ZEBRA TECHNOLOGIES CORP/DE
Form DEF 14A
April 21, 2009

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

Filed by the Registrant x
Filed by a Party other than the Registrant o

o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
x Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

ZEBRA TECHNOLOGIES CORPORATION

(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):

x No fee required

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:
2) Aggregate number of securities to which transaction applies:
3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
4) Proposed maximum aggregate value of transaction:
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1) Amount Previously Paid:
2) Form, Schedule or Registration Statement No.:
3) Filing Party:
4) Date Filed:

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 21, 2009

To the Stockholders of Zebra Technologies Corporation:

The Annual Meeting of Stockholders of Zebra Technologies Corporation (the Company) will be held at 10:30 a.m., Central Time, on Thursday, May 21, 2009, at the Hilton Northbrook, 2855 North Milwaukee Avenue, Northbrook, Illinois 60062, for the following purposes:

(1) To elect three directors;

(2) To ratify the appointment by the Audit Committee of Ernst & Young LLP as the independent auditors of the Companys financial statements for the year ending December 31, 2009; and

(3) To transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

The Board of Directors has fixed the close of business on March 26, 2009, as the record date for determining stockholders entitled to notice of, and to vote at, the Annual Meeting.

By Order of the Board of Directors,

Noel Elfant
Secretary

Lincolnshire, Illinois
April 21, 2009

ALL STOCKHOLDERS ARE URGED TO ATTEND THE MEETING IN PERSON OR BY PROXY. WHETHER OR NOT YOU EXPECT TO BE PRESENT AT THE MEETING, PLEASE MARK, SIGN AND DATE THE ENCLOSED PROXY CARD AND RETURN IT PROMPTLY IN THE ENCLOSED POSTAGE PAID ENVELOPE FURNISHED FOR THAT PURPOSE OR VOTE OVER THE INTERNET OR BY TELEPHONE IN ACCORDANCE WITH THE INSTRUCTIONS ON THE PROXY CARD.

Zebra Technologies Corporation

475 Half Day Road, Suite 500
Lincolnshire, Illinois 60069
(847) 634-6700

PROXY STATEMENT

The accompanying Proxy is solicited by the Board of Directors of Zebra Technologies Corporation, a Delaware corporation (Zebra or the Company), for use at the Annual Meeting of Stockholders, and any adjournments thereof. The Annual Meeting will be held at 10:30 a.m., Central Time, on May 21, 2009, at the Hilton Northbrook, 2855 North Milwaukee Avenue, Northbrook, Illinois. Directions to attend the Annual Meeting in person are available at http://www1.hilton.com/enUS/hi/hotel/CHINBHF-Hilton-Northbrook-Illinois/index.do or by calling the Hilton Northbrook (847-480-7500). The Company is releasing this Proxy Statement and the accompanying form of proxy to stockholders on or about April 21, 2009.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL STOCKHOLDER MEETING TO BE HELD ON MAY 21, 2009

The Companys Proxy Statement for the 2009 Annual Meeting of Stockholders and the Annual Report to Stockholders for the year ended December 31, 2008, are available at: https://materials.proxyvote.com/989207

VOTING SECURITIES; PROXIES; REQUIRED VOTE

Voting Securities The Board of Directors fixed the close of business on March 26, 2009, as the Record Date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting or any adjournments thereof. As of the March 26, 2009 Record Date, the Company had outstanding 59,348,525 shares of Class A Common Stock, par value $.01 per share (Common Stock). Holders of Common Stock are entitled to one vote per share.

Proxies The Board of Directors of the Company selected Anders Gustafsson and Noel Elfant to serve as proxies for the Annual Meeting. Mr. Gustafsson is a director and the Chief Executive Officer of the Company. Mr. Elfant is Vice President, General Counsel and Secretary of the Company. Most stockholders have a choice of voting over the Internet, by using a toll-free telephone number or by completing a proxy card and mailing it in the postage-paid envelope provided. Please check your proxy card or the information forwarded by your bank, broker or other holder of record to see which options are available to you. Please be aware that if you vote over the Internet, you may incur costs such as telecommunication and Internet access charges for which you will be responsible. The Internet and telephone voting facilities for stockholders of record will close at 11:59 p.m., Eastern Time, on May 20, 2009. The Internet and telephone voting procedures have been designed to authenticate stockholders by use of a control number and to allow you to vote your shares and to confirm that your instructions have been properly recorded. Each executed and returned proxy card will be voted in accordance with the directions indicated thereon, or if no direction is indicated, such proxy will be voted in accordance with the recommendations of the Board of Directors contained in this Proxy Statement. Each stockholder giving a proxy (by executing the proxy card, over the Internet or by telephone) has the power to revoke it at any time before the shares it represents are voted. Revocation of a proxy is effective upon receipt by the Secretary of the Company of either (1) an instrument revoking the proxy or (2) a proxy bearing a later date or time (which can be done by mail, over the Internet or by telephone until those facilities have closed). Additionally, a stockholder may change or revoke a previous proxy by voting in person at the Annual Meeting.

Required Vote At the Annual Meeting, (1) a plurality of the votes cast in person or by proxy is required to elect directors; and (2) the affirmative vote of holders of a majority of the votes cast affirmatively or negatively, in person or by proxy, is required to approve Proposal 2, ratification of the appointment of independent auditors. Stockholders are not allowed to cumulate their votes in the election of directors.

The required quorum for the transaction of business at the Annual Meeting will be a majority of the shares of Common Stock issued and outstanding on the Record Date. Abstentions and broker non-votes will be included in determining the presence of a quorum. In counting votes on the election of directors for which a plurality of votes cast is required, only votes for or withheld will be considered. Broker non-votes and other shares not voted will be treated as not voted in the election of directors. In counting votes on the ratification of the appointment of Ernst & Young LLP and on any other matter voted upon, a majority of votes is required, and broker non-votes and other shares not voted will not be counted as voted.

PROPOSAL 1
ELECTION OF DIRECTORS

The Board of Directors presently consists of seven directors, five of whom are independent under The NASDAQ Stock Market listing requirements, and two of whom are currently executive officers of the Company. Each of the nominees for election as director currently serves as a director of the Company.

