

ZEBRA TECHNOLOGIES CORP/DE  
Form 11-K  
June 25, 2007

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D. C. 20549**

**FORM 11-K**

**X Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934**

**For the year ended December 31, 2006**

**Zebra Technologies Corporation Profit Sharing and Savings Plan**

(Full title of the Plan)

**Zebra Technologies Corporation**

(Exact name of issuer of securities pursuant to the Plan)

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(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

**333 Corporate Woods Parkway, Vernon Hills, IL**  
(Address of principal executive offices)

**60061**  
(Zip Code)

**(847) 634-6700**

(Registrant's telephone number, including area code)

**Report of Independent Registered Public Accounting Firm**

The Plan's Trustees

Zebra Technologies Corporation Profit Sharing and Savings Plan

We have audited the accompanying statements of net assets available for benefits of the Zebra Technologies Corporation Profit Sharing and Savings Plan (the Plan) as of December 31, 2006 and 2005, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2006 and 2005, and the changes in its net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2006, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Chicago, Illinois

June 15, 2007

**ZEBRA TECHNOLOGIES CORPORATION**

**PROFIT SHARING AND SAVINGS PLAN**

Statements of Net Assets Available for Benefits

December 31, 2006 and 2005

	<b>2006</b>	<b>2005</b>
Assets:		
Investments, at fair value:		
Mutual funds	\$ 81,775,304	\$ 65,977,941
Common collective trust fund	6,254,558	6,265,168
Zebra Technologies Corporation common stock	5,016,166	6,063,469
Loans to participants	2,384,329	2,236,660
 Total investments	 95,430,357	 80,543,238
Receivables:		
Employer contributions	1,640,211	1,904,352
Participant contributions	213,730	211,365
 Total receivables	 1,853,941	 2,115,717
Cash	1	1
 Net assets available for benefits	 \$ 97,284,299	 \$ 82,658,956

See accompanying notes to the financial statements.

**ZEBRA TECHNOLOGIES CORPORATION**

**PROFIT SHARING AND SAVINGS PLAN**

Statements of Changes in Net Assets Available for Benefits

Years ended December 31, 2006 and 2005

	<b>2006</b>	<b>2005</b>
Additions:		
Additions to assets attributed to:		
Contributions:		
Participant	\$ 6,643,074	\$ 6,393,816
Employer matching	2,033,890	1,891,117
Employer profit sharing	1,498,752	1,771,578
Participant rollovers	1,130,758	1,460,032
	11,306,474	11,516,543
Earnings:		
Interest income	140,652	102,857
Dividend income	4,031,367	2,462,332
Net appreciation (depreciation) in the fair value of investments	5,549,209	(547,998)
	9,721,228	2,017,191
Total additions	21,027,702	13,533,734
Deductions:		
Deductions from net assets attributed to:		
Benefit payments to participants	6,402,359	6,330,752
Net increase	14,625,343	7,202,982
Net assets available for benefits:		
Beginning of year	82,658,956	75,455,974
End of year	\$ 97,284,299	\$ 82,658,956

See accompanying notes to the financial statements.

**ZEBRA TECHNOLOGIES CORPORATION**

**PROFIT SHARING AND SAVINGS PLAN**

Notes to the Financial Statements

December 31, 2006 and 2005

**(1) Description of Plan**

The following description of the Zebra Technologies Corporation Profit Sharing and Savings Plan (the Plan) provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

***General***

The Plan is a defined contribution plan covering eligible employees of Zebra Technologies Corporation (the Company) and its affiliated companies that have adopted the Plan subject to certain service requirements. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

***Contributions***

Each year, non-highly compensated participants may contribute 1% to 75% of eligible compensation on a pretax basis within certain specified limitations. Highly compensated participants are limited to 15% of eligible compensation. In addition to the discretionary Company match of 50% of the participants first 6% of eligible compensation, the Plan permits discretionary profit sharing contributions by the Company, which were made by the Company in both 2006 and 2005 as reported in the statements of changes in net assets available for benefits. Participants are eligible for Company matching and profit sharing contributions after completion of one year of service. Employer profit sharing contributions are allocated to participants based upon participants' earnings. Effective January 1, 2007, the Plan was amended such that participants are eligible for Company matching and profit sharing contributions at the date of eligibility in the Plan.

