

ZEBRA TECHNOLOGIES CORP  
Form DEF 14A  
April 15, 2013

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

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- 3) Filing Party:
- 4) Date Filed:

April 15, 2013

Dear Stockholder:

Please join us for the Zebra Technologies Corporation 2013 Annual Meeting of Stockholders. We will hold the meeting at 10:30 a.m., Central Time, on Thursday, May 16, 2013, at our principal executive offices at 475 Half Day Road, Lincolnshire, Illinois 60069.

At the annual meeting, stockholders will be asked to vote on each of the three proposals set forth in the Notice of Annual Meeting of Stockholders and the Proxy Statement, which describe the formal business to be conducted at the annual meeting and follow this letter.

Your vote on the matters to be considered at the annual meeting is important, regardless of the size of your holdings. You may vote by marking, dating, signing and returning the enclosed proxy card in the envelope provided. Also, most registered and most beneficial stockholders may vote by toll-free telephone in the U.S. or Canada, or over the Internet by following the instructions on the enclosed proxy card. We urge you to vote your shares as soon as possible. In this way, you can ensure your shares will be represented and voted at the meeting, and you will spare Zebra the expense of a follow-up mailing. Even if you vote before the meeting you may still attend the meeting and vote in person.

Sincerely,

Michael A. Smith  
Chairman

Anders Gustafsson  
Chief Executive Officer

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

**Notice of Annual Meeting of Stockholders  
To be Held on May 16, 2013**

To the Stockholders of Zebra Technologies Corporation:

The Annual Meeting of Stockholders of Zebra Technologies Corporation will be held at 10:30 a.m., Central Time, on Thursday, May 16, 2013, at our principal executive offices at 475 Half Day Road, Lincolnshire, Illinois 60069, for the following purposes:

- (1) To elect two Class II Directors with terms to expire in 2016;
- (2) To hold an advisory vote to approve the compensation of our named officers;
- (3) To ratify the appointment by our Audit Committee of Ernst & Young LLP as our independent auditors for 2013; and
- (4) To conduct other business if properly presented.

The proxy statement more fully describes the proposals. Only holders of record of common stock at the close of business on March 22, 2013, are entitled to vote at the meeting.

Jim Kaput  
*Corporate Secretary*

Lincolnshire, Illinois  
April 15, 2013

**Important Notice Regarding the Availability of Proxy Materials for  
the Stockholder Meeting to be Held on May 16, 2013**

**Our proxy statement and 2012 Annual Report to Stockholders are  
available at: <https://materials.proxyvote.com/989207>**

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475 Half Day Road, Suite 500  
Lincolnshire, Illinois 60069

**Proxy Statement  
for the Annual Meeting of Stockholders  
May 16, 2013**

We are providing you with these proxy materials in connection with the solicitation by Zebra's Board of Directors of proxies for our 2013 Annual Meeting of Stockholders. We will hold the annual meeting at 10:30 a.m., Central Time, on Thursday, May 16, 2013, at our principal executive offices at 475 Half Day Road, Lincolnshire, Illinois 60069.

We mailed this proxy statement and proxy card to stockholders on or about April 15, 2013.

This proxy statement contains important information regarding our annual meeting, the proposals on which you are being asked to vote, information you may find useful in determining how to vote, and information about voting procedures. As used herein, we, us, our, or the Zebra Company refers to Zebra Technologies Corporation.

**Questions and Answers about the Annual Meeting and These Proxy Materials**

***What matters will be voted on at the annual meeting?***

The following matters will be voted on at the meeting:

- Proposal 1: To elect two Class II Directors with terms to expire in 2016;
- Proposal 2: To hold an advisory vote to approve the compensation of our named officers;
- Proposal 3: To ratify the appointment by our Audit Committee of Ernst & Young LLP as our independent auditors for 2013;
- Such other business if properly presented or any adjournment or postponement of the annual meeting.

***How does the Board of Directors recommend that I vote?***

Zebra's Board recommends that you vote:

- FOR the election of the two directors nominated by our Board and named in this proxy statement as Class II directors to serve for a three-year term expiring in 2016;
- FOR the approval, on an advisory basis, of the compensation of our named officers;
- FOR ratification of the appointment by our Audit Committee of Ernst & Young LLP as our independent auditors for 2013.

***Will there be any other items of business on the agenda?***

If any other items of business or other matters are properly brought before the annual meeting, your proxy gives discretionary authority to the persons named on the proxy card with respect to those items of business or other matters. The persons named on the proxy card intend to vote the proxy in accordance with their best judgment. Because the deadlines for stockholder proposals and nominations have passed, we do not expect any items of business to be brought before the annual meeting other than the items described in this proxy statement.

***Who is entitled to vote at the annual meeting?***

Holders of our Class A common stock at the close of business on March 22, 2013, the record date, may vote at the meeting. We refer to the holders of our Class A common stock as stockholders throughout this proxy statement. Each stockholder is entitled to one vote for each share of Class A common stock held as of the record date.

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

You may own shares directly in your name as a stockholder of record, which includes shares for which you have certificates. If your shares are registered directly in your name, you are the **holder of record** of those shares, and we are sending these proxy materials directly to you. As the holder of record, you have the right to give your voting proxy directly to us or to vote in person at the meeting.

You may also own shares indirectly through a broker, bank or other holder of record. If you hold your shares indirectly, you hold the shares in street name and are a **beneficial holder**, and your broker, bank or other holder of record sent these proxy materials to you. As a beneficial holder, you have the right to direct your broker, bank or other holder of record how to vote by completing a voting instruction form.

***Do I have to do anything in advance if I plan to attend the annual meeting in person?***

An individual who is a beneficial owner of Class A common stock must bring to the meeting a legal proxy from the organization that holds the shares or a brokerage statement showing ownership of shares as of the close of business on the record date. Representatives of institutional stockholders must bring a legal proxy or other proof that they are representatives of a firm that held shares as of the close of business on the record date and are authorized to vote on behalf of the institution.

***Do I have electronic access to the proxy materials and annual report?***

For **holders of record**, we are pleased to offer the opportunity to receive stockholder communications electronically. By signing up for electronic delivery of documents such as our annual report and the proxy statement, you can access stockholder communications as soon as they are available without waiting for them to arrive in the mail. Holders of record can also reduce the number of documents in their personal files, eliminate duplicate mailings, conserve natural resources, and help reduce our printing and mailing costs. If you are a holder of record and would like to receive stockholder communications electronically in the future, please contact Computershare at 877-870-2368 or 201-680-6578. Enrollment is effective until canceled.

**Beneficial holders** should refer to the information provided by the broker, bank or other institution that is the holder of record for instructions on how to elect to receive proxy statements and annual reports over the Internet. Most stockholders who hold their stock through a broker, bank or other holder of record and who have electronic access will receive an e-mail message containing the Internet address to use to access our proxy statement and annual report.

***How do I vote my shares?***

Your vote is important. We encourage you to vote promptly, which may save us the expense of a second mailing.

If you are a **holder of record**, you may vote your shares in any of the following ways:

- by telephone You may vote your shares by calling the toll-free telephone number on your proxy card. You may vote by telephone 24 hours a day through 11:59 p.m., Eastern Time, on May 15, 2013. The telephone voting system has easy-to-follow instructions and allows you to confirm that the system has properly recorded your vote. If you vote by telephone, you do not need to return your proxy card.
- over the Internet You may vote your shares via the website <http://www.proxyvote.com>. You may vote over the Internet 24 hours a day through 11:59 p.m., Eastern Time, May 15, 2013. As with telephone voting, you may confirm that the system has properly recorded your vote. If you vote over the Internet, you do not need to return your proxy card. You may incur costs such as telephone and Internet access charges if you vote over the Internet.
- by mail You may vote your shares by marking, dating and signing your proxy card and returning it by mail in the enclosed postage-paid envelope.
- in person at the annual meeting If you choose not to vote by telephone, over the Internet or by mail, you may still attend the meeting and vote in person. If you vote prior to the meeting, you may still attend the meeting and vote in person.

If you are a **beneficial holder**, the instructions that accompany your proxy materials will indicate whether you may vote by telephone, over the Internet or by mail. If you wish to attend the meeting and vote in person, you must bring a legal proxy from the organization that holds the shares or a brokerage statement showing ownership of shares as of the close of business on the record date.

***Can I revoke or change my vote after I submit my proxy?***

If you are the **holder of record**, you may revoke your proxy at any time before your shares are voted if you (1) submit a written revocation to our Corporate Secretary, (2) submit a later-dated proxy to our Corporate Secretary, (3) provide subsequent telephone or Internet voting instructions, or (4) vote in person at the meeting. If you are a **beneficial owner** of shares, you must contact the broker or other nominee holding your shares and follow their instructions for changing your vote.

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

If you are the **holder of record** and you 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.

If you are a **beneficial owner** of shares and you do not provide the broker or other nominee that holds your shares with voting instructions, the broker or nominee may vote your shares only on those proposals on which it has discretion to vote. Under the rules of the New York Stock Exchange ( NYSE ), your broker or nominee does not have discretion to vote your shares on non-routine matters such as Proposals 1 and 2. However, your broker or nominee does have discretion to vote your shares on routine matters such as Proposal 3. In the absence of instructions, shares subject to broker non-votes will not be counted as voted or as present or represented on the proposal.

***What if I do not specify how my shares are to be voted?***

Our Board has appointed Douglas A. Fox and Jim Kaput to serve as the proxy committee for the meeting. Mr. Fox is Vice President, Investor Relations and Treasurer of Zebra. Mr. Kaput is Senior Vice President, General Counsel and Corporate Secretary of Zebra. By giving us your proxy, you are authorizing the proxy committee to vote your shares in the manner you indicate.

If you are a **holder of record** and you submit a proxy, but you do not provide voting instructions, your shares will be voted:

- FOR the election of the two directors nominated by our Board and named in this proxy statement as Class II directors to serve for a three-year term expiring in 2016 (Proposal 1);
- FOR the approval, on an advisory basis, of the compensation of our named officers (Proposal 2);
- FOR ratification of the appointment by our Audit Committee of Ernst & Young LLP as our independent auditors for 2013 (Proposal 3);
- In the discretion of the named proxies regarding any other matters properly presented for a vote at the annual meeting.

If you are a **beneficial owner** and you do not provide the broker or other nominee that holds your shares with voting instructions, the broker or other nominee will determine if it has the discretionary authority to vote on the particular matter. Under the NYSE's rules, brokers and other nominees have the discretion to vote on routine matters such as Proposal 3, but do not have discretion to vote on non-routine matters such as Proposals 1 and 2. If you do not provide voting instructions to your broker or other nominee, your broker or other nominee may only vote your shares on Proposal 3 and any other routine matters properly presented for a vote at the meeting.

***What constitutes a quorum, and why is a quorum required?***

A quorum is necessary to hold a valid meeting of stockholders. If stockholders of a majority of the voting power of the stock issued and outstanding and entitled to vote at the meeting are present in person or by proxy, a quorum will exist. Shares owned by Zebra are not voted and do not count for quorum purposes. On March 22, 2013, we had 50,986,751 shares of Class A common stock outstanding, meaning that 25,493,376 shares of Class A common stock must be represented in person or by proxy to have a quorum. Your shares will be counted towards the quorum if you

submit a proxy or vote at the meeting. Abstentions and broker non-votes will also count towards the quorum requirement. If there is not a quorum, a majority of the shares present at the meeting may adjourn the meeting to a later date.

To assure the presence of a quorum at the meeting, please vote your shares by toll-free telephone or over the Internet or complete, sign and date our proxy card and return it promptly in the enclosed postage-paid envelope, even if you plan to attend the meeting.

***What is the effect of a broker non-vote?***

Brokers or other nominees who hold shares of our Class A common stock for a beneficial owner have the discretion to vote on routine proposals when they have not received voting instructions from the beneficial owner at least ten days prior to the meeting. A broker non-vote occurs when a broker or other nominee does not receive voting instructions from the beneficial owner and does not have the discretion to direct the voting of the shares. Broker non-votes will be counted for purposes of calculating whether a quorum is present at the meeting. Thus, a broker non-vote will not affect our ability to obtain a quorum. Broker non-votes will not have any effect on the outcome of any proposal to be voted on at the meeting.

***What is the vote required for each proposal?***

<b>Proposal</b>	<b>Vote Required</b>	<b>Broker Discretionary Voting Allowed</b>
Proposal 1 Election of two Class II Directors with terms to expire in 2016	Plurality of votes cast	No
Proposal 2 Advisory vote to approve executive compensation	Majority of the votes cast affirmatively or negatively	No
Proposal 3 Ratify the appointment of Ernst & Young LLP as our independent auditors for 2013	Majority of the votes cast affirmatively or negatively	Yes

With respect to Proposal 1, you may vote FOR all nominees, WITHHOLD your vote as to all nominees, or vote FOR all nominees except those specific nominees from whom you WITHHOLD your vote. The two nominees receiving the most FOR votes will be elected. A properly executed proxy that is marked WITHHOLD with respect to the election of one or more directors will not be voted with respect to the director or directors indicated. Proxies may not be voted for more than two nominees for director and stockholders may not cumulate votes in the election of directors.

With respect to Proposals 2 and 3, you may vote FOR, AGAINST or ABSTAIN. If you ABSTAIN from voting on any of these proposals, your abstention will not affect the vote on the proposal since the proposal requires approval of a majority of the votes cast affirmatively or negatively.

***What happens if the annual meeting is adjourned or postponed?***

Your proxy will still be effective and will be voted at the rescheduled annual meeting. You will still be able to change or revoke your proxy until it is voted.

***Who is paying for the costs of this proxy solicitation?***

We will bear the expense of soliciting proxies. We have retained Alliance Advisors LLC to solicit proxies for a fee of \$10,500 plus a reasonable amount to cover expenses. Proxies may also be solicited in person, by telephone or electronically by Zebra personnel who will not receive additional compensation for such solicitation. Copies of proxy materials and the Annual Report will be supplied to brokers and other nominees for the purpose of soliciting proxies from beneficial owners, and we will reimburse such brokers or other nominees for their reasonable expenses.



***How can I find the results of the annual meeting?***

Preliminary results will be announced at the meeting. Results also will be published in a current report on Form 8-K to be filed with the Securities and Exchange Commission within four business days after the meeting. If the official results are not available at that time, we will provide preliminary voting results in the Form 8-K and will provide the final results in an amendment to the Form 8-K as soon as they become available.

**Corporate Governance**

***Corporate Governance Guidelines***

Zebra's primary objective is to maximize stockholder value over the long term. Our Board of Directors believes that sound governance practices and policies provide an important framework to assist the Board in fulfilling its duty to stockholders. The Board reviews Zebra's Corporate Governance Guidelines from time to time and modifies the Guidelines to reflect sound corporate governance policies and practices. Our Corporate Governance Guidelines are available on Zebra's website at <http://www.zebra.com> under About Zebra-Investor Relations-Governance.

***Director Candidates and Diversity***

The Nominating Committee of our Board of Directors is responsible for identifying individuals qualified to serve as directors, recommending candidates, and assisting the Board in discharging its responsibilities relating to the governance of Zebra.

Consideration of Board candidates typically involves a series of internal discussions, review of the qualifications of candidates, and interviews with selected candidates. In general, candidates for nomination to the Board are suggested by Board members or by management. The Committee has also utilized the services of a search firm to identify director candidates. The Committee will consider candidates suggested by stockholders. The Committee does not evaluate proposed candidates differently based on the source of the proposal. A stockholder seeking to recommend a prospective nominee for the Committee's consideration should submit the candidate's name and qualifications to Zebra's Corporate Secretary at the following address: 475 Half Day Road, Suite 500, Lincolnshire, Illinois 60069. The Committee did not receive any stockholder suggestions for director candidates to be considered for election to the Board at the 2013 annual meeting. Stockholders who wish to nominate a director for election at an annual meeting of stockholders of Zebra must comply with our Amended and Restated By-Laws regarding stockholder proposals and nominations.

The Nominating Committee considers a diverse set of criteria when evaluating Board candidates. The Committee believes that Board candidates must exhibit certain minimum characteristics: sound judgment and an even temperament, high ethical standards, and a healthy view of the relative responsibilities of a board member and management. Board members should be independent thinkers, articulate and intelligent, and have a commitment of time and attention to Zebra's business. The Committee's Charter also sets forth other criteria that the Committee considers important, including experience as a board member of another publicly traded company, experience in industries, global businesses or with technologies relevant to Zebra, accounting or financial reporting experience, meeting the independence standards for directors established by NASDAQ and the Securities and Exchange Commission, and race, gender, nationality and ethnicity of a candidate to support diversity. Finally, with respect to directors who may be nominated for re-election, the Committee may consider criteria such as whether the director represents stockholder interests in deliberations before the Board, demonstrates loyalty to Zebra, attends meetings regularly, keeps abreast of corporate and industry changes, prepares effectively for meetings with Board members and senior management, communicates effectively at Board and Committee meetings and with senior management, supports the deliberative process as a team member (e.g., courteous, respectful, constructive), challenges the Board and management to set and achieve goals, and/or possesses special characteristics that contribute to effectiveness as a Board member. Each year the Committee reviews the performance of current directors whose terms will expire at the upcoming annual meeting of stockholders, as well as the qualifications of any candidates for election to the Board.

***Elections of Directors Beginning in 2014***

In January 2013, the Board amended Zebra's Amended and Restated By-Laws and Corporate Governance Guidelines to implement a majority voting and resignation requirement with respect to uncontested elections of directors held after December 31, 2013. For all uncontested director elections held after December 31, 2013, nominees for director will be elected by a plurality of the votes cast; however, each nominee for director who is

elected by a plurality vote who does not receive a majority vote with respect to that nominee's election will have such nominee's resignation from the Board considered in accordance with Zebra's Corporate Governance Guidelines. A majority vote means that the number of votes cast in favor of a nominee must exceed the number of votes withheld with respect to that nominee. In any contested election, nominees for director will continue to be elected by a plurality of the votes cast without a resignation to be considered by the Board conditioned on receipt of a majority vote. A contested election means an election of directors (i) for which the Corporate Secretary of Zebra has received a notice that a stockholder has nominated a person for election to the Board in compliance with Zebra's Amended and Restated By-Laws and (ii) such nomination has not been withdrawn at least five days prior to the date Zebra first mails the notice of meeting to stockholders. Neither abstentions nor broker non-votes count as votes cast.

