plan</u>	A-1
<u>Map and Directions to Intermec Headquarters</u>	back cover

**Table of Contents**

**Forward-Looking Statements**

Statements made in this proxy statement that express our intentions, hopes, indications, beliefs, expectations, guidance, estimates, forecasts or predictions of the future constitute forward-looking statements, as defined by the Private Securities Litigation Reform Act of 1995, and relate to matters that are not historical facts. Such forward-looking statements include, without limitation, statements about attainment of performance goals by any of our executives, our intention to repurchase shares of our common stock, our view of general economic and market conditions, our revenue, expense, earnings or financial outlook for the current or any future period, our ability to develop, produce, market or sell our products, either directly or through third parties, reduce or control expenses, improve efficiency, realign resources, continue operational improvement or growth, effectively integrate acquired businesses, and similar estimates, expectations and results. These statements represent beliefs and expectations only as of the date they were made and may include statements regarding action to be taken by third parties or by us. We may elect to update forward-looking statements, but we expressly disclaim any obligation to do so, even if our beliefs and expectations change. Actual actions or results may differ from those expressed or implied in our forward-looking statements. Such forward-looking statements involve and are subject to certain risks and uncertainties, which may cause our actual results to differ materially from those discussed in a forward-looking statement. These risk factors include, but are not limited to, risks and uncertainties described more fully in our Form 10-K (including in Item 1A thereof), and in our reports to be filed with the Securities and Exchange Commission, including, but not limited to, our quarterly reports on Form 10-Q, and our current reports on Form 8-K.



**Table of Contents**

**Intermec, Inc.**

**6001 36th Avenue West**

**Everett, Washington 98203-1264**

**425.348.2600**

**PROXY STATEMENT**

**FOR ANNUAL MEETING OF STOCKHOLDERS**

**MAY 25, 2011**

**QUESTIONS AND ANSWERS ABOUT**

**THE PROXY MATERIALS AND THE ANNUAL MEETING**

**1. Why am I receiving these materials?**

We have made these materials available to you on the Internet or, upon your request, have delivered printed copies of these materials to you by mail because our Board of Directors is soliciting your proxy to vote your shares at our Annual Meeting of Stockholders to be held at 10:00 a.m., Pacific time, on May 25, 2011, at our headquarters, 6001 36th Avenue West, Everett, Washington 98203-1264. This proxy statement provides information that we are required to provide you under the rules of the Securities and Exchange Commission (the "SEC") to assist you in voting your shares.

**2. Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials this year instead of a full set of proxy materials?**

In accordance with rules adopted by the SEC, we provide access to this proxy statement and our 2010 Report to Stockholders (which includes our Form 10-K) over the Internet. Accordingly, we sent a Notice of Internet Availability of Proxy Materials to our stockholders of record and beneficial owners, which contained instructions on how to access this proxy statement and our 2010 Report to Stockholders and how to vote.

We expect to mail the Notice of Internet Availability to stockholders on or about April 15, 2011. If you receive a Notice of Internet Availability, you will not receive a printed copy of the proxy materials unless you specifically request one. If you would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice of Internet Availability.

Most stockholders can elect to view future proxy materials via email instead of receiving paper copies in the mail. Please see the information included in the Notice of Internet Availability. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to our proxy materials and a link to the proxy voting website. Your election to receive proxy materials by email will remain in effect until you terminate it.

**3. How can I obtain Intermec's 2010 Annual Report on Form 10-K?**

Our 2010 Annual Report on Form 10-K including exhibits (which we refer to throughout as our "Form 10-K"), is available at [http://www.intermec.com/about\\_us/investor\\_relations/compliance/index.aspx](http://www.intermec.com/about_us/investor_relations/compliance/index.aspx). Stockholders may request a free copy of our Form 10-K by contacting Investor Relations at the address provided under "Corporate Governance - Availability of Information and Communications with the Board." We will furnish any exhibit to our Form 10-K if specifically requested.

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### **4. On what am I being asked to vote?**

We are asking you to vote on the following matters in connection with the Annual Meeting:

- (1) The election of nine directors nominated by our Board, to serve until our 2012 Annual Meeting and until their successors are elected and qualified;

**Table of Contents**

- (2) An advisory management proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2011;
- (3) An advisory resolution approving the compensation of the Company's named executive officers for 2010;
- (4) An advisory vote on the frequency of future advisory votes on the compensation of the Company's named executive officers; and
- (5) Approval of the Amendment to the Company's 2008 Omnibus Incentive Plan, including an increase in the total number of authorized shares and re-approval of the material terms of the performance goals currently in this plan.

We will also consider any other business that is properly brought before the Annual Meeting.

**5. How does the Board recommend I vote?**

Unless you give other instructions when you vote your shares, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board. As set forth in this proxy statement, our Board recommends that you vote:

**FOR** each of the director nominees;

**FOR** the advisory proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2011;

**FOR** the advisory resolution approving the compensation of the Company's named executive officers for 2010;

**FOR** an annual advisory vote on the compensation of the Company's named executive officers; and

**FOR** the approval of the Amendment to the Company's 2008 Omnibus Incentive Plan, including an increase in the total number of authorized shares and re-approval of the material terms of the performance goals currently in this plan.

**6. What shares can I vote?**

Our only class of stock outstanding is common stock, par value \$.01 per share. Each share of common stock outstanding as of the close of business Eastern time on the record date, March 28, 2011, is entitled to one vote on all items of business at the Annual Meeting. You may vote all shares you owned at that time, as applicable, which may be (1) shares held directly in your name as the stockholder of record or (2) shares held for you as beneficial owner through a broker, trustee or other nominee, such as a bank, including shares purchased through our Employee Stock Purchase Plan. On the record date, there were 60,146,364 shares of common stock outstanding and entitled to vote. There were 9,314 stockholders of record and approximately 17,005 beneficial owners on the record date. The last sale price of the common stock on the New York Stock Exchange (the "NYSE") for that date was \$10.46.

**7. What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

Most stockholders hold their shares through a broker, trustee or other nominee rather than directly in their own names. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

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*Stockholder of Record.* If your shares are registered directly in your name with our transfer agent, Mellon Investor Services, you are considered to be a stockholder of record with respect to those shares. The Notice of

## **Table of Contents**

Internet Availability has been sent to you, and if specifically requested, we will send you printed copies of these proxy materials. You may have certificates for those shares, or they may be registered in book-entry form. As the stockholder of record, you have the right to grant your voting proxy directly to our proxy holders or to vote in person at the Annual Meeting. We have provided instructions on voting and granting your voting proxy in the Notice of Internet Availability, and if specifically requested, we will also send a printed proxy card for your use.

*Beneficial Owner.* If your shares are held in a brokerage account or by a trustee or other nominee, you are considered to be the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you together with a voting instruction form by the broker, trustee or nominee, or an agent hired by the broker, trustee or nominee. As a beneficial owner, you have the right to direct your broker, trustee or nominee on how to vote, and you are also invited to attend the Annual Meeting. You will be asked to show some evidence of your ownership (for example, a brokerage statement) to be admitted to the Annual Meeting. If you do not provide your broker, trustee or nominee with instructions on how to vote your shares, your broker, trustee or nominee will be able to vote your shares only with respect to Proposal 2, and not Proposals 1, 3, 4 and 5.

Because a beneficial owner is not the stockholder of record, you may not vote these shares directly at the Annual Meeting unless you obtain a legal proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the Annual Meeting. Your broker, trustee or nominee should have enclosed or provided voting instructions for you to use in directing the broker, trustee or nominee on how to vote your shares.

### **8. How can I vote my shares in person at the Annual Meeting?**

We will provide a ballot to anyone who requests one at the Annual Meeting. Shares held in your name as the stockholder of record may be voted on that ballot. Shares held beneficially in street name may be voted on a ballot only if you bring a legal proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares. Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy or voting instruction form as described below so that your vote will be counted if you later decide not to attend the Annual Meeting.

### **9. How can I vote my shares without attending the Annual Meeting?**

Whether you hold shares directly as a stockholder of record or beneficially in street name, you may direct how your shares are voted without attending the Annual Meeting. If you are a stockholder of record, you may vote by submitting a proxy. If you hold shares beneficially in street name, you may vote by submitting voting instructions to your broker, trustee or nominee. For directions on how to vote, please refer to the instructions below and those on the Notice of Internet Availability, proxy card or voting instruction form provided.

*By Internet.* Stockholders of record may submit proxies over the Internet by following the instructions on the Notice of Internet Availability or, if printed copies of the proxy materials were requested, the instructions on the printed proxy card. Most beneficial stockholders may vote by accessing the website specified on the voting instruction forms provided by their brokers, trustees or nominees. Please check your voting instruction form for Internet voting availability.

*By Telephone.* Stockholders of record may submit proxies using any touch-tone telephone from within the United States by following the instructions on the Notice of Internet Availability or, if printed copies of the proxy materials were requested, the instructions on the printed proxy card. Most beneficial owners may vote using any touch-tone telephone from within the United States by calling the number specified on the voting instruction forms provided by their brokers, trustees or nominees.

*By Mail.* Stockholders of record may submit proxies by mail by requesting printed proxy cards and completing, signing and dating the printed proxy cards and mailing them in the accompanying pre-addressed envelopes. Beneficial owners may vote by completing, signing and dating the voting instruction forms provided and mailing them in the accompanying pre-addressed envelopes.

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## **Table of Contents**

Intermec is incorporated under Delaware law, which specifically permits electronically transmitted proxies, provided that each such proxy contains or is submitted with information from which the inspector of election can determine that such proxy was authorized by the stockholder. (Delaware General Corporation Law, Section 212(c).) The electronic voting procedures provided for the Annual Meeting are designed to authenticate each stockholder by use of a control number to allow stockholders to vote their shares and to confirm that their instructions have been properly recorded.

### **10. Can I change my vote?**

If you are a stockholder of record and have submitted a proxy, you can change your vote by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not cause your previously granted proxy to be revoked unless you vote again. You may also revoke your proxy at any time before it is voted by sending a written notice of revocation or by submitting a signed proxy card bearing a later date, in either case to Intermec, Inc., c/o Broadridge Financial Solutions, 51 Mercedes Way, Edgewood, NY 11717. Broadridge must receive any such revocation of proxy by 5:00 p.m., Eastern time, on May 24, 2011, for it to be effective. If you vote by telephone or on the Internet and wish to change your vote, you should call the toll-free number or go to the Internet site, whichever method you used earlier, and follow the directions for changing your vote. Broadridge's telephone and Internet voting sites will close at 11:59 p.m., Eastern time, on May 24, 2011.

If you are a beneficial owner, you may change your vote by submitting new voting instructions to your broker, trustee or nominee as set forth in the voting instruction form. If you have obtained a legal proxy from your broker, trustee or nominee giving you the right to vote your shares, you can change your vote by attending the Annual Meeting and voting in person.

### **11. What is the quorum required in order to conduct business at the Annual Meeting?**

A majority of the shares outstanding at the record date must be present at the Annual Meeting for a quorum to conduct business. Shares are counted as present at the Annual Meeting if the stockholder attends the Annual Meeting or is represented at the Annual Meeting by a duly authorized proxy.

### **12. What is the voting requirement to approve each of the proposals and how are votes counted?**

Proposal 1. You may vote for or against one or more of the director nominees, or you may abstain. Directors will be elected by a majority of the votes cast at the Annual Meeting. An abstention will not be counted as a vote cast for purposes of determining a majority.

Proposal 2. You may vote for or against the advisory proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2011, or you may abstain. The approval of this proposal requires the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting. An abstention has the same effect as a vote against this proposal.

Proposal 3. You may vote for or against the advisory resolution approving the compensation of the Company's named executive officers for 2010 disclosed in this proxy statement. The approval of this resolution requires the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting. An abstention has the same effect as a vote against this proposal. The results of this vote are not binding on the Board.

Proposal 4. You may vote for the frequency of the advisory vote on the compensation of the Company's named executive officers to occur every year, every two years, or every three years, or you may abstain. The approval of one of these choices will be determined by whichever receives the most affirmative votes (i.e., a plurality) of the shares present in person or represented by proxy at the Annual Meeting. An abstention will have no effect on the outcome of this proposal. The results of this vote are not binding on the Board.

## **Table of Contents**

**Proposal 5.** You may vote for or against the Amendment to the 2008 Omnibus Incentive Plan, or you may abstain. The approval of this proposal requires the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting. An abstention has the same effect as a vote against this proposal.

If you provide specific instructions with regard to the proposals, your shares will be voted as you instruct. If you sign and return your proxy card or voting instruction form or otherwise submit your vote by proxy without giving specific instructions, your shares will be voted in accordance with the recommendations of the Board. The proxy holders will vote in their discretion on any other matters that properly come before the Annual Meeting.

### **13. What will happen if I do not vote my shares?**

*Stockholder of Record.* If you are a stockholder of record and do not vote by proxy card, by telephone, via the Internet or in person at the Annual Meeting, your shares will not be voted at the Annual Meeting.

*Beneficial Owner.* If you are the beneficial owner of your shares, your broker, trustee or nominee may vote your shares only on those proposals on which it has discretion to vote if they have not received voting instructions from you. Under NYSE rules, your broker, trustee or nominee does not have discretion to vote your shares on non-routine matters such as Proposals 1, 3, 4 and 5. Your broker, trustee or nominee does have discretion to vote your shares on routine matters such as Proposal 2. When a broker votes a client's shares on some but not all of the proposals at a meeting, the missing votes are referred to as broker non-votes. Those shares will be included in determining the presence of a quorum at the Annual Meeting, but are not considered present for purposes of voting on non-discretionary matters.

### **14. What happens if additional matters are presented at the Annual Meeting?**

Other than the five proposals described in this proxy statement, we are not aware of any other business to be acted on at the Annual Meeting. If you grant a proxy, the persons named as proxy holders, Patrick J. Byrne, Robert J. Driessnack and Janis L. Harwell, will have the discretion to vote your shares on any additional matters properly presented for a vote at the Annual Meeting. If for any unforeseen reason any of our director nominees is not available as a candidate for election as a director, the proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the Board.

### **15. Who will count the votes?**

An employee of Carl T. Hagberg and Associates will serve as inspector of election for the Annual Meeting and will tabulate the votes cast at the Annual Meeting.

### **16. What does it mean if I receive more than one Notice of Internet Availability or more than one set of voting materials?**

It means you have multiple accounts with the transfer agent and/or with brokers and banks. Please vote with each proxy and/or voting instruction form you receive.

### **17. Who will pay the costs of soliciting votes for the Annual Meeting?**

We are making this solicitation and will pay the entire cost of preparing, printing, mailing and distributing the Notice of Internet Availability to stockholders of record and beneficial owners and printed proxy materials to those who specifically request them, as well as the cost associated with soliciting votes. If you choose to access the proxy materials and/or vote over the Internet, you are responsible for Internet access charges you may incur. If you choose to vote by telephone, you are responsible for telephone charges you may incur. In addition to posting our proxy materials on the Internet and mailing the Notice of Internet Availability and printed copies of these proxy materials, the solicitation of proxies may be made in person, by telephone or by electronic communication by our directors, officers and other employees who will not receive any additional compensation.





## **Table of Contents**

for such activities. We have retained MacKenzie Partners, Inc. to assist us in the distribution of proxy materials and the solicitation of votes, for a fee of \$7,500 plus customary costs and expenses for these services. We will also reimburse brokerage firms, banks and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in forwarding proxy and solicitation materials to the beneficial owners of our common stock.

### **18. Where can I find the voting results of the Annual Meeting?**

We expect to announce preliminary voting results at the Annual Meeting. Voting results also will be disclosed on a Current Report on Form 8-K filed with the SEC within four business days after the Annual Meeting. You can access that Form 8-K, and all of our other reports filed with the SEC, at our website, <http://www.intermec.com/InvestorRelations/>, or at the SEC's website, <http://www.sec.gov>.

### **19. Is a list of stockholders entitled to vote at the Annual Meeting available?**

The list of stockholders of record as of the record date will be available at the Annual Meeting. It will also be available ten days prior to the Annual Meeting, between the hours of 9 a.m. and 4 p.m., Pacific time, Monday through Friday, at the offices of the Corporate Secretary, 6001 36th Avenue West, Everett, Washington 98203-1264. Any holder of our common stock may examine the list for any purpose germane to the Annual Meeting.

### **20. What is the deadline to propose actions for consideration at next year's Annual Meeting?**

There are two different procedures by which stockholders may submit proposals for action at our annual meetings of stockholders. The first procedure is provided by the SEC's rules and the second by our Amended and Restated By-Laws, which we refer to in this proxy statement as our By-Laws.

SEC Rule 14a-8 permits stockholders to submit proposals they would like to have included in our proxy statement and proxy card. In order for such proposals to be considered for our 2012 Annual Meeting, our Corporate Secretary must receive them no later than December 16, 2011.

Section 2.7 of our By-Laws permits stockholders of record to propose business to be considered at an annual meeting without being included in the proxy statement and proxy card. Such business must be a proper matter for stockholder action, and the stockholder proposing it must comply with the applicable notice provisions of our By-Laws. For the 2012 Annual Meeting, notice must be delivered to our Corporate Secretary no earlier than January 26, 2012 and no later than February 24, 2012. If, however, the date of the 2012 Annual Meeting is more than 30 days before or more than 60 days after the first anniversary of the 2011 Annual Meeting, then notice must be delivered not earlier than 120 days before the 2012 Annual Meeting and not later than 90 days before the 2012 Annual Meeting or, if we provide less than 100 days' advance notice of the date of the 2012 Annual Meeting, not later than ten days following the day on which public announcement of the date of the 2012 Annual Meeting is first made.

Proposals should be sent to our Corporate Secretary at 6001 36th Avenue West, Everett, Washington 98203-1264. You may obtain a copy of the By-Law provisions regarding these requirements by writing to the Corporate Secretary at that address.

## **YOUR VOTE IS IMPORTANT**

Whether or not you plan to attend the 2011 Annual Meeting, please promptly vote your shares on the Internet, by telephone or by completing, signing and dating your voting instruction form and returning it by mail (if you are a beneficial owner) or by requesting a printed proxy card and completing, signing, dating and returning it by mail (if you are a stockholder of record).

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**Table of Contents**

**CORPORATE GOVERNANCE**

**Availability of Information and Communications with the Board**

We have established a Corporate Governance section on our website (our Corporate Governance Webpage ), which can be accessed at <http://www.intermec.com/investorrelations>, and selecting the Corporate Governance option. The charters of the Board's standing committees, the Standards of Independence, the Corporate Governance Guidelines and the Standards of Conduct that apply to all directors, officers and other employees are posted there. We intend to disclose on our Corporate Governance Webpage any amendment to the Standards of Conduct and any waiver of the Standards of Conduct related to executive officers or directors.