If at the time of the Annual Meeting any of the nominees is unable or declines to serve, the persons named in the proxy will, at the direction of the Board of Directors, either vote for the substitute nominee or nominees that the Board of Directors recommends or vote to allow the vacancy created thereby to remain open until filled by the Board of Directors. The Board of Directors has no reason to believe that any nominee will be unable or will decline to serve as a director if elected.

Nominees for Election as Directors The Company has a Board of Directors that is divided into three separate classes, with one class being elected each year to serve a staggered three-year term. The terms of the Class I Directors expire at this Annual Meeting, and three directors will be elected at the Annual Meeting to serve as Class I Directors for a three-year term expiring at the Annual Meeting in 2012 or until their successors are duly elected and qualified. For the Annual Meeting, the Board of Directors has proposed the following nominees for election based on a recommendation by the Nominating Committee: Richard L. Keyser, Ross W. Manire and Dr. Robert J. Potter.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE ELECTION OF RICHARD L. KEYSER, ROSS W. MANIRE AND DR. ROBERT J. POTTER TO SERVE AS DIRECTORS OF THE COMPANY.

The following table sets forth information regarding the nominees for directors and other directors who will serve as directors in the classes and for the terms specified below:

Name	Age	Position with Company	Director Since	Term to Expire
Nominees for Director				
Class I Directors				
Richard L. Keyser	66	Director	2008	2012(1)
Ross W. Manire	57	Director	2003	2012(1)
Dr. Robert J. Potter	76	Director	2003	2012(1)
Continuing Directors				
Class III Directors				
Anders Gustafsson	48	Director and Chief Executive Officer	2007	2011
Andrew K. Ludwick	63	Director	2008	2011
Class II Directors				
Gerhard Cless	69	Director and Executive Vice President	1969	2010
Michael A. Smith	54	Director and Chairman	1991	2010

(1) Current term expires at this Annual Meeting.

Nominees for Director

Richard L. Keyser has been a director of Zebra since June 2008. He is Chairman of the Board of W.W. Grainger, Inc., an international distributor of maintenance, repair and operating supplies, a position he has held since 1997. Previously, he served as Grainger’s Chief Executive Officer from 1995 until 2008, and President and Chief Operating Officer from 1994 to 1995. Prior to joining Grainger in 1986, he held positions at NL Industries and Cummins Engine Company. Mr. Keyser received a BS degree from the United States Naval Academy and an MBA degree from Harvard Business School. Mr. Keyser is a member of the Board of Directors of the Principal Financial Group, a financial services firm, and the Rohm & Haas Company, a manufacturer of specialty chemicals. Mr. Keyser is a member of the Company’s Compensation Committee.

Ross W. Manire has been a director of Zebra since 2003. He is Chairman and Chief Executive Officer of ExteNet Systems, Inc. (formerly known as Clearlinx Network Corporation), a wireless networking company, a position held since 2002. Previously, Mr. Manire was President of the Enclosure Systems Division of Flextronics International, Ltd., an electronics contract manufacturer, from 2000 to 2002. He was President and Chief Executive Officer of Chatham Technologies, Inc., an electronic packaging systems manufacturer that merged with Flextronics, in 2000. Prior to joining Chatham, he was Senior Vice President of the Carrier Systems Business Unit of 3Com Corporation, a provider of networking equipment and solutions. He served in various executive positions with U.S. Robotics, including Chief Financial Officer, Senior Vice President of Operations, and Senior Vice President of the Network Systems Division prior to its merger with 3Com. Mr. Manire was also a partner at Ernst & Young LLP. He holds a BA degree from Davidson College and an MBA degree from the University of Chicago. He is a member of the Board of Directors of The Andersons, Inc., a diversified business with interests in agribusiness, railcars and retailing. Mr. Manire is a member of the Company’s Audit and Nominating Committees.

Dr. Robert J. Potter has been a director of Zebra since 2003. Since 1990, he has been President and Chief Executive Officer of R. J. Potter Company, a Dallas-area firm providing business and technical consulting. From 1987 to 1990, Dr. Potter was President and CEO of Datapoint Corporation, a leader in network-based data processing. Prior to Datapoint, Dr. Potter was Group Vice President of Nortel Networks, Senior Vice President of International Harvester, President of the Office Systems Division of Xerox and Research Manager of International Business Machines Corporation. He graduated Phi Beta Kappa from Lafayette College with a BS degree in Physics and holds a Ph.D. in optics from the University of Rochester, specializing in fiber optics. He is a fellow of the Optical Society of America and has written more than 50 articles for various scientific, technical and business publications, including the first description of optical character recognition in an encyclopedia. He is a member of the Board of Directors of Molex, Incorporated, a designer, manufacturer and distributor of electronic, electrical and fiber optic interconnects, as well as switches and application tooling. Dr. Potter is on the Board of Trustees of the Illinois Institute of Technology. He is Chair of the Company’s Compensation Committee.

Continuing Directors

Gerhard Cless is Executive Vice President of Zebra, and has been in this position since 1998. Mr. Cless is a co-founder of Zebra and has served as a director since 1969. He served as Secretary of Zebra from its formation until 2005, and as Executive Vice President for Engineering and Technology of Zebra from 1995 to 1998, after having served as Senior Vice President of Engineering since 1969. Mr. Cless served as Treasurer of Zebra from its formation until 1991. Since 1969, he has been active with Zebra, where he has directed the development of numerous label printers based on various printing technologies and maintained worldwide technology/vendor relationships. Prior to founding Zebra, Mr. Cless was a research and development engineer with Teletype Corporation’s printer division. Mr. Cless received an MSME degree from Maschinenbauschule Esslingen in Germany, and did graduate work at the Illinois Institute of Technology. The Cless Technology Center, Zebra’s product development and research facility, is named in honor of Mr. Cless.