#### ***Independence of Directors***

Under our Corporate Governance Guidelines and NASDAQ listing rules, a majority of our directors must be independent. Under NASDAQ listing rules, a director does not qualify as independent unless the board affirmatively determines that the director has no relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. NASDAQ listing rules also provide that a director is not independent if (1) the director has been employed by Zebra in the last three years; (2) the director or an immediate family member has received, during any 12-month period in the last three years, more than \$120,000 in compensation from Zebra (other than director and committee fees and pensions or other forms of deferred compensation for prior service); (3) an immediate family member has been employed as an executive officer of Zebra in the last three years; (4) the director or an immediate family member is a partner, controlling stockholder, or an executive officer of an organization to which Zebra made, or from which Zebra received, payments for property or services in any of the years 2010, 2011 and 2012 that exceed the greater of 5% of the recipient's consolidated gross revenues for that year, or \$200,000; (5) the director or an immediate family member is employed as an executive officer of another entity where at any time during the past three years any Zebra executive officer served (or serves) on the compensation committee of the other entity; or (6) the director or an immediate family member is a partner of a Zebra's independent auditor or the director or an immediate family member was a partner or employee of Zebra's independent auditor who worked on Zebra's audit in 2010, 2011 or 2012.

In February 2013, the Nominating Committee reviewed the independence of all directors and reported to the Board. The Board determined that each of Richard Keyser, Andrew Ludwick, Ross Manire, Robert Potter, and Michael Smith has no relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each director, except Anders Gustafsson, our Chief Executive Officer, and Gerhard Cless, our Executive Vice President, is independent under NASDAQ listing rules. The Board also determined that each member of the Audit Committee meets the independence requirements under NASDAQ listing rules and the rules of the Securities and Exchange Commission; each member of the Compensation Committee meets the independence requirements under NASDAQ listing rules, the non-employee director requirements of the rules of the Securities and Exchange Commission and the outside director requirements under the Internal Revenue Code; and each member of the Nominating Committee meets the independence requirements under NASDAQ listing rules.

#### ***Communications with the Board***

A stockholder who would like to contact our Board may do so by writing to our Corporate Secretary at 475 Half Day Road, Suite 500, Lincolnshire, Illinois 60069. Communications received in writing will be distributed to the appropriate members of the Board, depending on the content of the communication received.

#### ***Board Functions***

One of the primary functions of a board of directors is to oversee senior management and the conduct of the business of the corporation, including holding the chief executive officer and senior management accountable for performance. Consequently, Zebra's Board of Directors believes that at least a majority of the Board should be independent from management to provide an objective view and evaluation of management and business performance. A primary responsibility of Zebra's Board is to select the Chief Executive Officer and, upon the recommendation of the CEO, to appoint other executive officers who report to the CEO. The Board also plans for succession to the position of CEO as well as certain other senior management positions. Other responsibilities of the Board include determining the compensation and benefits of the CEO, oversight of strategy and risk, approving material corporate policies and budgets, approving material investments, expenditures and transactions not in the ordinary course of business, ensuring the transparency of disclosures and financial controls, planning for and

handling corporate crises, oversight of government and community relations, and setting an appropriate tone of integrity and compliance.

***Board Leadership Structure***

The independent members of a board may be led by an independent chairman of the board or, when the roles of the chairman and chief executive officer are combined, by an independent lead director. Zebra's independent directors are led by Michael Smith, who serves as Chairman. Mr. Smith has served as a director since 1991 and as our Chairman since 2007 when our CEO, Anders Gustafsson, joined Zebra as successor to Edward Kaplan, Zebra's co-founder and former Chairman and CEO. This structure allows Mr. Gustafsson to focus on strategic, operational, and financial matters necessary to operate Zebra's business while Mr. Smith's knowledge of, and experience with, Zebra and the operation and history of the Board allow Mr. Smith to provide an independent leadership that reflects his knowledge and experience. As Chairman, Mr. Smith presides at all meetings of stockholders and of the Board, including executive sessions of the whole Board and of the independent directors.

***Committee Charters***

Each of the three standing Committees of the Board periodically reviews the adequacy of its Charter, which sets forth the authority of the Committee and its duties and responsibilities. The Board reviewed and approved changes to the Charter of the Nominating Committee in February 2013 to implement the majority voting and resignation requirement in connection with uncontested elections of directors. The current versions of both the Audit Committee Charter and Compensation Committee Charter have been in effect since 2011. A copy of each Committee Charter is available on Zebra's website at <http://www.zebra.com> under About Zebra-Investor Relations-Governance.

***Access to Management and Advisers***

Each director has access to the management of and advisers to Zebra. The Board and its Committees have the right to consult and retain independent legal, financial, accounting and other advisers, as they determine necessary or appropriate to carry out their duties, at the expense of Zebra.

***Executive Sessions and Chairman***

The Board and its Committees regularly meet in executive session with and without management. Chairman Michael Smith chairs executive sessions of the Board. Mr. Smith is a non-executive independent director whose duties include advising the CEO of matters discussed in executive sessions, where appropriate, as well as approving Board agenda items.

***Limitation of Service on other Boards; Director Education; Retirement and Term Limits***

Zebra's Corporate Governance Guidelines limit to four the number of other for-profit boards on which a non-employee director may serve. Employee directors and executive officers are limited to service on the board of one for-profit entity other than Zebra, as approved by the Chairman. Zebra assists the Board by providing orientation for new directors and reimbursing the costs of continuing education programs. The Board does not endorse a mandatory retirement age, term limits, or automatic re-nomination to serve as a director. The Board believes that Board and Committee self-evaluation processes are the most effective means of determining whether a director should continue to serve as a director.

***Director Compensation***

The Compensation Committee periodically reviews the compensation of our directors. In 2010, 2011 and 2012 the Committee conducted peer group comparisons of director compensation. As a result of the 2012 review, the Committee approved and recommended to the Board for its approval, which the Board approved, changes in the compensation of non-employee directors. These changes are discussed under Director Compensation below.

**Stock Ownership Guidelines**

In 2010, the Compensation Committee approved Stock Ownership Guidelines for executive officers other than the CEO and the Board approved Stock Ownership Guidelines for the CEO and increased the stock ownership guideline requirements for non-employee directors. The Guidelines became effective as of January 1, 2011, and participants have a five-year period to satisfy the applicable minimum stock ownership level. The minimum stock ownership levels for participants are listed below:

Covered Participant		Multiple of Pay		Number of Shares
Chief Executive Officer	Lower of	4x annual base salary	or	100,000
Executive Vice President	Lower of	3x annual base salary	or	30,000
Senior Vice President	Lower of	2x annual base salary	or	20,000
Vice President	Lower of	1x annual base salary	or	10,000
Non-Employee Directors	Lower of	5x annual board cash retainer	or	10,000

A cap does not exist on the maximum value or number of shares that can be held by a covered participant. Participants are required to retain a portion of the after-tax shares acquired upon exercise or vesting of an equity award until the minimum stock ownership level is satisfied. In February 2013, the Compensation Committee reviewed compliance with the Guidelines as of December 31, 2012. All of our non-employee directors and named officers satisfied the applicable stock ownership level as of December 31, 2012 and each of Zebra's remaining executive officers either satisfied or is on track to satisfy within the five-year period the applicable stock ownership level. A copy of the Stock Ownership Guidelines is available on Zebra's website at <http://www.zebra.com> under About Zebra-Investor Relations-Governance.

**Oversight of Risk Management**

The goal of risk management is to provide reasonable assurance to our senior management and Board that a controllable risk will not have a material or significant adverse effect on Zebra. As set forth in our Corporate Governance Guidelines, the Board is responsible for the oversight of risk management. This responsibility is discharged primarily through the Audit Committee. The Audit Committee receives regular reports from a risk committee comprised of management employees regarding the identification and management of risk in our businesses. In addition, the Compensation Committee is responsible for the oversight of risk related to our compensation policies and practices. Both the Audit Committee and Compensation Committee give regular reports to the Board regarding their oversight roles and the directors regularly discuss significant risks facing Zebra. Management categorizes identified risks as environmental (such as economic environment, competitive landscape, and currency/foreign exchange rates), strategic (such as product research and development, brand positioning, marketing and pricing), operational (such as distribution and logistics, and sales), financial (such as tax, accounting, information technology, and liquidity) or legal and compliance (such as governance, international trade, anti-bribery, product compliance, international laws and regulations, and litigation) risk. Risks arising out of Zebra's compensation policies and practices may, depending on the actions or behavior encouraged by a performance or similar goal, be categorized as a strategic, operational, financial, or legal and compliance risk. Identified risks that may be controlled are then assessed by management in terms of impact on Zebra, the likelihood of occurrence, and ultimately, Zebra's level of risk exposure. Environmental risks, such as general economic conditions, are not directly controllable by management, but are evaluated against Zebra activities to manage Zebra's exposure to these risks.

Management conducts an annual assessment of the risks arising out of Zebra's compensation policies and practices. Management reviewed each significant element of compensation for the purpose of determining whether that element of compensation, including any related performance goals and targets, encourages identifiable risk-taking behavior and whether any identified risks could have a material adverse effect on Zebra. As part of this review management considers whether a compensation plan is designed to mitigate or cap risk, including features such as compensation caps under our Zebra Incentive Plan and the use of return on invested capital performance targets to reduce incentive plan compensation if invested capital is not realizing minimum rates of return approved by the Compensation Committee. Management reviewed base salary, the 2012 Zebra Incentive Plan, equity awards granted under the 2011 Long-Term Incentive Plan, prepared a report, and discussed its review and conclusions with the Compensation Committee. Based on this assessment, management has determined that our policies and practices are not reasonably likely to have a material adverse effect on Zebra.

***Code of Business Conduct; Code of Ethics for Senior Financial Officers***

Zebra has a Code of Business Conduct that applies to directors, officers and employees. We also have a Code of Ethics for Senior Financial Officers that applies to our CEO, Chief Financial Officer and Chief Accounting Officer. The Code of Business Conduct and Code of Ethics for Senior Financial Officers each address matters such as conflicts of interest, confidentiality, fair dealing and compliance with laws and regulations. Copies of the Code of Business Conduct and Code of Ethics for Senior Financial Officers are available on Zebra's website at <http://www.zebra.com> under About Zebra-Investor Relations-Governance.

***Related-Party Transactions***

Zebra has a written related-party transaction policy that may apply to any transaction, arrangement or relationship in which Zebra and any related person are parties. A related person includes our directors and executive officers, their immediate family members, entities in which a director, executive officer or immediate family member is a partner or has a 10% or more beneficial interest, and beneficial owners of more than 5% of our common stock and their immediate family members. Our General Counsel and Audit Committee administer Zebra's policy, with the General Counsel first assessing whether a proposed transaction is subject to the policy. If the General Counsel determines that a proposed transaction is a related-party transaction, then the Chairman of the Audit Committee or the full Audit Committee will review the proposed transaction to determine if it should be approved. Under Zebra's policy, all relevant available facts and circumstances are to be considered, including: (i) the benefits to Zebra; (ii) the impact on a director's independence in the event that the related person is a director, an immediate family member of a director or an entity in which a director is a partner, stockholder or executive officer; (iii) the availability of other sources for comparable products or services; (iv) the related person's interest in the transaction; (v) the terms of the transaction; and (vi) the terms available to unrelated third parties or to employees generally. There were no related party transactions in 2012.

***Compliance Reporting***

Zebra maintains a compliance hotline and website for compliance reporting. The compliance hotline and website establish a confidential means for employees or other persons to communicate to management or the Board any concerns that they may have, including concerns regarding accounting, internal controls or audit matters or compliance with laws, regulations, policies or the Code of Business Conduct.

**Proposal 1**

**Election of Directors**

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

Our Board of Directors 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 II Directors expire at the annual meeting, and two directors will be elected to serve for a three-year term expiring at the 2016 meeting and until their successors are elected and qualified. Our Nominating Committee has recommended, and our Board has approved, the nomination for election of Gerhard Cless and Michael A. Smith.

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 to remain open until filled by the Board. The Board has no reason to believe that any nominee will be unable or will decline to serve as a director if elected.

**The Board of Directors recommends a Vote FOR the election of Gerhard Cless and Michael A. Smith to serve as Class II Directors of Zebra.**

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The following table sets forth information regarding the nominees for Class II Director and remaining directors. Included in this biographical information is information regarding certain of the experiences, qualifications, attributes, and skills that are relevant to each individual's service as a director:

Name	Age	Position with Zebra	Director Since	Term Expires
<b>Nominees</b>				
<i>Class II Directors</i>				
Gerhard Cless	73	Director and Executive Vice President	1969	2013
Michael A. Smith	58	Director and Chairman	1991	2013
<b>Continuing Directors</b>				
<i>Class III Directors</i>				
Anders Gustafsson	52	Director and Chief Executive Officer	2007	2014
Andrew K. Ludwick	67	Director	2008	2014
<i>Class I Directors</i>				
Richard L. Keyser	70	Director	2008	2015
Ross W. Manire	61	Director	2003	2015
Dr. Robert J. Potter	80	Director	2003	2015

### *Nominees for Class II Director*

*Gerhard Cless* has devoted substantially his entire career to Zebra, a company which he co-founded in 1969. Mr. Cless is an engineer by training and has served as Executive Vice President of Zebra since 1998 and 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 also served as Treasurer of Zebra from its formation until 1991. 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.

*Michael A. Smith* has substantial knowledge of Zebra and its industry, including prior service as a director of a public company in the automatic identification sector. He has served as a director of Zebra since 1991 and as Chairman since 2007. The Board and the Committees on which Mr. Smith serves also benefit from Mr. Smith's experience and skills in financial services as well as from his 25 years of industry experience. 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 a member of the Board of Directors of SRAM International Corporation, a global designer, manufacturer and marketer of premium bicycle components. Mr. Smith is a managing member of Blue Star Lubrication Technology LLC and Blue Star Lubrication Technology Investors LLC, a provider of industrial lubricants and greases. Mr. Smith is the Chair of our Audit and Nominating Committees and a member of our Compensation Committee. Mr. Smith is also a Board Leadership Fellow of the National Association of Corporate Directors, having completed NACD's comprehensive program of study for experienced corporate directors.

**Continuing Directors**

*Anders Gustafsson* became Zebra's Chief Executive Officer and a director in 2007. Prior to joining Zebra, 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., a communications networking company. 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.

*Richard L. Keyser* has been a director since June 2008. Mr. Keyser spent much of his career at W.W. Grainger, Inc., an international distributor of maintenance, repair and operating supplies. In 2010, Mr. Keyser was honored as the National Association of Corporate Directors (NACD) 2010 Public Company Director of the Year. The NACD's award criteria include an unwavering commitment to integrity, confidence, informed judgment, and performance. Mr. Keyser served as Chairman Emeritus of Grainger from 2009 to 2010. Previously, he served as Grainger's Chairman from 2008 to 2009, as Chairman and 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 and Human Resources Committee of the Principal Financial Group, Inc., a financial services firm. Mr. Keyser served as a director of the Rohm & Haas Company, a manufacturer of specialty chemicals, until 2009. Mr. Keyser serves as a trustee of the Shedd Aquarium, a director of the North Shore University Health System, a trustee of the Field Museum, and Chairman of the National Merit Scholarship Corporation. Mr. Keyser is a member of our Compensation Committee. Zebra's primary means of selling its products is through distributors and resellers. Consequently, Mr. Keyser's experience in and knowledge of these channels provides significant strategic and operational benefits to Zebra.

*Andrew K. Ludwick* has been a director since 2008. Mr. Ludwick has extensive experience in technology and startup businesses, including serving as Chief Executive Officer of Bay Networks, Inc., a multi-billion dollar communications networking company, from 1994 to 1996, and Founder, President and Chief Executive Officer of SynOptics Communications, Inc., a communications networking company, from 1985 to 1994. He has been a private investor since 1997. Mr. Ludwick holds a BA from Harvard College and an MBA from Harvard Business School. He has served since 2008 as a member and chairman of the Board of Directors of Rovi Corporation (f/k/a Macrovision Corporation), a provider of technologies for the protection, enhancement and distribution of businesses' digital goods. He is a member of our Audit Committee. The Board and the Audit Committee benefit from Mr. Ludwick's extensive experience as an entrepreneur, manager and investor in technology businesses. Mr. Ludwick's operational background provides the experience necessary to help the Board fulfill its oversight duties with regard to Audit Committee responsibilities and also to advise the Board and management on technology matters.

*Ross W. Manire* has been a director since 2003. He has served since 2002 as Chairman and Chief Executive Officer of ExteNet Systems, Inc., a wireless networking company Mr. Manire founded. Mr. Manire's professional career includes serving as a partner in the Entrepreneurial Services Group at Ernst & Young, LLP, a leading accounting firm, from 1983 to 1989. Prior to joining ExteNet, 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 from 1991 to 1995, including Chief Financial Officer, Senior Vice President of Operations and Senior Vice President of the Network Systems Division prior to its merger with 3Com in 1997. From 1989 to 1991, Mr. Manire was a partner in Ridge Capital, a private investment company. Mr. Manire 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 and Finance and Compensation Committees of The Andersons, Inc., a diversified business with interests in agribusiness, railcars and retailing. Mr. Manire is a member of our Audit and Nominating Committees. The Board and the Audit Committee benefit from his business, operational, accounting and financial knowledge and experience. For example, Mr. Manire's experience with electronics contract manufacturing has proven important as Zebra initiated and completed its project to outsource printer manufacturing. Mr. Manire's financial and accounting

experience also facilitates the Board's oversight of Zebra's accounting, internal control and auditing functions and activities.

*Dr. Robert J. Potter* has been a director since 2003. Dr. Potter's extensive business experience includes serving as an officer in, and consultant to, both industrial and service businesses. 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, having written the first dissertation on fiber optics in the USA. 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, the Chair of the Technology Committee, and a member of the Audit Committee 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 our Compensation Committee.

#### Board and Committees of the Board

Our business is managed under the direction of our Board, which is kept advised of Zebra's business through regular and special meetings of the Board and its Committees, written reports and analyses and discussions with the CEO and other officers.

During 2012, our Board met six times. All directors attended 75 percent or more of the meetings of our Board and standing committees on which they served in 2012. All directors are expected to attend our annual meeting. All directors attended the 2012 annual meeting of stockholders. Our Board has three standing committees, each of which is composed entirely of independent directors: the Audit Committee, the Compensation Committee, and the Nominating Committee.

The following table shows each Committee on which each director served, the Chairman of each Committee and the number of meetings held by each Committee.

