

May 1, 2014

MOTOROLA SOLUTIONS Q1 2014 EARNINGS CONFERENCE CALL



SHEP DUNLAP

VICE PRESIDENT INVESTOR RELATIONS



SAFE HARBOR



A number of forward-looking statements will be made during this presentation. Forward-looking statements are any statements that are not historical facts. These forward-looking statements are based on the current expectations of Motorola Solutions, and we can give no assurance that any future results or events discussed in these statements will be achieved. Any forward-looking statements represent our views only as of today and should not be relied upon as representing our views as of any subsequent date. Forward-looking statements are subject to a variety of risks and uncertainties that could cause our actual results to differ materially from the statements contained in this presentation.

Information about factors that could cause, and in some cases have caused, such differences can be found on pages 10 through 21 in Item 1A of Motorola Solutions' 2013 Annual Report on Form 10-K, and in our other SEC filings available for free on the SEC's website at www.sec.gov, and on Motorola Solutions' website at www.motorolasolutions.com/investor

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GREG BROWN

CHAIRMAN AND CEO



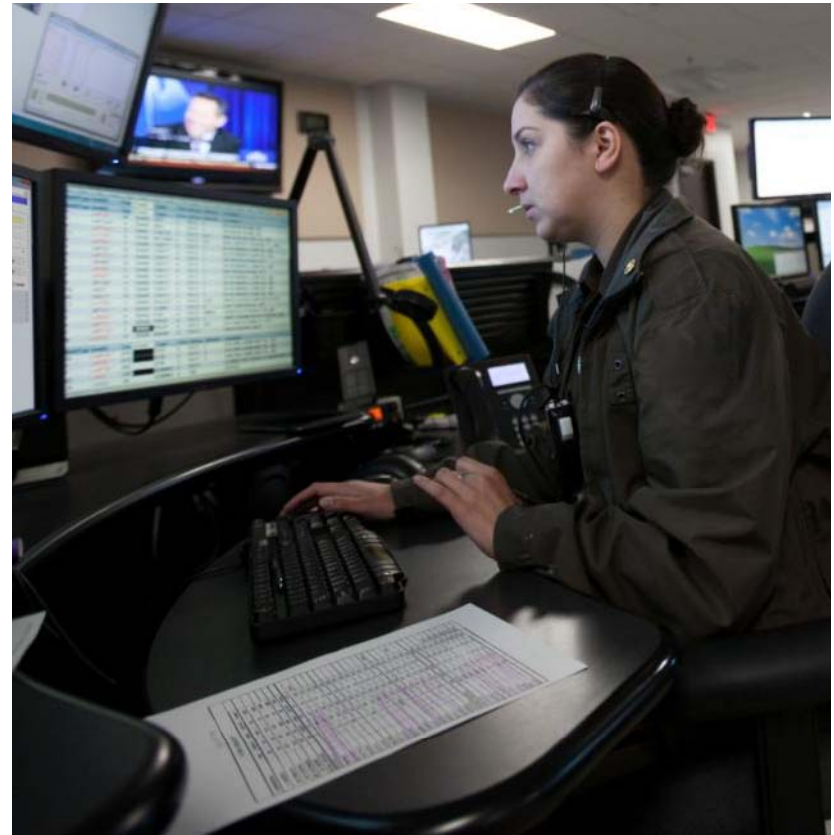


Q1 HIGHLIGHTS

- Sales of \$1.8B, down 9%
- Government sales of \$1.2B, down 11%
- Enterprise sales of \$573M, down 1% excluding iDEN
- Non-GAAP Earnings per share of \$0.50*, a decrease of 24%
- \$45M* decline in non-GAAP operating expenses
- Continued capital return** to shareholders of \$136M (\$57M in share repurchase and \$79M in dividends)

*Excluding highlighted items, stock-based compensation, and intangible amortization

**Includes share repurchases and dividends paid



GINO BONANOTTE

EXECUTIVE VICE PRESIDENT AND CFO



2014 FINANCIAL RESULTS



(\$ in Millions)

GAAP	FIRST QUARTER	
	2014	2013
Sales	\$1,801	\$1,973
Operating Earnings	170	216
Operating Margin	9.4%	10.9%
EPS	\$0.49	\$0.68

