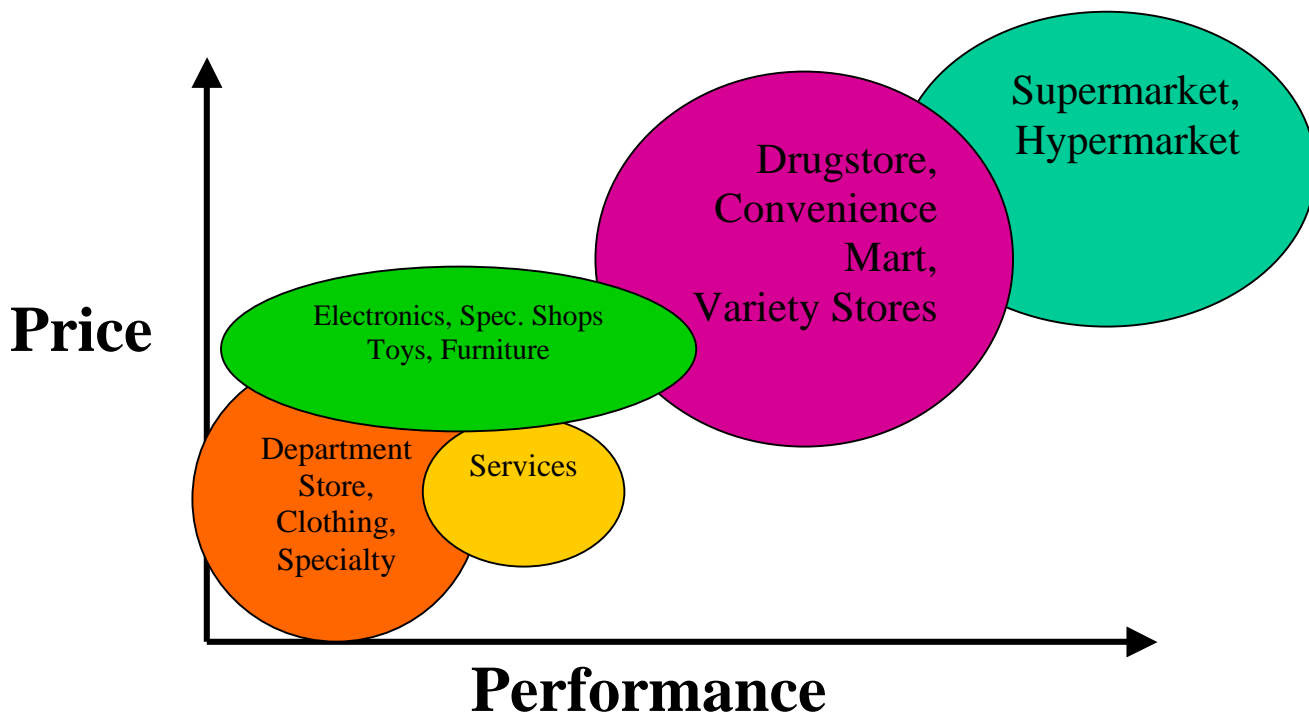


SUPPLEMENTAL INFORMATION

1. THE RETAIL SCANNER MARKET

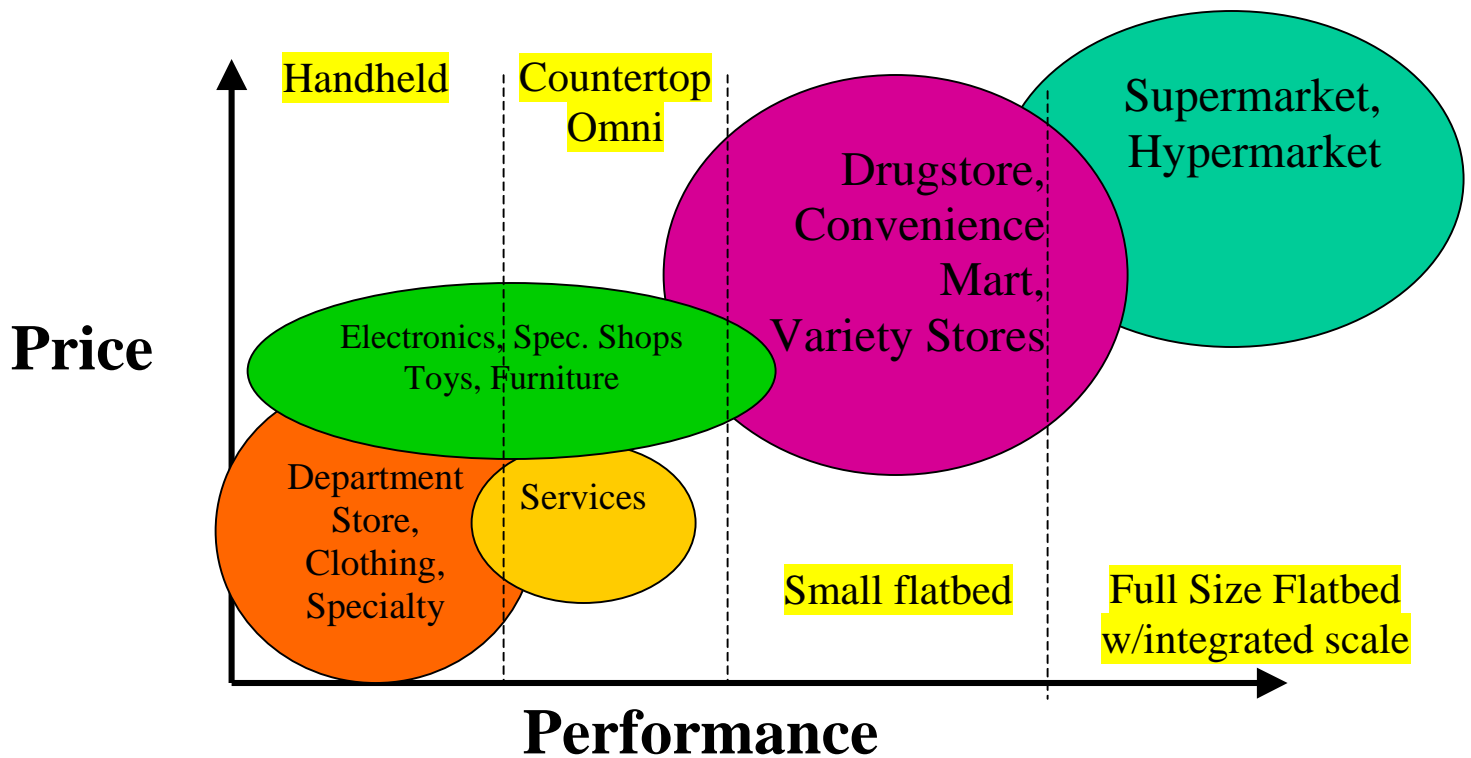
Different Retail Segments have Different Value Perceptions



As the number of items per customer transaction increases, and items are of a more standard size/shape...the POS scanner has a greater influence on speed of service and customer satisfaction. These customers attach more value to the enhanced features of high speed, omni-direction flatbed scanners...and are willing to invest more to buy the high-value features of these scanners.

Let's take a look at how the scanner products line up retail customer's ideas of value.

Scanner Products are designed to fit customers Value Perceptions



Intermec is making strategic entries into the Retail market. As you can see, we have been steadily adding new products (moving left to right across the value chart) over the course of the last 2 years.

- **ScanPlus 1800 Handheld Scanner**
- **ScanPlus 1802 Cordless Handheld Scanner**
- **MicroScan 2210 and 2220 Omni-directional Fixed Scanners**
- **and introducing...**

Intermec's MaxiScan 2300VS, 2400HS, and 2500DP, a line of small-footprint flatbed scanners.

2. THE VALUE OF FLATBED SCANNERS

Now, I will present information that you can use to create compelling benefit messages for individual customers. As you are already aware, marketing crafts messages regarding the product to market based on what the majority of customers would find significant about our products. However, your individual customer may have a different priority structure or different need. The most successful salespeople modify their sales message and presentation to show how our product addresses the individual customer's business "pain."