Independent Director	Nominating Compensation Audit		
Richard L. Keyser		Member	
Andrew K. Ludwick			Member
Ross W. Manire	Member		Member
Dr. Robert J. Potter		Chair	
Michael A. Smith	Chair	Member	Chair
Meetings in 2012	2	6	5

*Audit Committee.* The Audit Committee functions as the standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. Our Board has determined that Mr. Manire is an audit committee financial expert as defined under Securities and Exchange Commission regulations. In addition to the Board's determination that each member of the Committee meets the independence requirements under NASDAQ and rules of the Securities and Exchange Commission, each member of this Committee satisfies the NASDAQ requirements that no member have participated in the preparation of financial statements of Zebra or any current subsidiary of Zebra within the past three years and Mr. Manire meets the financial sophistication requirement established by NASDAQ. This Committee assists the Board in fulfilling its oversight functions with respect to matters involving the financial reporting, independent and internal audit processes, disclosure controls and procedures and internal control over financial reporting, and matters such as related-party transactions and risk



management. The Committee is responsible for appointing, retaining, compensating, evaluating, and terminating, when appropriate, our independent auditor; reviewing and discussing with management and the independent auditor, Zebra's annual and quarterly financial statements; and discussing policies with respect to risk assessment and risk management. The Committee has the authority to engage and determine funding for outside legal, accounting or other advisors.

*Compensation Committee.* The Compensation Committee determines the total compensation philosophy relating to our CEO and other executive officers and determines Zebra's peer group for compensation purposes. The Committee oversees overall compensation corporate governance, the administration of Zebra's short-term and long-term compensation plans and determines (or with respect to the CEO recommends to the Board) the total compensation and terms of employment for executive officers, including salary, short-term incentive targets, long-term incentive targets, performance goals and performance targets for both cash and equity awards, and the timing, terms and number of equity awards. The Committee also oversees Zebra's Stock Ownership Guidelines for the non-employee directors and executive officers. The Committee has delegated to the CEO the right to grant a limited number of equity awards to non-executive officers between regular meetings of the Committee. The Committee also oversees the performance management and talent management processes used by Zebra and recommends to the Board the compensation of non-employee directors.

The Committee uses The Delves Group as its independent executive compensation consultant to provide competitive compensation data, analysis and guidance throughout the process of determining compensation for Zebra's executive officers. The role of The Delves Group in determining executive compensation is further described below under Director Compensation, Compensation Discussion and Analysis Executive Summary Compensation Discussion and Analysis. The Committee has the authority to engage outside legal counsel, tax and accounting, or other advisors.

*Nominating Committee.* The Nominating Committee identifies individuals qualified to be Board members, recommends director nominees, and assists our Board in discharging its responsibilities relating to corporate governance. For more information regarding the Nominating Committee, see Corporate Governance. The Committee has the authority to retain a search firm to identify director candidates and to engage outside legal counsel or other advisors.

### **Director Compensation**

The Compensation Committee recommends to the Board the compensation of non-employee directors. When reviewing compensation, the Committee considers market data and historical practices. In 2012, the Committee engaged The Delves Group as its independent compensation consultant to conduct a non-employee director compensation analysis. The Committee reviewed market data on both director compensation and financial performance of publicly-traded companies viewed as comparable to Zebra. The twenty-two peer companies used for non-employee director compensation were the same companies used when assessing executive officer compensation. In addition, the compensation information also consisted of data from the 2011-2012 National Association of Corporate Directors Director Compensation Report. The compensation data indicated that Zebra's total board compensation was aligned with the 25<sup>th</sup> percentile of the peer group, with the cash retainer aligned with the median of the peer group, total cash compensation between the 25<sup>th</sup> percentile and the median, and equity compensation aligned with the 25<sup>th</sup> percentile. In addition, Zebra's mix of cash and equity awards was aligned with the median mix of the peer group. The Committee also reviewed the compensation of members of our three standing committees of the Board, with the compensation data indicating that the compensation of the Chairman of the Audit Committee was aligned with the 25<sup>th</sup> percentile and the compensation of the Chairmen of the Compensation Committee and Nominating Committee was between the 25<sup>th</sup> percentile and the median. Audit Committee member compensation was aligned with the median, Compensation Committee member compensation was between the median and 75<sup>th</sup> percentile, and Nominating Committee member compensation was aligned with the 25<sup>th</sup> percentile.

As a result of this review, the Committee recommended changes in non-employee director compensation to the Board and the Board approved the following compensation:

Annual Cash Retainer	Effective January 1, 2013, increase the annual cash retainer from \$50,000 to \$60,000 for all non-employee directors, with Chairman Smith's annual cash retainer increasing from \$100,000 to \$110,000.
Annual Equity Retainer	Effective with the May 2013 annual equity grant to non-employee directors, increase the target grant date fair value from \$100,000 to \$150,000. Change the mix of equity grants with 100% of each grant in the form of fully vested stock to replace the prior 50/50 split in the form of fully vested stock and fully vested stock appreciation rights.
Additional Cash Fees	Maintain at \$2,000 for each in-person Board meeting in excess of five in-person Board meetings per year and \$1,000 for each telephonic Board meeting in excess of two telephonic Board meetings per year.

The Committee also recommended changes in compensation for service on committees of the Board and the Board approved the following compensation:

Annual Cash Retainer for Committee Chair	<ul style="list-style-type: none"> <li>• Maintain at \$15,000 for the Compensation Committee Chair.</li> <li>• Maintain at \$15,000 for the Audit Committee Chair.</li> <li>• Maintain at \$8,000 for the Nominating Committee Chair.</li> </ul>
Annual Cash Retainer for Committee Members	<ul style="list-style-type: none"> <li>• Maintain at \$10,000 for each Compensation Committee member who is not serving as Chair.</li> <li>• Maintain at \$10,000 for each Audit Committee member who is not serving as Chair.</li> <li>• Increase from \$2,000 to \$5,000 for each Nominating Committee member who is not serving as Chair.</li> </ul>
Cash Fees for Additional Committee Meetings	<ul style="list-style-type: none"> <li>• Maintain at \$1,500 for the Chair and \$1,000 for other committee members for each in-person committee meeting in excess of five in-person committee meetings per year with no additional fee for telephonic committee meetings.</li> </ul>

Non-employee directors may participate in our non-qualified deferred compensation plan and our group medical and dental plans, and they are reimbursed for expenses incurred in attending Board and committee meetings. Neither Mr. Gustafsson nor Mr. Cless receives additional compensation for service as a director.

**2012 Director Compensation**

In May 2012, the Committee approved 2012 annual grants with a targeted grant value of \$50,000 in common stock and \$50,000 in stock appreciation rights, each fully vested upon grant. Each non-employee director was granted 1,391 fully vested shares and 4,031 fully vested stock appreciation rights. The following table provides information regarding the compensation of our non-employee directors for 2012.

Name	Fees Earned			All other Compensation (\$)	Total (\$)
	or Paid in Cash (\$)	Stock Awards (\$) <sup>(1)</sup>	Option/SAR Awards (\$) <sup>(1) (2)</sup>		
Richard L. Keyser	60,000	50,034	41,801	0	151,835
Andrew K. Ludwick	60,000	50,034	41,801	0	151,835
Ross W. Manire	62,000	50,034	41,801	0	153,835
Robert J. Potter	65,000	50,034	41,801	0	156,835
Michael A. Smith	133,000	50,034	41,801	0	224,835

<sup>(1)</sup> On May 18, 2012, Messrs. Keyser, Ludwick, Manire, Potter and Smith were each granted an award of 1,391 shares of common stock and an award of 4,031 stock appreciation rights. Each stock appreciation rights award has a ten-year term, and a base price of \$35.97 (the closing price of our common stock on the grant date). All of the 2012 equity awards to directors were fully vested upon grant. The amounts in the table represent the aggregate grant date fair value for these awards computed in accordance with Financial Accounting Standards Codification 718, Compensation - Stock Compensation. Please see Note 16, Equity-Based Compensation of Zebra's consolidated financial statements included in Zebra's Annual Report on Form 10-K for the year ended December 31, 2012 for a discussion of assumptions made in calculating the grant date fair value of these awards.

<sup>(2)</sup> As a result of the Board approving fully vested stock appreciation rights awards, the grant date fair value of these awards was approximately \$8,000 less than the initially targeted \$50,000 grant value. As of December 31, 2012, each non-employee director held unexercised stock options and stock appreciation rights representing the right to acquire the following number of shares of Zebra common stock: Mr. Keyser: 37,240; Mr. Ludwick: 43,240; Mr. Manire: 33,240; Dr. Potter: 33,240; and Mr. Smith: 33,240.

**Compensation Committee Report**

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis set forth below. Based on its review and discussion with management, the Compensation Committee has recommended to Zebra's Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and in Zebra's Annual Report on Form 10-K for the year ended December 31, 2012.

**Compensation Committee**

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

**Compensation Discussion and Analysis Executive Summary**

Our Compensation Discussion and Analysis focuses upon Zebra's total rewards philosophy, the role of the Compensation Committee (for purposes of the Compensation Discussion and Analysis section, the Committee), total compensation components, market and peer group data, and the approach used by the Committee when determining each element of the total compensation package inclusive of base pay, annual incentive and long-term equity incentive pay, benefits and employment agreements for our executive officers.

For 2012, the following executive officers compensation is disclosed and discussed in this proxy statement (the named officers):

- Anders Gustafsson, Chief Executive Officer
- Michael C. Smiley, Chief Financial Officer
- Philip Gerskovich, Senior Vice President, New Growth Platforms
- Hugh K. Gagnier, Senior Vice President, Global Operations
- Michael H. Terzich, Senior Vice President, Global Sales and Marketing

***Pay for Performance***

Zebra's total rewards program is designed to align our business strategy with increasing stockholder value. An important aspect of the compensation philosophy and programs is to pay competitively as well as reward for performance of the company. Base pay, annual incentive and long-term equity components are determined through a pay for performance approach, targeted at market median when target performance goals are achieved. Superior performance can result in above median pay when target financial performance and/or individual goals are exceeded.

In addition to utilizing a peer group and surveys of executive compensation to help determine target total compensation levels for executives, the Committee annually evaluates the financial performance of Zebra against the companies in that peer group (identified in the Compensation Discussion and Analysis below) in the financial dimensions of one and three year revenue growth, one and three year net income change, annual net profit margin, one and three year earnings per share change, return on equity, return on assets, return on invested capital, price/earnings ratio, and one, three and five year total stockholder return (TSR). This analysis was provided by The Delves Group, and is used in determining appropriate levels of total target compensation and target compensation for each element of compensation for executive officers, including the CEO.

Based on the results of this analysis, the Committee believes there is a satisfactory correlation between executive pay and company performance as compared to the peer group.

***Stockholders Approve Compensation of Zebra's Named Officers (Say on Pay)***

At Zebra's 2012 annual meeting, we conducted a stockholder advisory vote regarding the 2011 compensation of executive officers as disclosed in the 2012 proxy statement. Zebra's Board of Directors recommended that stockholders approve the compensation of the executive officers identified in the 2012 proxy statement. The proposal was approved by 95.5% of the votes cast for or against the proposal.

The Committee discussed the results of the 2012 stockholder advisory vote and determined that no changes to compensation were required or should be considered as a result of the favorable stockholder vote. Although the results of the advisory vote were positive, our Board, Compensation Committee and executive officers regularly consider changes to our total rewards programs to balance our total rewards strategy with Zebra's business strategy and stockholder expectations. In 2012, prior to the stockholder advisory vote on 2011 compensation, the Committee approved a change to the annual short-term incentive plan for executive officers other than the CEO to align such officers annual incentive plan structure with the CEO's annual incentive plan structure. This change, as discussed below under Compensation Discussion and Analysis, resulted in 100% (instead of 80%) of the executive officers potential annual incentive award being subject first to achieving target performance levels of consolidated operating income in 2012 before achievement of individual performance goals is considered, which could result in an adjustment to the final award amount earned.

***Annual Advisory Vote on Compensation of Named Officers (Say on Frequency)***

Consistent with the vote of Zebra's stockholders in 2011, Zebra holds an annual stockholder advisory vote on the compensation of our named officers. The next stockholder advisory vote on the frequency of stockholder advisory votes on named officer compensation is anticipated to be held in 2017.

**Zebra Financial Performance** In 2012, Zebra's financial results included record sales, with key financial results highlighted below and as described in further detail within our annual report:

- **Sales** Net sales for 2012 increased 1.2% to a record \$996,168,000. We had record sales in our Latin America geographic territory and ongoing strength in North America. This performance offset weakness in Europe and Asia Pacific, which was largely a result of more challenged business conditions in those regions as well as unfavorable movements in foreign exchange rates.
- **Operating Income** We recorded operating income of \$164,351,000, which included \$13,183,000 in acquisition costs, exit and restructuring costs and an asset impairment charge. For 2011, we had operating income of \$182,036,000, including \$2,345,000 in acquisition costs and exit and restructuring costs. There was no asset impairment charge for 2011.
- **Earnings per Share (Diluted) from Continuing Operations** We had earnings from continuing operations of \$2.35 per diluted share for 2012. These results include charges for acquisition costs, exit and restructuring activities and asset impairment, which reduced earnings by \$0.23 per share. For 2011, earnings from continuing operations of \$2.40 per share included acquisition costs and exit and restructuring costs, which reduced earnings by \$0.03 per share.
- **Return on Invested Capital** Our return on invested capital in 2012 was 28.5%, which compares favorably to Zebra's cost of capital of approximately 10%.

#### **Independent Compensation Committee**

Only independent directors served on the Compensation Committee during 2012. Dr. Potter is the Chair of the Compensation Committee, and Messrs. Keyser and Smith are members. None of the Compensation Committee members has ever been an officer or other employee of Zebra.

#### **Independent Compensation Consultant**

The Compensation Committee engaged The Delves Group as its independent executive compensation consultant to provide competitive compensation data, analysis and guidance when reviewing and setting our non-employee director compensation and in designing our overall executive officer compensation program. The Committee received a report from The Delves Group in which The Delves Group reported its conclusion that it is an independent advisor to the Committee and that no conflict of interest exists with respect to the services of The Delves Group. In reaching this conclusion, The Delves Group reported that (1) it exclusively provides executive and director compensation consulting services to the Committee and did not provide any other services to Zebra in 2012, (2) the total amount of fees paid by Zebra to The Delves Group for services in 2012 was less than 5% of the revenues of The Delves Group, (3) The Delves Group maintains policies and internal review procedures to identify and prevent conflicts of interest, (4) no employee of The Delves Group has a business or personal relationship with a member of the Committee that would create a conflict of interest, (5) no employee of The Delves Group owns stock of Zebra, and (6) no employee of The Delves Group has a business or personal relationship with an executive officer of Zebra that would create a conflict of interest.

**Named Officer Compensation, Guiding Principles and Other Actions** In addition to the programs described above and after conducting a review of market data, considering our total rewards philosophy and additional corporate governance issues such as a pay for performance analysis, the Board or the Committee took the following actions in respect of 2012:

- Approved a base salary increase for each named officer, effective in the spring of 2012.
- Approved annual short-term incentive award payouts to be paid in March 2013 to each named officer at approximately the 2012 target incentive amounts based upon achieving 90.2% of the 2012 operating income performance target and achieving a 28.5% return on invested capital in 2012 that exceeded the maximum performance target.
- Approved performance-vested restricted stock awards and time-vested stock appreciation rights and restricted stock awards for each named officer, which awards were granted as part of the annual equity award grants made in April 2012.
- Reviewed and approved our total rewards philosophy.

- Reviewed compliance with our stock ownership guidelines as of December 31, 2012 for non-employee directors and executive officers, which review showed that all directors and named officers exceeded the stock ownership goals applicable to them.
- Reviewed and confirmed the Committee charter.

### Compensation Discussion and Analysis

#### *Our Total Rewards Philosophy*

Zebra's total rewards program is designed to align our business strategy with increasing stockholder value. Created with all employees in mind, our philosophy was significantly enhanced in 2011 and affirmed in 2012 to provide a holistic approach containing five inter-related dimensions that focus on the overall employment value proposition. Our total rewards approach contains features designed to attract the best employees, keep them engaged and motivated, provide a learning foundation to develop them, provide a variety of programs that support and facilitate success at work and in their personal life, and reward them for achieving or exceeding desired results.

<b>Total Rewards Component</b>	<b>Purpose of Component</b>
Benefits	To attract and retain employees by providing competitive health, welfare and retirement benefits packages in order to maintain their overall health.
Compensation	Described below under <i>Our Total Compensation Components</i> .
Development and Career	To attract, retain, develop and motivate employees by providing a learning foundation that allows employees to take charge of their career in support of business requirements.
Performance and Recognition	To attract, retain, motivate and reward employees for achievements that meet and surpass expectations.
Work-Life and Well-Being	To attract and retain employees by providing programs that actively support and facilitate employees to achieve success at work and home through good health and wellness.

Although the Compensation Discussion and Analysis focuses on total compensation, we believe Zebra's total rewards approach supports our objectives in order to further:

- Increase stockholder value through long-term stock price growth and other financial measures.
- Facilitate the delivery of the highest quality goods and services to our customers.
- Encourage our employees to take actions that balance short-term achievements with long-term success.
- Attract, retain, motivate, develop and reward the highest performing employees who contribute to our success.

#### *Role of Our Compensation Committee*

The Committee assists the Board with its responsibilities regarding the total compensation of our executive officers and non-employee directors by overseeing our compensation and benefit programs. The Committee fulfills its responsibility by:

- Reviewing our total rewards philosophy annually to ensure the components align with the objectives of our total rewards philosophy.
- Seeking the counsel of our management team and advisors, such as that of a compensation consultant, for input and guidance.
- Reviewing its charter annually to ensure its actions align with its responsibility delegated by the Board.
- Fulfilling its responsibilities identified in its charter using a sound corporate governance approach that balances an appropriate level of risk tolerance with a total rewards philosophy.

***Our Total Compensation Approach***

In designing and implementing our total compensation program, we are guided by market data of a peer group of publicly-traded companies which our Committee views are comparable to Zebra, being within a reasonable range of similar size as to revenue and market capitalization, having a global business, having a similar business model and products of a similar technical nature, and with a consideration of whether a potential peer also regards Zebra as a peer. The Committee engaged The Delves Group to provide competitive executive compensation data, analysis and guidance in setting 2012 executive compensation levels and targets and in developing the design of our executive officer compensation program. When considering executive compensation for 2012, the Committee reviewed the peer group membership and information at its November 2011 meeting. The peer group information was supplemented by data provided by The Delves Group from the following surveys: a proprietary survey from The Delves Group of all companies with annual revenues of less than \$3 billion, an Equilar Survey of all U.S. technology companies with annual revenues between \$500 million and \$2.5 billion, and the Radford Executive Survey of all high technology companies with annual revenues between \$500 million and \$2 billion.