Stockholders or other interested parties who wish to communicate with any individual director, including the Chairman of the Board, our Board as a group, or a specified committee or group of directors, such as our independent directors, can do so by sending written communications by mail or courier, in care of the Corporate Secretary at the street address below, or by email to Board@intermec.com. All correspondence should indicate to whom it is addressed. Our Annual Meeting of Stockholders also provides an opportunity for stockholders to ask questions or otherwise communicate directly with members of our Board on matters relevant to our Company.

This proxy statement and the 2010 Report to Stockholders (which includes our Form 10-K) are also available on our Corporate Governance Webpage, indicated above. Stockholders may obtain free printed copies of these materials by contacting Investor Relations as follows:

Intermec, Inc.  
6001 36th Avenue West  
Everett, Washington 98203-1264

Telephone: 425.348.2600  
Email: [invest@intermec.com](mailto:invest@intermec.com)

**The Board of Directors**

Our Board currently has nine members. The Chairman of the Board is Allen J. Lauer, an independent, non-management director. Our Chief Executive Officer ( CEO ), Patrick J. Byrne, also serves as a director. The Board has three standing committees, which are the Audit and Compliance Committee, the Compensation Committee and the Governance and Nominating Committee. The Board also has established an Equity Grant Committee, which is not a standing committee, to which authority has been delegated to make grants to employees who are not executive officers of the Company.

**Board Independence**

With the exception of Patrick J. Byrne, our Board consists of non-management directors. Mr. Byrne is not an independent director because he also is CEO and President of the Company. The Governance and Nominating Committee and the Board consider the relationships our non-management directors have with the Company and determine whether such directors are independent of the Company and management. The Board has adopted Standards of Independence, which our stockholders can access on our Corporate Governance Webpage, to help determine whether any of our non-management directors have a material relationship with the Company. After considering relevant facts and circumstances, the Board determined that all of our non-management directors who served during 2010, Eric J. Draut, Gregory K. Hinckley, Lydia H. Kennard, Allen J. Lauer, Stephen P. Reynolds, Steven B. Sample, Oren G. Shaffer and Larry D. Yost, were independent within the meaning of SEC regulations, the NYSE's standards for director independence and our Standards of Independence, and had either no relationship with the Company (other than being a director and/or stockholder) or only immaterial relationships with the Company that are permissible within the parameters set forth in our Standards of Independence. We monitor relationships between the Company and the directors and the other companies for which they or their applicable family members are directors or employees, including some that are not required to be disclosed in this proxy statement as related person transactions. We transact business with some of such other companies in amounts that do not exceed the limitations contained in our Standards of Independence. Prior to September 2010, Mr. Draut was the Chief Financial Officer and a director of our largest stockholder, Unitrin, Inc. In the case of Mr. Draut, the Board considered Mr. Draut's employment and board service with Unitrin

**Table of Contents**

during 2010 and took into account Unitrin's investment in Intermec and the transactions between Unitrin and Intermec. There was no agreement between Unitrin and Intermec regarding Mr. Draut's nomination or election to our Board. The Board concluded, on the recommendation of the Governance and Nominating Committee, that Mr. Draut is an independent director.

The Board has determined that the standing committees consist entirely of independent directors. The Board also has determined that our Audit and Compliance Committee members meet the applicable SEC and NYSE requirements relating to audit committee membership.

**Meetings and Attendance**

Our Board met nine times during 2010; four of the nine meetings were held by telephone. Materials for our Board and committee meetings are sent in advance to the appropriate participants. If a director cannot attend a meeting, he or she generally communicates any comments or questions through the relevant Chair. All of our directors attended more than 75% of the aggregate number of Board meetings and meetings of committees of the Board on which that director served during 2010. In addition to executive sessions scheduled as part of regularly scheduled Board meetings, our independent directors met four times during 2010. These meetings are chaired by Mr. Lauer.

All directors are expected to attend our annual meetings of stockholders. All of our directors attended the annual meeting of stockholders held in 2010.

**Board Committees**

In 2010, our Board had three standing committees: the Audit and Compliance Committee (the Audit Committee), the Compensation Committee and the Governance and Nominating Committee (the Governance Committee). Independent directors other than committee Chairs are generally expected to serve on two committees.

The following table shows our current directors' memberships on the standing committees of the Board during 2010.

Director	Audit and Compliance	Compensation	Governance and Nominating
Eric J. Draut		Member	Member
Gregory K. Hinckley	Member	Member	
Lydia H. Kennard		Member	Member
Allen J. Lauer			Chair
Stephen P. Reynolds	Member		Member
Steven B. Sample	Member		Member
Oren G. Shaffer	Chair		
Larry D. Yost		Chair	

*Audit and Compliance Committee.* The Audit Committee consists of four independent directors. The current members are Mr. Shaffer (Chair), Mr. Hinckley, Mr. Reynolds and Dr. Sample. The Board has determined that, under the rules of the SEC and NYSE, all the members of the Audit Committee are independent and financially literate. The Board has also determined that each of Mr. Hinckley and Mr. Shaffer meets the SEC criteria for audit committee financial expert. The Audit Committee's authority and responsibilities are set forth in a charter adopted by the Board and reviewed annually. That charter is available on our Corporate Governance Webpage.

The Audit Committee, which met nine times in 2010, evaluates the qualifications, performance and independence of our independent registered public accounting firm, which reports directly to the Audit Committee, and has the responsibility to retain or to terminate the independent registered public accounting firm as our independent auditors. The Audit Committee reviews and discusses with the independent auditors and with

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**Table of Contents**

management our annual audited consolidated financial statements and quarterly financial statements, the effects of regulatory and accounting initiatives and any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements. The Audit Committee also reviews and discusses with the independent auditors, internal auditors and management the adequacy of our system of internal controls and procedures. Additionally, the Audit Committee reviews and discusses with the independent auditors and management our internal audit department's responsibilities, budget and staffing as well as any recommended changes to the internal audit scope and plan. The Audit Committee's policy is that all audit and non-audit services to be performed by our independent auditors must be approved in advance. The Audit Committee reviews with management and discusses proposed earnings releases. The Audit Committee frequently meets separately with management, internal audit, and our independent auditors.

The Audit Committee reviews management's implementation and enforcement of compliance with our Standards of Conduct. The Audit Committee also considers other possible conflicts-of-interest situations brought to its attention by management and makes appropriate recommendations concerning these situations. In addition, it oversees management's compliance with our Related Person Transactions Policy, as described in *Certain Relationships and Related Persons Transactions Policies, Procedures and Practices*.

The report of the Audit Committee appears in this proxy statement under the caption *Report of the Audit and Compliance Committee*.

*Compensation Committee.* The Compensation Committee consists of four independent directors. They currently are Mr. Yost (Chair), Mr. Draut, Mr. Hinckley and Ms. Kennard. The Compensation Committee met eight times in 2010. The Board has determined that all the members of the Compensation Committee are independent, non-employee, outside directors within the meanings of SEC regulations, NYSE listing standards and the Internal Revenue Code of 1986, as amended (the *Code*). The Compensation Committee's authority and responsibilities are set forth in a charter adopted by the Board and reviewed annually. That charter is available on our Corporate Governance Webpage.

The Compensation Committee recommends to the Board policies for executive compensation and approves the remuneration of our CEO, executive officers, and certain other vice presidents selected by the Compensation Committee, in its sole discretion (collectively, *Senior Officers*). It oversees the administration of the employee equity and cash incentive plans, cash bonus plans, Employee Stock Purchase Plan and certain other compensation and retirement arrangements.

The Compensation Committee acts on elements of Senior Officer compensation at various times during the year. Shortly before the end of each year, the Compensation Committee comprehensively reviews the total compensation of each Senior Officer and relevant peer group comparisons with the Compensation Committee's outside compensation consultant. Decisions on Senior Officer salaries for the following year are made during the same meeting. In the first quarter of each year, the Compensation Committee determines cash incentive plan payments to Senior Officers based on performance achieved during the preceding year. In the same quarter, the Compensation Committee sets the performance metrics for the current year's cash incentive plan and multi-year performance-based equity grants to Senior Officers, which include our named executive officers. Our annual grants of stock options and RSUs are made at the time of the annual meeting of stockholders, historically during the second quarter of the year.

Frederic W. Cook & Co., Inc. (*FWC*) served as the Board's outside compensation consultant on various aspects of executive and director compensation for 2010. The Compensation Committee considered findings by FWC in determining 2010 compensation levels for the Senior Officers. Specifically, a representative of FWC attended several scheduled Compensation Committee meetings and provided to the Compensation Committee relevant market data, information on compensation trends and advice on compensation levels for the Senior Officers for 2010. In addition, FWC assisted the Governance Committee with a benchmarking review of non-employee director compensation. FWC did not perform any services on behalf of management, but, with the permission of the Compensation Committee, worked with management on executive compensation matters considered by the Compensation Committee. In connection with 2010 compensation decisions, FWC presented

## **Table of Contents**

to the Compensation Committee a total compensation analysis for each Senior Officer based on market data provided by FWC at the Compensation Committee's direction. This was the Compensation Committee's frame of reference for the Senior Officers' compensation decisions for 2010. Based on this data, FWC made recommendations to the Compensation Committee regarding CEO compensation. The CEO, with the assistance of the Vice President of Human Resources, provided recommendations to the Compensation Committee for the Senior Officers (excluding the CEO) also based on the data provided by the independent consultant.

The Compensation Committee has appointed BDO USA, LLP ( BDO ) as its independent compensation consultant for its evaluation of 2011 compensation for Senior Officers. The Compensation Committee intends to continue its past practice of annually reviewing a total compensation analysis for each Senior Officers based on market data, and determining the peer group of companies appropriate for benchmarking compensation. As described in the Compensation Discussion & Analysis, in consultation with BDO the Compensation Committee has revised the peer group of companies used for evaluating compensation in 2011. We expect that BDO will also confer with the Governance Committee and full Board regarding future Board compensation matters.

The Compensation Committee's charter allows it to delegate its authority to subcommittees or other Board committees, and it has used this authority to delegate to the Equity Grant Committee authority to make equity grants to employees who are not executive officers, typically in the case of new hires or promotions; see Executive Compensation Compensation Discussion and Analysis Equity Granting Practices.

*Governance and Nominating Committee.* The Governance Committee consists of five independent directors. The members of the Governance Committee currently are Mr. Lauer (Chair), Mr. Draut, Ms. Kennard, Mr. Reynolds and Dr. Sample. The Governance Committee met five times in 2010. The Board has determined that, under the corporate governance rules of NYSE, all the members of the Governance Committee are independent. The Governance Committee's authority and responsibilities are set forth in a charter adopted by the Board and reviewed annually. That charter is available on our Corporate Governance Webpage.

The Governance Committee reviews and recommends to the Board practices and procedures relating to corporate governance, including the evaluation and recommendation of criteria for membership on the Board and the composition and structure of the Board and its committees. The Governance Committee also reviews succession plans related to the CEO and recommends to the Board the compensation of directors for Board and committee service each year.

The Governance Committee develops and recommends to the Board director succession plans, it evaluates the size of the Board and it considers the qualifications of persons recommended for election to fill vacancies that may occur on the Board from time to time. The Governance Committee also evaluates the qualifications of persons recommended by the stockholders for election to the Board, as disclosed under Consideration of Director Nominees.

## **Compensation Committee Interlocks and Insider Participation**

The members of our Compensation Committee in 2010 were Mr. Draut, Mr. Hinckley, Ms. Kennard and Mr. Yost. None of them had, during 2010 or at any earlier time, served as an officer or employee of Intermec or its subsidiaries. None of our executive officers had, during 2010 or at any earlier time, served as a director or compensation committee member at a company where any member of our Board was an executive officer.

## **Board Leadership Structure**

In accordance with our By-laws, the Board is free to determine whether the roles of principal executive officer and Board chairman should be held by the same person or by two separate individuals. Our Board has determined that having an independent director serve as Chairman of the Board, separate from our CEO, is in the best interests of the Company at this time. The separation of these roles has been useful in providing continuity at the Board-level during a period of transition at the CEO-level. During this same period, the CEO has been fully

## **Table of Contents**

engaged in leading significant operational and strategic change in the Company, amidst a time of general economic uncertainty. The Board's method of overseeing risk management is not a factor in its choice of leadership structure.

### **The Board's Oversight of Risk Management**

The Board oversees risk management through its standing committees and through the Board as whole. The Audit Committee reviews the Company's policies with respect to risk assessment and risk management, including the guidelines and policies governing the process used by our CEO and senior management to assess and manage the Company's exposure to risk. Key risk areas identified by management are reviewed with the pertinent committee or the full Board, as deemed appropriate by the Board in consultation with management. For example, the Audit Committee reviews major financial risk exposures and the steps management has taken to monitor and control such exposures. In addition, the Governance Committee advises the Board with respect to corporate governance practices that help position the Board to effectively carry out its risk oversight responsibility. The full Board also regularly receives reports, agendas and minutes of the proceedings of its standing committees and, in this way, remains apprised of the risks reviewed by the committees.

Further, the Compensation Committee monitors risks related to the Company's compensation programs. Our Chief Financial Officer ( CFO ) and our Vice President, Human Resources evaluate whether our compensation policies and practices for our employees present risks reasonably likely to have a material adverse effect on the Company. They also consider whether or how our compensation policies and practices may relate to our material business risks. These officers review their findings with the Compensation Committee. Based on this review, we do not believe that potential risks arising from our compensation policies and practices are reasonably likely to have a material adverse effect on the Company.

### **Consideration of Director Nominees**

The Governance Committee annually assesses the size, composition and needs of the Board and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated or otherwise occur, the Governance Committee consults with the full Board. The Board or the Governance Committee may decide either to fill the vacancy or to reduce the size of the Board to eliminate the vacancy. The Board may retain a professional search firm to assist with the identification and evaluation of candidates to fill any vacancy and has typically done so.

The Governance Committee has adopted general criteria for nomination to the Board. These general criteria reflect the Corporate Governance Guidelines adopted by the Board, and describe the traits, abilities and experience that, at a minimum, the Governance Committee considers in selecting candidates to recommend for nomination to the Board. The following is a summary of these criteria:

Directors should be of the highest ethical character and share the values of the Company, as represented in the Standards of Conduct and in the Corporate Governance Guidelines;

Directors should hold or have held a generally recognized position of leadership that demonstrates the ability to exercise sound judgment in a wide variety of matters;

A majority of the members of the Board must be independent within the meaning of applicable rules, regulations and listing standards;

Directors should be willing to devote a substantial amount of time to Company business so as to understand the Company's business and keep informed of operations, understand the Company's reporting system and system of internal controls, and exercise care, balance, fairness and due deliberation in the decision-making process;

Directors should have the ability to attend Board meetings, meetings of all committees of which they are members and annual meetings of stockholders;



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**Table of Contents**

Directors should be able to engage in a free and open exchange of ideas and opinions with other directors at Board and committee meetings;

Directors should be able to serve for at least five years before reaching the retirement age of 75, or, beginning in 2013, age 72;

Directors are expected to comply with stock ownership guidelines established by the Board; and

Directors should be available to offer advice and guidance to the CEO at times other than regularly scheduled Board meetings. In addition, the Governance Committee may consider a director candidate's past contributions to the Board as a director, or specific qualities that may be needed to fill a particular vacancy, such as financial expertise and financial literacy for potential members of the Audit Committee, and other characteristics desired to achieve a balance of knowledge, experience and capability on the Board in view of the Company's current and anticipated businesses and strategies. However, the Board has adopted amendments to the Corporate Governance Guidelines that will limit future non-employee directors to a maximum of ten years of Board service. Also, future non-employee directors will be expected not to stand for re-election after a professional change in their employment or legal status.

The Board believes that diversity in age, gender, race, ethnic background, geographic origin and exposure, industry and functional or professional experience can bring distinctive skills, perspectives and experiences to the Board and strengthens the team as a whole. The Governance Committee does not have a formal policy with regard to consideration of diversity in identifying director candidates, but uses its subjective judgment in considering this among other factors in candidate selection.

The Governance Committee will consider director candidates recommended by stockholders if they meet the criteria referred to above. Recommendations may be sent to the Governance Committee in care of the Corporate Secretary at the address set out on the first page of this proxy statement. They must include the following:

the candidate's name and address;

a brief biographical statement of the candidate, including his or her occupation for at least the last five years, and a description of his or her qualifications for Board membership; and

the candidate's signed consent to be named in the proxy statement and to serve as a director if elected.

Any stockholder recommendation of a director candidate for election at the 2012 Annual Meeting must be received no later than December 16, 2011, in order for the Governance Committee to consider it.

Section 2.7 of our By-Laws establishes an alternative procedure for stockholders of record to nominate persons for election to our Board at an annual meeting. The By-Laws do not provide for such nominations to be included in our proxy statement and proxy card. A stockholder who intends to make a nomination at the annual meeting must give timely notice in writing to the Corporate Secretary as set out in our By-Laws. For nominations to be made at the 2012 Annual Meeting, notice must be delivered to the Corporate Secretary at the address set out on the first page of this proxy statement no earlier than January 26, 2012 and no later than February 24, 2012. If, however, the date of the 2012 Annual Meeting is more than 30 days before or more than 60 days after the first anniversary of the 2011 Annual Meeting, then notice must be delivered not earlier than 120 days before the 2012 Annual Meeting and not later than 90 days before the 2012 Annual Meeting or, if we provide less than 100 days' advance notice of the date of the 2012 Annual Meeting, not later than ten days following the day on which public announcement of the date of the 2012 Annual Meeting is first made.



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**Table of Contents**

**DIRECTOR COMPENSATION**

Our current Director Compensation Program (the 2008 Program ) was first adopted by our Board for non-employee director compensation beginning in 2008, following a review by our Governance Committee. The Governance Committee was assisted in this review by its outside compensation consultant, FWC, which provided advice and perspective regarding peer group practices (using the same companies that were used to benchmark 2008 executive compensation) and broader market trends. The 2008 Program is intended to remain in effect until amended or terminated by the Board, but may be amended from time to time.

The 2008 Program consists of annual retainer fees paid in cash or stock; meeting fees paid in cash or stock; stock options; and restricted deferred stock units ( RDSUs ). Directors may also elect to defer the annual retainers and meeting fees as deferred cash or deferred stock under the Director Deferred Compensation Plan. Directors who are employees of the Company are not eligible to participate in the 2008 Program. Equity awards are made pursuant to the 2008 Program from shares authorized under our 2008 Omnibus Incentive Plan (the 2008 Plan ). No changes in the 2008 Program are currently anticipated, whether or not Proposal 5, Amendment to the 2008 Plan, is approved. If Proposal 5 is not approved, the Board may consider amendments to the 2008 Program with regard to the amount of stock, stock options and RDSUs available for use in the 2008 Program.

In 2010, as part of our continuing effort to contain operating costs during a period of economic uncertainty, our Board voted to reduce to \$20,000 the amount of stock options to be granted to the Board in its 2010 annual grant, from \$80,000. The temporary reduction was only for 2010. No action has been taken to reduce the Board 's 2011 compensation.

The following describes amounts payable to our non-employee directors during 2010.