Anders Gustafsson became Chief Executive Officer and a director of Zebra in 2007. Prior to joining Zebra Technologies, Mr. Gustafsson served as Chief Executive Officer of Spirent Communications plc, a publicly-traded telecommunications company, from 2004 until 2007. From 2000 until 2004, he was Senior Executive Vice President, Global Business Operations, of Tellabs, Inc. While at Tellabs, Mr. Gustafsson also served as President, Tellabs International, as well as President, Global Sales, and Vice President and General Manager, Europe, Middle East and Africa. Earlier in his career, he held executive positions with Motorola, Inc. and Network Equipment Technologies, Inc. Mr. Gustafsson has an MS degree in Electrical Engineering from Chalmers University of Technology in Gothenburg, Sweden, and an MBA degree from Harvard Business School.

Andrew K. Ludwick has been a director of Zebra since 2008. He has been a private investor since 1997. Mr. Ludwick served as Chief Executive Officer of Bay Networks, Inc., a communications networking company, from 1994 to 1996. From 1985 to 1994, Mr. Ludwick was founder, President and Chief Executive Officer of SynOptics Communications, Inc., a communications networking company. Mr. Ludwick holds a BA from Harvard College and an MBA from Harvard Business School. He is a member of the Board of Directors of Macrovision Corporation, a provider of technologies for the protection, enhancement and distribution of businesses’ digital goods. He is a member of the Company’s Audit Committee.

Michael A. Smith has served as a director of Zebra since 1991 and as Chairman since 2007. Since 2000, he has served as Chairman and Chief Executive Officer of FireVision LLC, a private investment company that he founded. From 1998 to 1999, Mr. Smith was Senior Managing Director and head of the Chicago and Los Angeles offices of the Mergers & Acquisitions Department of NationsBanc Montgomery Securities and its successor entity, Banc of America Securities, LLC. Previously, he was Senior Managing Director and co-head of the Mergers and Acquisitions Department of BancAmerica Robertson Stephens; co-founder and head of the investment banking group, BA Partners, and its predecessor entity, Continental Partners Group; Managing Director, Corporate Finance Department, Bear, Stearns & Co.; and Vice President and Manager of the Eastern States and Chicago Group Investment Banking Division of Continental Bank. Mr. Smith graduated Phi Beta Kappa from the University of Wisconsin with a BA degree and received an MBA degree from the University of Chicago. Mr. Smith is the Chair of the Audit and Nominating Committees and a member of the Company’s Compensation Committee.

CORPORATE GOVERNANCE

Board and Committee Meetings in 2008 — The Board of Directors (the “Board”) met six times during 2008. Each director attended at least 96% of the aggregate total number of meetings of the Board of Directors and the total number of meetings of the Board committees on which he served during 2008. As a general matter, Board members are expected to attend the Company’s annual meetings. Three directors attended last year’s annual meeting.

Board of Directors Committees — The Board of Directors has three standing committees composed entirely of independent directors, namely, the Nominating, Compensation and Audit Committees, as described below. Charters for these Committees and the Board’s Corporate Governance Guidelines are available on the investor page of Zebra’s website at www.zebra.com. The Corporate Governance Guidelines address the Board’s composition, qualifications and functions, director education, minimum required stock ownership by directors, and management succession. Please note that the information on the Zebra website is not incorporated by reference in this Proxy Statement.

The Board of Directors has determined that each of Messrs. Keyser, Ludwick, Manire, Potter and Smith is a non-employee director who meets the applicable independence requirements of the NASDAQ Marketplace Rules (“NASDAQ independence requirements”). The table below shows the current membership of each of the Board’s standing committees:

Independent Director	Nominating	Compensation	Audit
Keyser		Member	
Ludwick			Member
Manire	Member		Member
Potter		Chair	
Smith	Chair	Member	Chair

After each Board meeting, the Company’s independent directors have a regularly scheduled meeting at which only independent directors are present. The Chairman of the Board, Mr. Smith, serves as the lead director in these executive sessions.

<u>Nominating Committee</u>. The Nominating Committee is comprised of Messrs. Smith, Chair, and Manire. In accordance with the listing requirements of The NASDAQ Stock Market, the Nominating Committee determines nominees for election to the Board of Directors. This Committee met seven times in 2008.

The Nominating Committee believes that candidates for Board membership must exhibit certain minimum characteristics: good business judgment and an even temperament, high ethical standards, and a healthy view of the relative responsibilities of a board member and management. Board members shall be independent thinkers, articulate and intelligent. The Nominating Committee’s Charter sets forth additional criteria that the Committee considers important, including experience as a board member of another publicly traded company, experience in industries or with technologies relevant to the Company, accounting or financial reporting experience, or such other professional experience as the Committee shall determine shall qualify an individual for Board service.

In selecting candidates and approving nominees for open Board positions, the Nominating Committee will make every effort to ensure that the Board and its committees include at least the minimum number of independent directors, as that term is defined and as may be required by the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”) and applicable standards promulgated by The NASDAQ Stock Market or the Securities and Exchange Commission (“SEC”), and any other applicable requirements.

In addition, the Nominating Committee shall make every reasonable effort to ensure that at least one director is a financial expert, as that term is defined by Sarbanes-Oxley and applicable standards promulgated by The NASDAQ Stock Market and the SEC.

The Company's policy is not to discriminate on the basis of race, gender or ethnicity. The Nominating Committee is supportive of any qualified candidate who would also provide the Board with more diversity.

The Nominating Committee will consider candidates for the Board from any reasonable source, including stockholder recommendations. The Nominating Committee does not evaluate proposed candidates differently based on the source of the proposal. Stockholders who wish to suggest qualified candidates should provide notice of such recommended candidate to the Secretary of Zebra, at Zebra's headquarters address. These recommendations should include detailed biographical information concerning the nominee, the nominee's qualifications to become a member of the Board, and a description of any relationship the nominee has to the stockholder making the recommendation or to other stockholders of the Company. A written statement from the candidate consenting to be named as a candidate and, if nominated and elected, to serve as a director, subject to the candidate's due diligence of Zebra, should accompany any such recommendation. In addition, the notice of recommendation should disclose specific information about the stockholder making the recommendation, including Company securities owned by the stockholder (including options, warrants and other derivative securities) and the stockholder's voting rights with respect to Company securities, short positions with respect to Company securities, rights to dividends on Company shares that are separated or separable from the underlying shares and other interests in or based on Company securities. Stockholders who wish to nominate a director for election at an annual meeting of stockholders of the Company must comply with the Company's By-Laws regarding stockholder proposals and nominations.