Non-GAAP*	FIRST QUARTER	
	2014	2013
Operating Earnings	\$212	\$278
Operating Margin	11.8%	14.1%
EPS	\$0.50	\$0.66

* Excluding highlighted items, stock-based compensation, and intangible amortization

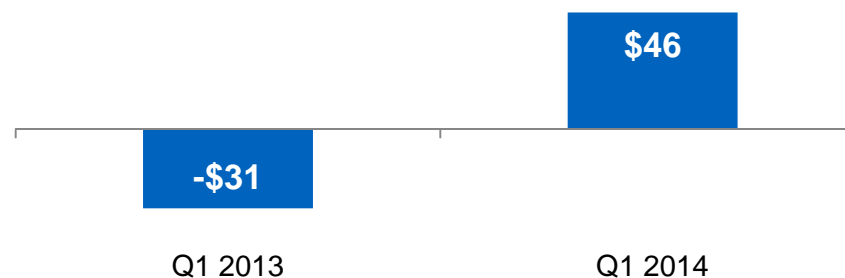
CASH FLOW



- Q1'14 operating cash proceeds of \$46M
- Q1'14 CAPEX spend of \$45M
- Q1'14 free cash flow of \$1M

(\$ in Millions)

Operating Cash Flow



* Free cash flow = Net cash provided by operating activities – Capital expenditures

BALANCE SHEET



\$3.1B in cash and cash equivalents

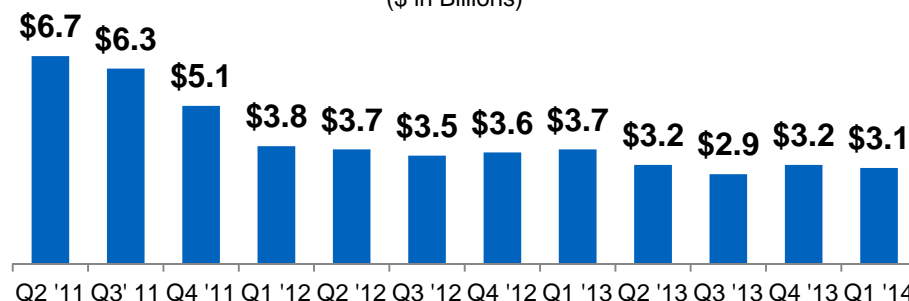
Share repurchase activity

- \$57M in Q1 (0.9M shares at \$63.32)
- \$5.3B total since July 2011 at \$50.17 average price
- Reduced net shares outstanding 26% since July 2011 buyback announcement

* Total cash = Cash and cash equivalents, Sigma Fund, and short-term investments
 ** Net Cash = Total cash – Notes payable and current portion of long-term debt and Long term debt

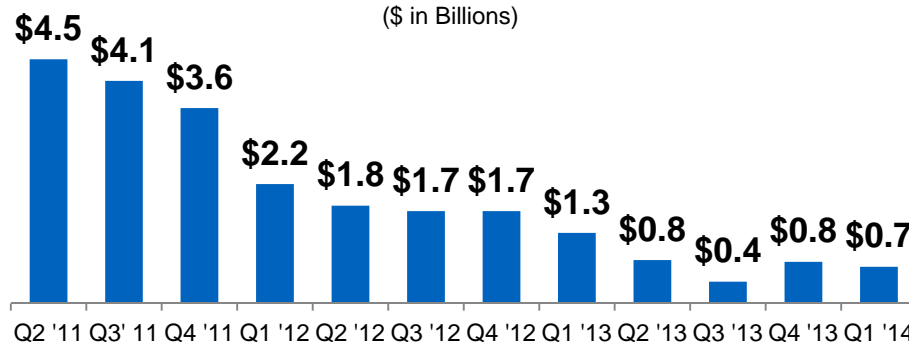
Total Cash*

(\$ in Billions)



Net Cash**

(\$ in Billions)



MSI OUTLOOK



Expected Second Quarter 2014

- Sales down 5 - 8%
- EPS* \$0.58 - \$0.64

Expected Full Year 2014

- Sales decline of low single digits
- Operating margins* approximately 18.5%

* Non-GAAP, excluding highlighted items, stock-based compensation, and intangible amortization



GOVERNMENT OUTLOOK



Expected Second Quarter 2014

- Gov't sales decline of 8% to 11%
- iDEN sales decline of \$20M

Expected Full Year 2014

- Gov't sales decline low to mid single digits
- iDEN decline of ~\$100M

* Non-GAAP, excluding highlighted items, stock-based compensation, and intangible amortization