A. The Customer's Pain

The Brick&Mortar Retailer's "Pain"

1. Lost business due to long waits at checkout
2. High Employee Turnover
3. Shrinkage (incur cost but don't realize anticipated return)
4. Reduced ability to compete against e-tailers

Based upon our review of current market conditions, these are the greatest concerns of retailers in priority order. With the demise of many internet shopping businesses, and the addition of e-tailing arms to many "brick&mortar" businesses, the concern regarding their ability to compete has fallen off somewhat. However, the "pain" that really is a burr under the saddle for many retailers is #1. Given the technology available today, we should be able to solve this one...however, retailers are still seeking the best solution by considering everything from self-checkout and kiosks to "mobile POS" solutions.

B. What actions are required to reduce the Retailer's Pain? How can they be addressed by scanner performance?

Pain #1: Lost business due to long waits

Pain reducers relating to scanning products:

- Fast Scan Rates
- 100% First Pass Read Rate
- Able to read poor quality codes (damaged, wet, bent, low contrast, etc.)
- Sufficient Depth of Field to accommodate largest products
- Multiple tasks in a single motion (EAS inactivation, weights, etc.)
- Lowest POS station downtime due to scanner failure (durable topdeck/window, sealed optical assembly, longest MTBF)

Pain #2: High Employee Turnover

Pain reducers relating to scanning products:

- Short learning curve
- Comfortable to use

Pain #3: Shrinkage

Pain reducers relating to scanning products:

- Accurate Scanning (no substitution errors, beeper volume/good read LED placement)

Pain#4: Reduced Ability to Compete

Pain reducers relating to scanning products:

- Lowest Cost of Acquisition
- Longest Warranty Period
- Least Service/Repair/Replacement Expense (MTBF)

These represent the scanner features that we will focus on when creating value statements for the flatbed scanners. In fact, our competition has already focused on these performance features and has introduced some terms that have now become a part of the retailers vocabulary. Let's familiarize ourselves with them now.

C. Vocabulary

Term	Definition
360 degree scanning	Term used when the scanner is capable of scanning the bar code in any orientation while in the field of view. This is possible only with a dual-plane or bi-optic scanner.
Bi-optic scanner	A combination horizontal and vertical scanner which employs two optics collection systems, one for each plane. Scanning can take place on both planes at the same time.
Diamond-Coated Glass	A method for treating glass which makes it more resistant to scratches.
Dual-Plane scanner	A combination horizontal and vertical scanner which employs a single optics collection system. This scanner is less costly than a bi-optic scanner, however it can accept only one read at a time (the read can be on either plane).
EAS	Acronym for Electronic Article Surveillance which refers to the security system used by many retailers.
First Pass Read Rate	The percentage of time that the scanner is able to read an item presented with a single pass.
Horizontal scanner	Scanner designed to read bar codes when presented on the horizontal plane.
In-counter	Refers to a flatbed scanner designed to be mounted with part of it's housing buried underneath the POS station counter top so that the horizontal scan window and top deck are flush with the counter surface.
Integrated scale	A scanner option offering a scale for weighing objects priced by weight that is imbedded in the horizontal scan window or top deck.
Low Profile	A scanner design feature on a dual-plane or bi-optic scanner where the vertical scan window and housing are especially low.
Omni-directional	Able to read bar codes presented in multiple directions.
On-counter	Refers to a scanner designed to be mounted on top of the counter or some other POS station surface.
Pass-through	A style of scanning where items are moved across the scanner field of view from one side to the other.
POS	An acronym referring to the location where a purchase is made. It stands for Point of Sale.
Presentation scanning	A style of scanning where items are moved from outside the field of view towards the scan window along a perpendicular line into the field of view.
Sapphire Crystal	Refers to a type of glass which has undergone a special process to make it especially resistant to scratches.
Scale compatible	A term applied to a scanner capable of accepting input from an external scale.
Sealed Housing or Assembly	Refers to scanners whose design incorporates a sealed box around the moving parts to protect it from dust, liquid, dirt and other contaminants able to negatively affect performance.
Slot scanner	Another term for a flatbed scanner.
Vertical scanner	Scanner designed to read bar codes when presented on the vertical plane.