The Nominating Committee has the authority under its charter to hire and pay a fee to consultants or search firms to assist in the process of identifying and evaluating candidates. The Board appointed Mr. Keyser as a director in June 2008. In connection with its appointment of Mr. Keyser to the Board of Directors, the Nominating Committee followed the above-described process and engaged a recognized third-party search firm to identify for consideration potential candidates based on the minimum characteristics and criteria set forth above. Mr. Keyser was first identified to the Nominating Committee by this search firm.

Compensation Committee. The Compensation Committee is comprised of Dr. Potter, Chair, and Messrs. Keyser and Smith. The Compensation Committee determines the compensation of the Chief Executive Officer and all other executive officers of the Company. The Compensation Committee also administers the 2006 Zebra Technologies Corporation Incentive Compensation Plan and its predecessor, the 1997 Stock Option Plan, and determines the timing, terms and number of awards granted pursuant to the 2006 Zebra Technologies Corporation Incentive Compensation Plan and its predecessor. The Committee may retain independent consultants or other third parties and may seek the input of members of the Company's management. This Committee met twelve times in 2008. Although it may delegate its authority to any subcommittee and management to the extent permitted under applicable laws and rules, when the Committee deems appropriate, it has not done so except to grant to the CEO the right to award stock options to Company non-executive officer employees in limited circumstances.

In 2008, the Compensation Committee retained The Delves Group as its independent executive compensation consultant to provide competitive compensation data, analysis and guidance throughout the process of determining compensation for the Company's Named Officers (as defined below). The role of The Delves Group in determining executive compensation is further described below under "Compensation Discussion and Analysis."

Audit Committee. The Audit Committee is established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 and is comprised of Messrs. Smith, Chair, Ludwick and Manire. These three directors are independent in accordance with NASDAQ independence requirements, including the additional independence requirements applicable to Audit Committee members. This Committee met five times during 2008. The Board determined that Mr. Manire is an audit committee financial expert.

Contacting the Board of Directors — Any stockholder who would like to contact members of the Board of Directors may do so by writing to the Office of the Secretary, Zebra Technologies Corporation, 475 Half Day Road, Suite 500, Lincolnshire, Illinois 60069. Communications received in writing will be distributed to the Chairman or the other members of the Board, as appropriate, depending on the facts and circumstances outlined in the communication received.

DIRECTOR COMPENSATION

Cash Fees. For 2008, the Company paid each of its independent directors an annual retainer, which was paid on a quarterly basis. Other than for the independent director that served as Chairman of the Board, the retainer for each independent director was $6,250 per quarter. The Company also pays its non-Chairman independent directors the following fees: $1,500 for each Board meeting; $1,000 for each Committee meeting that occurred on the day of a Board meeting; and $1,500 for each Committee meeting that did not occur on the day of a Board meeting. The Chair of the Compensation Committee received an additional $500 per Committee meeting. Mr. Smith, Chairman of the Board, is paid $30,000 per quarter and he receives $1,500 for attending, and $500 for chairing, each Audit Committee meeting. The meeting fees described above were paid for meetings attended in person or by telephone.

Equity Awards. On May 22, 2008, the Compensation Committee approved the grant of a non-qualified stock option to each of the Company’s non-employee directors that were directors of the Company prior to the 2008 Annual Meeting and continued to serve as directors after the Annual Meeting (i.e., Messrs. Manire, Potter and Smith). Each such stock option has a ten-year term, has an exercise price equal to the closing price of the Common Stock on the date of grant, May 22, 2008, is exercisable for 2,000 shares of Common Stock and vests in full on the first anniversary of the grant date, subject to the director’s continued service as a director on such vesting date.

Mr. Ludwick was elected as a new director by the Company’s stockholders at the 2008 Annual Meeting. In connection with his election, the Compensation Committee approved grants of two non-qualified stock options (the “Ludwick Options”) to Mr. Ludwick. Each of the Ludwick Options has a ten-year term and has an exercise price equal to the closing price of the Common Stock on the date of grant, May 22, 2008. The first Ludwick Option is exercisable for 18,000 shares of Common Stock and vests in four equal installments on each of the first four anniversaries of the grant date, subject to Mr. Ludwick’s continued service as a director on each such vesting date. The second Ludwick Option is exercisable for 6,000 shares of Common Stock and vests in full on the first anniversary of the grant date, subject to Mr. Ludwick’s continued service as a director on such vesting date.

Effective June 16, 2008, the Board appointed Mr. Keyser as a new director of the Company. The Compensation Committee of the Board approved the grant of a non-qualified stock option (the “Keyser Option”) to Mr. Keyser in connection with his appointment. The Keyser Option has a ten-year term and has an exercise price equal to the closing price of Company’s Common Stock on the date of grant, June 16, 2008. The Keyser Option is exercisable for 18,000 shares of the Common Stock and vests in four equal installments on each of the first four anniversaries of the grant date, subject to Mr. Keyser’s continued service as a director on each such vesting date.

Retiring Directors. Messrs. Kaplan and Knowles retired as directors effective at the 2008 Annual Meeting.