GOVERNMENT



GOVERNMENT



(\$ in Millions)

GAAP	FIRST QUARTER	
	2014	2013
Sales	\$1,201	\$1,346
Operating Earnings	\$113	\$180
Operating Margin	9.4%	13.4%

Non-GAAP*	FIRST QUARTER	
	2014	2013
Operating Earnings	\$140	\$217
Operating Margin	11.7%	16.1%

* Excluding highlighted items, stock-based compensation, and intangible amortization

Q1 GOVERNMENT HIGHLIGHTS



- 11% sales decline driven primarily by North America
- Operating margin* of 11.7% vs. 16.1% last year driven by a decrease in sales volume & product mix
- Reduced non-GAAP operating expenses by \$23M vs. Q1 '13
- Major contracts include LARICS LTE \$175M, State of Indiana \$113M, several Latin America contracts with military & public safety agencies worth ~\$60M
- Introduced the APX 7000L, providing LTE-4G feature based technology to give users faster data speed and simultaneous voice operation



* Non-GAAP, Excluding highlighted items, stock-based compensation, and intangible amortization

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ENTERPRISE



ENTERPRISE



(\$ in Millions)

GAAP	FIRST QUARTER	
	2014	2013
Sales	\$600	\$627
Operating Earnings	\$57	\$36
Operating Margin	9.5%	5.7%

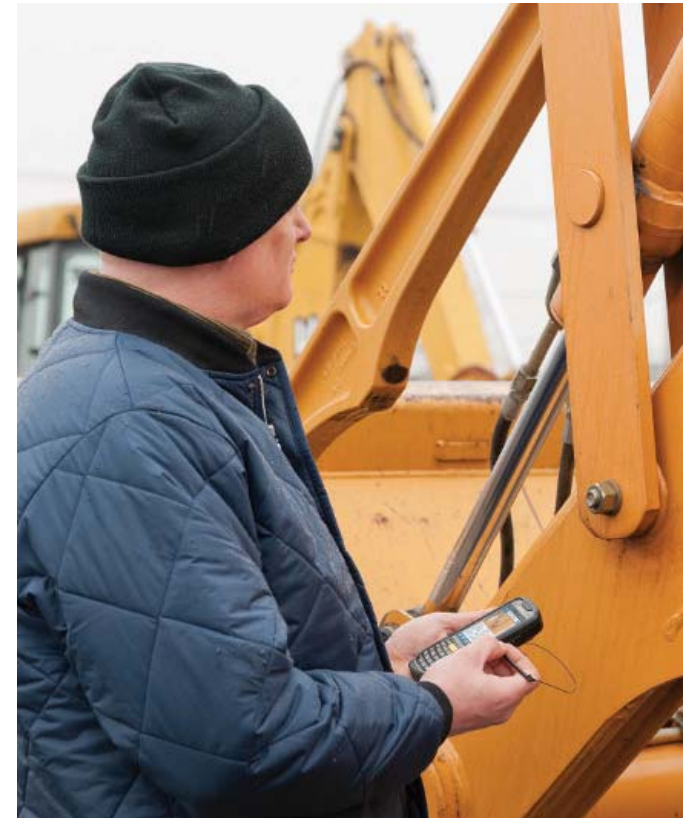
Non-GAAP*	FIRST QUARTER	
	2014	2013
Operating Earnings	\$72	\$61
Operating Margin	12.0%	9.7%

* Excluding highlighted items, stock-based compensation, and intangible amortization

Q1 ENTERPRISE HIGHLIGHTS



- 1% sales decline excluding iDEN driven primarily by North America and APME
- 12.0% operating margin* compared to 9.7% last year driven by declines in SG&A and R&D expenses
- Reduced non-GAAP operating expenses by \$22M vs. Q1 '13
- Multimillion order for Android based TC55. Major contract win for 10k units of SmartBadge1. Other key transportation and logistics wins including FedEx, Correos (Spain) and GLS (Germany).