*Retainer Fees.* Directors receive an annual retainer fee for Board service, which was \$40,000 for 2010. The non-executive Chairman of the Board and each director who serves as Chair of a Board committee also receive an additional annual retainer fee. The annual retainer for a non-executive director serving as Chairman of the Board is \$80,000. The annual retainers for service as Chair of the Audit Committee, Compensation Committee and Governance Committee were \$15,000, \$10,000 and \$10,000 for 2010, respectively. Our current non-executive Chairman, Allen J. Lauer, has declined to accept any retainer for his service as chairman of the Governance Committee although he is eligible for such a retainer. Retainer fees are denominated in cash and paid in cash at the end of the quarter in which earned unless the director elects to receive the retainer in the form of Intermec common stock or defers the retainer into a deferred cash or stock account under the Director Deferred Compensation Plan. The number of shares or deferred stock units is determined after the end of the quarter in which earned and is based on the fair market value of Intermec common stock. Under the 2008 Program, fair market value is the closing price of Intermec common stock on the first business day after the end of the pertinent quarter.

*Meeting Fees.* Directors receive fees for attendance at Board and committee meetings. The meeting attendance fees are denominated in cash and paid, at the election of the director, in cash or shares of Intermec common stock after the end of the quarter in which earned. The number of shares is determined based on the fair market value of Intermec common stock as described in the preceding paragraph. In 2010, unless deferred, each director received a fee of \$2,000 for each meeting of the Board and for each meeting of a committee of the Board that the director attended and of which the director was a member.

*Deferred Compensation.* Directors may defer all or part of their retainer fees or meeting fees into a deferred cash or deferred stock account under our Director Deferred Compensation Plan. Each director 's deferred stock account is credited with a number of deferred stock units determined based on the dollar amount deferred divided, under the 2008 Program, by the fair market value of Intermec common stock on the first business date after the end of the pertinent quarter. The deferred cash account is credited with the amount of cash deferred. Credits to the deferred stock and deferred cash accounts are made on the first business day following the end of each quarter. Deferred cash accounts accrue earnings at a rate equal to the prime rate. If the Company paid

**Table of Contents**

regular cash dividends on the common stock, the directors' stock accounts would be credited with additional share units based on the fair market value of the common stock on the dividend payment date. Transfers between the stock account and the cash account are not permitted. Payment of deferred amounts generally begins in the January following the year in which a director leaves the Board. Directors may elect in advance to receive deferred amounts as a lump sum or in 2 to 15 substantially equal annual installments. Our Director Deferred Compensation Plan became effective in May 2008 and is intended to be a continuation of the deferral components under a predecessor plan.

*Stock Options and Restricted Deferred Stock Units.* As mentioned above, for 2010, our Board voted to reduce by 75% the value of the 2010 annual award of stock options to be made to our non-employee directors. The Black-Scholes value of stock options to be awarded to each non-employee director in 2010 was reduced from \$80,000 to \$20,000. The value of RDSUs to be awarded to each non-employee director in 2010, based on the fair market value of our common stock on the date of grant, was \$80,000, the amount provided for in the 2008 Program. Annual option grants generally vest and become exercisable in four equal installments on the first business day of each fiscal quarter, beginning on the date of grant, and generally expire seven years from the date of grant, subject to earlier termination if the director ceases service as a director. RDSU grants become fully vested at the following annual meeting, provided a director continues to serve on the Board during that period. All RDSU grants to directors under the 2008 Program will automatically be deferred into and subject to the Director Deferred Compensation Plan.

Our directors were compensated in 2010 only as described above and do not participate in any Intermec pension or other benefit plans. We pay or reimburse directors for lodging, travel and other expenses incurred for the purpose of attending meetings of the Board and its committees.

The following table sets forth information regarding the compensation for each of our non-employee directors during 2010.

**2010 Director Compensation Table**

Name	Fees Earned or Paid in	Stock	Option	Total
	Cash (a) (\$)	Awards (b) (\$)	Awards (c) (\$)	
Eric J. Draut	\$ -	\$ 164,000	\$ 20,564	\$ 184,564
Gregory K. Hinckley	82,000	80,000	20,564	182,564
Lydia H. Kennard	82,000	80,000	20,564	182,564
Allen J. Lauer	148,000	80,000	20,564	248,564
Stephen P. Reynolds	42,000	120,000	20,564	182,564
Steven B. Sample	82,000	80,000	20,564	182,564
Oren G. Shaffer	87,000	80,000	20,564	187,564
Larry D. Yost	84,000	80,000	20,564	184,564

- (a) The amounts reported represent the total amount of retainer and meeting fees for 2010 that were denominated in cash and that were (i) paid in cash or (ii) at the election of the director, deferred into a deferred cash account or a deferred stock unit account. Mr. Lauer, Mr. Shaffer and Mr. Yost elected to receive their meeting fees and retainer fees in the form of deferred stock units. The following table sets forth the number of deferred stock units each of these directors received, by quarter. Fractional shares are settled in cash. The grant date fair value is the cash-denominated amount of meeting fees and retainer fees due, based on the fair market value of Intermec common stock on the first business day after the end of the pertinent quarter.

**Table of Contents**

<b>Name</b>	<b>Period</b>	<b>Deferred Stock Units (#)</b>	<b>Grant Date Fair Value (\$)</b>
Mr. Lauer	1st quarter 2010	2,846.4419	38,000
	2nd quarter 2010	3,996.0040	40,000
	3rd quarter 2010	2,926.8293	36,000
	4th quarter 2010	2,619.4145	34,000
Mr. Shaffer	1st quarter 2010	1,779.0262	23,750
	2nd quarter 2010	2,372.6274	23,750
	3rd quarter 2010	1,605.6911	19,750
	4th quarter 2010	1,521.5716	19,750
Mr. Yost	1st quarter 2010	1,685.3933	22,500
	2nd quarter 2010	2,247.7522	22,500
	3rd quarter 2010	1,666.6667	20,500
	4th quarter 2010	1,425.2696	18,500

- (b) The amounts reported represent the aggregate grant date fair value computed during the year ended December 31, 2010, in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (FASB ASC Topic 718), with respect to (i) shares of common stock directors elected to receive in lieu of cash retainer fees and meeting fees and (ii) RDSUs granted to directors in 2010. Mr Draut and Mr. Reynolds elected to receive their retainer fees in the form of shares of Intermec common stock, and Mr. Draut elected to receive his meeting fees in the form of shares of Intermec common stock. The number of shares is determined quarterly, by dividing the cash-denominated amount due by the fair market value of Intermec common stock on the first business day after the end of the pertinent quarter, which constitutes the FASB ASC Topic 718 grant date fair value for these awards.

The following table sets forth for each director the number of shares or deferred stock units of Intermec common stock received, and the grant date fair value of such shares computed in accordance with FASB ASC Topic 718. Fractional shares are paid or settled in cash.

<b>Name</b>	<b>Period</b>	<b>Shares or Deferred Stock Units (#)</b>	<b>Grant Date Fair Value (\$)</b>
Mr. Draut (retainer fees and meeting fees)	1st quarter 2010	1,797.7528	\$ 24,000
	2nd quarter 2010	2,197.8022	22,000
	3rd quarter 2010	1,626.0163	20,000
	4th quarter 2010	1,386.7488	18,000
Mr. Reynolds (retainer fees)	1st quarter 2009	749.0637	\$ 10,000
	2nd quarter 2009	999.0010	10,000
	3rd quarter 2009	813.0081	10,000
	4th quarter 2009	770.4160	10,000
Each director	Annual RDSU	7,326.0000	80,000

- (c) The amounts reported represent the aggregate grant date fair value computed during the year ended December 31, 2010, in accordance with the provisions of FASB ASC Topic 718 with respect to stock options granted in 2010. The exercise price is equal to the fair market value of Intermec common stock on the date of grant, which, pursuant to the 2008 Program, is the closing price per share of common stock as reported on the NYSE on that date. The grant date fair value for the options granted on May 26, 2010 was \$10.92 per share. Refer to the Shareholders Equity note in the Notes to Consolidated Financial Statements included in our Form 10-K for the relevant assumptions used to determine the valuation of the stock options.

**Table of Contents**

The following table sets forth for each director the aggregate number of stock options outstanding as of December 31, 2010.

Name	Number of Stock Options (#)
Mr. Draut	21,163
Mr. Hinckley	74,047
Ms. Kennard	84,047
Mr. Lauer	86,547
Mr. Reynolds	56,547
Dr. Sample	96,547
Mr. Shaffer	49,698
Mr. Yost	86,547

At no cost to Intermec, our directors are eligible to obtain matching contributions from The Intermec Foundation (the Foundation) for contributions they make to schools and educational institutions. The Foundation is a nonprofit, tax-exempt charitable foundation that was formed and funded in 1993 by our former parent company, Litton Industries. We have never contributed any assets to the Foundation, and all Foundation costs have been paid using Foundation assets. The Foundation makes grants to schools (kindergarten through grade 12), supports a scholarship competition for children of employees, makes matching donations to other educational institutions and donates to community charities or projects. The amounts in the 2010 Director Compensation Table do not include the following amounts for which the Foundation has made or will make a matching contribution in 2010 or 2011 in respect of contributions made by directors in 2010 to tax-exempt educational institutions.

Name	Matching Contribution to Tax-Exempt Educational Institutions (\$)
Mr. Draut	\$ 10,000
Mr. Hinckley	14,000
Ms. Kennard	12,500
Mr. Lauer	10,000
Dr. Sample	7,000
Mr. Yost	5,000

**Director Ownership Guidelines**

In July 2004, we adopted stock ownership guidelines for directors. The guidelines suggest that directors retain from the compensation paid to them by us a total of Intermec common stock and derivatives of our common stock equal in value (calculated at the current market price) to five times the current annual retainer fee under the 2008 Program, which would be \$200,000 based on 2011 compensation levels. Shares purchased by a director also count toward meeting the ownership guidelines. The guidelines also suggest that a new director should accumulate this amount within five years from the commencement of service on the Board. All of our Directors currently meet the ownership guidelines.

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**Table of Contents**

**PROPOSAL 1.**

**ELECTION OF DIRECTORS**

The Board, pursuant to our By-Laws, has set the current number of directors at nine. Each director is subject to election at each annual meeting of stockholders. Accordingly, if elected, each director would serve a one-year term expiring at the 2012 Annual Meeting or until their successors are elected and qualified. Our Restated Certificate of Incorporation provides that the directors will be elected by a majority of the votes cast at the meeting. Our Board has a current policy of mandatory retirement from the Board at the annual meeting following a director's 75th birthday; however, effective January 1, 2013, mandatory retirement will apply at the annual meeting following a director's 72nd birthday.

The nominees for election listed below have been nominated by the Board and are all currently members of the Board. The following information presents each nominee's age, current Intermec Board committee membership, past five years' business experience and public board experience, other current business or professional activities, and educational background, all as of March 28, 2011. Each statement also includes a brief description of specific qualifications, experience and skills considered by the Board in selecting the nominee, in addition to the qualifications and considerations applicable to the selection of all nominees, as described in Corporate Governance Consideration of Director Nominees. All nominees have consented to being named as such in this proxy statement and have agreed to serve if elected. If, as a result of circumstances not presently known, any nominee declines or is unable to serve as a director, proxies will be voted for the election of such other person as the Board may select, or the number of authorized directors may be reduced.

**RECOMMENDATION**

**The Board of Directors unanimously recommends that you**

**vote FOR the election of each of the following nominees:**

*PATRICK J. BYRNE, age 50.* Mr. Byrne is Chief Executive Officer and President of Intermec. Prior to joining Intermec in these capacities in 2007, Mr. Byrne served as a Senior Vice President and President of the Electronic Measurement Group of Agilent Technologies Inc., a bio-analytical and electronic measurement company, from February 2005 to March 2007. Prior to assuming that position, Mr. Byrne served as Vice President and General Manager for Agilent's Electronic Products and Solutions Group's Wireless Business Unit from September 2001 to February 2005. He served as Vice President for Agilent's Electronic Products and Solutions Group's Product Generation Units from 1999 to 2001. Mr. Byrne has been a director of Flow International Corporation (provider of ultrahigh-pressure waterjet technology and robotics equipment) since May 2010 and Micron Technology, Inc. (global manufacturer of advanced solid state semiconductor solutions) since April 2011. Mr. Byrne received a Bachelor of Science Degree in Electrical Engineering from the University of California, Berkeley, and a Master of Science in electrical engineering from Stanford University. Mr. Byrne has extensive management experience in technology industries and markets, such as ours.

Mr. Byrne was nominated to continue to serve as a director due to his day-to-day leadership and knowledge of our business as our Chief Executive Officer, which provides the Board with Company-specific experience and insights.

*ERIC J. DRAUT, age 53.* Mr. Draut is the former Executive Vice President and Chief Financial Officer of Unitrin, Inc., a financial services provider specializing in insurance products, and served in those positions from February 2002 and February 1997, respectively, until September 2010. He was also a director of Unitrin from 2002 until September 2010. Mr. Draut has been a director of Intermec since October 2008. He is a member of the Compensation Committee and the Governance Committee. Mr. Draut has served as a Director of Special Value Continuation Fund, LLC and Special Value Continuation Partners, LP (investment funds) since February 2011. He also serves as Treasurer of the Board of Directors of Lutheran Social Services of Illinois. Mr. Draut received a Bachelor of Science Degree in accounting from the University of Illinois at Urbana-Champaign and a Masters of Management (MBA) from the J.L. Kellogg School of Management at Northwestern University. Mr. Draut is also a Certified Public Accountant.

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**Table of Contents**

Mr. Draut was nominated to continue to serve as a director due to his extensive experience with financial reporting, risk management and knowledge of capital markets that he acquired as Chief Financial Officer and director of a public company offering financial services and insurance products. Mr. Draut provides the Board insights and guidance regarding finance, accounting and risk management matters.

*GREGORY K. HINCKLEY, age 64.* Mr. Hinckley is President and a director of Mentor Graphics Corporation, a provider of electronic design automation software and systems, and has served in that capacity since 1999. He joined Mentor Graphics as Executive Vice President, Chief Operating Officer and Chief Financial Officer in 1997. Mr. Hinckley has been a director of Intermec since 2004. He is a member of the Audit Committee and the Compensation Committee. He also serves on the Boards of Super Micro Computer, Inc. (developer and seller of energy-efficient, application optimized server solutions) and Arc Soft Inc. (software developer of multimedia technologies and applications). Mr. Hinckley also served on the Board of Amkor Technology Inc. (provider of contract semiconductor assembly and test services) from 1997 to 2007. Mr. Hinckley holds a Bachelor of Arts Degree in Math and Physics from Claremont McKenna College, a Master's Degree in Applied Physics from the University of California, San Diego, and a Master's Degree in Business Administration from Harvard Business School. He is also a Certified Public Accountant.

Mr. Hinckley was nominated to continue to serve as a director due to his extensive experience in leading and managing technology companies that operate globally, such as ours, including direct responsibility for financial functions and financial and accounting matters. He also brings to our Board his experience and perspectives gained from serving on the boards of other public companies.

*LYDIA H. KENNARD, age 56.* Ms. Kennard has served as a principal of Airport Property Ventures, LLC, a developer and operator of aviation facilities, since March 2007. She served as the Executive Director of Los Angeles World Airports, the airport oversight and operations department for the City of Los Angeles, from 1999 to 2003 and again from 2005 to January 2007. Ms. Kennard has been a director of Intermec since 2003, and is a member of the Compensation Committee and the Governance Committee. She also serves as a director of URS Corp. (provider of engineering, construction and technical services around the world), AMB Property Corporation (owner, operator and developer of industrial real estate in the Americas, Europe and Asia), the UniHealth Foundation and the California Air Resources Board. She also serves as a trustee for the RAND Corporation, the Marlborough School and the University of Southern California. Ms. Kennard served as a director of IndyMac Bancorp, Inc. (former savings and loan association) from 2002 to 2008. Ms. Kennard holds a Bachelor of Arts Degree in urban planning and management from Stanford University, a Master's Degree in city planning from Massachusetts Institute of Technology and a Juris Doctorate from Harvard Law School.

Ms. Kennard was nominated to continue to serve as a director due to her prior executive and operational experience with a variety of public and private businesses and institutions, including those with business operations similar to some of our customers. This experience positions her to contribute to the Board her leadership skills and critical insights into the operational requirements of a large company. She also brings to our Board her knowledge of the management and governance of public companies based on her experience as a director of several public companies.

*ALLEN J. LAUER, age 73.* Mr. Lauer is Retired Chairman of the Board of Varian, Inc., a supplier of scientific instruments and vacuum technologies. Mr. Lauer served as the Chairman of Varian from 2002 through February 2009. He served as Chief Executive Officer of Varian from 1999 until his retirement from that position on December 31, 2003. Mr. Lauer has been a director of Intermec since 2003 and has served as the non-executive Chairman of the Board and the Chair of the Governance Committee since July 2007. He also served as a director of Immunicon Corporation (developer of cell- and molecular-based human diagnostic and life science research products) from 2003 to 2008. Mr. Lauer holds a Bachelor of Science Degree in Electrical Engineering from Stanford University and a Master's Degree in Business Administration from the University of California, Berkeley.

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**Table of Contents**

Mr. Lauer was nominated to continue to serve as a director due to his many years of management experience leading technology businesses, including corporate and business strategy and global operations. He brings to our Board his experience as the chief executive officer of a technology company and his experience and perspectives gained from serving on the boards of other public companies, including as non-executive chairman.

*STEPHEN P. REYNOLDS, age 63.* Mr. Reynolds is the Retired President, Chief Executive Officer and director of Puget Energy, Inc., a regulated Washington State utility, and of its wholly owned utility subsidiary, Puget Sound Energy, Inc. He served as President and Chief Executive Officer from 2002 through March 1, 2011. Mr. Reynolds also held the position of Chairman of the Board from 2005 through February 2009, when Puget Energy, Inc. was sold. Mr. Reynolds has been a director of Intermec since 2005 and is a member of the Audit Committee and the Governance Committee. He also serves on the Board of Green Diamond Resource Company (private forestry resources and timber company), and is a former Board member of the Edison Electric Institute (association of shareholder-owned U.S. electrical utilities), and the American Gas Association (association of U.S. natural gas companies). Mr. Reynolds also served on the Board of Oregon Steel Mills, Inc. (steel production company) from 1999 to 2007. He also serves on the Boards of the ArtsFund, Performing Arts Center Eastside and the 5th Avenue Theatre. Mr. Reynolds holds a Bachelor of Arts Degree in Economics from the University of California, Berkeley and a Master's Degree in Business Administration from the University of Oregon.

Mr. Reynolds was nominated to continue to serve as a director due to his extensive experience as a director and chief executive of public companies, including those with business operations similar to certain of our customers. He brings to our Board his experience and perspectives on issues of corporate strategy.