In recognition of Mr. Knowles’ many years of service as a director of the Company, on May 22, 2008, the Compensation Committee amended the terms of Mr. Knowles’ outstanding unexercised stock options. As of that date, Mr. Knowles held an unexercised stock option granted to him on February 8, 2002 (the “2002 Option”) to purchase 27,000 shares of the Company’s Class A Common Stock (the “Common Stock”) and another unexercised stock option granted to him on February 8, 2006 (the “2006 Option”) to purchase 20,000 shares of Common Stock (the 2002 Option and the 2006 Option are collectively referred to herein as the “Knowles Options”). The amendment accelerated the vesting of the unvested portion of the 2006 Option, so that the 2006 Option became fully exercisable as of May 22, 2008. Prior to the amendment, the 2002 Option was already fully exercisable and the 2006 Option was exercisable with respect to 8,000 shares of Common Stock. The 2006 Option would have become exercisable with respect to an additional 4,000 shares of Common Stock on each of February 8, 2009, February 8, 2010 and February 8, 2011. In addition, the amendment extended the exercise period of the 2002 Option until February 8, 2012, and the exercise period of the 2006 Option until February 8, 2016, the latest respective dates on which the Knowles Options would have expired under their respective original terms if Mr. Knowles had continued as a director of the Company until such dates. Prior to the amendment, the Knowles Options’ exercise periods would have been shortened if Mr. Knowles did not continue as a director of the Company.

Mr. Kaplan, the Company’s co-founder, served the Company as Chairman and Chief Executive Officer until his retirement from those positions on September 4, 2007. Mr. Kaplan and the Company entered into a letter agreement (the “Kaplan Consulting Agreement”) regarding his engagement as a consultant effective upon his retirement. Under the Kaplan Consulting Agreement, Mr. Kaplan provides consulting services to the Company until the earliest of (i) May 31, 2009, (ii) a change in control, or (iii) the hiring of a chief executive officer subsequent to Mr. Gustafsson. The Board believes it is important to retain Mr. Kaplan as a consultant to assist the Company in providing an effective transition of the CEO responsibilities and to serve as a resource to the Companys management. As the co-founder of the Company and an active member of management for more than 38 years, the Board considers his continued involvement and availability to be valuable to the Company.

-7-

Under the Kaplan Consulting Agreement, Mr. Kaplan did not receive any fees for his continued service as a director, but the Company agreed to pay Mr. Kaplan for his consulting services as follows: $150,000 on each of September 4, 2007, December 1, 2007 and March 1, 2008; $112,500 on each of June 1, 2008, September 1, 2008, December 1, 2008 and March 1, 2009; $87,500 on each of June 1, 2009, September 1, 2009, December 1, 2009 and March 1, 2010; and $62,500 on each of June 1, 2010, September 1, 2010, December 1, 2010 and March 1, 2011. Any such payments that have not yet been paid upon the occurrence of a change in control will be accelerated and paid at that time. In addition, the Kaplan Consulting Agreement provided that while Mr. Kaplan was a director, he and his spouse would continue to be eligible to participate in the Companys group health insurance plan and the Company will pay the premium costs of such participation. The Company will also provide Mr. Kaplan with office space and administrative support while he performs services for the Company at the Companys location, as well as limited computer support.

The Kaplan Consulting Agreement amended the terms of the outstanding option granted to Mr. Kaplan on March 23, 2005, to purchase 219,203 shares of the Companys Common Stock (the 2005 Option). The amendment accelerated, as of September 4, 2007, the vesting of the unvested portion of the 2005 Option, so that the 2005 Option became fully exercisable on that date and extended the exercise period of the 2005 Option until March 22, 2015, which is the latest date on which the 2005 Option would have expired under its original terms if Mr. Kaplan continued as an employee, director or consultant of the Company until that date. Prior to the amendment, the 2005 Options exercise period would have been shortened relative to any time Mr. Kaplan did not continue as an employee, director or consultant of the Company. The Kaplan Consulting Agreement also provides that Mr. Kaplan will continue to be restricted by the non-competition, non-solicitation and confidentiality provisions in the award agreement with respect to the 2005 Option.

The term change in control with respect to the vesting of the Kaplan Consulting Agreement is defined in the Glossary.

Deferred Compensation. Pursuant to a 2007 amendment to the Companys 2005 Executive Deferred Compensation Plan, independent directors may now participate in such plan and elect to defer a portion of their compensation. Such plan is described below in Non-Qualified Deferred Compensation. Of the independent directors, only Mr. Smith deferred any compensation for 2008.

Summary information regarding compensation paid to Mr. Kaplan and the independent directors for 2008 is set forth in the table below. The directors were also reimbursed for out-of-pocket expenses for attending Board and Committee meetings.

2008 Director Compensation

Name[1]	**Fees Earned or Paid in Cash ($)**	**Option Awards ($)[2][3]**	**All other Compensation ($)**	**Total ($)**
Edward L. Kaplan	$ 0	$ 0	$ 491,430[4]	$ 491,430
Richard Keyser	$ 25,530	$ 32,566	$ 0	$ 58,096
Christopher Knowles	$ 39,500	$ (11,874)	$ 0	$ 27,626
Andrew Ludwick	$ 23,974	$ 89,143	$ 0	$ 113,117
Ross Manire	$ 49,000	$ 74,991	$ 0	$ 123,991
Robert Potter	$ 59,500	$ 74,991	$ 0	$ 134,491
Michael Smith	$ 130,000	$ 74,991	$ 0	$ 204,991

(1) Aggregate number of shares underlying unexercised stock option awards outstanding on December 31, 2008, for each of the Company's independent directors: Mr. Kaplan: 219,203; Mr. Keyser: 18,000; Mr. Knowles: 47,000; Mr. Ludwick: 24,000; Mr. Manire: 48,034; Dr. Potter: 49,534; and Mr. Smith: 47,500. Mr. Cless, who is an executive officer, is also a director but does not receive any additional compensation for services provided as a director.

(2) The amounts reflected represent the dollar amounts recognized for awards of stock options for financial statement reporting purposes for the year ended December 31, 2008, in accordance with SFAS 123(R). Please refer to Note 4, "Stock Based Compensation," of the Company's consolidated financial statements for 2008 included in the Company's Form 10-K for 2008, as filed with the Securities and Exchange Commission on February 27, 2009, for a discussion of assumptions relevant to the calculation of such amounts.