The Plan permits eligible employees to make additional elective deferrals to the Plan known as "catch-up" contributions, as permitted by the Economic Growth and Tax Relief Reconciliation Act of 2001. Such contributions are excluded from the Company's matching contribution. The Plan currently offers 21 mutual funds, one common collective trust fund and Zebra Technologies Corporation common stock as investment options for participants.

On December 19, 2005, the Board of Directors of Zebra Technologies Corporation effectively amended the Plan to include a true-up provision on the Company match contribution. This true-up provision ensures that participants who are contributing to the Plan receive the maximum Company contribution allowed regardless of their savings strategy. True-up contributions are made during the first quarter, after the end of the Plan year. There was no effect on Plan assets related to this amendment.

***Participant Accounts***

Each participant's account is credited with the participant's contribution and allocations of the Company's matching and discretionary profit sharing contributions and plan earnings, and charged with an allocation of administrative expenses. Allocations are based on a participant's earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

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**ZEBRA TECHNOLOGIES CORPORATION**

**PROFIT SHARING AND SAVINGS PLAN**

Notes to the Financial Statements

December 31, 2006 and 2005

***Vesting***

Participant contributions and the related earnings on those contributions vest immediately. Employer matching and discretionary profit sharing contributions for all employees and related earnings vest ratably over five years based on the participant's years of service, as follows:

	<b>Percent vested</b>
Less than one year	0%
One year	20
Two years	40
Three years	60
Four years	80
Five years or more	100

***Payment of Benefits***

Benefits are recorded when paid. Payments of benefits are in the form of lump sum distributions.

***Hardship/Withdrawals***

Participants may withdraw funds from their savings contribution account after meeting certain criteria as defined in the Plan. The minimum hardship distribution is \$1,000.

***Loans to Participants***

Loans are available to plan participants at the prime interest rate plus 1% (as published by the Wall Street Journal), under circumstances as described in the Plan. Loans to plan participants are secured by their vested balance and may not exceed the lesser of 50% of their vested balance or \$50,000. Participant loans are repaid through payroll deductions and bear interest at rates ranging from 4.0% to 9.50%.

***Termination of the Plan***

Although the Company has not expressed any intent to terminate the Plan, it may do so at any time, subject to the provisions of ERISA. In the event of plan termination, participants would become 100% vested in their employer contributions and related earnings.

**(2) Summary of Significant Accounting Policies**

***Basis of Presentation***

The accompanying financial statements have been prepared on the accrual basis of accounting.

**ZEBRA TECHNOLOGIES CORPORATION**

**PROFIT SHARING AND SAVINGS PLAN**

Notes to the Financial Statements

December 31, 2006 and 2005

***Investment Valuation and Income Recognition***

Shares of registered investment companies are valued at quoted market prices, which represent the net asset value of shares held by the Plan at year-end. The fair value of participation units in the common collective trust fund is based on quoted redemptive value on the last business day of the Plan year. The Company's common stock is valued at its quoted market price. Participant loans are valued at their outstanding principal balance, which approximates fair value. Purchases and sales of securities are recorded on a trade-date basis. The cost of investments is determined on an average cost basis. Dividends are recorded on the ex-dividend date.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes in net assets available for benefits and accompanying notes. Actual results could differ from those estimates.

***Reclassifications***

The investment in the common collective trust fund for 2005 has been reclassified to fit the 2006 presentation.

**(3) Income Taxes**

The Plan has received a determination letter from the Internal Revenue Service dated September 11, 2002, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan administrator will take necessary steps to maintain the Plan's tax-qualified status.

**(4) Administrative Expenses**

Amounts forfeited by participants are used to offset administrative expenses of the Plan. To the extent administrative expenses exceed forfeitures such expenses are paid by the Company. The Company paid no expenses for the years ended December 31, 2006 and 2005. The forfeiture balance as of December 31, 2006 totaled \$480,040; the forfeiture balance as of December 31, 2005 was \$400,524.



**ZEBRA TECHNOLOGIES CORPORATION****PROFIT SHARING AND SAVINGS PLAN**

Notes to the Financial Statements

December 31, 2006 and 2005

**(5) Investments**

The following table presents the fair value of individual investments that represent 5% or more of the Plan's net assets at December 31, 2006 and 2005:

	<b>2006</b>	<b>2005</b>
American Europacific Growth Fund	\$ 6,401,855	\$ *
Pimco Total Return Institutional Fund	7,652,596	7,280,996
T. Rowe Price International Discovery	5,602,118	*
T. Rowe Price Growth Stock Fund	9,862,198	8,569,965
T. Rowe Price Prime Reserve Fund	8,008,983	8,113,950
Royce Opportunity Fund	8,382,219	7,000,304
T. Rowe Price Dividend Growth Fund	15,828,958	14,258,775
T. Rowe Price Equity Index Trust	6,254,558	6,265,168
Zebra Technologies Corporation Common Stock	5,016,166	6,063,469

\* Asset does not exceed 5% of Plan's net assets at December 31, 2005.