*STEVEN B. SAMPLE, age 70.* Dr. Sample has been President Emeritus of the University of Southern California since August 2010, prior to which he held the office of President of such university from 1991 to August 2010. From 1982 to 1991, Dr. Sample was President of the State University of New York at Buffalo. Dr. Sample has been a director of Intermec since 1997 (and its predecessor companies before that) and is a member of the Audit Committee and the Governance Committee. He also serves as a director of the Santa Catalina Island Company (real estate development), the AMCAP Fund, Inc. and the American Mutual Fund, Inc. (investment funds). Dr. Sample is also Chairman Emeritus of the Association of Pacific Rim Universities, a trustee of the University of Southern California, and the past Chairman and a current member of the Association of American Universities. Dr. Sample also served as a director of Wm. Wrigley Jr. Company (manufacturer of chewing gum and confections) from 1997 to 2008 and of Advanced Bionics Corporation (private developer of cochlear implant systems) from 1999 to 2005. Dr. Sample holds a Bachelor of Science, a Master of Science and a Ph.D. in Electrical Engineering from the University of Illinois at Urbana-Champaign.

Dr. Sample was nominated to continue to serve as a director due to his extensive experience in leading and administering large organizations, including world-recognized academic institutions, and public and private businesses. He brings to our Board his experience and perspectives on the management and governance of large organizations based on his experience of serving on the boards of other public and also private for-profit organizations.

*OREN G. SHAFFER, age 68.* Mr. Shaffer is the Retired Vice Chairman and Chief Financial Officer of Qwest Communications International Inc., a telecommunications provider, having served in that capacity from 2002 to 2007. From 2000 to 2002, Mr. Shaffer was President and Chief Operating Officer of Sorrento Networks, which develops intelligent optical networking solutions for telecommunications applications. Mr. Shaffer has been a director of Intermec since 2005 and has served as the Chair of the Audit Committee since July 2007. Mr. Shaffer also serves on the Boards of the Terex Corp. (diversified global manufacturer of capital equipment) and the Belgacom S.A. (provider of fixed and mobile telephone, internet and television services in Benelux). Mr. Shaffer holds a Bachelor of Science Degree in Finance and Business Administration from the University of California, Berkeley and a Master of Science Degree in Management from the Sloan School of Management, Massachusetts Institute of Technology.

Mr. Shaffer was nominated to continue to serve as a director due to his extensive experience in leading and managing U.S.-based global businesses, including direct responsibility for financial functions and financial and

**Table of Contents**

accounting matters. He also brings to our Board his knowledge of the management and governance of public companies that have international operations based on his experiences as a director of other public companies with international operations, including firms based outside the United States.

*LARRY D. YOST, age 73.* Mr. Yost is the Retired Chairman of the Board and Chief Executive Officer of ArvinMeritor, Inc., a global supplier of a broad range of integrated systems and components to the motor vehicle industry. He served in those positions from 2000 to August 2004. From 1997 until the 2000 merger of Arvin, Inc. and Meritor Automotive, Inc., Mr. Yost was Chairman and Chief Executive Officer of Meritor, a supplier of automotive components and systems. Mr. Yost has been a director of Intermec since 2002 and has served as Chair of the Compensation Committee since January 2005. He also serves as the Lead Director of Kennametal, Inc. (global supplier of tooling, engineered components and advanced materials). He served as a director of Actuant Corporation (diversified industrial manufacturer of industrial tools and other products, formerly Applied Power Inc.) from 2004 until he retired from that position in January 2009. He also served as a director of Milacron Inc. (global supplier of plastics-processing technologies and industrial fluids) from 2004 until February 2009, including at various periods as its lead outside director and as its Chairman of the Board. Mr. Yost holds a Bachelor of Science from Milwaukee School of Engineering.

Mr. Yost was nominated to continue to serve as a director due to his many years of management experience as a chief executive officer and senior executive of large business organizations with extensive supply chain operations similar to our own and those of certain of our customers. He also brings to our Board his knowledge of the management and governance of public companies based on his experience gained from serving on the boards of other public companies.



**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following tables set forth the number of shares of common stock beneficially owned, directly or indirectly, by the parties that reported beneficial ownership of more than 5% of our outstanding common stock, as indicated in the applicable Schedule 13D or Schedule 13G, and by each director, each executive officer named in the Summary Compensation Table included in this proxy statement (the "named executive officers"), and all of our directors and executive officers as a group, as of March 28, 2011, unless otherwise noted.

The number and percentage of shares beneficially owned is determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not necessarily indicative of beneficial ownership for any other purpose. Shares of common stock that a person has a right to acquire within 60 days of March 28, 2011, or, with respect to 5% beneficial owners, as calculated in the applicable Schedule 13D or Schedule 13G, are deemed outstanding for purposes of computing the percentage ownership of that person, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all directors and executive officers as a group, if applicable.

**Beneficial Owners of More than 5%**

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class(h)
Unitrin, Inc. One East Wacker Drive Chicago, IL 60601	9,913,139 (a)	16.48%
GAMCO Investors, Inc. One Corporate Center Rye, NY 10580	6,415,438 (b)	10.67%
Wells Fargo & Company 420 Montgomery Street San Francisco, CA 94104	6,312,937 (c)	10.50%
Royce & Associates, LLC 745 Fifth Avenue New York, NY 10151	4,306,856 (d)	7.16%
Cramer Rosenthal McGlynn LLC 520 Madison Ave New York, NY 10022	3,986,704 (e)	6.63%
BlackRock, Inc. 40 East 52 <sup>nd</sup> St. New York, NY 10022	3,662,332 (f)	6.09%
Artisan Partners Holdings LP 875 East Wisconsin Avenue, Suite 800 Milwaukee, WI 53202	3,405,526 (g)	5.66%

- (a) Unitrin, Inc. ( "Unitrin" ) and Trinity Universal Insurance Company ( "Trinity" ), a wholly owned subsidiary of Unitrin, reported their ownership on a Schedule 13D/A filed with the SEC on January 26, 2011. This filing indicates that, as of January 24, 2011, they shared power to vote and dispose of 10,404,542 Intermec shares. As of March 31, 2011, to our knowledge and based on Unitrin's and Trinity's filings of Form 4 with the SEC, Unitrin and Trinity beneficially owned 9,913,139 Intermec shares.

**Table of Contents**

- (b) Information presented is based on a Schedule 13D/A, filed on October 12, 2010, by GAMCO Investors, Inc., Gabelli Funds, LLC, GAMCO Asset Management Inc., Gabelli Securities, Inc., MJG Associates, Inc., Teton Advisors, Inc., GGCP, Inc. and Mario J. Gabelli. According to the Schedule 13D/A, as of October 11, 2010, GAMCO Investors, Inc. reported that it beneficially owned and had sole power to vote and dispose of 3,000 Intermec shares. Gabelli Funds, LLC reported that it beneficially owned and had sole power to vote and dispose of 784,000 Intermec shares. GAMCO Asset Management Inc. reported that it beneficially owned 5,600,438 Intermec shares, of which it had sole power to vote 5,254,438 shares and sole power to dispose of 5,600,438 shares. Gabelli Securities, Inc. reported that it beneficially owned and had sole power to vote and dispose of 6,000 Intermec shares. MJG Associates, Inc. reported that it beneficially owned and had sole power to vote and dispose of 10,000 Intermec shares. Teton Advisors, Inc. reported that it beneficially owned and had sole power to vote and dispose of 2,000 Intermec shares. Mario J. Gabelli reported that he beneficially owned and had sole power to vote and dispose of 10,000 Intermec shares, and GGCP, Inc. reported beneficial ownership of 0 Intermec shares.
- (c) Information presented is based on a Schedule 13G/A, filed on January 20, 2011, by Wells Fargo & Company, Wells Capital Management Incorporated and Wells Fargo Funds Management, LLC. According to the Schedule 13G/A, as of December 31, 2010, Wells Fargo & Company reported that it beneficially owned 6,312,937 Intermec shares, of which it had sole power to vote 5,683,328 shares and sole power to dispose of 6,305,437 shares. Wells Capital Management Incorporated reported that it beneficially owned 6,245,760 Intermec shares, of which it had sole power to vote 1,268,727 shares and sole power to dispose of 6,245,760 shares. Wells Fargo Funds Management, LLC reported that it beneficially owned and had sole power to vote 4,404,534 Intermec shares, of which it had sole power to dispose of 54,577 shares.
- (d) Information presented is based on a Schedule 13G filed on January 13, 2011 by Royce & Associates, LLC. According to the Schedule 13G, as of December 31, 2010, Royce & Associates, LLC. reported that it was beneficial owner and had sole power to vote and sole power to dispose of 4,306,856 Intermec shares.
- (e) Information presented is based on a Schedule 13G filed on February 11, 2011 by Cramer Rosenthal McGlynn LLC. According to the Schedule 13G, as of December 31, 2010, Cramer Rosenthal McGlynn LLC reported that it beneficially owned 3,986,704 Intermec shares of which it had sole power to vote 3,874,704 shares and sole power to dispose of 3,986,704 shares.
- (f) Information presented is based on a Schedule 13G/A filed on February 4, 2011, by BlackRock, Inc. According to the Schedule 13G/A, as of December 31, 2010, BlackRock, Inc. reported that it was beneficial owner and had sole power to vote and sole power to dispose of 3,662,332 Intermec shares. BlackRock, Inc. became the beneficial owner of these Intermec shares as a result of its acquisition of Barclays Global Investors, NA, which it completed on December 1, 2009.
- (g) Information presented is based on a Schedule 13G/A, filed on February 11, 2011, by Artisan Partners Holding LP, Artisan Investment Corporation, Artisan Partners Limited Partnership, Artisan Investments GP LLC, ZFIC, Inc., Andrew A. Ziegler, Carlene M. Ziegler and Artisan Funds, Inc. According to the Schedule 13G/A, as of December 31, 2010, Artisan Partners Holding LP, Artisan Investment Corporation, Artisan Partners Limited Partnership, Artisan Investments GP LLC, ZFIC, Inc., Andrew A. Ziegler and Carlene M. Ziegler reported that they each beneficially owned 3,405,526 Intermec shares, of which they shared power to vote 3,265,419 shares and to dispose of 3,405,526 shares. Artisan Funds, Inc. reported that it beneficially owned 2,258,319 Intermec shares, of which it shared power to vote and to dispose of all of these shares.
- (h) The percent of class outstanding reported on this table is based on 60,146,364 shares of our common stock outstanding as of March 28, 2011.

**Table of Contents****Beneficial Ownership of Directors and Management**

The following table sets forth information regarding the beneficial ownership of our common stock as of March 28, 2011, for each of our directors, each of our named executive officers and all of our directors and executive officers as a group. Except as otherwise indicated, and except to the extent that any transfers of shares of restricted stock and of RSUs are prohibited prior to the satisfaction of the terms of the award, each director and named executive officer either has sole investment and voting power with respect to the securities shown or shares investment and/or voting power with that individual's spouse.

Directors and Officers	Amount and Nature of Beneficial Ownership	Percent of Class (i)
Patrick J. Byrne	454,886 (a)(g)	*
Eric J. Draut	45,215 (a)(c)(g)	*
Robert J. Driessnack	175,001 (a)(b)(d)(g)	*
Dennis A. Faerber	125,399 (a)(g)	*
Janis L. Harwell	310,790 (a)(b)(g)	*
Gregory K. Hinckley	80,569 (a)(g)	*
Lydia H. Kennard	90,612 (a)(g)	*
Allen J. Lauer	144,388 (a)(c)(e)(g)	*
James P. McDonnell	33,411 (a)(g)	*
Stephen P. Reynolds	68,502 (a)(g)	*
Steven B. Sample	120,554 (a)(c)(f)(g)	*
Oren G. Shaffer	78,900 (a)(c)(g)	*
Larry D. Yost	133,596 (a)(c)(g)	*
All directors and executive officers (14 persons)	1,890,632 (h)	3.08%

\* Less than 1%.

- (a) Includes the following shares of common stock subject to outstanding options that were exercisable on March 28, 2011, or that become exercisable within 60 days thereafter, pursuant to stock options awarded under our plans:

Board of Directors	Shares
Mr. Draut	21,163
Mr. Hinckley	74,047
Ms. Kennard	84,047
Mr. Lauer	86,547
Mr. Reynolds	56,547
Dr. Sample	96,547
Mr. Shaffer	49,698
Mr. Yost	86,547
Named Executive Officers	Shares
Mr. Byrne	342,052
Mr. Driessnack	68,642
Mr. Faerber	100,642
Ms. Harwell	186,642
Mr. McDonnell	28,226

- (b) Includes 48,500 shares held by the Foundation. Voting and investment power with respect to these shares is exercised by the Foundation's officers, who are elected by the directors of the Foundation. Ms. Harwell and Mr. Driessnack are directors of the Foundation. Such

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individuals, by virtue of their ability to elect the officers of the Foundation, may be deemed indirectly to beneficially own such shares for certain purposes within the meaning of the SEC regulations referred to above. These shares are included only once in the total of All directors and executive officers.

**Table of Contents**

- (c) Includes the following shares of common stock credited to the directors' deferred accounts as bookkeeping entries:

<b>Board of Directors</b>	<b>Shares</b>
Mr. Draut	7,046
Mr. Lauer	56,841
Dr. Sample	23,507
Mr. Shaffer	27,202
Mr. Yost	43,049

- (d) Includes 31,475 shares held by the Intermec Pension Plan. Voting and investment power with respect to these shares is exercised by the committee appointed by the Board of Directors comprising Mr. Driessnack and other employees of Intermec. These shares are included only once in the total of All directors and executive officers.
- (e) Includes 1,000 shares held by a family trust of which Mr. Lauer is a trustee.
- (f) Includes 500 shares held by a family trust of which Dr. Sample is a trustee.
- (g) Includes the following shares or derivatives held by our directors and named executive officers pursuant to stock ownership guidelines adopted by the Board. See Director Compensation and Executive Compensation Discussion and Analysis Stock Ownership Guidelines.

<b>Board of Directors</b>	<b>Shares</b>
Mr. Draut	39,477
Mr. Hinckley	24,284
Ms. Kennard	24,327
Mr. Lauer	75,603
Mr. Reynolds	29,717
Dr. Sample	41,769
Mr. Shaffer	46,964
Mr. Yost	64,811

<b>Named Executive Officers</b>	<b>Shares</b>
Mr. Byrne	233,830
Mr. Driessnack	65,198
Mr. Faerber	63,571
Ms. Harwell	114,462
Mr. McDonnell	33,331

- (h) Includes 1,330,239 shares issuable on exercise of outstanding options that are held by all directors and executive officers and are exercisable within 60 days of March 28, 2011.
- (i) The percent of class outstanding reported in this table is based on 60,146,364 shares of our common stock outstanding as of March 28, 2011.

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**Table of Contents**

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires that our executive officers, directors and persons who own more than 10% of a registered class of our equity securities file reports of ownership and changes in ownership with the SEC and NYSE. SEC regulations also require us to identify in this proxy statement any person subject to this requirement who failed to file any such report on a timely basis.

Based on our review of the reports we have received and written representations that no other reports were required for 2010, we believe that all Section 16(a) reporting requirements applicable to our executive officers, directors and persons who own more than 10% of a registered class of our equity securities in 2010 were satisfied in a timely fashion.

**CERTAIN RELATIONSHIPS AND RELATED PERSONS TRANSACTIONS**

**Policies, Procedures and Practices**

Our Board of Directors has adopted a written policy and procedure (the Procedure) for the Audit Committee's review and approval or ratification of transactions with a related person that must be disclosed under the SEC's disclosure rule for related person transactions (Item 404(a) of Regulation S-K). Under the Procedure, our directors, officers and employees are generally required to promptly report related person transactions to our General Counsel. There are special processes for transactions involving the General Counsel or a member of the Audit Committee so that these matters are addressed by disinterested persons.

The Procedure requires that a list of related person transactions be compiled and reviewed regularly, and that our directors and officers report any related person transactions that are not on the list. We also regularly review our accounts payable and accounts receivable data to determine whether there are any previously unreported related person transactions. The Procedure requires us to evaluate our controls and procedures for reporting related person transactions and make changes as appropriate.

A transaction covered by the Procedure and identified before being entered into generally must be submitted to the Audit Committee for approval before the transaction is consummated. Otherwise, the transaction must be revocable in the event it is not approved or ratified by the Audit Committee at its next regular or special meeting. There are categories of transactions that are deemed to be pre-approved, generally because they are under \$120,000 in value or are not required to be disclosed pursuant to SEC rules. These latter transactions are disclosed to the Audit Committee at least annually. Previously approved or ratified related person transactions that remain ongoing also are to be reviewed at least annually. In deciding whether to approve or ratify a related person transaction, the Audit Committee considers a number of factors to determine whether the transaction is in the best interests of the Company, including, among others, the purpose and potential benefit of the transaction to us, the extent of the related person's interest in the transaction and the terms of the transaction in relation to doing such a transaction with an unrelated third party.

**Certain Transactions**

Based on its holdings reported on a Schedule 13G/A filed with the SEC, Wells Fargo & Company (Wells Fargo) beneficially owned more than ten percent of our common stock as of December 31, 2010. We have entered into a series of foreign exchange forward contracts with Wells Fargo Bank, National Association, which is a subsidiary of Wells Fargo. We use these foreign exchange forward contracts to offset the risks associated with the effects of certain foreign currency exposures. These contracts generally settle in approximately 30 days. We paid service fees of \$549,792 to Wells Fargo Bank, National Association pursuant to these contracts in 2010, and the value of these contracts averaged \$69 million during 2010. In addition, we paid service fees of \$166,840 to Wells Fargo Bank, National Association pursuant to these contracts for the period from January 1, 2011 through March 31, 2011, and the value of these contracts averaged \$69 million during this period. The Audit Committee has ratified and approved these foreign exchange forward contracts in accordance with the Procedure. Additional information regarding our foreign exchange forward contracts is included in our Form 10-K in Item 7A and in the Derivative Instruments note in the Notes to Consolidated Financial Statements.

**Table of Contents****REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE**

Our Board of Directors has adopted a written charter for the Audit and Compliance Committee, which is available at [http://www.intermec.com/about\\_us/investor\\_relations](http://www.intermec.com/about_us/investor_relations).

In accordance with the provisions of our charter, we have (i) reviewed and discussed the Company's audited consolidated financial statements as of and for the year ended December 31, 2010, with management, (ii) discussed with the Company's independent registered public accounting firm, Deloitte & Touche LLP ( "Deloitte" ), the matters required by applicable requirements of the Public Company Auditing Oversight Board ( "PCAOB" ) concerning required communications related to the recently completed integrated audit, (iii) received the written communications from Deloitte required by applicable requirements of the PCAOB regarding Deloitte's independence, and (iv) discussed with Deloitte its independence from the Company.

As part of our responsibilities under our charter, we reviewed with the Company's General Counsel whether there were any legal matters that have had or are likely to have a material impact on the Company's financial statements. We also reviewed the Company's compliance with our Standards of Conduct.

In addition, we met with Deloitte prior to the filing of each of the Company's quarterly reports on Form 10-Q to discuss the results of its review of the financial information included in those reports.