(3) The Company's non-employee directors received stock option awards in 2008 as described above under "Director Compensation." All such awards were granted under the 2006 Zebra Technologies Corporation Incentive Compensation Plan. The grant date values of such awards calculated in accordance with SFAS 123(R) were as follows:

Richard Keyser	$ 240,300
Andrew Ludwick	
stock option for 18,000 shares	$ 250,200
stock option for 6,000 shares	$ 83,400
Ross Manire	$ 27,800
Robert Potter	$ 27,800
Michael Smith	$ 27,800

(4) Consists of the following payments to Mr. Kaplan: quarterly consulting payments pursuant to the Kaplan Consulting Agreement of $487,500; health and dental insurance premiums of $3,930.

EXECUTIVE OFFICERS

Set forth below is a table identifying the executive officers of the Company other than Messrs. Cless and Gustafsson. Information for Messrs. Cless and Gustafsson is included in the section "Continuing Directors."

Name	Age	Position
Noel Elfant	49	Vice President, General Counsel and Secretary
Hugh K. Gagnier	53	Senior Vice President, Business Development and Operations, Specialty Printer Grou
Philip Gerskovich	52	Senior Vice President, Corporate Development
Todd R. Naughton	46	Vice President, Finance
Michael C. Smiley	49	Chief Financial Officer
Michael H. Terzich	47	Senior Vice President, Global Sales and Marketing, Specialty Printer Group
Joanne Townsend	55	Vice President, Human Resources
William J. Walsh	45	Senior Vice President and General Manager, Zebra Enterprise Solutions

Noel Elfant is Vice President, General Counsel and Secretary of Zebra and has been with the Company since 2003. He is also Zebra's Chief Compliance Officer. From 2001 to 2003, he served as Associate General Counsel and Secretary of Philip Services Corporation, a company specializing in industrial engineering, environmental services and scrap metals. Prior to that, from 1990 to 2001, Mr. Elfant served in the Legal Department of Fortune Brands, Inc., a diversified consumer products company, most recently as Assistant General Counsel. Mr. Elfant began his career in the real estate and corporate and securities departments of the Chicago-based national law firm of McDermott, Will & Emery. Mr. Elfant earned his JD degree from Northwestern University School of Law and his BA degree from the University of California, Los Angeles.

Hugh K. Gagnier became Senior Vice President, Business Development and Operations, of Zebras Specialty Printer Group business unit in 2006, where he had previously served as its Senior Vice President, Operations, since 2003. Mr. Gagnier joined Zebra as the Vice President and General Manager for its Camarillo operations upon the Companys merger with Eltron International, Inc. in 1998. At Eltron, he was President from 1995 until its merger with Zebra, and Executive Vice President and Chief Operating Officer from 1994 until he became President. From 1991 to 1993, Mr. Gagnier was Group President of Wangtek and WangDAT, Inc., manufacturers of tape drives for automated data backup. Prior to his position as Group President, Mr. Gagnier served as President of Wangtek in 1991 and as Vice President of Engineering from 1988 to 1991. Prior to his tenure at Wangtek, Mr. Gagnier spent three and one-half years at Peripheral Technology Corporation, a disk drive manufacturer, in various engineering management positions. Mr. Gagnier received a BS degree in Mechanical Engineering from the University of Southern California.

Philip Gerskovich joined Zebra as Senior Vice President, Corporate Development, in 2005. Previously, Mr. Gerskovich was Corporate Vice President and General Manager of New Business, Commercial Printing Division for Eastman Kodak Company, a provider of photographic and imaging products and services, from 2004 until he joined Zebra. From 1999 to 2003, he was Corporate Vice President and Chief Operating Officer, Digital and Applied Imaging, at Kodak. His previous positions included Vice President of Internet Appliance Business Unit, Data General Corp. from 1995 to 1998, Director, Server Product Marketing, Dell Inc., from 1994 to 1995, and Program Director OEM and Technology Marketing, RS/6000 Division, International Business Machines Corporation, from 1992 to 1994. Mr. Gerskovich received a BS degree in Computer Engineering from the University of Illinois.

Todd R. Naughton became Vice President, Finance in 2007. Mr. Naughton was Corporate Controller for Zebra from 1999, when he joined the Company, until he became Vice President and Controller of Zebra in 2000, a position he held until 2007. From 1998 to 1999, he was Vice PresidentFinancial Shared Services for Moore North America. Previously, Mr. Naughton was Vice President and Controller for UARCO Incorporated from 1996 to 1998. His previous positions included Director of Treasury, Manager of Financial Planning and Assistant Controller for Handy Andy Home Improvement Centers, Inc. (1988 to 1996), Assistant Controller and Manager of Financial Reporting of Uptown Federal Savings, FSB (1986 to 1988) and Staff Auditor, Ernst & Whinney (1984 to 1986). Mr. Naughton received a BS degree in Accounting from the University of Illinois at Urbana-Champaign, and an MBA from the University of Chicago. He is a certified public accountant.

Michael C. Smiley became Chief Financial Officer in May 2008. From 2004 until joining the Company, he served Tellabs, Inc., a provider of telecommunications networking products, as general manager of the Tellabs Denmark A/S unit. Previously, from 2002 to 2004, he held various finance and operations executive positions at Tellabs including interim chief financial officer, vice president, international finance, and treasurer. Prior to his positions at Tellabs, Mr. Smiley was vice president, finance-Asia/Pacific (2000 to 2002) and vice president and treasurer (1997 to 2000) for General Semiconductor, Inc. Earlier in his career, he held positions of increasing responsibility at General Instrument Corporation, GATX Corporation, and Itel Corporation/Anixter Brothers, Inc. He began his professional career as an auditor with Coopers & Lybrand L.L.P. Mr. Smiley holds a BS in accounting from Brigham Young University and an MBA degree from the University of Chicago.

Michael H. Terzich became Senior Vice President, Global Sales and Marketing, Specialty Printer Group in 2006. From 2003 until 2006 he served as Zebras Senior Vice President, Office of the CEO, and from 2001 until 2003, as Vice President and General Manager, Tabletop and Specialty Printers. Since joining Zebra in 1992, Mr. Terzich has held a variety of progressive roles including Vice President and General Manager, Vice President of Sales for North America, Latin America, and Asia Pacific, Vice President of Strategic Project Management, Director, Integration Project Management, Director of Printer Products, and Director of Customer and Technical Services. Prior to Zebra, he was the Director of Operations for a five-plant industrial video production and duplication company. Mr. Terzich earned his BS degree in Marketing from the University of Illinois and an MBA from Loyola University of Chicago.