During 2006 and 2005, the Plan's investments, including gains and losses on investments bought and sold as well as held during the year, (depreciated)/appreciated in value as follows:

	<b>2006</b>	<b>2005</b>
Mutual funds	\$ 7,244,557	\$ 1,038,323
Common collective trust fund	(129,803)	507,068
Common stock of Zebra Technologies Corporation	(1,565,545)	(2,093,389)
	\$ 5,549,209	\$ (547,998)

**(6) Transactions with Related Parties**

The shares and fair value of the common stock of Zebra Technologies Corporation included in the Plan were as follows:

	<b>2006</b>	<b>2005</b>
Shares	144,184	141,505
Fair value	\$ 5,016,166	\$ 6,063,469

**(7) Risks and Uncertainties**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment

securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

**ZEBRA TECHNOLOGIES CORPORATION****PROFIT SHARING AND SAVINGS PLAN**

Schedule H, Line 4i Schedule of Assets (Held at end of year)

December 31, 2006

(a)	(b) Identity of issuer, borrower, lessor, similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Current value
*	T. Rowe Price Retirement 2010 Fund	Mutual fund, 69,895 shares	\$ 1,109,230
*	T. Rowe Price Retirement 2020 Fund	Mutual fund, 158,099 shares	2,743,022
*	T. Rowe Price Retirement 2005 Fund	Mutual fund, 50,988 shares	591,967
*	T. Rowe Price Retirement 2015 Fund	Mutual fund, 162,386 shares	2,008,718
*	T. Rowe Price Retirement 2025 Fund	Mutual fund, 240,960 shares	3,098,746
*	T. Rowe Price Retirement 2035 Fund	Mutual fund, 138,821 shares	1,828,269
*	T. Rowe Price Retirement 2045 Fund	Mutual fund, 43,216 shares	534,582
*	T. Rowe Price Retirement 2030 Fund	Mutual fund, 116,699 shares	2,169,428
*	T. Rowe Price Retirement 2040 Fund	Mutual fund, 39,269 shares	736,286
*	T. Rowe Price Retirement Income Fund	Mutual fund, 13,215 shares	173,517
	LSV Value Equity Fund Strategy	Mutual fund, 66,039 shares	1,263,988
	American Europacific Growth Fund	Mutual fund, 139,231 shares	6,401,855
	Hartford Global Leaders Fund	Mutual fund, 5,418 shares	108,573
	Vanguard Small Cap Growth Index Fund	Mutual fund, 133,065 shares	2,440,407
	Pimco Total Return Institutional Fund	Mutual fund, 737,244 shares	7,652,596
*	T. Rowe Price International Discovery	Mutual fund 117,989 shares	5,602,118
*	T. Rowe Price Growth Stock Fund	Mutual fund 311,799 shares	9,862,198
*	T. Rowe Price Prime Reserve Fund	Mutual fund 8,008,983 shares	8,008,983
	Royce Opportunity Fund	Mutual fund, 653,839 shares	8,382,219
*	T. Rowe Price Dividend Growth Fund	Mutual fund, 624,170 shares	15,828,958
	Tradelink Self-directed Brokerage Account	Self-directed brokerage account (of mutual funds), 1,229,644 shares	1,229,644
			81,775,304
*	T. Rowe Price Equity Index Trust	Common collective trust fund, 151,076 shares	6,254,558
*	Zebra Stock Fund	Common stock of Zebra Technologies Corporation, 144,184 shares	5,016,166
*	Plan Participants	586 participant loans, interest ranging from 4.0% - 9.5%, maturing January 2007 through September 2021	2,384,329
			\$ 95,430,357

\* Denotes party-in-interest



SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan's trustees have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Zebra Technologies Corporation

Profit Sharing and Savings Plan

June 22, 2007

By: /s/ Edward Kaplan

Edward Kaplan

Plan Trustee