***Our Total Compensation Components***

Our total compensation program includes four components: base salary, annual incentive, long-term equity incentive and employee benefits. Each component serves a particular purpose and, therefore, each is considered independent of the other components, although all four components combined provide a holistic total compensation approach within our overall total rewards philosophy in order to attract, retain, motivate, develop and reward our employees. For 2012, the Committee determined each executive officer's compensation component levels by comparing each total compensation component to market data reflective of that compensation component, but did not use a targeted pay mix to allocate total compensation among these components.

The base salary, annual incentive and long-term equity incentive components are determined through a pay-for-performance approach, targeted at market median when target performance goals are achieved, and can result in superior pay when target performance goals are exceeded and/or individual performance exceeds expectations. Actual cash compensation varies based upon the attainment of financial and individual performance goals, as well as each executive officer's position, responsibilities and overall experience. Employee benefits are designed with features that align with market median program offerings. The following table describes the purpose of each component and how that component is related to our pay-for-performance approach and budget:

<b>Compensation Component</b>	<b>Purpose of Compensation Component</b>	<b>Compensation Component in Relation to Performance and Budget</b>
Base salary	To attract and retain employees by compensating them for the primary functions and responsibilities of the position.	The base salary increase an employee receives depends upon the employee's individual performance, and the employee's displayed skills and competencies, all established within the overall salary budget.
Annual cash incentive awards	To attract, retain, motivate and reward employees for achieving or surpassing key target performance goals for both Zebra and the individual.	Financial and individual performance determines the actual amount of the employee's actual annual cash incentive award. Award amounts are self-funded because they are included in Zebra's financial performance results when determining actual financial performance.
Long-term equity awards	To attract, retain, motivate and reward top talent for the successful creation of stockholder value.	The employee's past performance and future potential determines the amount of equity granted to them, established within an annual equity grant budget. Additionally, the collective performance of our employees to attain our financial goals is one of many factors influencing stock price growth resulting in wealth creation.
Employee benefits	To attract and retain employees by providing them with a competitive health, welfare and retirement benefits package in order to maintain their overall health and well-being.	Established within the overall employee benefit budget.

***Role of Performance Management Process and Talent Management Review on Total Compensation***

Our annual performance management process and the results of our annual talent management review are important aspects of the Committee's determination of compensation component levels and targets for our executive officers. Individual performance criteria and an executive officer's talent assessment consist of a combination of objective and subjective criteria. Individual performance goals were established for all executive officers in 2012 and final evaluations were conducted in early 2013 under our annual performance review process.

*Performance Management Process:* At the beginning of each year, Mr. Gustafsson meets with each executive officer and discusses the executive officer's individual performance goals for the year. Mr. Gustafsson presents each executive officer's individual performance goals to the Committee for approval. The Board of Directors and Mr. Smith, its Chairman, work with Mr. Gustafsson to establish Mr. Gustafsson's individual performance goals for the year, though Mr. Gustafsson's performance goals for the year are not given any incentive weight within our short-term or long-term compensation programs. After the year ends, Mr. Gustafsson evaluates the attainment of each performance goal and the executive officer's leadership and contributions in achieving the performance goal, and presents his assessment to the Committee for their review and approval regarding goal attainment. The Board has an annual formal evaluation process led by Chairman Smith, through which it assesses the performance of Mr. Gustafsson, including determining the extent to which Mr. Gustafsson's individual performance objectives are met. In respect of 2012 performance, Chairman Smith and Messrs. Keyser, Ludwick and Manire communicated the results of the Board's evaluation to Mr. Gustafsson. Mr. Gustafsson communicated to each executive officer the results of his evaluation and recommendations to the Committee, as well as the Committee's discussion and decision as to the 2012 annual incentive award. Mr. Gustafsson evaluates the attainment of personal performance goals by assigning a rating of 1.00 to goals that are met, with a rating below or above 1.00 if the goal is not achieved or exceeds expectations. The performance evaluations take into account other factors such as:

- Performance of daily responsibilities;
- Advancement and support of strategic business initiatives;
- Particular or general contributions to the overall management of Zebra; and
- Display of behaviors against Zebra's values.

*Talent Management Review:* After completing the annual performance evaluations, Mr. Gustafsson presents an overall talent management review to the Board, discussing the past performance and future potential of each executive officer and each of their direct reports, including a discussion of key skills, competencies, developmental opportunities and succession plans.

The talent management review discussion and the performance evaluation of each executive officer were considered in conjunction with other factors discussed below in determining 2012 total compensation.

***Establishing Our Total Compensation Component Levels***

In determining the target total compensation of our executive officers, the Committee considers several factors, including market compensation benchmarking. In the fourth quarter of 2011, the Committee engaged The Delves Group to collect and analyze compensation data for our executive officers and assess their compensation relative to individuals holding similar positions in technology and other industries in preparation for 2012 total compensation planning. The compensation data sources used by The Delves Group consisted of a 2011 proprietary survey from The Delves Group (reflecting data from companies with annual revenues less than \$3 billion, updated to November 1, 2011), the Equilar Survey (reflecting data from U.S. technology companies with annual revenues between \$500 million and \$2.5 billion, updated to November 1, 2011), and the Radford Executive Survey (reflecting data from high technology companies with annual revenues between \$500 million and \$2 billion, updated to November 1, 2011), as well as compensation data from our peer group. From these sources, The Delves Group compiled market-based compensation data for base salaries, annual cash incentive awards and long-term equity awards for executive officers.

The Delves Group also guided Zebra management through a comparative assessment of Zebra's peer group, including most recent annual revenue and net income, current market value, one- and three-year revenue percentage changes, one- and three-year net income percentage changes, most recent net profit margins, one- and three-year earnings per share percentage changes, most recent return on equity, most recent return on assets, most recent return



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on invested capital, and one-, three- and five-year total stockholder returns. Zebra management presented to the Committee and the Committee, Zebra management and The Delves Group discussed key findings regarding the peer group. The Committee determined the peer group, consisting of 22 peer companies, with factors such as annual revenues, market capitalization, business model, global presence, industry and products being considered. The peer group used for evaluating 2012 compensation decisions is set forth in the table below and represents the same peer group of companies used to evaluate 2011 compensation decisions except for one subtraction in 2011 (Varian, Inc. was acquired by Agilent Technologies).

### Zebra's Peer Group

Ariba, Inc.	Intermec, Inc.	PowerWave Technologies, Inc.
Arris Group, Inc.	Itron, Inc.	ScanSource, Inc.
Brady Corp.	KLA-Tencor Corp.	Teradata Corp.
Checkpoint Systems, Inc.	LAM Research Corp.	Teradyne, Inc.
Ciena Corp.	Lexmark International, Inc.	Trimble Navigation, Ltd.
Coherent, Inc.	Logitech International	Waters Corp.
Electronics for Imaging, Inc.	NCR Corp.	
FLIR Systems, Inc.	Polycom, Inc.	

**Base Salary:** For 2012, our former Vice President, Human Resources and Mr. Gustafsson reviewed and discussed each executive officer's base salary (other than that of the CEO), taking into consideration objective and subjective criteria, including individual performance, the relative position of the base salary in relation to the median-market data, executive experience levels, general labor market conditions, and our overall salary budget. After receiving the recommendations of our former Vice President, Human Resources and Mr. Gustafsson, the Committee reviewed and approved the base salaries of the non-CEO executive officers effective in spring 2012.

The Committee also reviewed similar objective and subjective criteria to recommend to the Board the 2012 base salary for Mr. Gustafsson. The Committee believes it is customary and appropriate that our CEO's base salary, annual target cash incentive award and target equity awards exceed that of the other Zebra executive officers. Our CEO is the only executive with authority and responsibility over all of Zebra's business operations and functional departments.

For 2012 compensation purposes, The Delves Group presented market compensation data at the 25<sup>th</sup> percentile, median and 75<sup>th</sup> percentile levels. This market compensation data were presented as a market consensus at each percentile (straight average of all sourced market data) for each executive officer, including Mr. Gustafsson. The market compensation data indicated our individual executive officer's base salary compensation ranged from 11% below to 21% above market median, and as a collective group was right at the median. The market data indicated that Mr. Gustafsson's base salary compensation was 4% above market median.

The Committee reviewed the market data, discussing each executive officer's performance while assessing each executive officer's base salary in comparison to the market data. Our named officers base salary adjustments aligned within Zebra's standard merit increase percentage guidelines used for all employees, except that Mr. Smiley's adjustment also contained a market price adjustment.

Named Executive Officer	2011 Salary	2012 Salary	Percentage Increase	Effective Date
Anders Gustafsson	\$775,000	\$800,000	3.2%	3/25/2012
Michael C. Smiley	\$360,000	\$381,600	6.0%	3/25/2012
Phillip Gerskovich	\$394,000	\$401,900	2.0%	3/25/2012
Hugh K. Gagnier	\$362,600	\$373,500	3.0%	3/25/2012
Michael H. Terzich	\$328,000	\$338,000	3.0%	3/25/2012

**Annual Cash Incentive Awards:** Each executive officer has a target annual cash incentive award, which is established by the Committee (or, in the case of Mr. Gustafsson, the Board) and set as a percentage of base salary. For 2012 compensation purposes, The Delves Group presented market compensation data at the 25<sup>th</sup> percentile, median and 75<sup>th</sup> percentile levels, and included prevalence data regarding performance goals used by our peer group. This market compensation data were presented as a market consensus (straight average of all sourced market data) for each executive officer, including Mr. Gustafsson. The market data indicated our individual executive officer's target annual incentive compensation ranged from 27% below to 25% above median, and as a collective group averaged 11% below median, and as a percentage of base salary target annual incentive compensation ranged from 16% below to right at market median. The market data indicated that Mr. Gustafsson's target annual incentive was right at median and as a percentage of base salary his target annual incentive compensation was 1% below median.

The Committee reviewed the market data, discussing each executive officer's performance while assessing each executive officer's target annual incentive in terms of both absolute amount and as a percentage of base salary in comparison to the market data. As a result, the 2012 target annual and maximum incentive percentages for named officers were established as follows: Mr. Gagnier - 60% (increase from 50% in 2011); and Mr. Terzich - 60% (increase from 50% in 2011).

Named Executive Officer	2011 Target Incentive	2011 Maximum Incentive	2012 Target Incentive	2012 Maximum Incentive
Anders Gustafsson	100%	200%	100%	200%
Michael C. Smiley	55%	110%	65%	130%
Phillip Gerskovich	50%	100%	50%	100%
Hugh K. Gagnier	50%	100%	60%	120%
Michael H. Terzich	50%	100%	60%	120%

The actual annual incentive awards that would be payable to each executive officer is calculated as a percentage of the officer's eligible compensation defined as base salary earned during the calendar year.

**2012 Annual Cash Incentive Plan:** Each of our executive officers participated in the 2012 Zebra Incentive Plan ( ZIP ), which provided for an annual cash incentive award based on the achievement of financial and individual performance goals during 2012.

**Initial Financial Performance Goal for Section 162(m) Purposes:** The ZIP contained an initial financial performance goal for executive officers, which was intended to qualify the ZIP awards as performance-based compensation under Section 162(m) of the Internal Revenue Code. This goal was positive Zebra income from operations and which was applied before any additional financial or individual performance goals were applied. The ZIP award amount for the Chief Executive Officer could not exceed 1.5% of Zebra income from operations or exceed 0.5% of Zebra income from operations for each of the other executive officers.

**Financial Performance Goals:** Additional financial performance goals were established for the purpose of exercising negative discretion under the plan. 2012 Zebra income from operations was established as a financial performance goal with specific performance targets to be met for threshold, target and maximum payouts. The threshold and maximum performance payout percentages were 50% and 200%, respectively. Achievement below the threshold would result in a 0% payout percentage. Achievement of income from operations performance levels, modified as described below by return on invested capital ( ROIC ) performance, represented 100% of Mr. Gustafsson's 2012 target annual cash incentive award, which could be modified by the Board by individual performance goal achievement. For each of the other executive officers, income from operations performance levels, modified by both individual performance goal achievement and by ROIC performance, represented 100% of the 2012 target annual cash incentive award.

The financial performance component of each executive officer's 2012 annual cash incentive, including Mr. Gustafsson, was subject to an ROIC modifier. If the ROIC target range were achieved, the financial performance

component would not be modified. If the ROIC target range were exceeded, the financial performance component would be increased by 20%. If the ROIC target range were not achieved, the financial performance component would be reduced by 20%, 40% or 100% depending upon the level of achievement in relation to the target range. The ROIC modifier may not increase an incentive award beyond a maximum 200% award payment.

Individual Performance Goals: As described above under *Role of Performance Management Process and Talent Management Review on Total Compensation*, each executive officer's 2012 annual cash incentive award could be modified by the achievement of individual performance goals. These goals varied by executive officer as recommended by Mr. Gustafsson and approved by the Committee and, with respect to Mr. Gustafsson, as established by the Board. Mr. Gustafsson presents his performance assessment relative to individual performance goals and proposed incentive award recommendations to the Committee for their review and approval regarding goal attainment and approval of annual incentive award amounts.

2012 Financial Performance Goals and Performance Targets: The 2012 financial performance goals and performance targets, as well as the threshold, target, maximum and actual results are reflected in the following three tables:

**Definitions of Financial Goals and Targets**

Performance Measure		Definition	2012 Target	2012 Performance Achievement and Actual Payout Percentage
Income from Operations		Income from operations for the applicable period, adjusted to remove non-recurring charges, as applicable. <sup>1</sup>	\$192,800,000	90.2% achievement percentage; 80.47% payout percentage
Return on Invested Capital		Net Operating Profit After Tax (NOPAT) for 2012 divided by Invested Capital where (a) NOPAT = Income from Operations x (1-budgeted tax rate) and (b) Invested Capital = total assets minus cash and cash equivalents, current and long-term investments and marketable securities, and non-interest-bearing current liabilities, and which is calculated as the average Invested Capital reflected on five balance sheets (end of Q4 2011 and each of Q1-Q4 2012).	20.00% to 23.99%	28.5% ROIC achievement; modifier of 1.2

<sup>1</sup> Non-recurring charges specifically include such expense items as (i) one-time charges, non-operating charges or expenses incurred that are not under the control of operations management, as determined by the Committee; (ii) restructuring expenses; (iii) exit expenses; (iv) integration expenses; (v) Board of Directors project activities (e.g., director searches); (vi) gains or losses on the sale of assets; (vii) acquired in-process technology; (viii) impairment charges; or (ix) changes in GAAP. The above list is not exhaustive and is meant to represent examples of the kind of expenses typically excluded from the calculations of Income from Operations. Acquisitions: generally, for the first quarter beginning at least six months after an acquisition closes, the financial targets will be adjusted to incorporate the acquired company's budget or financial plan. The reported financial performance will also be adjusted to include the acquired company's actual performance for the first quarter beginning at least six months after an acquisition closes.

**Financial Performance Levels Required to Receive an Annual Cash Incentive Award as a Percent of Target Performance**

Performance Measure	Performance Threshold	Performance Target	Performance Maximum
Income from Operations	Performance: 75% of operating income performance target  Award 50% of target incentive	Performance: 100% of operating income performance target  Award 100% of target incentive	Performance: 115% of operating income performance target  Award: 200% of target incentive
Return on Invested Capital	Performance: 12.00-15.99% or 16.00-19.99% reduces award by 40% and 20%, respectively	Performance: 20.00-23.99%  Award unchanged	Performance: At or above 24.00%  Award increased by 20%

Performance below 75% of operating income performance target (i.e., threshold performance) or below the 12.00% ROIC performance target results in a 0% payout. Performance between the stated performance levels is interpolated on a straight line basis.

## 2012 Cash Incentive Award

Named Officers	Minimum	Target	Maximum	Actual Award As a Percent of Eligible Compensation	Actual Award
Anders Gustafsson	0%	100%	200%	96.56%	\$766,956
Michael C. Smiley	0%	65%	130%	101.39%	\$248,256
Philip Gerskovich	0%	50%	100%	96.56%	\$193,178
Hugh K. Gagnier	0%	60%	120%	101.39%	\$225,712
Michael H. Terzich	0%	60%	120%	101.39%	\$204,240

The amount of each of the named officers actual incentive award under the 2012 ZIP depended upon the level of attainment of the operating income and ROIC financial performance goals and attainment of individual performance goals. For Messrs. Gustafsson, Smiley, Gerskovich, Gagnier and Terzich, the incentive award amounts approximate the target incentive amounts because our 2012 operating income was 90.2% of the performance target, which resulted in a payout percentage of 80.47% of the financial component of each named officer's target incentive, and our 2012 ROIC performance of 28.5% exceeded the 24.0% maximum performance target, which resulted in the financial component portion of each target incentive being increased by 20%.

**Long-Term Equity Awards Component:** The Committee believes it is important that all of our executive officers are incented to create stockholder value over a long-term investment horizon. With the assistance of The Delves Group, which provided market compensation data regarding the level and mix of equity awards, we shifted a few years ago from granting only stock options to granting time-vested stock appreciation rights, time-vested restricted stock and performance-vested restricted stock. Over the past few years we have adjusted the allocation of awards among the equity vehicles to improve alignment with Zebra's business strategy to allow us to develop compensation packages based upon changing business conditions in order to attract, retain, motivate, develop and reward our employees.

**2012 Long-Term Incentive Equity Grant:** For 2012 compensation purposes, The Delves Group presented market compensation data at the 25<sup>th</sup> percentile, median and 75th percentile levels, and included equity pay mix and equity award-type prevalence data of our peer group, and current and three-year burn rates and overhang analyses. This market compensation data was presented as a market consensus (straight average of all sourced market data) for each executive officer, including Mr. Gustafsson. The market data reflected that our executive officers equity compensation from the 2011 annual grant ranged from 18% below to 9% above market median, and as a collective group averaged 4% below median. Mr. Gustafsson's equity compensation from his 2011 annual grant was 9% above median.