Management has represented to the Audit Committee, and Deloitte has confirmed, that the Company's audited consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States.

In performing our oversight function, we relied on advice and information received in our discussions with the Company's management, internal auditors and Deloitte. We obtained this advice and information at nine Audit Committee meetings held in person or telephonically during the year. During five of these meetings, we met separately with the Company's internal auditors, and during five of these meetings, we met separately with Deloitte. Based on the review and discussions referred to above, we recommended to the Board of Directors that the Company's audited consolidated financial statements as of and for the year ended December 31, 2010 be included in the Company's Form 10-K.

**The Audit and Compliance Committee**

Oren G. Shaffer, Chair

Gregory K. Hinckley

Stephen P. Reynolds

Steven B. Sample

**PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The following table presents fees for professional audit services rendered by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates, for the audit of Intermec's annual financial statements for the years ended December 31, 2010, and 2009, and fees billed for other services rendered by Deloitte & Touche during those periods (amounts in thousands):

	2010	2009
Audit Fees (a)	\$ 1,148	\$ 1,505
Audit-Related Fees (b)	127	0
<b>Total Audit and Audit-Related Fees</b>	<b>\$ 1,275</b>	<b>\$ 1,505</b>
Tax Fees (c)	\$ 73	\$ 24
Other Fees	\$ 0	\$ 0





**Table of Contents**

- (a) Includes fees billed for the audit of our annual financial statements for the years ended December 31, 2010 and 2009 included in our annual reports on Form 10-K and for the reviews of interim financial information included in our quarterly reports on Form 10-Q.
  
- (b) Consists of fees for audit-related services rendered in connection with the due diligence review for the acquisition of Vocollect, Inc.
  
- (c) Includes fees for review of tax returns and consultations related to tax matters for the years ended December 31, 2010 and 2009. Our Audit Committee has established a policy requiring its pre-approval of all audit and non-audit services provided by our independent registered public accounting firm, together with the associated fees. The policy permits the Audit Committee to delegate its pre-approval authority (except with respect to services related to internal controls) to one or more of its members and requires any member who pre-approves services pursuant to that authority to report the decision to the full Audit Committee no later than its next scheduled meeting. The Audit Committee has delegated such authority to its Chair. In 2010, the Audit Committee or its Chair pre-approved all audit and non-audit services provided by our independent registered public accounting firm.

**PROPOSAL 2.**

**ADVISORY VOTE RATIFYING APPOINTMENT OF**

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has reappointed Deloitte & Touche LLP to serve as our independent registered public accounting firm for 2011. Deloitte has served as our independent auditors since we became a public company in 1997. Deloitte is familiar with our business and operations and has offices in the primary countries in which we conduct business and perform accounting functions. In making this appointment, the Audit Committee considered whether the provision of the services other than the services described under *Audit Fees* and *Audit-Related Fees* is compatible with maintaining the independence of Deloitte, and has concluded that the provision of such services is compatible with maintaining independence.

As a matter of good corporate governance, the Audit Committee has determined to submit its appointment of the independent registered public accounting firm to our stockholders for ratification. Rule 10A-3(b)(2) under the Securities Exchange Act of 1934 requires that the Audit Committee be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed issuer. As the Audit Committee cannot abdicate this authority to our stockholders, the ratification of this appointment is not binding. In the event that the Audit Committee's appointment of Deloitte is not ratified by a majority of the shares present or represented at the Annual Meeting and entitled to vote on the matter, the Audit Committee will review its future selection of an independent registered public accounting firm.

Representatives of Deloitte are expected to be present at our Annual Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

**RECOMMENDATION**

**The Board of Directors unanimously recommends that you vote FOR Proposal 2.**

**Table of Contents**

**EXECUTIVE COMPENSATION**

**COMPENSATION DISCUSSION AND ANALYSIS**

**Executive Summary**

This Compensation Discussion and Analysis describes the compensation policies and decisions of the Compensation Committee (the Committee) with respect to our senior executives, including the officers named in the Summary Compensation Table for 2010 (the named executive officers or NEOs). In 2010 our NEOs were:

Patrick J. Byrne, Chief Executive Officer and President

Robert J. Driessnack, Chief Financial Officer and Senior Vice President

Dennis A. Faerber, Senior Vice President, Global Supply Chain Operations and Global Services

Janis L. Harwell, Senior Vice President, Corporate Strategy, and General Counsel and Corporate Secretary

James P. McDonnell, Senior Vice President, Global Sales.

*Objectives.* The focus of our executive compensation program is to motivate and reward performance that maximizes short-term and long-term stockholder value in a balanced fashion. The design and operation of the program reflect the following objectives:

*Performance.* Motivate executives to achieve superior performance by making a significant portion of total compensation at-risk and performance-based compensation.

*Stockholder value.* Correlate compensation paid to executives with short-term and long-term business and financial performance, using compensation policies to strongly align executives' interests with stockholders' interests.

*Retention.* Attract and retain executives by offering a competitive total compensation package.

*Elements of Compensation.* The main components of our executive compensation program are:

Base salary, which forms a stable part of our NEOs' compensation packages;

Variable annual incentive compensation based on financial objectives that directly relate to our near-term financial goals; and

Long-term incentives emphasizing at-risk, performance-based compensation in a manner that balances long-term stockholder value creation and consisting of a combination of stock options, restricted stock units (RSUs) and performance

share units.

**Business Results**

We design, develop, integrate, and sell wired and wireless automated identification and data collection ( AIDC ) products and related services. Our products are designed for rugged environments and to maintain connectivity, preserve computing capability and retain data despite harsh conditions and heavy use. The following discussion of our business results should be read in conjunction with our Form 10-K, including our audited financial statements and management's discussion and analysis of our financial condition and results of operations, and the other periodic and current reports we file with the SEC.

## **Table of Contents**

Our strategy is to be the leader in rugged mobile business solutions in the AIDC industry. Since 2007, our management has undertaken a variety of initiatives to position the Company to execute this strategy, including taking the following actions:

We streamlined our product manufacturing and supply chain operations, reduced operating expenses and began to implement a global enterprise resource planning system. These programs were aimed at reducing our inventories (which fell from \$116.9 million at the end of 2008 to \$82.6 million at the end of 2010), and reducing total costs and expenses (which fell from \$843.8 million in 2008 to \$678.8 million in 2010).

We kept up with the fast pace of innovation in our industry by developing new products and streamlining the product development process. One result of that effort was the January 2011 introduction of the next generation of our ultra-rugged mobile computers, the CN70 series. Comprising four products using the same platform, the CN70 series launch nearly doubled our mobile computer portfolio in one release. Another result of management's innovation initiatives was the September 2010 launch of our new managed services portfolio, called INcontrol™. This portfolio of hosted, web-based services allows customers to shift the day-to-day tasks of managing and troubleshooting their mobile devices and WLAN / WWAN infrastructures to Intermec or third parties under contract with Intermec.

We expanded and refined our sales channels and introduced new programs including the PartnerNet program which launched in February 2010. These activities helped us to increase our international sales by 18% in 2010 as compared to 2009. Although North America commercial sales increased in 2010, that increase was more than offset by a decline in revenues from U.S. federal government agencies. North America sales is a focus area for our management team and is being addressed with additional sales and marketing investments and programs.

We have consistently generated positive cash flow each year while investing in the initiatives described above. We have generated \$107.6 million in net cash provided by operating activities of continuing operations in the past three years (\$21.8 million in 2010, \$24.0 million in 2009, and \$61.8 million in 2008, respectively). The Company's strong cash position allowed us to repurchase \$20 million of our shares on the open market in 2010, and to announce an additional \$10 million repurchase program in March 2011.

The Company's strong financial condition made it possible for us to acquire Vocollect, Inc., a maker of voice recognition hardware and software for warehouses, distribution centers and other deployment environments that we target. This acquisition closed in March 2011 and was funded by approximately \$100 million in cash and approximately \$97 million in debt. Our strong cash position and borrowing capacity allowed us to fund this strategic acquisition, as well as two smaller acquisitions to support our managed services and software businesses.

## **Impact on Executive Compensation**

The Board and the Committee support the strategies and initiatives developed by management to improve the long-term health of the Company and position it for future success. We recognize that this has required a multi-faceted program of internal development during a global economic downturn and the ensuing, slow-paced recovery. We also recognize management's achievement of important strategic milestones on our path toward improved future business performance and stockholder value. Although some of our initiatives resulted in restructuring charges or other expenses that offset profitability in current periods, the Board and the Committee believe it is important to reward and motivate our senior executives to further realize the results of the strategic initiatives described above. We believe that the effective use of stock-based long-term incentive compensation is vital to the Company's ability to achieve strong performance in the future by giving our senior executives opportunities to accumulate Company equity and aligning their economic interests with the interests of stockholders.

## **Table of Contents**

For the past three years, our annual and long-term incentive compensation programs have emphasized traditional financial targets and made payout contingent on the achievement of all of those targets (as expressed in a composite). Due to a variety of factors, including the global economic downturn, the ensuing, slow-paced recovery and weaker than anticipated revenues in the North American market, those targets were not achieved and no payouts have been made for the annual and long-term programs ending December 31, 2009 and December 31, 2010. The Committee believes that senior management has delivered meaningful progress during this period, although our incentive programs have not rewarded those results. Accordingly, total direct compensation (base salary, annual cash incentive compensation and long-term equity compensation) realized by our senior executives has fallen short of targeted executive compensation. This comparison is presented on the Supplemental Total Realized Compensation Table on page 44. As a result, our senior executives' realized compensation did not remain competitive, their stock ownership did not grow as expected and retention became a concern.

In 2010 and 2011, the Committee addressed these issues by taking the following actions:

The 10% reduction of our executives' base salaries in 2009 due to general economic conditions was reversed for 2010, and salaries were increased to bring them into alignment with peer group comparisons. Base salaries for 2011 were increased 3% to recognize operational achievements during 2010 and to remain competitive with peer group comparisons.

The 2010 annual incentive program was modified to increase the potential payout available for performance above the target level, based on the achievement of three financial measures (operating profit, revenue and average invested capital) determined on a composite basis. For 2011, the design has been simplified by assigning targets for only two financial measures (business operating profit before interest and taxes, as a percent of revenue, and free cash flow), each of which individually may result in payment of some portion of the potential payout.

Although the 2009 and 2010 performance share unit programs were modified to measure performance achievement after two years with vesting to occur after the third year, the Committee determined that the 2011 performance share unit program would return to a three-year measurement period, and assigned a single performance measure, cumulative revenue. Long-term revenue growth is important to enable the Company to invest in its strategic and growth initiatives.

The 2010 annual equity grants were modified in both mix and amount (among stock options, restricted stock units and performance share units), to provide an opportunity for increased executive stock ownership and to provide retention incentive. For 2011 annual equity grants, the Committee will continue to assess the needs of the Company and the goals of the executive compensation program to determine the size and relative mix of equity grants at the time they are made.

### **Competitiveness of the Executive Compensation Program**

We evaluate each executive officer's total direct compensation relative to approximately the 50th percentile for total direct compensation among peer group companies. In addition to considering peer group data, the Committee exercises its judgment in determining appropriate executive compensation, also giving consideration to our overall financial and operational performance, the executive's particular position and scope of responsibility within our Company, the executive's experience and performance, and the total direct compensation mix. Our named executive officers' current salaries, bonus opportunities and target annual long-term incentive compensation are generally in a range between the median and 75<sup>th</sup> percentile of comparative levels. For more information about the benchmarking data we use to evaluate the competitiveness of our executives' compensation, see Benchmarking and Peer Group Information.

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## **Table of Contents**

### **Components of the Executive Compensation Program**

*Total Direct Compensation Mix.* The Committee's decisions about compensation for the named executive officers are intended to emphasize at-risk performance-based compensation. As a result, only a small proportion of target total direct compensation (approximately 19%) is in the form of fixed cash salary; a majority of the target value of total direct compensation is either variable or long-term, or both. A significant proportion of the total direct compensation of our executive officers is at-risk, performance-based compensation. By at-risk we mean that the individual is not guaranteed to receive value for that element of compensation; for example, stock options are valuable only if the price of the Company's stock increases. The at-risk components (and their respective percentages) of 2010 target total direct compensation were approximately 45% of the total, and comprised: the 2010 target annual cash incentive (approximately 14%); and the long-term incentive awards made in 2010 (approximately 31%), consisting of the grant date fair value of the stock options and the grant date fair value of the target number of performance share units (PSUs). These percentages were calculated by dividing (i) the total at-risk compensation amount by (ii) target total direct compensation, which includes the at-risk compensation plus base salaries and the grant date fair value of RSUs. In 2010, RSUs were approximately 36% of target total direct compensation for our named executive officers as a group. This combination of elements of total direct compensation when approved by the Committee was generally consistent with practices among the peer group companies.

The Committee's policies are consistently applied among all of our executive officers, including the CEO. Our CEO's compensation is reviewed in the context of the higher market compensation for CEOs generally. The Committee believes that the CEO position merits a higher level of compensation relative to other named executive officers because of its critical role in the strategy and performance of the business and the need to attract and retain a talented executive to fill this role.

As discussed in *Impact on Executive Compensation*, the target total direct compensation mix has not been realized by our executive officers. For a variety of reasons, our incentive compensation programs have not resulted in significant cash or equity payments.

The Committee believes it is appropriate to promote greater alignment with stockholders and increased stock ownership among our named executive officers with the use of RSUs. The Committee also believes that top executive talent is in demand, and it is in the best interests of the Company's stockholders to have a competitive long-term incentive program to retain our current key executives. We believe that the potential for stock ownership is a valuable retention tool. Consistent with this view, in 2010, the Committee increased the value of the annual equity grant, and modified the mix to increase the proportion of long-term equity awards made in the form of RSUs, to approximately 54% of total annual equity awards; stock options comprised approximately 22% and PSUs approximately 24%. This increase was made for executive officers who were with the Company at least one year and so did not include Mr. McDonnell.

Mr. McDonnell joined the company in January 2010. His initial compensation package was developed with reference to the same benchmarking data and methodology used by the Committee for the other executive officers for 2010. The compensation offered to Mr. McDonnell was consistent with the Committee's understanding of market practices for recruiting a senior level executive, and took into consideration the findings and recommendations of the Committee's independent compensation consultant regarding compensation of global sales officers. His initial compensation package included grants of stock options, PSUs and RSUs, made at the next regularly scheduled meeting of the Committee in February 2010. He also participated in the annual grants made by the Committee in May 2010, except that the proportion of time-vested RSUs was not increased as in the case of the other executive officers. Mr. McDonnell's 2010 total equity grants were allocated among stock options (41%), RSUs (30%) and PSUs (29%).

*Base Salary.* Base salaries are a fundamental executive recruitment and retention tool. The Committee believes that it is essential to offer some form of non-contingent compensation to attract and retain qualified executives. Although peer benchmarking establishes the median for total compensation, whether a named

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**Table of Contents**

executive officer's base salary is set at, above or below that median for similar executive positions in the peer groups is based in part on a subjective assessment of the officer's individual performance. The Committee believes that outstanding performers can be paid above the median, and that truly exceptional performers can be paid well above the median. The Committee assesses the performance of the CEO and discusses with the CEO his assessment of the individual performance of the other named executive officers. Generally, these assessments consider such factors as the officer's contribution (in his or her area of responsibility) to business initiatives intended to deliver financial or strategic value to the Company's short-term and long-term business and financial goals, or an officer's strategic leadership toward these goals, or whether an officer has assumed a greater scope of responsibility than counterparts at peer companies. No specific weight is given to any one objective or performance factor. The Committee's approval of salary levels reflects an overall assessment of how well each named executive officer performed his or her job, in the context of the performance of the leadership team overall.

For 2010, the Committee made its annual review of competitive benchmarking and market position in November 2009. At that time, the Committee decided to end, as of January 1, 2010, the 10% salary reduction that had been in effect for most of 2009, and also to increase salaries effective the same date to bring them into alignment with market competitive levels. The Committee believed that stockholders benefited from management's actions in 2009 to successfully reduce our cost structure and to improve our product lines and operating efficiency during challenging economic conditions. The Committee considered the salaries of each named executive officer, relative to their respective peer group comparisons and relative to one another as a group. The 2010 increase in base salaries of the named executive officers relative to their restored base salaries was modest: approximately 4% for Mr. Byrne and 3% for Mr. Driessnack and Ms. Harwell; Mr. Faerber's larger 10% increase also reflected more appropriate comparative benchmarking. For 2011, the Committee made its annual review of competitive benchmarking and market position in November 2010, and decided to increase salaries of executive officers by approximately 3% as of January 1, 2011, in recognition of the operational achievements during 2010 and to maintain competitive salary levels.

*Annual Cash Incentive Program.* Our annual cash bonus program is intended to motivate participants to achieve short-term business and financial goals. In 2010, the Committee adopted the Senior Officer Incentive Program (the "SOIP") and implemented it in 2010 to establish the annual cash incentive award opportunities for eligible Senior Officers.

Senior Officers are assigned individual target opportunities for SOIP payments that ranged from 50% to 100% of their annual salaries. Consequently, increases or decreases in a participant's base salary affect his or her SOIP opportunity. In addition, the bonus opportunity percentage for Mr. Faerber was increased for 2010 based on the Committee's comparative benchmarking review. Individual target bonus opportunity percentages for our named executive officers are as follows: Mr. Byrne, 100%; Mr. Driessnack, 60%; Mr. Faerber, 60%; Ms. Harwell, 60%; and Mr. McDonnell, 70%. SOIP participants can earn from 0% to 200% of their target payout opportunity, based on the Company's financial performance. The threshold level of achievement provided for payouts of 25% of the target payout amount; achievement below the performance threshold would result in no payout. The SOIP is flexible and the Committee may establish the payout opportunity range and threshold achievement levels each year. The Committee's practice has been to assign only company financial goals for the annual cash incentive opportunity. Currently, company financial performance alone determines whether SOIP goals are achieved; individual performance is not a factor. The Committee determines the extent to which the participants have earned their SOIP payments and has the authority to reduce the payout despite achievement of the SOIP goals, and to make specified adjustments for results that are not reflective of the performance of the ongoing business. Apart from the SOIP, the Committee has discretion to award a supplemental bonus payment based on individual performance factors as it deems appropriate.

**Table of Contents**

**2010 SOIP Goals and Results.** In February 2010, SOIP target performance goals were assigned. In the 2010 SOIP, the Committee used two matrices with the following weightings: (1) revenue relative to operating profit (70%) and (2) average invested capital relative to operating profit (30%). These are the same performance criteria that were used in 2009 and in 2008, although the weightings varied. Under the 2010 SOIP, average invested capital meant the average of the 13 month-end balances of net capital, beginning with December 31, 2009 and including the 12 months of 2010. The 2010 goals and their weighting were intended to balance profitable revenue achievement and prudent management of cash and liquidity. The Committee believed that these goals reflected appropriate business objectives in the period of tentative economic recovery prevailing in 2010. The target value for operating profit was \$42.5 million in both matrices. The target value for revenue was \$725.0 million. The target value for average invested capital was \$338.9 million. Under the terms of the 2010 SOIP when it was established, the calculation of achievement was intended to exclude restructuring and related costs incurred during 2010, because these costs are not reflective of the performance of the ongoing business. The Committee determined that the performance goals for the 2010 SOIP had not been achieved, and no payout was made, as illustrated in the table below.