Joanne Townsend joined Zebra as Vice President, Human Resources, in March 2008. From 2007 to March 2008, she was Vice President, Human Resources, Wireless Network Solutions Segment, for Andrew Corporation, a global designer, manufacturer, and supplier of communications equipment, services, and systems. From 1979 to 2007, Ms. Townsend held various positions at Motorola, Inc., a wireless and broadband communications company, including Director, Human Resources of various Motorola organizations from 1994 to 2007. Ms. Townsend received a BA degree in Human Resources Management from DePaul University.

William J. Walsh became Vice President and General Manager, Zebra Enterprise Solutions, in January 2009. From 2005 until joining the Company, he was President and Chief Executive Officer of Skylake Development Company, a real estate investment firm. In 2004, he was Chief Executive Officer and Director of Open Harbor, Inc., a global customs clearance software company. From 2004 to 2005, he was Chief Executive Officer of Velosant, Inc., a financial supply chain company. From 2000 to 2002, he was Chief Operating Officer of E.piphany, Inc., a customer relationship management company. In 2000, he was President and Chief Operating Officer of Octane, Inc., a customer relationship management company. From 1992 to 2000, Mr. Walsh held various positions at PeopleSoft, Inc. including President, Vice President and General Manager, Latin America, Vice President and General Manager, Central Europe and Vice President, Customer Services. Mr. Walsh received a BA degree in Industrial and Organization Psychology from DePaul University and an MBA from Loyola University of Chicago.

The Board of Directors elects officers to serve at the discretion of the Board. There are no family relationships among any of the directors or officers of the Company.

Section 16(a) Beneficial Ownership Reporting Compliance Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Companys officers and directors and persons who own more than ten percent of a registered class of the Companys equity securities to file forms regarding their ownership and changes in ownership with the Securities and Exchange Commission (the SEC) and The NASDAQ Stock Market. Such persons are also required to furnish the Company with copies of all Section 16(a) forms they file. Based solely on a review of the forms it has received, the Company believes that except as follows, during the year ended December 31, 2008, all of its officers, directors and 10% beneficial owners made required Section 16(a) filings on a timely basis. Veraje Anjargolian, an executive officer of the Company until the termination of his employment on July 1, 2008, failed to timely file a Form 4 with respect to five purchases of shares of the Companys Common Stock after his employment termination. He subsequently filed a Form 4 reporting those purchase transactions.

-11-

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The following table presents, as of April 3, 2009, certain information with respect to the beneficial ownership of the Companys Common Stock by (1) each person known by the Company to own beneficially more than 5% of the outstanding shares of Common Stock, (2) each director of the Company, (3) each of the Named Officers (as defined below), and (4) all directors and executive officers of the Company as a group.

	Class A Common Stock	
Name and Address	**Number**	**% of Shares**[1]
More than 5% Stockholders		
Neuberger Berman Inc.[2]	4,809,101(2)	8.1%
Shapiro Capital Management LLC[3]	3,948,646(3)	6.7%
Eminence Capital, LLC[4]	3,731,527(4)	6.3%
Directors and Executive Officers		
Gerhard Cless	2,144,521(5)	3.6%
Anders Gustafsson	100,500(6)	*
Richard L. Keyser	3,000	*
Andrew K. Ludwick	10,500(7)	*
Ross W. Manire	46,034(8)	*
Robert J. Potter	47,159(9)	*

Michael A. Smith	52,850(10)	*
Hugh K. Gagnier	180,751(11)	*
Philip Gerskovich	52,006(12)	*
Michael C. Smiley	10,425(13)	*
Michael H. Terzich	50,549(14)	*
John M. Dillon	14,621(15)	*
Charles R. Whitchurch	17,880(16)	*
All Executive Officers and Directors as a group (15 persons)	2,797,213(17)	4.7%

* Less than one percent.

(1) The percentages in the table are based on the 59,348,525 shares of Common Stock outstanding as of March 26, 2009, adjusted to account for potential exercises of each person's or group's respective stock options, if applicable.

(2) Consists of shares beneficially owned by Neuberger Berman Inc., Neuberger Berman, LLC, Neuberger Berman Management LLC, and Neuberger Berman Equity Funds, as reported on Schedule 13G filed on February 12, 2009 by such persons. Neuberger Berman Inc. owns 100% of each of Neuberger Berman, LLC and Neuberger Berman Management LLC. Neuberger Berman, LLC and Neuberger Berman Management Inc. serve as sub-advisor and investment manager, respectively, of Neuberger Berman's various mutual funds. According to such Schedule 13G, each of Neuberger Berman Inc. and Neuberger Berman LLC had sole voting power with respect to 65,221 of these shares, shared voting power with respect to 3,955,394 shares, and shared dispositive power with respect to 4,809,101 shares; Neuberger Berman Management Inc. had shared voting power and shared dispositive power with respect to 3,955,394 shares; and Neuberger Berman Equity Funds had shared voting power and shared dispositive power with respect to 3,936,547 shares. The holdings of Lehman Brothers Asset Management LLC and Lehman Brothers Asset Management Inc, affiliates of Neuberger Berman, LLC, are also aggregated to comprise the holdings reported in such Schedule 13G, and the balance of shares reported, if any, are for the individual client accounts over which Neuberger Berman, LLC has shared power to dispose but not vote shares. The address of these stockholders is 605 Third Avenue, New York, New York 10158.