Utilizing the market data information for the executive officers as a guide, and with the goal to further align the long-term incentive opportunity with long-term strategic goals, Mr. Gustafsson recommended to the Committee, and the Committee approved, long-term incentive opportunities for each executive officer. Positions at the senior vice president level (e.g., Messrs. Smiley, Gagnier, Gerskovich and Terzich) have a target long-term incentive opportunity of 150% of base salary in effect immediately prior to their 2012 merit salary adjustment. A long-term incentive opportunity pay range was then established around the target percent, with the minimum equating to 50% of the target and the maximum equating to 150% of the target to be used as a guideline for each executive officer level. Mr. Gustafsson could also recommend no equity grant to an officer based upon market conditions and/or an executive officer's individual performance. This approach simplifies the grant process, balances external market data with internal alignment opportunity, and is consistent with the approach used for all other eligible employee participants. For Mr. Gustafsson, The Delves Group recommended a similar approach, with a target long-term incentive opportunity at approximately the median of competitive practice. The Board could also provide for no equity grant to Mr. Gustafsson based upon market conditions and/or Mr. Gustafsson's performance.

Using these long-term incentive target percentages and corresponding equity pay ranges, Mr. Gustafsson reviewed each executive officer's long-term incentive opportunity converted to a grant dollar value amount, then recommended a total equity award grant dollar value for each executive officer in 2012, except for himself. The

Committee considered the same factors, including Mr. Gustafsson's recommendations, before making its final equity grant determination. For all executive officers other than Mr. Gustafsson, the grant dollar value approved by the Committee fell within the long-term incentive opportunity range guidelines for each executive officer.

With respect to the total grant dollar value of Mr. Gustafsson's equity awards in 2012, the Committee consulted with The Delves Group and considered factors similar to those considered when determining the grant date fair values of equity awards for the other executive officers. The Committee recommended to the Board, and the Board approved a 2012 total equity awards to Mr. Gustafsson having a total grant date fair value equal to approximately \$2,500,000, divided equally in value among performance-vested restricted stock, time-vested restricted stock and time-vested stock appreciation rights.

For 2012, the Committee determined a grant dollar value award amount for each executive officer, including Mr. Gustafsson, and converted that value to a number of shares as reflected below. This award was granted in the form of performance-vested restricted stock, time-vested restricted stock and time-vested stock appreciation rights, allocated at one-third of the overall grant value to each of these equity award vehicles.

All 2012 performance-vested restricted stock grants have a performance goal which is compounded annual growth rate of total net sales ( CAGR ) in 2014 over 2011 total net sales. The sales CAGR threshold (i.e., minimum) is set with the goal of Zebra's net sales growing faster than the markets for Zebra's products and services, with the sales CAGR target being 2.5% higher than the sales CAGR minimum, and the sales CAGR maximum being 5% higher than the sales CAGR minimum. Achievement of an implied CAGR at the three-year target rate in any of 2012, 2013 or 2014 would result in the banking of one-third of the target number of shares for that year. At the end of the three-year performance period, the number of shares of restricted stock that would vest is based upon the greater of either the sum of the banked shares or the attainment of the target CAGR as set forth in the table below:

	<b>Below Threshold</b>	<b>Performance Threshold</b>	<b>Performance Target</b>	<b>Performance Maximum</b>
Restricted Stock Vested Percentage	0%	50.00%	100.00%	150.00%

In addition, if the number of the vested shares exceeds zero, then the number of shares will be subject to a ROIC modifier established in a series of ranges. If the ROIC target range is achieved, the number of shares will not be modified. If the ROIC target range is exceeded, the number of shares will be increased by 20%. If the ROIC target range is not achieved, the number of shares will be reduced by either 20% or 40% depending upon the level of achievement in relation to the target range. ROIC equals the average of the Annual Fiscal ROIC for 2012, 2013 and 2014. Annual Fiscal ROIC is defined as net operating profit after tax ( NOPAT ) for the fiscal period divided by Invested Capital as set forth under the table above entitled Definitions and Targets of Financial Component Goals.

*Stock Appreciation Rights Share ( SARs ) Calculation and Terms:* For executive officers other than Mr. Gustafsson, in calculating the number of time-vested stock appreciation rights, Mr. Gustafsson recommends, and the Committee approves, a grant dollar value which was then converted into a number of stock appreciation rights on the grant date by dividing the grant dollar value by a value determined by using the binomial method. The actual base (or exercise) price of the stock appreciation rights was then set using the closing price of our common stock on the grant date. The process is the same for Mr. Gustafsson except that the Committee recommends, and the Board approves, a grant dollar value. Consistent with recent annual equity grant award terms, the Committee determined that the stock appreciation rights awards for executive officers, including Mr. Gustafsson, would vest 25% on the first four anniversaries of the grant date, or each April 30 beginning 2013, and would expire on April 30, 2022.

The number of SARs granted to the named officers in 2012 is summarized in the table below and is based on the closing price of our common stock on the grant date.

*Time-Vested and Performance-Vested Restricted Stock Share Calculation and Terms:* For executive officers other than Mr. Gustafsson, in calculating the number of time-vested and performance-vested restricted shares, Mr. Gustafsson recommends, and the Committee approves a grant dollar value of each type of equity award. The actual number of shares was then set by dividing the grant dollar value by the closing price of our common stock on the grant date. For Mr. Gustafsson, the process is the same, except that the Committee recommends, and the Board approves, a grant value for each type of equity award. In order to provide a significant long-term perspective and

retention incentive, the Committee determined that the time-vested restricted stock awards for executive officers, including Mr. Gustafsson, would vest 100% on April 30, 2015, the third anniversary of the grant date. The vesting terms of the performance-vested restricted stock are described above.

### 2012 Annual Equity Grants

	Grant Date	Number of Time-Vested SARs	Target Number of Performance-Vested Restricted Shares	Number of Time Vested-Restricted Shares
<b>Named Officers</b>	<b>Fair Value</b>			
Anders Gustafsson	\$2,477,032	62,289	21,483	21,483
Michael C. Smiley	\$619,274	15,572	5,371	5,371
Philip Gerskovich	\$396,300	9,966	3,437	3,437
Hugh K. Gagnier	\$619,274	15,572	5,371	5,371
Michael H. Terzich	\$569,703	14,326	4,941	4,941

The number of shares of performance-vested restricted shares that may vest for each of the named officers is as follows.

### 2012 Performance-Vested Restricted Shares Granted

	Fail to Meet Threshold	Attain Threshold	Attain Target Sales	Attain Maximum Sales CAGR and ROIC
<b>Named Officers</b>	<b>Sales CAGR and ROIC</b>	<b>Sales CAGR and ROIC</b>	<b>CAGR and ROIC</b>	<b>ROIC</b>
Anders Gustafsson	0	6,444	21,483	38,669
Michael C. Smiley	0	1,611	5,371	9,667
Philip Gerskovich	0	1,031	3,437	6,186
Hugh K. Gagnier	0	1,611	5,371	9,667
Michael H. Terzich	0	1,482	4,941	8,893

*Time-Vested Restricted Stock that Vested in 2012:* In May 2009, the named officers were granted awards of time-vested restricted stock with three-year cliff vesting in May 2012. During the three-year period from the 2009 grant date until the vesting date in 2012, the stock price rose from \$19.56 per share to \$37.59 per share. Set forth below is the number of shares of restricted stock that vested for each named officer, including the value of the shares on the vesting date.

### Previous Restricted Share Grants Vested in 2012

	Grant Date Fair Value of Award at Time of Grant	Number of Shares Vested	Value of Shares Vested
<b>Named Officers</b>			
Anders Gustafsson	\$880,200	45,000	\$1,691,550
Michael C. Smiley	\$212,774	10,878	\$408,904
Philip Gerskovich	\$159,570	8,158	\$306,659
Hugh K. Gagnier	\$212,774	10,878	\$408,904
Michael H. Terzich	\$186,172	9,518	\$357,782

**Employee Benefits Component:** Our executive officers are also eligible to participate in various benefit programs offered generally to Zebra's U.S. salaried employees, such as our health plans and group disability and life insurance plans. We provide a 401(k) plan to eligible employees with a match of 4% of eligible compensation, and also provide a non-qualified deferred compensation plan for highly compensated employees in which Zebra does not

provide for company contributions. We generally do not provide other long-term compensation plans, supplemental executive retirement plans or a defined benefit pension plan. We have not historically provided any perquisites.

Zebra also provides a supplemental executive disability policy for executives to replace the difference between what the group disability policy provides and the 60% earnings replacement cap under the group policy. Zebra pays for the supplemental executive disability coverage and the covered executive is taxed on this benefit, which amount is then reimbursed to the executive.

#### ***Our Executive Officer Employment Agreements***

Each executive officer has an employment agreement addressing matters such as compensation (including base salary, annual cash incentive awards, long-term equity awards and employee benefit), termination of employment, non-competition and/or non-solicitation provisions. We believe that providing an employment agreement facilitates the attraction of high performing and high potential executive officers by providing them a minimum level of total compensation. We also believe the employment agreements provide a minimum level of assurance in the event of a termination of employment in connection with a change in control, for good reason by the executive officer, or by Zebra without cause, as defined in each executive officer's employment agreement and summarized under Executive Compensation Employment Agreements.

The various components of total compensation as reflected within the employment agreements are reviewed on an annual basis by the Committee as described within this Compensation Discussion and Analysis. All other provisions of the employment agreements are established at the onset of the employee being appointed as an executive officer and are reviewed and updated on an as needed basis.

Specific to the non-compete and/or non-solicitation provisions, we believe these provisions align with our desire to protect the company and the stockholders from negative actions that could be caused by an executive officer who joins a competitor and engages in activities that could result in competitive harm to Zebra or our customers.

We believe that the severance amounts as reflected under Potential Payments upon Termination of Employment are fair and reasonable in order to allow the executive officer to transition from Zebra with minimal disruption to our overall business and, in the event of a change in control, to help secure the continued employment and dedication of our executive officers, notwithstanding any concern they may have regarding their own employment.

#### ***Tax Effects***

*Compliance with Section 162(m).* Section 162(m) of the Internal Revenue Code provides that compensation paid to named officers (other than our chief financial officer) in excess of \$1,000,000 cannot be deducted for federal income tax purposes unless such compensation is performance-based, is established by an independent committee of directors, is objective and the plan or agreement providing for such performance-based compensation has been approved in advance by our stockholders. The Committee structures compensation to take advantage of the performance-based compensation exemption under Section 162(m) to the extent practicable, while satisfying Zebra's compensation policies and objectives. If in the judgment of our Committee the benefits to Zebra of a compensation program that does not satisfy the conditions of Section 162(m) outweigh the costs to Zebra of the failure to satisfy these conditions, the Committee may adopt such a program.



## Executive Compensation

The following table summarizes the compensation earned during 2012, 2011 and 2010 by our Chief Executive Officer, our Chief Financial Officer and our three other most highly compensated executive officers as of December 31, 2012. We refer to these five executive officers as the named officers.

## SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Non-Equity					Total (\$)
		Salary (\$)	Bonus (\$)	Stock Awards (\$) <sup>(1)</sup>	Option/SAR Awards (\$) <sup>(1)</sup>	Incentive Plan Compensation (\$) <sup>(2)</sup>	
Anders Gustafsson Chief Executive Officer	2012	794,231	0	1,666,652	810,380	766,956	31,090
	2011	768,269	0	1,666,542	788,383	1,259,802	4,511,853
	2010	735,961	0	4,250,006	1,279,981	1,475,342	29,290
Michael C. Smiley Chief Financial Officer	2012	375,785	0	416,682	202,592	248,256	1,255,979
	2011	342,031	0	382,860	181,107	294,754	1,213,229
	2010	309,769	0	358,878	160,664	316,384	1,157,071
Philip Gerskovich Senior Vice President, Corporate Development	2012	399,773	0	266,642	129,658	193,178	1,002,725
	2011	391,846	0	237,032	112,114	296,142	1,050,748
	2010	383,846	0	228,124	103,208	345,684	1,072,880
Hugh K. Gagnier Senior Vice President, Operations, Specialty Printing Group	2012	370,565	0	416,682	202,592	225,712	1,230,954
	2011	359,208	0	382,860	181,107	282,410	1,218,773
	2010	346,769	0	358,878	160,664	329,783	1,207,899
Michael H. Terzich Senior Vice President, Global Sales and Marketing	2012	335,308	0	383,322	186,381	204,240	1,121,733
	2011	325,038	0	353,678	167,317	253,907	1,112,232

- (1) The amounts reflect the aggregate grant date fair value, computed in accordance with Financial Accounting Standards Codification Topic 718, Compensation Stock Compensation, of restricted stock and stock appreciation rights ( SAR ) granted in 2012, 2011 and 2010. The amounts included in this column for 2012, 2011 and 2010 include the grant date fair value of time-vested restricted stock and SARs, as well as performance-vested restricted stock, which is calculated based on the probable satisfaction of the performance conditions for such awards. If the highest level of performance is achieved for the performance-vested restricted stock granted in 2012, the grant date fair value of all stock awards would be as follows: Mr. Gustafsson \$2,477,032; Mr. Smiley \$619,274; Mr. Gerskovich \$396,300; Mr. Gagnier \$619,274; and Mr. Terzich - \$569,703. Please see Note 16, Equity-Based Compensation of Zebra s consolidated financial statements included in Zebra s Annual Report on Form 10-K for the year ended December 31, 2012 for a discussion of assumptions made in calculating the aggregate grant date fair value of these awards.
- (2) The amounts in this column reflect the annual incentive compensation earned under Zebra s annual incentive plan.
- (3) All other compensation for 2012 consists of 401(k) matching contributions (Mr. Gustafsson \$10,000; Mr. Smiley \$10,000; Mr. Gerskovich \$10,000; Mr. Gagnier \$10,000; and Mr. Terzich - \$10,000; life insurance premiums (Mr. Gustafsson - \$600; Mr. Smiley - \$600; Mr. Gerskovich - \$600; Mr. Gagnier - \$600; and Mr. Terzich - \$600), a tax gross up in connection with income recognized for long-term disability premiums paid by Zebra (Mr. Gustafsson - \$8,493; Mr. Smiley - \$2,064; Mr. Gerskovich - \$2,874; Mr. Gagnier - \$4,803; and Mr. Terzich - \$1,882), and for Mr. Gustafsson, \$11,997, consisting of Zebra paid executive long-term disability insurance

premiums.

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GRANTS OF PLAN-BASED AWARDS IN 2012<sup>(1)</sup>

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(2)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(3)</sup>			All Other Stock Awards:	All Other Options	Exercise or Base	Grant Date	Fair Value of Stock and Option Awards <sup>(7)</sup>
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	Number of Securities Underlying Awards <sup>(5)</sup>	Price of Option (\$/Sh) <sup>(6)</sup>			
Anders Gustafsson		397,124	794,247	1,588,494								
	4/30/12								62,289	38.79		810,380
	4/30/12							21,483				833,326
Michael C. Smiley	4/30/12	122,424	244,847	489,694	6,444	21,483	38,669					833,326
	4/30/12								15,572	38.79		202,592
	4/30/12				1,611	5,371	9,667	5,371				208,341
Philip Gerskovich	4/30/12	100,026	200,052	400,104								208,341
	4/30/12								9,966	38.79		129,658
	4/30/12							3,437				133,321
Hugh K. Gagnier	4/30/12				1,031	3,437	6,186					133,321
	4/30/12	111,307	222,613	445,226								
	4/30/12								15,572	38.79		202,592
Michael H. Terzich	4/30/12											133,321
	4/30/12	100,718	201,436	402,872								
	4/30/12								14,326	38.79		186,381
	4/30/12							4,941				191,661
	4/30/12				1,482	4,941	8,893					191,661

- (1) See Compensation Discussion and Analysis for additional discussion of Zebra's 2012 annual incentive plan and equity awards.
- (2) The amounts in this column represent potential earnings under the 2012 annual incentive plan. The threshold, target and maximum amounts are based on a percentage of incentive eligible compensation. The amount earned was subject to attaining levels of achievement of financial performance goals and, other than for the chief executive officer, individual performance goals as described in the Compensation Discussion and Analysis. If the threshold performance target is not met, the annual incentive award is \$0. At threshold performance, 50% of the target incentive will be earned. At target performance, 100% of the target incentive will be earned. At maximum performance, 200% of the target incentive will be earned. As described in Compensation Discussion and Analysis, return on invested capital ( ROIC ) acted as a modifier of the amount earned under the performance goals; however, pursuant to the terms of the plan, the ROIC modifier cannot increase the financial performance component of the incentive award beyond a maximum 200% award payment for the financial performance component. The actual amounts earned in respect of 2012 are reported in the summary compensation table.
- (3) The target column represents the number of shares of performance-vested restricted stock granted on April 30, 2012. These awards vest 100% on April 30, 2015, subject to attaining levels of achievement of performance goals relating to (1) compounded annual growth rate ( CAGR ) of 2014 total net sales over 2011 total net sales and (2) ROIC over the three-year performance period ending December 31, 2014, with ROIC acting as a modifier of the number of shares vested under the total net sales goal. At the threshold CAGR, 50% of the target number of shares would vest. At the target CAGR, 100% of the target number of shares would vest. At the maximum CAGR, 150% of the target number of shares would vest. If the threshold CAGR is not achieved, 0% of the shares vest. In each case, the number of vested shares may be modified based on average ROIC during the three-year performance period. If ROIC is below the threshold, the number of vested shares, if any, will be reduced by 40%. If ROIC equals or exceeds threshold but is less than target ROIC, the number of vested shares, if any, will be reduced by 20%. If ROIC equals or exceeds target but is less than maximum ROIC, the number of vested shares, if any, will not be modified. If ROIC equals or exceeds maximum ROIC, the number of vested shares, if any, will be

increased by 20%. The threshold column represents the number of shares that would vest if the threshold CAGR is attained, reduced by 40% if the threshold ROIC is not attained. The maximum column represents the number of shares that would vest if the maximum CAGR is attained, increased by 20% if the maximum ROIC is attained. Notwithstanding the foregoing description, up to one-third of the target number of shares may be earned (but not vested) as of December 31, 2012, 2013 and 2014 based upon the annual growth rate of total net sales for that year over the prior year total net sales (without regard to the ROIC for that year). To determine the number of restricted shares that will vest on April 30, 2015, the ROIC modifier for the three-year performance period will then be applied to the greater of (a) the sum of the earned shares for each year in the three-year performance period and (b) the number of shares that would vest based upon the CAGR achieved over the three-year performance period. Dividends are not paid on our common stock. Except for Mr. Gustafsson, if an executive officer's employment is terminated by reason of death or disability prior to December 31, 2014, the vesting of these awards will accelerate at the target number of shares. Except for Mr. Gustafsson, if an executive officer's employment is terminated by reason of death or disability on or after December 31, 2014 but before April 30, 2015 or by the officer for good reason or by Zebra other than for cause at any time during the three-year performance period, the vesting of these award will be determined in accordance with the performance-based vesting goals. If Mr. Gustafsson's employment is terminated by reason of death, disability, by Mr. Gustafsson for good reason or by Zebra other than for cause, the number of vested shares will be the target number of shares prorated based on days elapsed from April 30, 2012 to the date of termination of employment (unless otherwise determined by the Board or the Compensation Committee). If an executive officer's employment is terminated for any reason other than death, disability, by the officer for good reason or by Zebra other than for cause, the shares of restricted stock will be forfeited. For performance-vested restricted stock awards held by executive officers, if a change in control involves stockholders receiving consideration consisting of publicly traded common stock, and if the restricted stock agreement is assumed or a provision is made for the continuation of the restricted stock agreement, then there will be a substitution of the common stock into which Zebra common stock is converted in the change in control and the target number of shares of restricted stock will vest. If a change in control does not involve stockholders receiving publicly traded common stock, then there will be a cash payment to the holder representing the value of the target number of shares of restricted stock. The definitions of change in control, good reason and cause are summarized under Employment Agreement below.