Many of us were reminded at this year's Sales and Partner Conference, that winning salespeople are able to illustrate how the value to the customer is greater than the price. Use the matrix below to help develop an individual customer's value proposition.

D. Intermec's Flatbed Scanner Value Proposal

Retailer Value	Scanner Feature	Specified Characteristic	Intermec	Symbol	NCR	PSC	Metrologic
		Models	M2300VS M2400HS M2500DP	LS 5700 LS 5800	7880 7872 7875	VS1000 HS 1250 Magellan SL	700i 860i
Fast POS Transactions Increases Revenue Opportunity and Customer Satisfaction	Fast Scan Rates	Scan Rate	1500 to 2300 scans/sec	1600 scans/sec	2000 to 5333 scans/sec	1350 to 3600 scans/sec	2000 scans/sec
	High First Pass Read Rate	Scan Pattern	15-28 lines, 5 or 14 fields	16 lines	20-40 lines	18-48 lines	20 lines
		Dual Plane option	yes	no	yes	yes	no
	Easily Reads Poor Quality Codes	Aggressive Decode Algorithms	yes	no	yes	yes	yes
	Sufficient Scan Area for Largest Products	Window Width	50% larger	0 to 20 cm	0 to 15 cm	0 to 18 cm	0 to 18 cm
		Depth of Field	0 to 30 cm				
		Handheld Scanner option	yes, aux port available	yes	yes	yes	yes
	Multiple Tasks in a Single Motion	EAS option	yes	yes	yes	yes	no
		Scale option	yes, exterN/A	no	yes	yes	no
	Low POS station downtime due to scanner failure	Warranty	3 years	N/A	N/A	N/A	NA
	MTBF	30,000 hrs	NA	NA	NA	NA	
	Bi-Optic option	yes, with Combo	no	yes	yes	no	
	Scratch Resistant Glass	Sapphire glass avail.	Sapphire glass avail.	Sapphire glass avail.	Sapphire glass avail.	NA	
	Sealed Optical Assembly	yes	no	yes	yes	NA	
Reduced Operator Fatigue Contributes to a Increased Employee Satisfaction (Decreased Turnover)	Easy to Use/Short Learning Curve	Good Read Beep	yes	yes	yes	yes	yes
		Good Read LED	yes, 3 colors	yes, 2 colors	yes, 2 colors	yes, 2 colors	yes, 2 colors
	Comfortable to Use (Less Need to Orient Item)	Scan Pattern	15-28 lines, 5 or 14 fields	16 lines	20-40 lines	18-48 lines	20 lines
		Dual Plane option	yes	no	yes	yes	no
Compact Housing offers More Counter Space and Seated Comfort		Product Dimensions	see sales guides	see sales guides	see sales guides	see sales guides	see sales guides
Maximum Profit and ROI	Accurate Scanning	Data Confirmation with Mult. Read before Transmit	yes	yes	yes	yes	NA
		Programmable Time out before Same Data Transmit	yes	yes	yes	yes	N/A
		Good Read Beep	yes	yes	yes	yes	yes
		Good Read LED	yes	yes, 2 colors	yes, 2 colors	yes, 2 colors	yes, 2 colors
	Low Repair Expense	Warranty	3 years	N/A	N/A	N/A	N/A
		MTBF	30,000 hrs	N/A	N/A	N/A	N/A
	Scratch Resistant Glass	Sapphire glass avail.	Sapphire glass avail.	Sapphire glass avail.	Sapphire glass avail.	N/A	
Low Cost of Acquisition	List Price	\$995 to \$1945	\$1,445	\$2700+	\$1495 to \$2400+	\$1,170	
Note: Specification values vary within the range given depending on which individual product is selected. Consult "Sales Guides" for specific product-to-product comparisons.							