(3) Consists of shares beneficially owned by Shapiro Capital Management LLC and Samuel R. Shapiro, as reported on a Schedule 13G filed on February 3, 2009 by such persons. According to such Schedule 13G, Shapiro Capital Management LLC is an investment adviser and one or more of its advisory clients is the legal owner of the shares of Common Stock. Shapiro Capital Management LLC has the authority to direct the investments of its advisory clients, and consequently to authorize the disposition of the shares. Mr. Shapiro is the chairman, a director and majority shareholder of Shapiro Capital Management LLC, in which capacity he exercises dispositive power over the shares and, therefore, may be deemed to have indirect beneficial ownership over such shares. According to such Schedule 13G, Mr. Shapiro has no interest in dividends or proceeds from the sale of such shares, owns no such shares for his own account and disclaims beneficial ownership of all of the shares. The Schedule 13G reports that Shapiro Capital Management LLC had sole voting power with respect to 3,154,727 shares, shared voting

power with respect to 793,919 shares, and sole dispositive power with respect to 3,948,646 shares, and that the beneficial ownership reported by Mr. Shapiro and Shapiro Capital Management LLC related to the same shares. The address of these stockholders is 3060 Peachtree Road N.W., Suite 1555, Atlanta, Georgia 30305.

(4) Consists of shares beneficially owned by Eminence Capital, LLC, Eminence GP, LLC and Ricky C. Sandler, as reported on a Schedule 13G filed on February 17, 2009 by such persons. Eminence Capital, LLC serves as the investment manager to several Eminence funds and partnerships and may be deemed to have voting and dispositive power over shares held for the accounts of the Eminence funds and partnerships. Eminence GP, LLC serves as general partner or manager with respect to the shares of Common Stock directly owned by the partnerships and certain of the funds and may be deemed to have voting and dispositive power over the shares held for the accounts of the partnerships and such funds. Ricky C. Sandler is the managing member of Eminence Capital, LLC and of Eminence GP, LLC and may be deemed to have voting and dispositive power with respect to the shares owned by the Eminence funds and partnerships, and individually with respect to certain family accounts and other related accounts over which Mr. Sandler has investment discretion. According to such Schedule 13G, Eminence Capital, LLC had shared voting power and shared disposition power with respect to 3,731,527 shares; Eminence GP, LLC had shared voting power and shared dispositive power with respect to 1,758,665 shares; and Mr. Sandler had shared voting power and shared dispositive power with respect to 3,731,527 shares and sole voting power and sole dispositive power with respect to 2,050 shares. The address of these stockholders is 65 East 55th Street, 25th Floor, New York, NY 10022.

(5) Includes 441,927 shares held directly by Mr. Cless; 1,355,682 shares held by Grantor Retained Annuity Trusts of which Mr. Cless is the beneficiary; 10,000 shares held by a foundation of which each of Mr. Cless and his wife, Ruth, are each one of six directors; 180,331 shares held by an irrevocable trust of which Mr. Cless is the beneficiary and Mrs. Cless is the trustee; and 156,581 shares held directly by Mrs. Cless which may be deemed to be beneficially owned by Mr. Cless.

(6) Includes 41,250 shares of Common Stock issuable to Mr. Gustafsson within 60 days upon exercise of stock options.

(7) Includes 10,500 shares of Common Stock issuable to Mr. Ludwick within 60 days upon exercise of stock options.

(8) Includes 40,034 shares of Common Stock issuable to Mr. Manire within 60 days upon exercise of stock options.

(9) Includes 41,534 shares of Common Stock issuable to Dr. Potter within 60 days upon exercise of stock options.

(10) Includes 39,500 shares of Common Stock issuable to Mr. Smith within 60 days upon exercise of stock options.

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(11) Includes 170,404 shares of Common Stock issuable to Mr. Gagnier within 60 days upon exercise of stock options.

(12) Includes 42,916 shares of Common Stock issuable to Mr. Gerskovich within 60 days upon exercise of stock options.

(13) Includes 2,925 shares of Common Stock issuable to Mr. Smiley within 60 days upon exercise of stock options.

(14) Includes 35,370 shares of Common Stock issuable to Mr. Terzich within 60 days upon exercise of stock options and 5,479 shares of Common Stock held jointly with his wife.

(15) Based on the Company's records as of Mr. Dillon's termination of employment.

(16) Based on the Company's records as of Mr. Whitchurch's termination of employment. Includes 9,333 shares of Common Stock issuable within 60 days upon exercise of stock options.

(17) Mr. Whitchurch's and Mr. Dillon's beneficial ownership of the Company's Common Stock is not included in this amount because they are no longer executive officers of the Company. Includes 489,969 shares of Common Stock issuable to the directors and executive officers within 60 days upon exercise of stock options

COMPENSATION COMMITTEE REPORT

The Compensation Committee is comprised of three directors: Dr. Potter, Chair, and Messrs. Keyser and Smith, each of whom is independent under current listing requirements of The NASDAQ Stock Market. The Compensation Committee establishes compensation policies and programs for the Company's executive officers. It operates under a written charter adopted by the Board. The Compensation Committee has reviewed and discussed with management the "Compensation Discussion and Analysis" ("CD&A") set forth below and based on its review and discussion with management has recommended to the Company's Board of Directors that the CD&A be included in this Proxy Statement and in the Company's annual report on Form 10-K for the year ended December 31, 2008.

Compensation Committee
Robert J. Potter, Chair
Richard L. Keyser
Michael A. Smith

COMPENSATION DISCUSSION AND ANALYSIS

The Company's compensation program for all employees is designed to attract the best people, keep them engaged and motivated, and provide incentives to encourage them to achieve results that create stockholder value. In light of the current uncertain economic conditions, the Company's management has taken a number of cost-savings actions to reduce payroll expenses in 2009. It has implemented a salary freeze for all salaried employees, including the Company's executive officers, and reduced certain employee benefits, including reducing Company matching of 401(k) contributions and eliminating 2009 profit-sharing contributions.

Committee Role

The Compensation Committee establishes the compensation of the Named Officers.

The Compensation Committee (the "Committee") described above in the "Compensation Committee Report" establishes the Company's compensation philosophy for all compensation (including equity compensation), the

Company□s compensation programs and the compensation for each executive officer, including the Chief Executive Officer (the □CEO□) and the other □Named Officers.□ The Named Officers for this Proxy Statement are the Company□s:

(1) Principa