**2010 SOIP Goals and Attainment**

Metric (Weighting)	Target	Actual Attainment (Dollars in millions)	Weighted Actual Attainment
<b>Performance goals:</b>			
Operating profit	\$ 42.5	\$ 6.1	
Revenue	\$ 725.0	\$ 679.1	
Average invested capital	\$ 338.9	\$ 346.3	
<b>Matrices results</b>			
Revenue relative to operating profit (70)%		00.0%	00.0%
Average invested capital relative to operating profit (30)%		00.0%	00.0%
Total			0.0%

**2011 Cash Incentive Plan.** In February 2011, the Committee assigned SOIP target performance goals, selecting two performance measures with the following weightings: (1) achievement of business operating profit before interest and taxes, as a percent of revenue (75%) and (2) free cash flow (25%). Achievement of each performance measure independently may result in payment of a portion of the potential payout. The Committee believes these measures are aligned with the strategic initiatives and business performance objectives being led by senior management.

**Perquisites.** Perquisites are not intended to be a material component of our on-going executive compensation programs. In the case of executive officers who must change their principal residence, we provide relocation benefits that include the reimbursement of certain expenses, and reimbursement for taxes on any imputed income resulting from such reimbursement. We believe these benefits are market competitive and necessary to attract top quality executives from other parts of the country. These amounts are reported in the All Other Compensation column of the Summary Compensation Table.

Due to the dramatic slow-down in the housing market in 2009, employees relocating to accept jobs with the Company have had difficulty selling their prior homes. Mr. Driessnack joined the company in January 2009; by June 2010 and after reasonable efforts and significant price reductions, his prior residence in the Midwest had not been sold, limiting his ability to purchase a new home for his family near our headquarters in Everett, Washington. In addition to relocation benefits paid to Mr. Driessnack, the Committee approved a one-time loss assistance and home buyout program to facilitate the settlement of Mr. Driessnack and his family and eliminate the personal distraction caused by this uncertainty. The Committee believes the timing and circumstances relating to Mr. Driessnack's situation were unusual. The Committee does not expect to offer this kind of assistance in the future.



## **Table of Contents**

When Mr. Faerber joined the company in 2008, he established his primary residence in Washington State at our request, while continuing to maintain a home in Colorado. The operational improvements and efficiencies Mr. Faerber has achieved in our global operations and supply chain management made it possible for him to resume his primary residence in Colorado by the end of 2010, where he will have his regular place of business on an ongoing basis. He now travels to our business locations as needed. In 2010, we made a lump-sum final payment to Mr. Faerber for personal travel costs as part of this transition. The Committee believes the circumstances relating to Mr. Faerber's situation were unusual, and does not expect to make this kind of payment in the future.

Mr. Byrne and Ms. Harwell participate in a program under which certain officers of the Company are eligible for additional life insurance coverage issued by Standard Life Insurance at the Company's expense. In 2007, the Committee decided that no more participants would be added in the future, but did not terminate the program for then-current participants.

### **Long-Term Equity Incentive Programs**

*General.* Our long-term equity incentive program is intended to provide a direct link between executive compensation and long-term stockholder value creation. Long-term incentive opportunities are allocated among stock options, PSUs and time-vested RSUs. The amount and relative proportions of each type of award have varied in the past three years.

In setting the value of the long-term incentive opportunity for an individual executive officer and for the executive officers as a group, the Committee considers Company performance, the long-term incentive opportunities provided by our peer group companies to their executive officers and the competitiveness of our total direct compensation for executive officers relative to total direct compensation of similar officers in our peer group companies. The value set is the Committee's subjective determination after considering these factors.

Long-term equity incentive grants and awards are important compensation tools for attracting, retaining and motivating executives and key employees. Each type of grant or award supports important compensation objectives.

Stock options are intended to align executives' interests with those of stockholders, by providing an incentive to increase our stock price through positive business and financial performance over multiple years. The stock options only have value to the recipients if the price of the Company's stock appreciates after the options are granted.

RSUs that vest over time are intended to align executives' interests with those of stockholders by providing an incentive to increase stock price through positive business and financial performance over multiple years. RSUs provide greater certainty of executive stock ownership. RSUs may provide an immediate sense of ownership since the value is based on the price of the Company's stock. The vesting period provides a balanced incentive to preserve and grow the value of the shares over time. The use of time-vested RSUs is intended to increase executive stock ownership and provide a balance of performance incentive and retention incentive.

The primary purpose of PSUs is to provide a competitive long-term incentive program that will reward executive officers and other participants for overall success in the Company's financial performance over multiple years. Participants receive payouts in the form of common stock at the end of the three-year period in an amount dependent on the degree to which the assigned targets were achieved. The performance share opportunity is intended to provide an incentive to achieve particular business and performance metrics over a multi-year period.

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**Table of Contents**

The Committee and the Board of Directors believe that it is vital for the Committee to have adequate equity compensation tools available to attract, retain and incentivize key employees. To assure the availability of sufficient shares to fund the Company's equity compensation programs in the future, we are asking stockholders, in Proposal 5, to approve the Amendment to the 2008 Plan to replenish the number of shares authorized under the plan.

*Performance Share Unit Program Awards and Results.* The Committee establishes target awards of PSUs for each participant at the beginning of each three-year award cycle; a new three-year award cycle begins each year. The performance targets are based on Company financial goals, rather than individual performance. In establishing the targets, the Committee takes into account its subjective assessment of the degree of difficulty required to achieve the target values. The targets are intended to be achievable if the business performs in a manner that is consistent with its plans, but the achievement of the at-target value is not intended to be a certainty. Participants can earn from 0% to 200% of their target PSU award based on the Company's performance against the assigned targets, subject to their continued employment through the last day of the three-year award cycle.

*2010-2012 PSU Program.* There are two financial goals assigned for the 2010-2012 PSU Program, weighted as follows: cumulative diluted earnings per share from continuing operations (EPS) (70%), and cumulative revenue (30%). Achievement of each goal will be separately determined as a percentage of its respective target. The performance period for the assigned goals is two years and achievement will be measured as of the end of 2011. The overall level of achievement will determine the number of shares of our common stock that may be issued to the participant after the end of 2012, conditioned on continued employment through December 31, 2012. The Committee believes these performance goals are appropriate because they emphasize incentives for consistently generating profitable revenue, and are easily understood by stockholders and employees. EPS is a key indicator of the value of the business to stockholders. The Committee also felt that a two-year measurement period would be appropriate in light of the degree of internal development and change anticipated by management's strategic initiatives and of the continuing economic uncertainties at the time the performance cycle was established. These goals are aligned with stockholders' interests, by targeting performance that takes advantage of the Company's scalable, profitable business model when the business cycle recovers.

*2009-2011 PSU Program.* The PSU Program for 2009-2011 used two financial goals, weighted as follows: EPS (defined the same as in the 2010-2012 PSU Program) (50%), and return on invested capital (ROIC) (50%). Achievement was measured by financial results for 2010. Achievement of each goal was separately evaluated as a percentage of its respective target. The business and management activities necessary to attain the established goals would have had to have occurred in 2009 and 2010. ROIC was calculated as operating profit from continuing operations divided by average net capital, or ANC. Net capital was defined as equity plus debt and retirement obligations, less cash, cash equivalents and short-term investments. ANC was the average of the 13 month-end balances of net capital, beginning with December 31 of the preceding year and including the 12 months of the current year. ANC as a percentage of operating profit is a non-GAAP measure that supplements traditional accounting measures to evaluate our effectiveness at managing capital deployed and generating liquidity as revenue fluctuates. ROIC is a non-GAAP measure that supplements traditional accounting measures to evaluate our financial return in a given period relative to our ANC.

The 2009-2011 EPS target was \$0.75 EPS for 2010 (the actual was \$(0.03)) and the ROIC target was 18% for 2010 (and the actual was 1.8%). Achievement of the targets at the end of 2010 would have required progress in 2009 to revise the Company's cost structure, as well as to achieve market success and generate cash, notwithstanding the economic uncertainties prevailing in 2009. While progress was made towards these goals in both 2009 and 2010, the targets were not achieved.

*2008-2010 PSU Program.* The PSU Program for 2008 used the following two financial goals, weighted as follows: diluted earnings per share from continuing operations (EPS-CO) (70%) and revenues (30%). The

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## **Table of Contents**

achievement of each goal was separately determined as a percentage of the target as of the end of each fiscal year in the three-year performance period. The total payout for the performance period was intended to be based on the three-year average of results under the applicable goal.

The 2008-2010 three-year average targets (and actual results) were as follow: EPS-CO target was \$0.90 (actual was \$0.22) and the revenue target was approximately \$1.0 billion (and actual was \$742.7 million). The design of the PSU Program for 2008-2010 was intended to emphasize profitable revenue growth, measured by EPS-CO. The goals were defined and the grants made under this program in March 2008, before the dramatic decline in the global economy began later in the year. These goals were not achieved.

*Changes for 2011 Long-Term Equity Incentive Program.* The Committee has modified the performance period and goals for the 2011-2013 PSU Program to be better aligned with the strategic initiatives and business performance objectives being led by senior management. The performance period is three years and achievement will be measured as of the end of 2013. There is a single financial goal, cumulative revenue. Long term revenue growth is important to enable the Company to invest in its strategic and growth initiatives. The Committee believes that setting cumulative revenue as the performance goal for the 2011-2013 PSU Program balances the short-term focus of the SOIP program on business operating profit and free cash flow with that of long-term business growth. Achievement will be determined as a percentage of the target, excluding significant acquisitions.

The Committee also intends to make stock option and RSU grants under the 2011 annual long-term incentive program in the second quarter of the year, and will determine the amount and mix of these grants at that time.

## **Post-Employment Compensation and Benefits**

*Deferred Compensation Plan.* All of our named executive officers are eligible to participate in the Intermec Deferred Compensation Plan, which is intended to provide benefits not available to participants under our 401(k) Plan due to the limitations imposed on that plan by the Code. Additional information regarding the Intermec Deferred Compensation Plan is shown under 2010 Nonqualified Deferred Compensation.

*Defined Benefit Plans.* In 2006, we amended our post-employment benefit plans with the effect of freezing benefit accruals for most participants. The plans that we froze were the Intermec Pension Plan (the IPP), a tax-qualified defined benefit plan, and our Restoration Plan (the Restoration Plan) and our Supplemental Executive Retirement Plan (the SERP), both nonqualified defined benefit plans. The rules used to decide whether the benefit freeze applied to a named executive officer were the same rules used to decide whether the benefit freeze applied to other employees. When these plans were frozen, further accruals ceased for most employees as of June 30, 2006. Subsequently, these plans were frozen as to all participants in 2009 (the Restoration Plan and SERP) or 2010 (the IPP), as described in 2010 Pension Benefits, but this event did not affect any of our named executive officers.

Ms. Harwell is in the group of employees whose IPP, Restoration Plan and SERP benefits were frozen. Mr. Byrne, Mr. Driessnack, Mr. Faerber and Mr. McDonnell are not eligible to participate in the IPP, Restoration Plan or SERP because they joined the Company after June 30, 2006.

Further details regarding these plans, including the estimated value of the retirement benefits for Ms. Harwell are found in this proxy statement under the section entitled 2010 Pension Benefits. The changes in the actuarial pension value from 2009 to 2010, from 2008 to 2009, and from 2007 to 2008, are presented in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the Summary Compensation Table.

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## **Table of Contents**

*Post-Termination Change of Control Benefits.* The Company adopted a Change of Control Severance Plan (the COC Plan ) and an Executive Change of Control Policy in 2009, for the 2008 Plan (the COC Policy ) to replace then-existing change of control programs. The COC Plan and COC Policy modified the previous change of control benefits for our executive officers in ways that the Board, the Committee and management believe are in the best interests of the Company and its stockholders. Details of the benefits available under the COC Plan and the COC Policy are described in Potential Payments Upon Termination or Change of Control Change of Control Severance Plan. Key features of the current COC Plan and COC Policy relative to the previous terms are:

Elimination of single-trigger benefits, under which participants would have received benefits upon a change of control even if their employment continued with the Company or a successor company (single-trigger acceleration of vesting of equity awards was eliminated as well as a modified single-trigger severance benefit for the chief executive officer). As part of implementing the COC Plan, the then covered executives agreed to replace single-trigger vesting with double-trigger vesting on their previously outstanding stock options and RSUs in exchange for participation in the COC Plan.

A definition of change of control that is more restrictive than under the prior arrangements.

A clawback provision in the event that the participant breaches covenants protecting the interests of the company.

A modified excise tax gross-up, under which the gross-up payment will be made only if the total value of all parachute payments to the individual exceeds 110% of the individual's safe harbor amount. The COC Plan's modified gross-up is designed to neutralize the disparate impact on executives of excise taxes on parachute payments imposed under Section 4999 of the Code that would result based on their varying tenures with the Company. This benefit is not available for participants first covered under the plan after March 2010.

The Committee believes it is in the Company's and our stockholders' interests to maintain a competitive change of control program to promote the alignment of management's interests with those of stockholders in evaluating potential change of control transactions by minimizing the distraction of executives that may be caused by personal uncertainties. The Potential Payments Upon Termination or Change of Control section provides additional information regarding the COC Plan and COC Policy and the estimated potential incremental benefits under those programs for the named executive officers.

*Post-Termination Severance Benefits.* The Company maintains a severance plan to provide benefits to senior executives following certain terminations of employment. The severance plan requires a qualifying termination of employment by the Company. Benefits payable under the COC Plan and the severance plan are coordinated to avoid any duplication. The severance plan does not require us to retain the executives or to pay them any specified level of compensation or benefits, and we have certain rights to modify the benefits without the consent of the executives. The Committee believes the severance plan is competitive with those of peer companies, and that it serves to diminish the distraction of personal uncertainties in periods of change. The Potential Payments Upon Termination or Change of Control section provides additional information regarding the severance plan and the estimated potential incremental benefits under the plan for the named executive officers.

## **Benchmarking and Peer Group Information**

In selecting peer technology companies for executive compensation benchmarking purposes, the Committee has found that there are too few comparable companies in the AIDC market to provide a broad sample for comparisons. Therefore, the Committee's practice is also to include non-AIDC technology firms and general industry firms of similar range of size and scale, and that have similar business and financial characteristics. We believe these are characteristics of the firms with which we compete for executive talent.

**Table of Contents**

Compensations decisions for 2010 were evaluated by reference to a peer group composed of publicly traded office electronics and computer storage and peripheral companies. The peer group was recommended by FWC and approved by the Committee. We believed this peer group is appropriate for competitive benchmarking because it represented the electronics and computer industry, which is an important industry from which executives for our business would be recruited. At the time this peer group was adopted, we believed that these companies were broadly comparable to us in terms of labor and capital market competition, revenues, profit margins and market capitalization. This peer group was used by FWC to advise the Committee on 2010 compensation for the named executive officers. The companies that were included in the peer group when it was used for evaluating 2010 compensation of our executive officers are shown in the following table. Our company was in the median range of these companies for the relevant time period.

**Most Recent Four Quarters as of 12/31/09**  
(Dollars in millions)

Ticker	Company	Revenue	Net Income	Market Cap	Employees
ADPT	Adaptec	\$ 80	\$ (28)	\$ 404	232
BRCB	Brocade Comm	1,953	(74)	3,362	4,070
EFII	Elec for Imaging	401	(2)	644	2,021
ELX	Emulex	352	2	879	768
HTCH	Hutchinson Tech	397	(89)	240	2,448
IMN	Imation	1,649	(42)	332	1,570
LXK	Lexmark Intl	3,880	146	2,029	14,000
NVTL	Novatel Wireless	337	4	246	307
PALM	Palm	324	(430)	1,681	939
QLGC	QLogic	534	79	2,183	1,031
QTM	Quantum	685	9	624	1,870
SNDK	SanDisk	3,567	415	6,616	3,565
SGI	Silicon Graphics Int l	297	(55)	213	318
SYNA	Synaptics	469	41	1,042	524
TDC	Teradata	1,709	254	5,384	6,400
WDC	Western Digital	8,347	962	9,951	45,991
ZBRA	Zebra Technologies	804	47	1,668	3,200
	75P	1,709	79	2,183	3,565
	Median	534	4	1,042	1,870
	25P	352	(42)	404	768
IN	Intermec	658	(12)	800	2,070

When there was insufficient peer group data available from these companies' public filings for a particular officer position, we supplemented the peer group data with data from the Radford Technology survey covering technology companies with revenues between \$200 million and \$1 billion (the Survey Group). Intermec's revenues were within the same range as the Survey Group companies for the comparable periods. The relative weighting given to the peer group proxy statement data and to the Survey Group data was based on FWC's judgment regarding the comparability of the functional positions being evaluated. In the benchmarking review performed in 2009 for 2010 salaries, the Survey Group data was given 25% weighting for officers other than the CEO, for whom the Survey Group data was not used.

While our objectives and methodology in using benchmarking information have not materially changed, the Committee has adopted a revised peer group for compensation decisions beginning in 2011. After examining our benchmarking practices, BDO, our current independent compensation consultant, suggested that we revise our core peer group and that we use an additional peer group in evaluating our executive compensation. As a result, we benchmarked our executives to a Technology peer group and a General Industry peer group. In suggesting a revision to the Technology peer group, our consultant sought to achieve the following goals: (1) recompose the Technology peer group with companies that were more tightly clustered around Intermec's total revenue level; (2) include technology companies that were direct competitors in the marketplace and for

**Table of Contents**

human capital; (3) include technology companies primarily based on the west coast; and (4) utilize the Technology peer companies for benchmarking pay practices as well as compensation levels. Our independent compensation advisors also suggested using a second peer group for the following reasons: (1) introduce General Industry companies with revenue levels comparable to Intermec's; (2) introduce General Industry companies that could potentially compete with Intermec for human capital, because there are few directly comparable companies in the AIDC market to provide a broad sample for comparisons; (3) temper the sometimes skewed compensation levels of technology peer companies; and (4) provide another basis of comparison for executive compensation levels. The Committee ultimately established the peer groups after review by and input from our senior management and our independent compensation advisors. While the data is ultimately combined for benchmarking purposes, the data is often presented as two groups to provide the Committee with a feel for the market, its current pay practices, and its current pay levels.

The Committee references data from these two peer groups in order to understand a broad industry perspective on competitive executive pay norms and trends. To provide a consistent approach to benchmarking, we compared rank order of executives below the CEO and CFO to the rank orders of companies in the peer groups. This also provided more data points among companies that do not have certain executive roles.