- (4) Represents shares of time-vested restricted stock granted on April 30, 2012. These awards vest 100% on April 30, 2015. Dividends are not paid on our common stock. The vesting of these awards will be accelerated in full upon a termination of employment by reason of death, disability, resignation for good reason, or termination by Zebra without cause, except that for Mr. Gustafsson the number of vested shares would be prorated based on days elapsed from the grant date to the date of termination of employment (unless otherwise determined by the Board or the Compensation Committee). For all executive officers, (1) if a change in control involves stockholders receiving consideration consisting of publicly traded common stock, and if the restricted stock award agreement is assumed or a provision is made for the continuation of the agreement, then there will be a substitution of the common stock into which Zebra common stock is converted in the change in control and the restricted stock award agreement will continue in accordance with its terms and (2) if a change in control does not involve stockholders receiving publicly traded common stock, then there will be a cash payment to the holder representing the value of the shares of restricted stock.
- (5) Represents the number of shares underlying SAR awards. SARs become exercisable in 25% increments on each of the first four anniversaries of the grant date and expire on the tenth anniversary of the grant date. For all awards held by executive officers other than Mr. Gustafsson, (i) upon termination of employment by reason of death or disability, the unvested portion will vest in full and the SAR will remain exercisable until the earlier of the expiration date or one year after the termination of employment; (ii) upon retirement, any unexercised vested portion will remain exercisable until the

earlier of the expiration date or one year after retirement; (iii) upon termination for cause, the SAR will be forfeited; and (iv) upon termination for any other reason, any unexercised vested portion will remain exercisable until the earlier of the expiration date or (a) 90 days after termination if terminated by Zebra and (b) 30 days if termination is voluntary. For Mr. Gustafsson, upon termination of employment (i) by reason of his death, disability, resignation for good reason, or termination by Zebra without cause, the unvested portion will vest pro rata based on the number of days from the grant date through and including the date of termination of employment and the SAR will remain exercisable until the earlier of the expiration date or one year after his termination of employment due to death or disability or 90 days after his termination of employment by reason of resignation for good reason or termination by Zebra without cause; (ii) upon retirement, any unexercised vested portion will remain exercisable until the earlier of the expiration date or one year after retirement; (iii) upon termination for cause, the SAR will be forfeited; and (iv) upon termination for any other reason, any unexercised vested portion will remain exercisable until the earlier of the expiration date or 30 days after his termination of employment. For all executive officers, (1) if a change in control involves stockholders receiving consideration consisting of publicly traded common stock, and if the SAR agreement is assumed or a provision is made for the continuation of the SAR agreement, then there will be a substitution of the common stock into which Zebra common stock is converted in the change in control and the SAR will continue in accordance with its terms and (2) if a change in control does not involve stockholders receiving publicly traded common stock, then there will be a cash payment to the holder representing the difference between the value of a share on the date of the transaction over the base price of the SAR.

(6) The base price equals the closing market price of our common stock on the date of grant.

- (7) The amounts included in this column were determined in accordance with Financial Accounting Standards Codification Topic 718, Compensation - Stock Compensation and, in the case of performance-vested restricted stock awards, are calculated based on the probable satisfaction of the performance conditions. Please see Note 16, Equity-Based Compensation of Zebra's consolidated financial statements included in Zebra's Annual Report on Form 10-K for the year ended December 31, 2012 for a discussion of assumptions made in calculating the aggregate grant date fair value of these awards.

**OUTSTANDING EQUITY AWARDS AT 2012 FISCAL YEAR-END**

Name	Option/SAR Awards			Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(2)</sup>	
	Number of Securities Underlying Unexercised Options/SARs (#)	Number of Securities Underlying Unexercised Options/SARs (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) <sup>(1)</sup>		Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(2)</sup>
<b>Anders Gustafsson</b> <sup>(3)</sup>								
9/4/2007	75,000	0		\$36.80	9/4/2017			
4/24/2008	90,000	0		\$36.49	4/24/2018			
5/7/2009	86,250	28,750		\$19.56	5/7/2019			
5/6/2010	0	120,299		\$27.82	5/6/2020			
5/6/2010						44,932	\$1,766,277	
5/6/2010 <sup>(4)</sup>							194,105	\$7,630,268
5/5/2011	13,621	40,863		\$41.57	5/5/2021			
5/5/2011						20,045	\$787,969	
5/5/2011 <sup>(5)</sup>							15,635	\$614,616
4/30/2012	0	62,289		\$38.79	4/30/2022			
4/30/2012						21,483	\$844,497	
4/30/2012 <sup>(6)</sup>							6,444	\$253,314
<b>Michael C. Smiley</b> <sup>(7)</sup>								
5/1/2008	11,700	0		\$37.67	5/1/2018			
5/7/2009	21,841	7,281		\$19.56	5/7/2019			
5/6/2010	7,550	7,550		\$27.82	5/6/2020			
5/6/2010						5,500	\$216,205	
5/6/2010 <sup>(4)</sup>							13,320	\$523,609
5/5/2011	3,129	9,387		\$41.57	5/5/2021			
5/5/2011						4,605	\$181,023	
5/5/2011 <sup>(5)</sup>							3,592	\$141,202
4/30/2012	0	15,572		\$38.79	4/30/2022			
4/30/2012						5,371	\$211,134	
4/30/2012 <sup>(6)</sup>							1,611	\$63,328
<b>Philip Gerskovich</b> <sup>(8)</sup>								
3/10/2005	29,786	0		\$50.36	3/10/2015			
2/6/2006	23,068	0		\$43.35	2/6/2016			
4/25/2007	9,697	0		\$41.25	4/25/2017			
4/24/2008	14,480	0		\$36.49	4/24/2018			
5/7/2009	16,381	5,461		\$19.56	5/7/2019			
5/6/2010	4,850	4,850		\$27.82	5/6/2020			
5/6/2010						3,500	\$137,585	
5/6/2010 <sup>(4)</sup>							8,460	\$332,563
5/5/2011	1,937	5,811		\$41.57	5/5/2021			
5/5/2011						2,851	\$112,073	
5/5/2011 <sup>(5)</sup>							2,224	\$87,425
4/30/2012	0	9,966		\$38.79	4/30/2022			
4/30/2012						3,437	\$135,108	
4/30/2012 <sup>(6)</sup>							1,031	\$40,529

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**Hugh K. Gagnier <sup>(9)</sup>**

2/11/2004	10,500	0	\$47.12	2/11/2014				
2/7/2005	9,686	0	\$51.62	2/7/2015				
2/6/2006	4,960	0	\$43.35	2/6/2016				
4/25/2007	9,334	0	\$41.25	4/25/2017				
4/24/2008	14,480	0	\$36.49	4/24/2018				
5/7/2009	21,841	7,281	\$19.56	5/7/2019				
5/6/2010	7,550	7,550	\$27.82	5/6/2020	5,500	\$216,205		
5/6/2010								
5/6/2010 <sup>(4)</sup>							13,320	\$523,609
5/5/2011	3,129	9,387	\$41.57	5/5/2021				
5/5/2011					4,605	\$181,023		
5/5/2011 <sup>(5)</sup>							3,592	\$141,202
4/30/2012	0	15,572	\$38.79	4/30/2022				
4/30/2012					5,371	\$211,134		
4/30/2012 <sup>(6)</sup>							1,611	\$63,328

**Michael H. Terzich <sup>(10)</sup>**

2/11/2004	10,500	0	\$47.12	2/11/2014				
2/7/2005	9,686	0	\$51.62	2/7/2015				
2/6/2006	5,767	0	\$43.35	2/6/2016				
4/25/2007	10,667	0	\$41.25	4/25/2017				
4/24/2008	14,480	0	\$36.49	4/24/2018				
5/7/2009	6,371	6,371	\$19.56	5/7/2019				
5/6/2010	6,900	6,900	\$27.82	5/6/2020	5,000	\$196,550		
5/6/2010								
5/6/2010 <sup>(4)</sup>							12,060	\$474,079
5/5/2011	2,890	8,673	\$41.57	5/5/2021				
5/5/2011					4,254	\$167,225		
5/5/2011 <sup>(5)</sup>							3,318	\$130,431
4/30/2012	0	14,326	\$38.79	4/30/2022				
4/30/2012					4,941	\$194,231		
4/30/2012 <sup>(6)</sup>							1,482	\$58,257

- (1) These restricted stock awards vest three years after the grant date, except that the May 6, 2010, grant to Mr. Gustafsson vests 25% on each of May 6, 2013 and 2014 and 50% on May 6, 2015.
- (2) The market value is based on the \$39.31 closing price of our common stock on The NASDAQ Stock Market on December 31, 2012.
- (3) The stock appreciation right ( SAR ) granted on May 7, 2009 will vest with respect to 28,750 rights on May 7, 2013; the SAR granted on May 6, 2010 will vest with respect to 30,074 rights on May 6, 2013, 30,075 rights on May 6, 2014, and 60,150 rights on May 6, 2015; the SAR granted on May 5, 2011 will vest with respect to 13,521 rights on each of May 5, 2013, 2014 and 2015; and the SAR granted on April 30, 2012 will vest with respect to 15,572 rights on each of April 30, 2013, 2014 and 2015, and 15,573 rights on April 30, 2016.
- (4) Represents the number of restricted shares that are expected to vest on May 6, 2013, based upon achievement of a maximum compounded annual growth rate ( CAGR ) of 2012 total net sales over 2009 total net sales and a maximum return on invested capital ( ROIC ) over the three-year performance period ended December 31, 2012.
- (5) Represents the number of restricted shares that are expected to vest on May 5, 2014, based upon achievement of a CAGR of 2013 total net sales over 2010 total net sales at 65% of target and an expected ROIC over the three-year performance period ending December 31, 2013 that exceeds the maximum ROIC. The maximum number of restricted shares that may vest based upon the achievement of a maximum CAGR of 2013 total net sales over 2010 total net sales and a maximum ROIC over the three-year performance period is as follows: Mr. Gustafsson 36,081 shares; Mr. Smiley 8,289 shares; Mr. Gerskovich 5,131 shares; Mr. Gagnier 8,289 shares; and Mr. Terzich



7,657 shares.

- (6) Represents the number of restricted shares that will vest on April 30, 2015, based upon achievement of a threshold CAGR of 2014 total net sales over 2011 total net sales and an ROIC over the three-year performance period ending December 31, 2014, that does not meet a threshold ROIC. The maximum number of restricted shares that may vest based upon the achievement of a maximum CAGR of 2014 total net sales over 2011 total net sales and a maximum ROIC over the three-year performance period is as follows: Mr. Gustafsson 38,669 shares; Mr. Smiley 9,667 shares; Mr. Gerskovich 6,186 shares; Mr. Gagnier 9,667 shares; and Mr. Terzich 8,893 shares. See Grants of Plan-Based Awards in 2012 table and footnote 3 to that table for a more detailed description of these awards.

- (7) The SAR granted on May 7, 2009 will vest with respect to 7,281 rights on May 7, 2013; the SAR granted on May 6, 2010 will vest with respect to 3,775 rights on each of May 6, 2013 and 2014; the SAR granted on May 5, 2011 will vest with respect to 3,129 rights on each of May 5, 2013, 2014 and 2015; and the SAR granted on April 30, 2012 will vest with respect to 3,893 rights on each of April 30, 2013, 2014, 2015 and 2016.
- (8) The SAR granted on May 7, 2009 will vest with respect to 5,461 rights on May 7, 2013; the SAR granted on May 6, 2010 will vest with respect to 2,425 rights on each of May 6, 2013 and 2014; the SAR granted on May 5, 2011 will vest with respect to 1,937 rights on each of May 5, 2013, 2014 and 2015; and the SAR granted on April 30, 2012 will vest with respect to 2,491 rights on each of April 30, 2013 and 2014, and 2,492 rights on each of April 30, 2015 and 2016.
- (9) The SAR granted on May 7, 2009 will vest with respect to 7,281 rights on May 7, 2013; the SAR granted on May 6, 2010 will vest with respect to 3,775 rights on each of May 6, 2013 and 2014; the SAR granted on May 5, 2011 will vest with respect to 3,129 rights on each of May 5, 2013, 2014 and 2015; and the SAR granted on April 30, 2012 will vest with respect to 3,893 rights on each of April 30, 2013, 2014, 2015 and 2016.
- (10) The SAR granted on May 7, 2009 will vest with respect to 6,371 rights on May 7, 2013; the SAR granted on May 6, 2010 will vest with respect to 3,450 rights on each of May 6, 2013 and 2014; the SAR granted on May 5, 2011, will vest with respect to 2,891 rights on each of May 5, 2013, 2014 and 2015; and the SAR granted on April 30, 2012 will vest with respect to 3,581 rights on each of April 30, 2013 and 2014, and 3,582 rights on each of April 30, 2015 and 2016.

**Option/Stock Appreciation Right Exercises and Stock Vested**

The table below sets forth information with respect to stock options and stock appreciation rights exercised by the named officers during 2012 and awards of restricted stock that vested in 2012.

**Options and Stock Appreciation Rights Exercised and Stock Vested in 2012**

Name	Number of		Number of	
	Shares	Value Realized	Shares	Value Realized on
	Acquired on	on Exercise	Vesting	Vesting
	Exercise (#)	(\$) <sup>(1)</sup>	(#)	(\$)
Anders Gustafsson	0	0	45,000	1,691,550
Michael C. Smiley	0	0	10,878	408,904
Philip Gerskovich	0	0	8,158	306,659
Hugh K. Gagnier	29,250	382,339	10,878	408,904
Michael H. Terzich	0	0	9,518	357,782

(1) Value calculated as the difference between the market price of the underlying securities on the date of exercise and the exercise or base price of the exercised stock options or stock appreciation rights.

**Non-Qualified Deferred Compensation**

Pursuant to Zebra's non-qualified deferred compensation plan, a named officer may defer, on a pre-tax basis, up to 80% of his base salary and annual incentive award. Deferred compensation balances are credited with gains or losses which mirror the performance of benchmark investment funds selected by the participant under the plan. All credited amounts are unfunded general obligations of Zebra, and participants have no greater rights to payment than any unsecured general creditor of Zebra.

The value of a participant's account changes based upon the performance of a participant's selected benchmark investment funds. Account balances are paid either in a lump sum or in annual installments. The plan permits payment upon, among other things, a termination of employment or a change in control of Zebra. Zebra does not make contributions to the plan, but pays the costs of administration.



The table below shows the funds available under the plan and the 2012 rates of return.

<b>Fund Name</b>	<b>2012 Rate of Return</b>
American Funds Europac Grw R6 (RERGX)	19.64%
International Discovery Fund (PRIDX)	26.00%
Dividend Growth Fund (PRDGX)	14.85%
Small-Cap Stock Fund (OTCFX)	18.01%
T. Rowe Price Inst Large Cap Growth (TRLGX)	17.55%

The table below sets forth information regarding the named officers participation in the plan in 2012.

**Nonqualified Deferred Compensation for 2012**

<b>Name</b>	<b>Executive Contributions in Last Fiscal Year (\$)<sup>(1)</sup></b>	<b>Registrant Contributions in Last Fiscal Year (\$)</b>	<b>Aggregate Earnings in Last Fiscal Year (\$)<sup>(2)</sup></b>	<b>Aggregate Withdrawals/ Distributions (\$)</b>	<b>Aggregate Balance at Last Fiscal Year-End (\$)<sup>(3)</sup></b>
Anders Gustafsson	0	0	0	0	0
Michael C. Smiley	0	0	38,078	0	278,926
Philip Gerskovich	0	0	0	0	0
Hugh K. Gagnier	0	0	5,385	0	36,977
Michael H. Terzich	0	0	0	0	0

- (1) The amount(s) reported in this column are included in the summary compensation table under the Salary and Non-Equity Incentive Plan Compensation columns.
- (2) The amount(s) reported in this column are not included in the summary compensation table.
- (3) For Mr. Smiley, \$218,969 of this amount has been previously reported in a summary compensation table for 2012 and prior years. For Mr. Gagnier, neither he nor Zebra has made any contributions to the plan since at least 2006, the first year for which this table was required to be included in a proxy statement.

**Employment Agreements**

Zebra has employment agreements with each of the named officers. Mr. Gustafsson's employment agreement is substantially the same as the agreements of Messrs. Smiley, Gerskovich, Gagnier and Terzich, except as described below.

Messrs. Smiley, Gerskovich, Gagnier and Terzich. Messrs. Smiley, Gerskovich, Gagnier and Terzich are entitled to annual base salaries and are eligible to earn targeted annual incentive awards under Zebra's annual incentive plan. Eligibility to receive equity-based compensation is determined in the sole discretion of the Compensation Committee.

If the officer terminates his employment for good reason or Zebra terminates his employment without cause and under circumstances other than death or disability, the officer will be entitled to (i) one-year continuation of base salary; (ii) a pro rata portion of his annual incentive for the year in which his employment terminates, if the incentive otherwise would have been earned; (iii) any unpaid previously earned annual incentive; (iv) a payment equal to 100% of the officer's target annual incentive for the year in which employment terminates; (v) outplacement services not to exceed \$32,000; and (vi) the continuation of coverage under Zebra's medical and dental insurance plans, with Zebra contributing to the cost of such coverage at the same rate Zebra pays for health insurance coverage for its active employees under its group health plan, until the earlier of (a) one year after the date of termination, or (b) the officer becoming eligible for coverage under another group health plan that does not impose preexisting condition limitations. Causéincludes the commission, indictment or conviction of a felony or misdemeanor involving fraud or dishonesty; a material breach of the employment agreement; willful or intentional misconduct,

gross negligence, or dishonest, fraudulent or unethical behavior; failure to materially comply with a direction of the Board; or breach of fiduciary duty to Zebra.