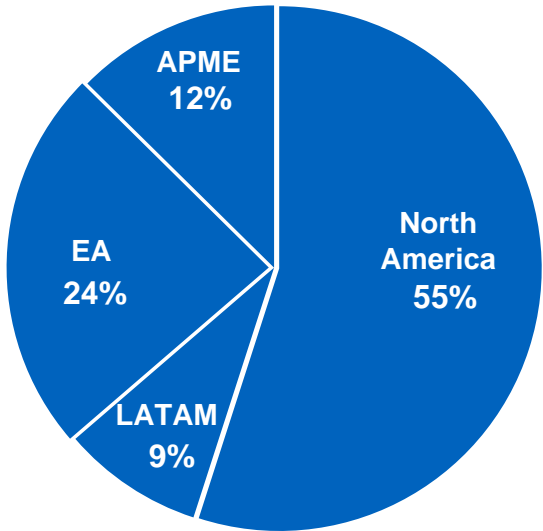
*Non-GAAP, excluding highlighted items, stock-based compensation, and intangible amortization

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MSI REGIONAL HIGHLIGHTS

	Q1 2014	Q1 2013	Change
N. America	\$989	\$1,138	(13%)
L. America	158	179	(12%)
EA	427	412	4%
APME	227	243	(7%)
TOTAL	\$1,801	\$1,973	(9%)



NORTH AMERICA

- Double digit decline in Government driven by lower sales in ASTRO and PCR

INTERNATIONAL

- Double-digit growth in TETRA in EA

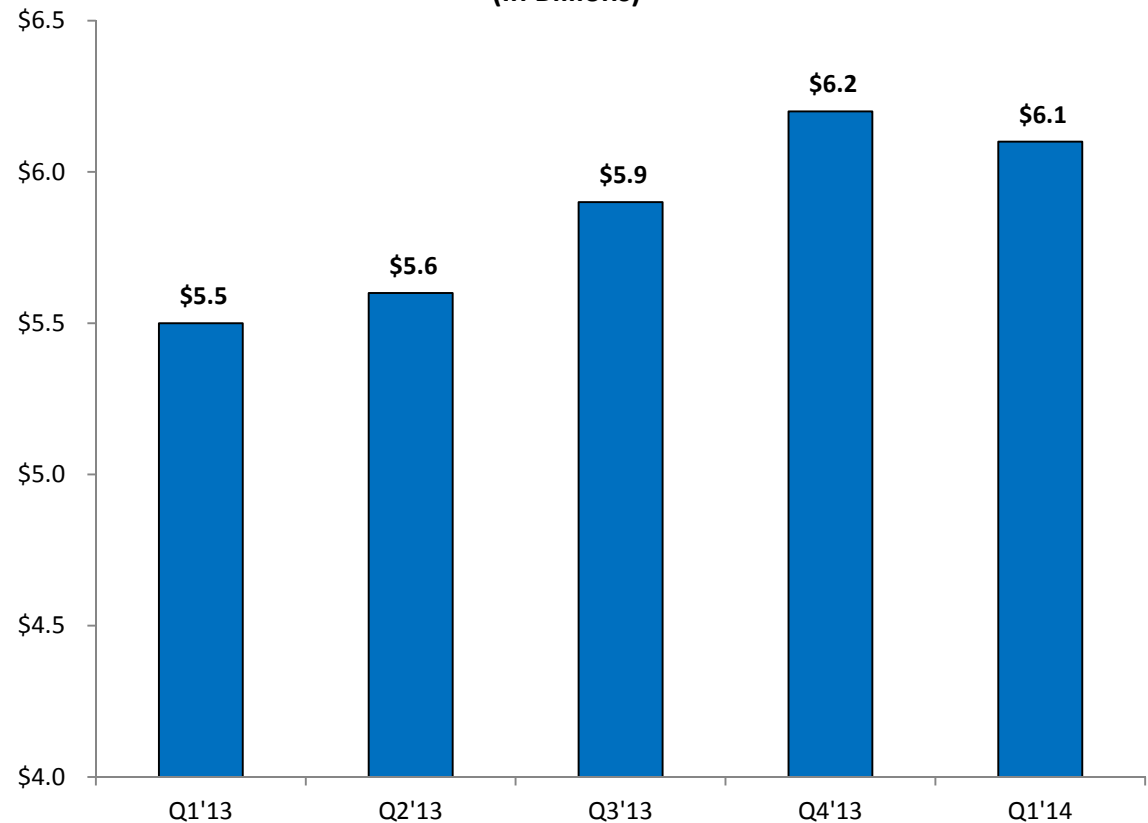
Backlog



Sequential Quarter Change (Q4'13 to Q1'14)