We believe these companies are broadly comparable to us in terms of human capital and market competition, revenues, profit margins and market capitalization. This peer group was used by BDO to advise the Committee on 2011 compensation for the named executive officers. The peer group may change from year to year depending on changes in the marketplace and our business focus. BDO reviews this peer group regularly and recommends adjustments as necessary to ensure that the peer group continues to be relevant. The companies currently included in the peer group are shown in the following table.

**Technology Peer Group**

<b>Most Recent Four Quarters as of 12/31/10</b>					
<b>(Dollars in millions)</b>					
<b>Ticker</b>	<b>Company</b>	<b>Revenue</b>	<b>Net Income</b>	<b>Market Cap</b>	<b>Employees</b>
CDNS	Cadence Design Systems Inc .	\$ 936	\$ 127	\$ 2,550	4,600
DLB	Dolby Laboratories, Inc	923	283	5,650	1,244
EFII	Electronics for Imaging Inc	504	7	700	2,020
EQIX	Equinix Inc	1,220	37	3,920	1,921
HON*	Honeywell International Inc	33,370	2,020	44,120	130,000
IRF	International Rectifier Corp /de/	1,070	145	2,200	4,534
KEM	Kemet Corp	970	42	490	11,000
MOT.MX*	Motorola Inc	19,280	254	33,270	51,000
MFLX	Multifineline Electronix Inc	803	29	646	11,800
SYNA	Synaptics Inc	575	67	945	586
PAY	Verifone Holdings, Inc	1,001	98	4,270	2,565
ZBRA	Zebra Technologies Corp	957	102	2,020	2,750
	Technology peer group 75p	993	121	3,578	4,584
	Technology peer group median	947	83	2,110	2,658
	Technology peer group 25p	833	38	761	1,946

**Table of Contents****General Industry Peer Group**

Ticker	Company	Revenue	Net Income	Market Cap	Employees
AHS	Amn Healthcare Services Inc	\$ 614	\$ (53)	\$ 289	1,130
AMLN	Amylin Pharmaceuticals Inc	669	(152)	1,640	1,400
BGFV	Big 5 Sporting Goods Corp	897	21	271	8,900
ELY	Callaway Golf Co	967	(29)	490	2,100
CENX	Century Aluminum Co	1,170	55	1,590	1,260
CYN	City National Corp	866	124	3,080	3,178
CPRT	Copart Inc	831	156	2,860	2,834
DECK	Deckers Outdoor Corp	1,000	158	3,250	1,500
DWA	Dreamworks Animation Skg, Inc	785	171	2,280	2,100
ESC	Emeritus Corp(WA)	953	(56)	989	12,577
GY	Gencorp Inc	858	6	318	3,135
HOTT	Hot topic Inc /CA/	710	0	253	2,500
JAKK	Jakks Pacific Inc	747	47	631	711
KALU	Kaiser Aluminum Corp	1,080	14	922	2,300
MAC	Macerich Co	832	23	6,290	2,658
PMI	Pmi group Inc	654	(773)	459	600
SKH	Skilled Healthcare Group, Inc	820	(1)	529	8,736
SHO	Sunstone Hotel Investors, Inc	644	(59)	1,210	35
	General Industry Peer Group 75P	939	53	2,120	3,060
	General Industry Group Median	832	10	956	2,200
	General Industry Group 25P	719	(47)	467	1,295
	All Peer Companies 75P	968	108	2,628	3,517
	All Peer Companies Median	862	33	1,100	2,400
	All Peer Companies 25P	738	0	519	1,365
IN	Intermec, Inc	679	(5)	627	1,745

\* Honeywell and Motorola were included for comparing our CEO to the business unit heads of these companies. The financial profiles for Honeywell and Motorola were not included in the summary statistics of the peer group tables above.

**Stock Ownership Guidelines**

We maintain stock ownership guidelines to ensure that our Senior Officers (including named executive officers) have a meaningful stake in the equity of the Company and to further align the interest of the officers with the long-term interests of our stockholders. The guidelines require each named executive officer to retain a fixed number of shares of stock. Under these guidelines, our CEO is required to hold 100,000 shares of Intermec common stock; our CFO is required to hold 50,000 shares; and our other Senior Officers are required to hold 25,000 shares. Restricted stock and time-based RSUs (which have not vested) are included in the calculation to determine whether the guidelines are met, but stock options (whether vested or unvested), PSUs or other performance-based awards are not included. The design of the ownership guidelines assumes that, in normal circumstances, an officer can reach the requisite stock ownership level within five years. All of our Senior Officers currently meet these ownership guidelines.

Our current guidelines are based on the advice of the Committee's independent compensation consultant, after considering peer group practices. Until February 2011, our guidelines were based on ownership of stock equal to a multiple of salary. Our CEO (Mr. Byrne) was required to retain an amount of stock equal in value to five times his annual base salary; the other named executive officers were required to retain an amount of

## **Table of Contents**

Intermec stock equal in value to three times the officer's annual base salary. The share counting rules are the same under the current guidelines and the former guidelines.

### **Equity Granting Practices**

The Committee makes annual awards of stock options and RSUs to named executive officers at its meeting during the second quarter of the year, which coincides with our annual stockholders' meeting. This Committee meeting also typically occurs during an open trading window, which is a period when our insider trading guidelines permit executive officers to engage in trading in Intermec securities. The Committee meeting date, or the next following trading day, is the effective date for the grants. PSU awards to our named executive officers typically are made in the first quarter of the year.

The exercise price or strike price of stock options is the fair market value of Intermec common stock on the date of the grant. The Committee also may approve equity awards throughout the year for newly hired executive officers or for promotion or retention purposes. These awards are effective on the date the Committee acts or a subsequent date determined by the Committee. The exercise price is the fair market value on the date of grant.

When the Committee makes its annual grant of stock options and RSUs, it also delegates to an Equity Grant Committee the authority to make an annual grant of stock options and RSUs to employees other than named executive officers. The Equity Grant Committee is comprised of the Chairman of the Committee and the CEO, who is also a director of the Company. The number of shares authorized for the annual stock option and RSU grant by the Equity Grant Committee is set by the Committee; the grant by the Equity Grant Committee is made on the same day that the Committee makes annual stock option and RSU grants to named executive officers.

The Committee also delegates to the Equity Grant Committee the authority to grant stock options, PSUs and RSUs to employees other than named executive officers, up to a specified number of shares, until the next annual meeting of stockholders. The Equity Grant Committee generally uses this authority to make grants of equity to newly hired or promoted management employees at times other than when the annual equity grants are made. These grants must be made by action of the Equity Grant Committee and are made effective the 15th day of the month (or the next following trading day, if a weekend or holiday).

We also maintain policies and procedures applicable to employees and Directors trading in our common stock. We enforce trading blackout and open trading window periods for our Directors, our Senior Officers (including named executive officers) and other employees who, by virtue of their positions, may have material non-public information. During the open trading window, these individuals must also obtain preclearance from the Corporate Secretary's office before undertaking a transaction. Our policies also prohibit short trading, puts and calls for executives, and other forms of conflict of interest, which we believe precludes hedging transactions.

### **Limits on Deductibility of Compensation**

Section 162(m) of the Code generally limits the tax deductibility of compensation paid by a public company to its CEO and certain other highly compensated executive officers who are in office at the end of the fiscal year to \$1 million per officer in the year the compensation becomes taxable to the executive. There is an exception to the limit on deductibility for performance-based compensation that meets certain requirements. We believe that all of the taxable compensation for 2010 paid to those of our named executive officers who are covered by Section 162(m) of the Code will be deductible.

The Committee's policy is to provide annual incentive awards, stock options and PSUs that are qualified and fully deductible by the Company under Section 162(m) of the Code. However, in order to maintain market competitive compensation programs, the Committee has reserved the right to approve incentive and other compensation that may not meet the Section 162(m) performance-based compensation exception. To the extent that such compensation exceeds the \$1 million limitation set forth in Section 162(m) of the Code, the Committee recognizes that the loss of the tax deduction may be unavoidable under these circumstances.



**Table of Contents**

The time-vested RSUs granted by the Committee will not be treated as performance-based compensation under Section 162(m) of the Code. The value of RSUs becomes taxable to the executive upon vesting, not upon grant. We anticipate that, due to the size and proportion of the grants of RSUs made in 2010 as part of the executives' overall compensation mix, some portion of the compensation of some of our executives during the years in which the grants vest may not be deductible. However, we believe the current objectives to reward, retain and incentivize the management team justify this potential outcome.

**REPORT OF THE COMPENSATION COMMITTEE**

The Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis; Activity in the period

(282) 947 4,962 5,627

Balance at April 1, 2017

\$(12,265) \$11,716 \$(68,403) \$(68,952)

(a) The balances at April 1, 2017 and December 31, 2016 are net of taxes of \$1.2 million and \$1.1 million, respectively.

**8. Income Taxes**

The effective tax rate for the first quarter of 2017 was 18.0% compared to an effective tax rate of 28.8% in the first quarter of 2016. The effective tax rates for both the first quarter of 2017 and the first quarter of 2016 are lower than the U.S. statutory tax rate primarily due to income earned in lower tax jurisdictions. Further, the effective tax rate for the first quarter of 2017 was lower than the effective tax rate for the first quarter of 2016 primarily due to a larger amount of income earned in lower tax jurisdictions in the first quarter of 2017 compared to the first quarter of 2016.

**9. Earnings Per Share**

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

	<b>For the Three Months Ended</b>	
<b>(in thousands, except per share amounts)</b>	<b>April 1, 2017</b>	<b>April 2, 2016</b>
<b>Numerator:</b>		

Net income as reported	\$38,891	\$19,289
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**Denominator:**

Weighted average shares outstanding		
Basic	22,748	22,438
Effect of dilutive securities	241	183
Diluted	22,989	22,621

**Earnings Per Share:**

Basic earnings per share	\$1.71	\$0.86
Diluted earnings per share	\$1.69	\$0.85

No potential shares of common stock attributable to stock options were excluded from the earnings per share calculation because their effect would be anti-dilutive for the three months ended April 1, 2017 while 21,888 shares were excluded for the three months ended April 2, 2016.

**10. Segment Information**

The Company and its subsidiaries design, manufacture and sell components and modules for circuit protection, power control and sensing throughout the world. The Company reports its operations by the following segments: Electronics, Automotive, and Industrial. An operating segment is defined as a component of an enterprise that engages in business activities from which it may earn revenues and incur expenses, and about which separate financial information is regularly evaluated by the Chief Operating Decision Maker (“CODM”) in deciding how to allocate resources. The CODM is the Company’s President and Chief Executive Officer (“CEO”). The CODM allocates resources to and assesses the performance of each operating segment using information about its revenue and operating income (loss) before interest and taxes, but does not evaluate the operating segments using discrete balance sheet information.

Sales, marketing, and research and development expenses are charged directly into each operating segment. Manufacturing, purchasing, logistics, customer service, finance, information technology, and human resources are shared functions that are allocated back to the three operating segments. The Company does not report inter-segment revenue because the operating segments do not record it. Certain expenses, determined by the CODM to be strategic in nature and not directly related to segments current results, are not allocated but identified as “Other”. Additionally, the Company does not allocate interest and other income, interest expense, or taxes to operating segments. These costs are not allocated to the segments, as management excludes such costs when assessing the performance of the segments. Although the CODM uses operating income (loss) to evaluate the segments, operating costs included in one segment may benefit other segments. Except as discussed above, the accounting policies for segment reporting are the same as for the Company as a whole.

*Electronics Segment:* Provides circuit protection components for overcurrent and overvoltage protection, as well as sensor components and modules to leading global manufacturers of a wide range of electronic products. The segment covers a broad range of end markets, including consumer electronics, telecommunications equipment, medical devices, lighting products, and white goods. The Electronics segment supplies circuit protection, sensing and control products to various leading manufacturers. The Electronics segment has one of the broadest product offerings in the industry including fuses and protectors, positive temperature coefficient (“PTC”) resettable fuses, varistors, polymer electrostatic discharge (“ESD”) suppressors, discrete TVS diodes, TVS diode arrays protection and switching thyristors, gas discharge tubes, power switching components, fuseholders, reed switch and sensor assemblies, IGBT blocks, and related accessories.

*Automotive Segment:* Provides circuit protection and sensor products to the worldwide automotive original equipment manufacturers (“OEM”) and parts distributors of passenger automobiles, trucks, buses, and off-road equipment. In addition, the Company supplies heavy duty power distribution modules, switches and relays to the commercial vehicle industry. The Company also sells its fuses, including blade fuses and high current fuses, battery cable protectors, and varistors, in the automotive replacement parts market. The Company also supplies wiring harness manufacturers and auto parts suppliers worldwide.

*Industrial Segment:* Provides circuit protection products for industrial and commercial customers. Products include power fuses and other circuit protection devices, including protection and time delay relays, which are used in commercial and industrial buildings and large equipment such as HVAC systems, elevators, and machine tools. The Company also supplies industrial ground fault protection in mining and other large industrial operations.

Segment information is summarized as follows:

(in thousands)	For the Three Months Ended	
	April 1, 2017	April 2, 2016
Net sales		
Electronics	\$153,767	\$98,796
Automotive	107,839	91,933
Industrial	23,835	28,669
Total net sales	\$285,441	\$219,398
Depreciation and amortization		
Electronics	\$8,387	\$5,372
Automotive	5,371	3,266
Industrial	1,314	1,451
Other	—	937
Total depreciation and amortization	\$15,072	\$11,026
Operating income (loss)		
Electronics	\$35,206	\$22,416

Automotive	15,065	17,491
Industrial	106	1,673
Other <sup>(a)</sup>	(1,525 )	(9,152 )
Total operating income	48,852	32,428
Interest expense	3,120	2,045
Foreign exchange loss (gain)	(1,557 )	3,823
Other expense (income), net	(139 )	(517 )
Income before income taxes	\$47,428	\$27,077

(a) For the first quarter of 2017, “Other” Operating income (loss) of \$1.5 million consists of acquisition and integration costs associated with the Company’s 2016 acquisitions (included in Cost of sales (“COS”) and Selling, general, and administrative expenses (“SG&A)).

For the first quarter of 2016, “Other” Operating income (loss) of \$9.2 million consists of: (i) \$1.4 million of internal reorganization costs with \$1.1 million included in COS and \$0.3 million included in SG&A, (ii) \$6.2 million of acquisition related expenses included in SG&A, and (iii) \$1.6 million of impairment and severance costs related to the planned shut-down of the Company’s Roskilde, Denmark operations with \$0.2 million included in COS, \$0.9 million included in amortization of intangibles, \$0.3 million included in research and development, and \$0.2 million included in SG&A.

The Company's net sales by country are as follows:

(in thousands)	For the Three Months Ended	
	April 1, 2017	April 2, 2016
Net sales		
United States	\$86,658	\$85,149
China	74,690	48,509
Other countries	124,093	85,740
Total net sales	\$285,441	\$219,398

The Company's long-lived assets by country, as of April 1, 2017 and December 31, 2016, are as follows:

(in thousands)	April 1, 2017	December
		31, 2016
Long-lived assets		
United States	\$23,770	\$23,731
China	65,073	65,345
Mexico	58,111	52,262
Philippines	32,615	33,345
Other countries	44,373	42,492
Total long-lived assets	\$223,942	\$217,175

The Company's additions to long-lived assets by country are as follows:

(in thousands)	For the Three Months Ended	
	April 1, 2017	April 2, 2016
Additions to long-lived assets		
United States	\$332	\$1,618
China	2,341	1,046
Mexico	6,978	4,653
Philippines	855	1,101
Other countries	1,871	721
Total additions to long-lived assets	\$12,377	\$9,139



## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

*Cautionary Statement Regarding Forward-Looking Statements Under the Private Securities Litigation Reform Act of 1995 ("PSLRA").*

Certain statements in this section and other parts of this Quarterly Report on Form 10-Q may constitute "forward-looking statements" within the meaning of the federal securities laws and are entitled to the safe-harbor provisions of the PSLRA. These statements include statements regarding the Company's future performance, as well as management's expectations, beliefs, intentions, plans, estimates or projections relating to the future. Such statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "estimates," "will," "should," "plans" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy, although not all forward-looking statements contain such terms. The Company cautions that forward-looking statements, which speak only as of the date they are made, are subject to risks, uncertainties and other factors, and actual results and outcomes may differ materially from those indicated or implied by the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, risks relating to product demand and market acceptance, economic conditions, the impact of competitive products and pricing, product quality problems or product recalls, capacity and supply difficulties or constraints, coal mining exposures reserves, failure of an indemnification for environmental liability, exchange rate fluctuations, commodity price fluctuations, the effect of the Company's accounting policies, labor disputes, restructuring costs in excess of expectations, pension plan asset returns less than assumed, integration of acquisitions, uncertainties related to political or regulatory changes, and other risks which may be detailed in the Company's other Securities and Exchange Commission filings, including those set forth under Item 1A. "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2016. The Company does not undertake any obligation to update or revise any forward-looking statements to reflect future events or circumstances, new information or otherwise.

This report, including the Management's Discussion and Analysis of Financial Condition and Results of Operations, should be read in conjunction with information provided in the financial statements and the related Notes thereto appearing in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide information that is supplemental to, and should be read together with, the consolidated financial statements and the accompanying notes. Information in MD&A is intended to assist the reader in obtaining an understanding of (i) the consolidated financial statements, (ii) the changes in certain key items within those financial statements from year-to-year, (iii) the primary factors that contributed to those changes, and (iv) any changes in known trends or uncertainties that we are aware of and that may have a material effect on future performance. In addition, MD&A provides information about the Company's segments and how the results of those segments impact the results of operations and financial condition as a whole.

## **Executive Overview**

Littelfuse is one of the world's leading suppliers of circuit protection products for the electronics, automotive, and industrial markets, with expanding platforms in sensor and power control components and modules. In addition to circuit protection products and solutions, the Company offers electronic reed switches and sensors, automotive sensors for comfort and safety systems and a comprehensive line of highly reliable electromechanical and electronic switch and control devices for commercial and specialty vehicles, as well as protection relays and power distribution centers for the safe control and distribution of electricity. The Company has a network of global engineering centers and labs that develop new products and product enhancements, provides customer application support and test products for safety, reliability, and regulatory compliance. The Company's devices protect products in virtually every market that uses electrical energy, from various electronic devices to automobiles to industrial equipment.

The Company conducts its business through three reportable segments, which are defined by markets and consist of Electronics, Automotive, and Industrial. The Company's customer base includes OEMs, Tier One automotive suppliers, and distributors.



## Executive Summary

The Company experienced strong performance improvements in the first quarter of 2017 compared to the first quarter of 2016. For the first quarter of 2017, the Company recognized net sales of \$285.4 million compared to \$219.4 million in the first quarter of 2016. The increase of \$66.0 million, or 30.0%, reflects increased net sales of \$55.0 million, or 56%, in the Electronics segment and \$15.9 million, or 17%, in the Automotive segment, partially offset by decreased net sales of \$4.8 million, or 17%, in the Industrial segment. The increased net sales in the Electronics and Automotive segments were primarily due to the impact of prior year acquisitions. The Company recognized net income of \$38.9 million, or \$1.69 per diluted share, in the first quarter of 2017 compared to net income of \$19.3 million, or \$0.85 per diluted share in the first quarter of 2016. Increased net income reflects the impacts of the prior year acquisitions on the current year results as well of a decrease in acquisition-related costs, coupled with a lower effective tax rate.