If the officer terminates employment for good reason or Zebra terminates the officer's employment without cause, and the termination occurs within 120 days immediately preceding or one year following a change in control then the officer will be entitled to all compensation and benefits set forth in the immediately preceding paragraph, except that the officer will receive a payment equal to two times base salary in lieu of one-year salary continuation, plus two times target annual incentive in lieu of one times, which payment would be payable within 60 days following the later of the change in control or termination of employment. A change in control includes (1) an acquisition by a person or group of 35% or more of Zebra's common stock; (2) a change in a majority of the Board within a 24-month period; (3) the approval by our stockholders of a complete liquidation or dissolution of Zebra; or (4) the consummation of a reorganization, merger or consolidation of Zebra or sale or other disposition of all or substantially all of the assets of Zebra. Good reason includes a demotion to a lesser position or assignment of duties materially inconsistent with the officer's position, status or responsibilities; a material breach by Zebra of the employment agreement; or a decrease in base salary (unless applied proportionally).

If payments or benefits exceed the threshold under Section 4999 of the Internal Revenue Code and an excise tax becomes due, the officer would be entitled to a gross-up payment such that, after payment by him of all applicable taxes and excise taxes, he retains an amount equal to the amount he would have retained had no excise tax been imposed; provided, that if the threshold under Section 4999 is exceeded by 10% or less, the total payments he would be entitled to would be reduced so that no excise tax would be due.

Each officer is bound by non-competition and non-solicitation provisions until two years following termination, except Mr. Gagnier is bound for one year following termination. Each officer has agreed to confidentiality covenants during and after employment.

Mr. Gustafsson. Mr. Gustafsson's employment agreement provides for a minimum base salary of \$700,000, a target annual incentive equal to 100% of salary and a maximum annual incentive equal to 200% of salary. Mr. Gustafsson's agreement also provides (i) that any decrease in Mr. Gustafsson's salary permits him to terminate his employment for good reason; and (ii) if Mr. Gustafsson terminates employment for good reason or Zebra terminates his employment without cause and under circumstances other than death or disability, he will not receive outplacement services, the unvested portion of non-performance-based equity awards will vest immediately (unless otherwise expressly set forth in an award agreement, such as Mr. Gustafsson's time-vested SAR and restricted stock award agreements granted in 2010, 2011 and 2012), the continuation of his salary will be for a period of two years, and, unless it is otherwise terminated, the continuation of healthcare coverage will be for a period of two years.

#### **Potential Payments upon Termination of Employment or Change in Control**

Described below are the potential payments and benefits to which the named officers would be entitled from Zebra under their employment agreements, their equity award agreements, and Zebra's compensation and benefit plans upon termination of employment, if such termination had occurred as of December 31, 2012. Amounts actually received would vary based on factors such as the date on which a named officer's employment terminates and the price of our common stock on such date. The tables exclude payments and benefits that are provided on a non-discriminatory basis to full-time salaried employees, such as accrued salary and vacation pay.

The named officers are not entitled to any payments or benefits as a result of a termination of employment for cause.

**Retirement or Voluntary Resignation**

Name	Salary Severance (\$)	Incentive Severance (\$)	Earned Incentive (\$) <sup>(1)</sup>	Accelerated	Accelerated	Total (\$) <sup>(2)</sup>
				Options and SARs (\$)	Restricted Stock (\$)	
Anders Gustafsson	0	0	0	0	0	0
Michael C. Smiley	0	0	0	0	0	0
Philip Gerskovich	0	0	0	0	0	0
Hugh K. Gagnier	0	0	0	0	0	0
Michael H. Terzich	0	0	0	0	0	0

- (1) Under the 2012 annual incentive plan, a participant may be paid any earned incentive award amount in the event of termination by reason of retirement, but not voluntary resignation. None of the named officers was eligible for retirement under the 2012 annual incentive plan.
- (2) Excludes the amount of previously earned and fully vested deferred compensation under the 2002 Deferral Plan that would become immediately payable. See Non-Qualified Deferred Compensation above for additional information.

**Death or Disability**

Name	Salary Severance (\$)	Incentive Severance (\$)	Earned Incentive (\$) <sup>(1)</sup>	Accelerated	Accelerated	Total (\$) <sup>(4)</sup>
				SARs (\$) <sup>(2)</sup>	Restricted Stock (\$) <sup>(3)</sup>	
Anders Gustafsson	0	0	766,956	1,309,310	5,882,506	7,958,772
Michael C. Smiley	0	0	248,256	238,647	1,524,127	2,011,730
Philip Gerskovich	0	0	193,178	168,764	964,510	1,326,452
Hugh K. Gagnier	0	0	225,712	238,647	1,524,127	1,988,486
Michael H. Terzich	0	0	204,240	212,558	1,393,540	1,810,388

- (1) Under the 2012 annual incentive plan, participants are entitled to any earned incentive award amount in the event of termination of employment by reason of death or disability. The amount assumes termination of employment at year end and is based on actual performance.
- (2) Time-vested SARs accelerate vesting in full, except that Mr. Gustafsson's 2012, 2011 and 2010 time-vested SAR awards vest pro rata based on the number of days from the grant date through and including the date of termination of employment. The amounts reflect the difference between the exercise price of each SAR and the \$39.31 closing price of our common stock on The NASDAQ Stock Market on December 31, 2012 for the following number of in-the-money SARs: Mr. Gustafsson 106,578; Mr. Smiley 30,403; Mr. Gerskovich 20,277; Mr. Gagnier 30,403; and Mr. Terzich 27,597.
- (3) Time-vested restricted stock awards accelerate vesting in full, except that Mr. Gustafsson's 2012, 2011 and 2010 time-vested restricted stock awards vest pro rata based on the number of days from the grant date through and including the date of termination of employment. For performance-vested restricted stock awards (i) granted in 2012 and 2011, the target number of shares accelerates and (ii) granted in 2010, the vested number of shares has been determined in accordance with the performance-based vesting goals, except that Mr. Gustafsson's 2012, 2011 and 2010 performance-vested restricted stock awards vest at target in a pro rata amount based on the number of days from the grant date through and including the date of termination of employment. The amounts reflect the \$39.31 closing price of our common stock on The NASDAQ Stock Market on December 31, 2012, for the following number of shares of restricted stock: Mr. Gustafsson 149,644 shares; Mr. Smiley 38,772 shares; Mr. Gerskovich 24,536 shares; Mr. Gagnier 38,772 shares;

and Mr. Terzich 35,450 shares.

(4)

Excludes the amount of previously earned and fully vested deferred compensation under the 2002 Deferral Plan that would become immediately payable. See Non-Qualified Deferred Compensation above for additional information.

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**Termination by Zebra without Cause or by Officer for Good Reason**

Name	Salary Severance \$(1)	Incentive Severance \$(1)	Earned Incentive \$(2)	Accelerated SARs \$(3)	Accelerated Restricted Stock \$(4)	Medical, Dental, Outplacement \$(5)	Total \$(6)
Anders Gustafsson	1,600,000	800,000	766,956	1,309,310	5,882,506	19,711	10,378,483
Michael C. Smiley	381,600	248,040	248,256	0	1,524,127	47,287	2,449,310
Philip Gerskovich	401,900	200,950	193,178	0	964,510	41,856	1,802,394
Hugh K. Gagnier	373,500	224,100	225,712	0	1,524,127	47,287	2,394,726
Michael H. Terzich	338,000	202,800	204,240	0	1,393,540	46,903	2,185,483

- (1) The named officers are entitled to severance equal to salary for one year and one times target incentive, except Mr. Gustafsson, who is entitled to salary for two years and one times target incentive.
- (2) Under the 2012 annual incentive plan, and in accordance with the named officers employment agreements, the named officer may be paid an earned incentive award amount in the event of termination by Zebra without cause or termination by the named officer for good reason. The amount assumes termination of employment at year end and is based on actual performance.
- (3) Mr. Gustafsson's 2012, 2011 and 2010 time-vested SAR awards vest pro rata based on the number of days from the grant date through and including the date of termination of employment. Mr. Gustafsson's time-vested 2009 SARs accelerate vesting in full. At December 31, 2012, 106,578 in-the-money SARs held by Mr. Gustafsson would have accelerated vesting. The amount reflects the difference between the \$39.31 closing of our common stock on The NASDAQ Stock Market on December 31, 2012 and the base price of each SAR.
- (4) Time-vested restricted stock awards accelerate vesting in full, except that Mr. Gustafsson's 2012, 2011 and 2010 time-vested restricted stock awards vest pro rata based on the number of days from the grant date through and including the date of termination of employment. For performance-vested restricted stock awards granted (i) in 2010, the vested number of shares of restricted stock has been determined in accordance with the performance-based vesting goals and (ii) in 2011, the target number of shares accelerates. Because only one year of the three-year performance period ending December 31, 2014 has been completed as of December 31, 2012, the 2012 performance-vested restricted stock awards are reflected in the table at target. Mr. Gustafsson's 2012, 2011 and 2010 performance-vested restricted stock awards vest pro rata based on the number of days from the grant date through and including the date of termination of employment. The amounts reflect the \$39.31 closing price of our common stock on The NASDAQ Stock Market on December 31, 2012 for the following number of shares of restricted stock: Mr. Gustafsson 149,644 shares; Mr. Smiley 38,772 shares; Mr. Gerskovich 24,536 shares; Mr. Gagnier 38,772 shares; and Mr. Terzich 35,450 shares.
- (5) The named officers are entitled to healthcare and dental coverage for up to one year and outplacement services with a value up to \$32,000, except Mr. Gustafsson, who is entitled to healthcare and dental coverage for up to two years, but no outplacement services.
- (6) Excludes the amount of previously earned and fully vested deferred compensation under the 2002 Deferral Plan that would become immediately payable. See



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Non-Qualified Deferred Compensation above for additional information.

**Termination by Zebra without Cause or by Officer for  
Good Reason Concurrently with a Change in Control <sup>(1)</sup>**

Name	Salary Severance (\$) <sup>(2)</sup>	Incentive Severance (\$) <sup>(2)</sup>	Earned Incentive (\$) <sup>(3)</sup>	Accelerated SARs (\$) <sup>(4)(5)</sup>	Restricted Stock (\$) <sup>(4)(6)</sup>	Medical, Dental, Outplacement (\$) <sup>(7)</sup>	Excise Tax Gross Up (\$) <sup>(8)</sup>	Total (\$) <sup>(9)</sup>
Anders Gustafsson	1,600,000	1,600,000	766,956	1,982,438	9,270,241	19,711	3,490,514	18,729,860
Michael C. Smiley	763,200	496,080	248,256	238,647	1,524,127	47,287	967,251	4,284,848
Philip Gerskovich	803,800	401,900	193,178	168,764	964,510	41,856	0	2,574,008
Hugh K. Gagnier	747,000	448,200	225,712	238,647	1,524,127	47,287	0	3,230,973
Michael H. Terzich	676,000	405,600	204,240	212,558	1,393,540	46,903	0	2,938,841

- (1) The named officers are entitled to the severance amounts and earned incentive award, if any, if Zebra terminates the named officers employment without cause or the named officers terminate employment for good reason within 120 days before or one year after a change in control, commonly referred to as a double trigger. The meanings of change in control, good reason and cause are set forth under Employment Agreements above.
- (2) The named officers are entitled to severance equal to two times salary and target incentive.
- (3) Under the 2012 annual incentive plan, participants are entitled to any earned incentive award amount in the event of termination by Zebra without cause or, in accordance with the named officers employment agreements, termination by the named officer for good reason in the event of a change in control. The amount assumes termination of employment at year end and is based on actual performance.
- (4) Under the 2011 Long-Term Incentive Plan ( 2011 LTIP ), and beginning with equity awards to the named officers in 2012, if pursuant to a change in control of Zebra effective December 31, 2012 stockholders receive consideration consisting solely of publicly traded common stock and outstanding equity awards are assumed or provision is made for the continuation of these awards after the change in control, then such awards will continue in accordance with their terms. These awards, however, also provide that if the participant s employment is terminated by the participant for good reason or by Zebra without cause during the one-year period after the change in control, then vesting of the awards will accelerate. Because Securities and Exchange Commission rules require that we assume a termination of employment occurs concurrently with a change in control, the amounts set forth in the table includes equity awards that under the 2011 LTIP contain double trigger acceleration provisions.
- (5) The following number of unvested in-the-money SARs held by the named officers would be accelerated as a result of a change in control and concurrent termination of employment on December 31, 2012: Mr. Gustafsson 211,338; Mr. Smiley 30,403; Mr. Gerskovich 20,277; Mr. Gagnier 30,403; and Mr. Terzich 27,597. The amounts reflect the difference between the \$39.31 closing of our common stock on The NASDAQ Stock Market on December 31, 2012 and the base price of each SAR.
- (6) The following total number of unvested shares of restricted stock held by the named officers would be accelerated as a result of a change in control and concurrent termination of employment on December 31, 2012: Mr. Gustafsson 235,824; Mr. Smiley 38,772; Mr. Gerskovich 24,536; Mr. Gagnier 38,772; and Mr. Terzich 35,450. For performance-vested restricted stock awards granted in 2010, the vested number of shares of restricted stock has been determined in accordance with the performance-based vesting goals, except for Mr. Gustafsson, whose 2010 award vests at target. Performance-vested restricted stock awards granted in 2011 vest at the target number of shares or, if greater in the case of executive officers other than Mr. Gustafsson, in accordance with the level of performance target achieved. Accordingly, the table and this footnote reflect acceleration of 100% of the target number of performance-vested restricted shares granted in 2011 based on achievement of performance goals as of December 31, 2012, except for Mr. Gustafsson, whose 2011 award vests at target. Performance-vested restricted stock awards granted in 2012 vest at the target number of shares. The amounts reflect the \$39.31 closing price of our common stock on The NASDAQ Stock Market on December 31, 2012.
- (7) The named officers are entitled to healthcare and dental coverage for up to one year and outplacement services with a value up to \$32,000, except Mr. Gustafsson, who is

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entitled to healthcare and dental coverage for up to two years, but no outplacement services.

(8) Represents estimated tax gross ups on severance, accelerated options, SARs and restricted stock, and healthcare and dental benefits.

(9) Excludes the amount of previously earned and fully vested deferred compensation under the 2002 Deferral Plan that would become immediately payable. See Non-Qualified Deferred Compensation above for additional information.

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**Equity Compensation Plan Information**

The following table provides information related to Zebra's equity compensation plans as of December 31, 2012.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans Approved by Security Holders	3,054,660 <sup>(1)</sup>	\$36.81	6,198,571 <sup>(2)</sup>
Equity Compensation Plans Not Approved by Security Holders	12,988 <sup>(3)</sup>	\$2.68 <sup>(3)</sup>	0
Total	3,067,648	\$36.65	6,198,571

(1) Reflects shares of Zebra common stock issuable pursuant to outstanding options and stock appreciation rights under the 1997 Stock Option Plan, 2006 Incentive Compensation Plan, 2002 Non-Employee Director Stock Option Plan and 2011 Long-Term Incentive Plan.

(2) Reflects the number of shares available under the 2011 Long-Term Incentive Plan ( LTIP ) (4,805,599) shares) and 2011 Employee Stock Purchase Plan (1,392,972 shares). All of the shares under the LTIP are available for any award made under the LTIP, including options, stock appreciation rights, restricted stock, restricted stock units, performance shares or performance units.

(3) Reflects shares issuable pursuant to outstanding options under the WhereNet Corp. 1997 Stock Option Plan. Zebra granted these options upon conversion of WhereNet options when Zebra acquired WhereNet Corp.

**Compensation Committee Interlocks and Insider Participation**

Only independent directors served on the Compensation Committee during 2012. Dr. Potter is the Chair of the Compensation Committee, and Messrs. Keyser and Smith are members. None of them (i) has ever been an officer or other employee of Zebra or (ii) has any relationship requiring disclosure under Item 404 of the Security and Exchange Commission's Regulation S-K. No executive officer of Zebra served in 2012 on the compensation committee or similar body of any organization that determined compensation payable to any member of the Compensation Committee.

**Proposal 2****Advisory Vote to Approve Compensation of Named Officers**

Zebra is seeking your advisory vote to approve the compensation of our named officers as disclosed in this proxy statement in accordance with Section 14A of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission. This is known as a say-on-pay proposal. At Zebra's 2012 annual meeting of stockholders, the proposal was approved by 95.5% of the votes cast for or against the proposal. At the 2011 annual meeting, our stockholders indicated a preference of holding an annual say on pay vote.

We ask our stockholders to approve the following resolution:

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Resolved, that the compensation of the named officers of Zebra Technologies Corporation, as disclosed pursuant to Item 402 of Regulation S-K, as described in and including the Compensation Discussion and

Analysis Executive Summary, Compensation Discussion and Analysis, compensation tables and narrative discussion contained in this proxy statement, is approved by the stockholders of Zebra.

As described in detail under *Compensation Discussion and Analysis* Executive Summary and *Compensation Discussion and Analysis* our total rewards and executive compensation programs are designed to attract, retain, motivate, develop and reward our named officers, who are critical to our success. **Please carefully review those sections of this proxy statement.** Under these programs, our named officers are rewarded for the achievement of specific annual, long-term and strategic goals, corporate and individual goals, and the realization of increased stockholder value.

Our Compensation Committee regularly reviews the compensation programs for our named officers to ensure they achieve the desired goals of aligning our executive compensation structure with our stockholders interests and current market practices. Our Compensation Committee also regularly reviews its own processes to ensure alignment with its charter and recent regulatory requirements. This review includes such topics as peer review analysis, total rewards philosophy, Compensation Committee charter review and a compensation risk assessment.

We are asking our stockholders to approve our named officer compensation as described in this proxy statement. This proposal gives you the opportunity to express your view on the compensation of our named officers. This stockholder vote is not intended to address any specific element of compensation, but rather the overall compensation of our named officers and the philosophy, policies and practices described in this proxy statement. We ask you to vote **FOR** the approval of the resolution included above.

