

Free Cash Flow

The management of Zebra Technologies views free cash flow, which reflects the ability of the company to generate cash, as an important measure of the company's operating performance.

We define free cash flow as:

Net cash provided by (used in) operating activities minus purchases of property and equipment

Free cash flow for the three and six months ended July 4, 2009 are as follows (in thousands):

| | <u>Three Months Ended</u> <u>July 4, 2009</u> <u>(Unaudited)</u> | <u>Six Months Ended</u> <u>July 4, 2009</u> <u>(Unaudited)</u> |
|---|--|--|
| Net cash provided by operating activities | \$ 33,642 | \$ 32,428 |
| Purchases of property and equipment | <u>(5,846)</u> | <u>(12,648)</u> |
| Free cash flow | <u>\$ 27,796</u> | <u>\$ 19,780</u> |

Free cash flow for the three months ended July 4, 2009 is calculated by subtracting free cash flow for the three months ended April 4, 2009 from free cash flow for the six months ended July 4, 2009. These amounts are detailed as follows in the table below (in thousands):

| | <u>Total:</u> <u>Six Months</u> <u>Ended</u> <u>July 4, 2009</u> <u>(Unaudited)</u> | <u>Less Q1:</u> <u>Three Months</u> <u>Ended</u> <u>April 4, 2009</u> <u>(Unaudited)</u> | <u>Equals Q2:</u> <u>Three Months</u> <u>Ended</u> <u>July 4, 2009</u> <u>(Unaudited)</u> |
|---|---|--|---|
| Net cash provided by operating activities | \$ 32,428 | \$ (1,214) | \$ 33,642 |
| Purchases of property and equipment | <u>(12,648)</u> | <u>(6,802)</u> | <u>(5,846)</u> |
| Free cash flow | <u>\$ 19,780</u> | <u>\$ (8,016)</u> | <u>\$ 27,796</u> |