## Results of Operations

The following table summarizes the Company's consolidated results of operations for the periods presented. The first quarter of 2017 includes approximately \$1.5 million of non-segment charges. These were primarily attributable to acquisition-related costs primarily related to legal and integration costs associated with the Company's acquisitions in 2016 of the ON Portfolio PolySwitch.

The first quarter of 2016 includes approximately \$9.2 million of other non-segment charges. These included \$6.2 million of acquisition-related costs primarily related to legal and integration costs associated with the Company's PolySwitch acquisition, \$1.6 million in impairment charges related to the closure of the Company's manufacturing facility in Denmark, \$1.0 million related to the Company's transfer of its reed sensor manufacturing operations from the U.S. and China to the Philippines and \$0.4 million related to internal legal restructuring costs.

(in thousands, except % change)	Three Months Ended			
	April 1, 2017	April 2, 2016	Change	% Change
Net sales	\$285,441	\$219,398	\$66,043	30%
Gross profit	113,650	87,155	26,495	30%
Operating expenses	64,798	54,727	10,071	18%
Operating income	48,852	32,428	16,424	51%
Income before income taxes	47,428	27,077	20,351	75%
Income taxes	8,537	7,788	749	10%
Net income	38,891	19,289	19,602	102%

### ***Net Sales***

Net sales increased \$66.0 million, or 30%, for the first quarter of 2017 compared to the first quarter of 2016, primarily due to a \$60.9 million increase from the prior year PolySwitch, ON Portfolio, and Members' acquisitions. Increased net sales in the Electronics segment of \$55.0 million and the Automotive segment of \$15.9 million were partially offset by a \$4.8 million decrease in the Industrial segment.

### ***Gross Profit***

Gross profit was \$113.7 million, or 39.8% of net sales, in the first quarter of 2017, compared to \$87.2 million, or 39.7% of net sales in the first quarter of 2016. Gross profit reflects the incremental net sales and associated profits related to the prior year acquisitions.

### ***Operating Expenses***

Total operating expense was \$64.8 million, or 22.7% of net sales, for the first quarter of 2017 compared to \$54.7 million, or 24.9% of net sales, for the first quarter of 2016. The increase in operating expenses of \$10.1 million is primarily due to incremental operating expenses related to the prior year acquisitions including increased selling costs and amortization of intangibles. The improvement in operating expenses as a percentage of net sales is due to operating efficiencies coupled with approximately \$7.8 million of acquisition-related charges incurred in 2016.

### ***Operating Income***

Operating income was \$48.9 million, or 17.1% of net sales, for the first quarter of 2017 compared to \$32.4 million, or 14.8% of net sales, for the first quarter of 2016. The increase in operating income is the result of the above-described increased net sales and associated margins partially offset by increased operating expenses. The improvement in operating income as a percentage of net sales reflects the impact of the prior year acquisitions costs on operating expenses.

***Income Before Income Taxes***

Income before income taxes was \$47.4 million, or 16.6% of net sales, for the first quarter of 2017 compared to \$27.1 million, or 12.3% of net sales, for the first quarter of 2016. In addition to the factors impacting comparative results for operating income, income before income taxes was impacted by favorable comparative foreign exchange partially offset by increased interest expense. The effect of foreign exchange rate changes on various foreign currency transactions worldwide was approximately \$1.6 million of income for the first quarter of 2017 compared to \$3.8 million of expense for the first quarter of 2016 and primarily reflects fluctuations in the euro and Philippine peso against the U.S. dollar. Interest expense was \$3.1 million in the first quarter of 2017 as compared to \$2.0 million in the first quarter of 2016, primarily reflecting increased borrowings.

***Income Taxes***

Income tax expense was \$8.5 million, or an effective tax rate of 18.0%, for the first quarter of 2017 compared to income tax expense of \$7.8 million, or an effective tax rate of 28.8%, for the first quarter of 2016. The effective tax rates for both the first quarter of 2017 and the first quarter of 2016 are lower than the U.S. statutory tax rate primarily due to income earned in lower tax jurisdictions. Further, the effective tax rate for the first quarter of 2017 was lower than the effective tax rate for the first quarter of 2016 primarily due to a larger amount of income earned in lower tax jurisdictions in the first quarter of 2017 compared to the first quarter of 2016.

**Segment Results of Operations**

The Company reports its operations by the following segments: Electronics, Automotive and Industrial. Segment information is described more fully in Note 10, *Segment Information*, of the Notes to Consolidated Financial Statements included in this Quarterly Report.

The following table is a summary of the Company's net sales by segment:

(in thousands)	Three Months Ended		Change	% Change
	April 1, 2017	April 2, 2016		
Electronics	\$153,767	\$98,796	\$54,971	56%
Automotive	107,839	91,933	15,906	17%

Industrial	23,835	28,669	(4,834)	(17%)
Total	\$285,441	\$219,398	\$66,043	30%

### *Electronics Segment*

The Electronics segment net sales increased \$55.0 million, or 56%, in the first quarter of 2017 compared to the first quarter of 2016 primarily due to \$41.5 million of incremental net sales related to the PolySwitch and ON Portfolio acquisitions in the prior year. Excluding the impact of the acquisitions, the increased Electronics segment net sales were primarily the result of increased net sales of passive and semiconductor products.

### *Automotive Segment*

The Automotive segment net sales increased \$15.9 million, or 17%, in the first quarter of 2017 compared to the first quarter of 2016 primarily due to \$19.3 million of incremental net sales related to the PolySwitch and Menber's acquisitions in the prior year. The segment also experienced unfavorable foreign exchange impacts of \$1.7 million, primarily related to net sales denominated in euros and Chinese renminbi. Excluding the impact of prior year acquisitions and foreign currency, slight increases in net sales of passenger car products and commercial vehicle products were offset by a decrease in sensor net sales.

### *Industrial Segment*

The Industrial segment net sales decreased \$4.8 million, or 17%, in the first quarter of 2017 compared to the first quarter of 2016 primarily due to the divestiture of two non-core product lines, one in the first quarter of 2016 and the other in the fourth quarter of 2016, and decreased net sales in the custom products operations.

## Geographic Net Sales Information

Net sales by geography represent net sales to customer or distributor locations. The following table is a summary of the Company's net sales by geography:

(in millions)	Three Months Ended		Change	% Change
	April 2, 2017	April 1, 2016		
Americas	\$98,025	\$99,823	\$(1,798)	(2%)
Europe	58,905	42,813	16,092	38%
Asia-Pacific	128,511	76,762	51,749	67%
Total	\$285,441	\$219,398	\$66,043	30%

### *Americas*

Net sales in the Americas decreased \$1.8 million, or 2%, in the first quarter of 2017 compared to the first quarter of 2016. Increased net sales resulting from acquisitions in 2016 were more than offset by lower net sales of the Industrial segment's custom products and the Automotive segment's sensor products.

### *Europe*

European net sales increased \$16.1 million, or 38%, in the first quarter of 2017 compared to the first quarter of 2016 primarily due to a \$15.0 million increase from prior year acquisitions partially offset by \$1.7 million in unfavorable currency effects primarily results from sales denominated in euros.

### *Asia-Pacific*

Asia-Pacific net sales increased \$51.7 million, or 67%, in the first quarter of 2017 compared to the first quarter of 2016, primarily due to \$38.3 million in incremental net sales from prior year acquisitions. The Asia-Pacific net sales increase also reflects increased net sales in all of the Electronics segment's and Automotive segment's business units.

## Liquidity and Capital Resources

The Company has historically supported its liquidity needs through cash flows from operations. Management expects that the Company's (i) current level of cash, cash equivalents, and marketable securities, (ii) current and forecasted cash flows from operations, (iii) availability under existing funding arrangements, and (iv) access to capital in the capital markets will provide sufficient funds to support the Company's operations, capital expenditures, investments, and debt obligations on both a short-term and long-term basis.

### *Revolving Credit Facility/Term Loan*

On March 4, 2016, the Company entered into a new five-year credit agreement with a group of lenders for up to \$700.0 million. The new credit agreement consists of an unsecured revolving credit facility of \$575.0 million and an unsecured term loan credit facility of up to \$125.0 million. In addition, the Company has the ability, from time to time, to increase the size of the revolving credit facility and the term loan facility by up to an additional \$150.0 million, in the aggregate, in each case in minimum increments of \$25.0 million, subject to certain conditions and the agreement of participating lenders. For the term loan credit facility, the Company is required to make quarterly principal payments of \$1.6 million through March 31, 2018 and \$3.1 million from June 30, 2018 through December 31, 2020 with the remaining balance due on March 4, 2021.

Outstanding borrowings under the credit agreement bear interest, at the Company's option, at either LIBOR, fixed for interest periods of one, two, three or six month periods, plus 1.00% to 2.00%, or at the bank's Base Rate, as defined, plus 0.00% to 1.00%, based upon the Company's Consolidated Leverage Ratio, as defined. The Company is also required to pay commitment fees on unused portions of the credit agreement ranging from 0.15% to 0.30%, based on the Consolidated Leverage Ratio, as defined. The effective interest rate on outstanding borrowings under the credit facility was 2.48% at April 1, 2017. As of April 1, 2017, the Company had \$0.1 million outstanding in letters of credit and had available \$574.9 million of borrowing capacity under the revolving credit facility. Further information regarding the Company's credit agreement is provided in Note 4, *Debt*, of the Notes to Consolidated Financial Statements included in this Quarterly Report.

### *Senior Notes*

On December 8, 2016, the Company entered into a Note Purchase Agreement, pursuant to which the Company issued and sold €212 million aggregate principal amount of senior notes in two series. The funding date for the Euro denominated senior notes occurred on December 8, 2016 for €117 million in aggregate amount of 1.14% Senior Notes, Series A, due December 8, 2023, and €95 million in aggregate amount of 1.83% Senior Notes, Series B due December 8, 2028 (together, the "Euro Senior Notes"). Interest on the Euro Senior Notes is payable semiannually on June 8 and December 8, commencing June 8, 2017.



On December 8, 2016, the Company entered into a Note Purchase Agreement, pursuant to which the Company issued and sold \$125 million aggregate principal amount of senior notes in two series. On February 15, 2017, \$25 million in aggregate principal amount of 3.03% Senior Notes, Series A, due February 15, 2022, and \$100 million in aggregate principal amount of 3.74% Senior Notes, Series B, due February 15, 2027 (together, the “U.S. Senior Notes,” and together with the Euro Senior Notes, the “Senior Notes”) were funded. Interest on the U.S. Senior Notes will be payable semiannually on February 15 and August 15, commencing August 15, 2017. Further information regarding the Company’s Senior Notes is provided in Note 4, *Debt*, of the Notes to Consolidated Financial Statements included in this Quarterly Report.

### *Cash Flow Overview*

<b>(in thousands)</b>	<b>For the Three Months Ended</b>	
	<b>April 1, 2017</b>	<b>April 2, 2016</b>
Net cash provided by operating activities	\$22,943	\$9,492
Net cash used in investing activities	(22,098 )	(273,219)
Net cash provided by financing activities	2,938	203,733
Effect of exchange rate changes on cash and cash equivalents	(928 )	4,072
Decrease in cash and cash equivalents	2,855	(55,922 )
Cash and cash equivalents at beginning of period	275,124	328,786
Cash and cash equivalents at end of period	\$277,979	\$272,864

### *Cash Flow from Operating Activities*

Net cash provided by operating activities was \$22.9 million for the first three months of 2017 reflecting \$38.9 million in net income and \$20.2 million in non-cash adjustments (primarily \$15.1 million in depreciation and amortization) offset by \$36.2 million in net changes to various operating assets and liabilities.

Changes in operating assets and liabilities for the first three months of 2017 (including short-term and long-term items) that impacted cash flows negatively consisted of increases in accounts receivable (\$11.3 million), inventory (\$3.3 million), prepaid and other assets (\$2.0 million), accrued payroll and severance (\$20.2 million), accounts payable (\$3.3 million) and accrued and deferred taxes (\$0.2 million). The increase in accounts receivable was due to increased net sales in the first quarter. The decrease in accrued payroll and severance was due primarily to payouts for the 2016 management incentive plan which occurred in the first quarter.

### *Cash Flow from Investing Activities*



Net cash used in investing activities was \$22.1 million and primarily related to the acquisition of the Monolith business (\$14.2 million), net of cash acquired, and capital expenditures (\$12.4 million) both of which were partially offset by proceeds from maturities of short-term investments (\$3.7 million) and a decrease in the entrusted loan (\$0.7 million). The decrease in cash used in investing activities is due to cash used in the acquisition of PolySwitch in the first quarter of 2016.

#### *Cash Flow from Financing Activities*

Net cash provided by financing activities was \$2.9 million and included \$10.3 million in net proceeds on borrowings and \$0.2 million from the exercise of stock options including tax benefits both of which are partially offset by dividends paid of \$7.5 million and debt issuance costs related to the new credit agreement of \$0.1 million. The decrease in cash provided by financing activities is due to the Company entering into the new credit agreement and term loan credit facility in the first quarter of 2016.

#### **Share Repurchase Program**

The Company's Board of Directors authorized the repurchase of up to 1,000,000 shares of the Company's common stock under a program for the period May 1, 2016 to April 30, 2017 ("Share Repurchase Program"). The Company did not repurchase any shares of its common stock during fiscal 2016 or the first quarter of 2017. The Share Repurchase Program expired on April 30, 2017 with no shares repurchased. The Company's Board of Directors authorized a new program to repurchase up to 1,000,000 shares of the Company's common stock for the period May 1, 2017 to April 30, 2018.

#### **Off-Balance Sheet Arrangements**

As of April 1, 2017, the Company did not have any off-balance sheet arrangements, as defined under SEC rules. Specifically, the Company was not liable for guarantees of indebtedness owed by third parties, the Company was not directly liable for the debt of any unconsolidated entity and the Company did not have any retained or contingent interest in assets. The Company does not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities.

## **Recent Accounting Pronouncements**

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers" (Topic 606) which supersedes the revenue recognition requirements in ASC 605, "Revenue Recognition." This ASU provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most current revenue recognition guidance. The guidance permits two implementation approaches, one requiring retrospective application of the new standard with restatement of prior years and one requiring prospective application of the new standard with disclosure of results under old standards. In August, 2015, the FASB issued ASU No. 2015-14, which postponed the effective date of ASU No. 2014-09 to fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted on the original effective date of fiscal years beginning after December 15, 2016. The Company is in the process of performing its initial assessment of the potential impact on its consolidated financial statements and has not concluded on its adoption methodology. While the Company is currently assessing the impact of the new standards, the Company's revenue is primarily generated from the sale of finished products to customers. Sales predominantly contain a single delivery element and revenue is recognized at a single point in time when ownership, risks, and rewards transfer. These are largely un-affected by the new standard. The Company does not expect this new guidance to have a material impact on the amount of overall sales recognized; however, the timing of sales on certain projects may be affected. The Company has not yet quantified this potential impact.

In February 2016, the FASB issued ASU No. 2016-02, "Leases" (Topic 842). This ASU requires lessees to recognize, on the balance sheet, assets and liabilities for the rights and obligations created by leases of greater than twelve months. The accounting by lessors will remain largely unchanged. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. Adoption will require a modified retrospective transition. The Company is currently evaluating the impact of this ASU on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles-Goodwill and Other" (Topic 350). This ASU modifies the concept of impairment from the condition that exists when the carrying amount of goodwill exceeds its implied fair value to the condition that exists when the carrying amount of a reporting unit exceeds its fair value. An entity no longer will determine goodwill impairment by calculating the implied fair value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. Because the update will eliminate Step 2 from the goodwill impairment test, it should reduce the cost and complexity of evaluating goodwill for impairment. This ASU is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2020, with early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company expects to adopt the new standard in 2017.

## **Critical Accounting Policies and Estimates**

The Company's Consolidated Financial Statements are prepared in accordance with U.S. GAAP. In connection with the preparation of the Consolidated Financial Statements, the Company uses estimates and makes judgments and assumptions about future events that affect the reported amounts of assets, liabilities, revenue, expenses, and the related disclosures. The assumptions, estimates, and judgments are based on historical experience, current trends, and other factors the Company believes are relevant at the time it prepares the Consolidated Financial Statements.

The significant accounting policies and critical accounting estimates are consistent with those discussed in Note 1, Summary of Significant Accounting Policies and Other Information, to the consolidated financial statements and the MD&A section of the Company's Annual Report on Form 10-K for the year ended December 31, 2016. During the three months ended April 1, 2017, there were no significant changes in the application of critical accounting policies.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

See Item 7A, Quantitative and Qualitative Disclosures about Market Risk, of our Annual Report on Form 10-K for the year ended December 31, 2016. During the three months ended April 1, 2017, there have been no material changes in our exposure to market risk.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### ***(a) Evaluation of Disclosure Controls and Procedures***

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

In connection with the preparation of this report, management, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of April 1, 2017. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the quarter ended April 1, 2017, our disclosure controls and procedures were effective.

#### ***(b) Changes in Internal Control over Financial Reporting***

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15 and 15d-15 under the Exchange Act that occurred during the quarter ended April 1, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II – OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

None.

**ITEM 1A. RISK FACTORS**

During the three months ended April 1, 2017, there have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K for our year ended December 31, 2016.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

*Recent Sales of Unregistered Securities*

None.

*Purchases of Equity Securities*

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

None.

**ITEM 5. OTHER INFORMATION**

None.

24

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**ITEM 6. EXHIBITS**

Exhibit Description

Subsidiary Guaranty Agreement, dated as of February 15, 2017, made by LFUS LLC, Littelfuse Commercial Vehicle, LLC, SC Building LLC, SSAC, LLC and Symcom, Inc. in favor of the note purchasers and the other holders (filed as Exhibit 10.1 to the company's Current Report on Form 8-K dated February 15, 2017).

31.1\* Certification of David W. Heinzmann, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2\* Certification of Meenal A. Sethna, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1\*\* Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101.INS\* XBRL Instance Document

101.SCH\* XBRL Taxonomy Extension Schema Document

101.CAL\* XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF\* XBRL Taxonomy Definition Linkbase Document

101.LAB\* XBRL Taxonomy Extension Label Linkbase Document

101.PRE\* XBRL Taxonomy Extension Presentation Linkbase Document

\* Filed herewith.

\*\* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q for the quarter ended April 1, 2017, to be signed on its behalf by the undersigned thereunto duly authorized.

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

Littelfuse, Inc.

By /s/ Meenal A. Sethna

Meenal A. Sethna

Executive Vice President and Chief Financial Officer

(Principal Financial and Principal Accounting Officer)

Date: May 3, 2017