This vote is advisory, and therefore not binding on Zebra, our Compensation Committee, or our Board of Directors. Our Board of Directors and Compensation Committee value the opinions of our stockholders and will consider the results of the vote, as appropriate, in making future decisions regarding the compensation of our named officers.

**The Board of Directors recommends a vote **FOR** approval of the compensation of our named officers.**

#### **Report of the Audit Committee**

The Audit Committee of Zebra's Board of Directors is comprised of three directors, all of whom are independent under applicable listing requirements of The NASDAQ Stock Market. The Audit Committee operates under a written charter adopted by the Board of Directors. The members of the Audit Committee are: Mr. Smith, Chair, and Messrs. Ludwick and Manire.

The Audit Committee received reports from and met and held discussions with management, the internal auditors and the independent accountants. It reviewed and discussed Zebra's audited financial statements with management, and management has represented to the Audit Committee that Zebra's financial statements were prepared in accordance with accounting principles generally accepted in the United States and that such financial statements taken as a whole, present fairly, in all material respects, the information set forth therein. The Committee also discussed with the independent accountants the matters required to be discussed by applicable accounting standards. The Audit Committee received the written disclosures and letter from the independent accountants required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and discussed with the independent accountants the independent accountants independence.

The Audit Committee recommended that the Board of Directors include the audited financial statements of Zebra in Zebra's Annual Report on Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission. This recommendation was based on the Audit Committee's review and discussions with management, internal auditors and Zebra's independent accountants, as well as the Committee's reliance on management's representation described above.

#### **Audit Committee**

Michael A. Smith, Chair  
Andrew K. Ludwick  
Ross W. Manire

### Fees of Independent Auditors

Ernst & Young LLP acted as the principal independent auditor for Zebra during 2012 and 2011. The firm also provided certain audit-related, tax and permitted non-audit services. The Audit Committee pre-approves all audit, audit-related, tax and permitted non-audit services performed for Zebra by its independent auditors. In 2012 and 2011, the Audit Committee approved in advance all engagements by Ernst & Young LLP on a specific project-by-project basis, including audit, audit-related, tax and permitted non-audit services. No impermissible non-audit services were rendered by Ernst & Young LLP to Zebra in 2012 or 2011.

For 2012, fees for audit, audit-related and tax compliance and tax preparation services were \$1,646,828, while fees for non-audit services, including tax advice, tax planning, and tax consulting services, were \$1,562,061. The primary component of the 2012 fees for non-audit services was \$1,492,000 for tax advice and consulting relating to the reorganization of Zebra's international holding company structure to consolidate ownership of significant foreign affiliates and facilitate the funding of acquisitions. Absent this significant one-time organizational restructuring, 2012 non-audit fees would have been \$70,061.

Zebra paid Ernst & Young LLP the following fees and expenses for services provided for the years ended December 31, 2012 and 2011:

Fees	2012	2011
Audit Fees <sup>(1)</sup>	\$ 1,321,300	\$ 1,143,308
Audit-Related Fees	75,235	23,600
Tax Fees <sup>(2)</sup>	1,812,354	627,631
All Other Fees		
Total	\$ 3,208,889	\$ 1,794,539

(1) Consists of fees for the audit of Zebra's annual financial statements and reviews of the financial statements included in the quarterly reports on Form 10-Q. Also includes fees for the 2012 and 2011 audits of internal control over financial reporting.

(2) For 2012, tax compliance and tax preparation fees were \$250,293 and tax advice, tax planning and tax consulting fees were \$1,562,061, of which \$1,492,000 related to Zebra's international holding company restructuring. For 2011, tax compliance and tax preparation fees were \$355,248 and tax advice, tax planning and tax consulting fees were \$272,383.

### Proposal 3

#### Ratification of Appointment of Independent Auditors

The Audit Committee appointed Ernst & Young LLP, independent certified public accountants, as auditors of Zebra's financial statements for the year ending December 31, 2013.

The Board wants to give stockholders the opportunity to express their opinions on the matter of auditors for Zebra, and, accordingly, is submitting a proposal to ratify the Audit Committee's appointment of Ernst & Young. If this proposal does not receive the affirmative vote of a majority of the votes cast affirmatively or negatively at the annual meeting, the Audit Committee may appoint another independent registered public accounting firm or may decide to maintain the appointment of Ernst & Young.

Zebra expects that representatives of Ernst & Young will be present at the meeting and available to respond to questions. These representatives will be given an opportunity to make a statement if they would like to do so.

**The Board of Directors and the Audit Committee recommend a vote FOR the ratification of the appointment of Ernst & Young LLP as auditors for the year ending December 31, 2013.**

### Executive Officers

The following information identifies and gives other information about our executive officers, other than Anders Gustafsson, our CEO, and Gerhard Cless, our Executive Vice President, about whom information is given above under Proposal 1- Election of Directors.

*Michael Cho*, age 44, Senior Vice President, Corporate Development. Mr. Cho joined Zebra in 2010 as Vice President, Strategy. From 2008 to 2010 he served as Vice President, Business Development, of the Healthcare division of Amcor Limited, a global packaging company. Prior to that, Mr. Cho served from 2007 to 2008 as Vice President, Business Development of CommScope Inc., a global communications solutions company. From 2005 to 2007, Mr. Cho served as Vice President, Business Development of the Antenna & Cable Products Group at Andrew Corporation, which he joined in 2004 as Director, Corporate Development & Strategy. From 1999 to 2004 Mr. Cho was a consultant with McKinsey & Company. Mr. Cho received an MBA from Harvard Business School and a BS in Finance from the University of Illinois at Urbana-Champaign.

*Hugh K. Gagnier*, age 57, Senior Vice President, Operations. Mr. Gagnier served as Senior Vice President, Operations of our Specialty Printer Group from 2006 to 2011. Mr. Gagnier joined Zebra as the Vice President and General Manager for its Camarillo operations upon Zebra's merger with Eltron International, Inc. in 1998. At Eltron, he was President and Chief Operating Officer. Mr. Gagnier received a BS degree in Mechanical Engineering from the University of Southern California.

*Philip Gerskovich*, age 56, Senior Vice President, New Growth Platforms. Mr. 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. Mr. Gerskovich received a BS degree in Computer Engineering from the University of Illinois.

*Jim Kaput*, age 52, became Senior Vice President, General Counsel and Secretary in 2009. From 2008-2009, he served as Counsel to the Chairman of the Securities and Exchange Commission. Mr. Kaput was Senior Vice President and General Counsel of The ServiceMaster Company, a consumer services company, from 2000 to 2007. Mr. Kaput received his JD from Cornell University School of Law and his BS from The University of Pennsylvania.

*Todd R. Naughton*, age 50, became Vice President, Finance in 2007 and serves as our Chief Accounting Officer. Mr. Naughton was Corporate Controller for Zebra from 1999, when he joined Zebra, until he became Vice President and Controller of Zebra in 2000, a position he held until 2007. 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*, age 53, became Chief Financial Officer in 2008. From 2004 until joining Zebra, he served Tellabs, Inc., a provider of telecommunications networking products, as general manager of the Tellabs Denmark A/S unit. 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 2002, Mr. Smiley held a number of finance positions including Vice President, Asia Pacific Finance located in Taipei, Taiwan, for General Semiconductor and Assistant Treasurer for General Instrument. Mr. Smiley also serves as a member of the Board of Directors of Twin Disc, Incorporated, a publicly traded international manufacturer and worldwide distributor of heavy-duty off-highway and marine power transmission equipment and related products. Mr. Smiley holds a BS in accounting from Brigham Young University and an MBA degree from the University of Chicago.

*Michael H. Terzich*, age 51, Senior Vice President, Global Sales and Marketing. Mr. Terzich served as Senior Vice President, Global Sales and Marketing of our Specialty Printer Group from 2006 to 2011. From 2003 until 2006 he served as Zebra's 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 positions of increasing responsibility 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. Mr.



Terzich earned his BS degree in Marketing from the University of Illinois - Chicago and an MBA from Loyola University of Chicago.

*Terrance L. Collins*, age 48, joined Zebra in 2013 as Senior Vice President, Human Resources. From 2006 to 2013 he served as Vice President of Human Resources for IDEX Corporation, a global diversified industrial manufacturer specializing in highly engineered products and services. During his tenure, Mr. Collins led the HR function for the Health & Science Technologies Segment, the Fluid & Metering Technologies Segment and Emerging Markets. From 2002 to 2006, Mr. Collins served as the Sr. Vice President of Human Resources for AmSan LLC, a private-equity backed distribution company. Mr. Collins received a BS Degree in Business Administration from Towson University.

The Board of Directors approves the appointment of Zebra's executive officers. There are no family relationships among any of our directors or executive officers.

**Ownership of Our Common Stock**

This table shows how many shares of our common stock certain individuals and entities beneficially owned on March 22, 2013, unless otherwise noted. These individuals and entities include: (1) owners of more than 5% of our outstanding common stock, (2) our directors, (3) the five executive officers named in the summary compensation table (the named officers) and (4) all directors and executive officers as a group. A person has beneficial ownership over shares if the person has sole or shared voting or investment power over the shares or the right to acquire that power within 60 days. Investment power means the power to direct the sale or other disposition of the shares. Each individual or entity included in the table below has sole voting and investment power over the shares, except as described below.

Name and Address	Number	% of Shares <sup>(1)</sup>
<b>More than 5% Stockholders</b>		
Blackrock, Inc.	2,685,886 <sup>(2)</sup>	5.3 %
Neuberger Berman Group LLC	3,252,250 <sup>(3)</sup>	6.4 %
Royce & Associates, LLC	3,713,152 <sup>(4)</sup>	7.3 %
The Vanguard Group, Inc.	2,842,515 <sup>(5)</sup>	5.6 %
<b>Directors and Executive Officers</b>		
Gerhard Cless	1,769,406 <sup>(6)</sup>	3.5 %
Anders Gustafsson	619,560 <sup>(7)</sup>	*
Richard L. Keyser	47,812 <sup>(7)</sup>	*
Andrew K. Ludwick	55,812 <sup>(7)</sup>	*
Ross W. Manire	41,812 <sup>(7)</sup>	*
Robert J. Potter	41,637 <sup>(7)</sup>	*
Michael A. Smith	62,662 <sup>(7)</sup>	*
Hugh K. Gagnier	136,998 <sup>(7)</sup>	*
Philip Gerskovich	138,972 <sup>(7)</sup>	*
Michael C. Smiley	102,607 <sup>(7)</sup>	*
Michael H. Terzich	123,979 <sup>(7)</sup>	*
All Executive Officers and Directors as a group (16 persons)	3,237,048 <sup>(7)</sup>	6.3 %

\* Less than one percent.

- (1) Based on 50,986,751 shares of common stock outstanding on March 22, 2013.
- (2) Blackrock, Inc. is a holding company located at 40 East 5<sup>2nd</sup> Street, New York, New York 10022. According to Amendment No. 1 to its Schedule 13G filed on February 11, 2013, as of December 31, 2012, Blackrock had sole voting and investment power as to all shares listed in the table.
- (3) Neuberger Berman Group LLC is a holding company located at 605 Third Avenue, New York, New York 10158. According to Amendment 4 to its Schedule 13G filed on February 14, 2013, the shares are beneficially owned by Neuberger Berman Group LLC, Neuberger Berman LLC, Neuberger Berman Management LLC, and Neuberger Berman Equity Funds LLC. Neuberger Berman LLC and Neuberger Berman Management LLC serve as sub-advisor and investment manager, respectively, of Neuberger Berman Group LLC's various registered mutual funds. Neuberger Berman Group LLC and Neuberger Berman LLC have shared voting power with respect to 3,170,597 shares, and shared dispositive power with respect to 3,252,250 shares; Neuberger Berman Management LLC has shared voting and dispositive power with respect to 2,833,199 shares; and Neuberger Berman Equity Funds has shared voting and dispositive power with respect to 2,488,470 shares.
- (4) Royce & Associates, LLC is an investment advisor located at 745 Fifth Avenue, New York, NY 10151. According to Amendment No. 1 to its Schedule 13G filed on January 29, 2013, as of December 31, 2012, Royce had sole voting and investment power as to all shares listed in the table.



- (5) The Vanguard Group, Inc. is an investment advisor located at 100 Vanguard Blvd., Malvern, Pennsylvania, 19355. According to Amendment No. 1 to its Schedule 13G filed on February 11, 2013, as of December 31, 2012, Vanguard had sole voting power with respect to 37,067 shares, sole dispositive power with respect to 2,806,948 shares, and shared dispositive power with respect to 34,567 shares.
- (6) Includes 106 shares held directly by Mr. Cless; 621,089 shares held by Grantor Retained Annuity Trusts of which Mr. Cless is the beneficiary; 154,000 shares held by a foundation of which each of Mr. and Mrs. Cless are directors; 931,498 shares held by irrevocable trusts of which Mr. Cless is the beneficiary and Mr. Cless or Mrs. Cless is the trustee; and 62,713 shares held directly by Mrs. Cless.
- (7) Includes shares of common stock that may be acquired by May 21, 2013 upon exercise of stock options and stock appreciation rights as follows: Mr. Gustafsson 352,888 shares; Mr. Keyser 37,240 shares; Mr. Ludwick 43,240 shares; Mr. Manire 33,240 shares; Dr. Potter 33,240 shares; Mr. Smith 33,240 shares; Mr. Gagnier 99,558 shares; Mr. Gerskovich 112,603 shares; Mr. Smiley 62,298 shares; Mr. Terzich 77,183 shares; and directors and executive officers as a group 934,096.

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers and greater than ten percent stockholders to file reports of holdings and transactions in our common stock with the Securities and Exchange Commission. To our knowledge, all required reports were filed in a timely manner.

#### **Stockholder Proposals and Other Business**

We expect the 2014 Annual Meeting of Stockholders to be held on or about May 15, 2014. To be considered for inclusion in our proxy materials for the 2014 annual meeting, a stockholder proposal must be received at our principal executive offices at 475 Half Day Road, Suite 500, Lincolnshire, Illinois 60069 by December 16, 2013. In addition, our Bylaws establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of persons for election to the Board. A stockholder proposal or nomination intended to be brought before the 2014 annual meeting must be delivered to the Corporate Secretary no earlier than January 15, 2014, and no later than February 14, 2014. All proposals and nominations should be directed to our Corporate Secretary, Zebra Technologies Corporation, 475 Half Day Road, Suite 500, Lincolnshire, Illinois 60069.

The Board and our management have not received notice of and are not aware of any business to come before the 2013 annual meeting other than the proposals we refer to in this proxy statement. If any other matter comes before the annual meeting, the persons on our proxy committee will use their best judgment in voting the proxies.

We have mailed our 2012 Annual Report to Stockholders in connection with this proxy solicitation, which includes our Annual Report on Form 10-K. If you would like another copy of our 10-K, excluding certain exhibits, please contact the Chief Financial Officer at the following address: Zebra Technologies Corporation, 475 Half Day Road, Suite 500, Lincolnshire, Illinois 60069.

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**ZEBRA TECHNOLOGIES CORPORATION**

**ATTN: DIANE WILLIAMS**

**475 HALF DAY RD.**

**SUITE 500**

**LINCOLNSHIRE, IL 60069**

**VOTE BY INTERNET - www.proxyvote.com**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on May 15, 2013. Please have your proxy card available when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by Zebra in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on May 15, 2013. Please have your proxy card available when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS  
DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

For Withhold For All  
All All Except

The Board of Directors  
recommends you vote FOR  
the election of two Class II  
Directors with terms to  
expire in 2016.

1. Election of Directors  
Nominees

o o o

01 Gerhard Cless 02 Michael A. Smith

To withhold authority to vote for any individual nominee(s), mark For All  
Except and write the number(s) of the nominee(s) on the line below.

For Against Abstain

The Board of Directors recommends you vote FOR proposals 2 and 3.

2	Advisory vote to approve executive compensation	o	o	o
3	Ratify the appointment of Ernst & Young LLP as our independent auditors for 2013	o	o	o

**NOTE:** The shares represented by this Proxy, when properly executed, will be voted in the manner directed herein by the undersigned stockholder. If this Proxy is executed but no direction is given, the votes entitled to be cast by the undersigned will be cast "FOR" the nominees for director, "FOR" proposals 2 and 3, and in the discretion of the Proxy holder on any other matter that may properly come before the meeting or any adjournment thereof. This Proxy is revocable and the undersigned may revoke it at any time prior to the Annual Meeting by giving written notice of such revocation to the Secretary of Zebra prior to the Annual Meeting or by filing with the Secretary of Zebra prior to the meeting a later-dated Proxy. If the undersigned

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is present and wants to vote in person at the Annual Meeting, or at any adjournment thereof, the undersigned may revoke this Proxy by giving written notice of such revocation to the Secretary of Zebra on a form provided at the meeting. The undersigned hereby acknowledges receipt of a Notice of Annual Meeting of Stockholders of Zebra called for May 16, 2013, and of the Proxy Statement for the Annual Meeting prior to the signing of this Proxy.

For address change/comments, mark here. ◦  
(see reverse for instructions)

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature  
[PLEASE  
SIGN  
WITHIN  
BOX]

Date

Signature  
(Joint  
Owners)

Date

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**Please do not vote by more than one method. Your vote last received will be your official vote. If you vote your proxy by internet or by telephone, you do NOT need to mail back your proxy.**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:** The Notice & Proxy Statement, Annual Report is/are available at [www.proxyvote.com](http://www.proxyvote.com).

**ZEBRA TECHNOLOGIES CORPORATION**

**This proxy is solicited by the Board of Directors  
Annual Meeting of Stockholders to be held on  
May 16, 2013, and at any adjournment thereof.**

**Revocable Proxy**

The undersigned stockholder of Zebra Technologies Corporation, a Delaware corporation, hereby appoints Douglas Fox and Jim Kaput as proxies for the undersigned, and each of them, with full power of substitution in each of them, to attend the Annual Meeting of Stockholders to be held at the Zebra headquarters building at 475 Half Day Road, Lincolnshire, Illinois on Thursday, May 16, 2013, at 10:30 a.m., Central Time, or any adjournment thereof, to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at such meeting and otherwise to represent the undersigned at the meeting with all powers possessed by the undersigned if personally present at the meeting with all powers possessed by the undersigned.

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on May 16, 2013.**

Our proxy statement and 2012 Annual Report to Stockholders are available at:

<https://materials.proxyvote.com/989207>

**Address change/comments:**

(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

**Continued and to be signed on reverse side**

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