- Total decreased \$104M
 - Government down \$79M
 - Enterprise down \$25M

Backlog Trend
(In Billions)



Q&A PARTICIPANTS

GREG BROWN

Chairman and CEO

GINO BONANOTTE

Executive Vice President and CFO

MARK MOON

Executive Vice President and President,
Sales and Product Operations

SHEP DUNLAP

Vice President, Investor Relations

USE OF NON-GAAP MEASURES



In addition to the GAAP results provided during this event, Motorola Solutions has provided certain non-GAAP measurements. Motorola Solutions has provided these non-GAAP measurements as a measure to help investors better understand its core operating performance, enhance comparisons of Motorola Solutions' core operating performance from period to period and to allow better comparisons of Motorola Solutions' operating performance to that of its competitors. Among other things, the Company's management uses these operating results, excluding the identified items, to evaluate the performance of its businesses and to evaluate results relative to incentive compensation targets. Management uses operating results excluding these items because they believe this measure enables them to make better period-to-period evaluations of the financial performance of its core business operations. There are inherent limitations in the use of operating results excluding these items because the company's GAAP results include the impact of these items. The non-GAAP measures are intended only as a supplement to the comparable GAAP measures and the Company compensates for the limitations inherent in the use of non-GAAP measures by using GAAP measures in conjunction with the non-GAAP measures. As a result, investors should consider these non-GAAP measures in addition to, and not in substitution for, or as superior to, measures of financial performance prepared in accordance with GAAP.

Details of these items and reconciliations of the non-GAAP measurements provided during this presentation to GAAP measurements can be found in the Appendix to this presentation and on Motorola Solutions' website at www.motorolasolutions.com/investor.

SUPPLEMENTAL NON-GAAP MEASURES



SUPPLEMENTAL NON-GAAP MEASURES



	Q1 '11	Q2'11	Q3'11	Q4'11	Q1 '12	Q2 '12	Q3 '12	Q4 '12	Q1 '13	Q2 '13	Q3 '13	Q4 '13	Q1 '14
Net sales	\$ 1,834	\$ 1,984	\$ 2,085	\$ 2,300	\$ 1,956	\$ 2,148	\$ 2,153	\$ 2,441	\$ 1,973	\$ 2,107	\$ 2,112	\$ 2,504	\$ 1,801
GAAP gross margin	924	1,007	1,055	1,160	973	1,060	1,087	1,229	955	1,029	1,043	1,214	845
Non-GAAP gross margin adjustments:													
Stock-based compensation expense	3	5	6	6	6	7	6	6	6	5	5	5	4
Reorganization of business charges	3	-	-	3	-	3	3	2	-	9	8	11	1
Non-GAAP gross margin	930	1,012	1,061	1,169	979	1,070	1,096	1,237	961	1,043	1,056	1,230	850
GAAP Operating earnings ("OE")	169	159	254	276	232	278	324	423	216	266	320	413	170
Non-GAAP OE Adjustments:													
Stock-based compensation expense	36	34	39	39	37	45	38	39	39	29	32	32	32
Reorganization of business charges	5	17	10	20	9	11	10	12	11	19	24	52	21
Intangibles amortization expense	50	50	50	50	6	6	6	10	6	6	8	6	5
Other highlighted items	-	39	-	50	-	-	-	(16)	-	-	-	-	(21)
Non-GAAP OE	\$ 266	\$ 304	\$ 359	\$ 444	\$ 290	\$ 350	\$ 387	\$ 476	\$ 278	\$ 334	\$ 397	\$ 519	\$ 212
GAAP OE%	9.2%	8.0%	12.2%	12.0%	11.9%	12.9%	15.0%	17.3%	10.9%	12.6%	15.2%	16.5%	9.4%
Non-GAAP Adj %	5.3%	7.3%	5.0%	7.3%	2.9%	3.4%	3.0%	2.2%	3.2%	3.3%	3.6%	4.2%	2.3%
Non-GAAP OE %	14.5%	15.3%	17.2%	19.3%	14.8%	16.3%	18.0%	19.5%	14.1%	15.9%	18.8%	20.7%	11.8%

SUPPLEMENTAL NON-GAAP MEASURES



	Q1 '11	Q2 '11	Q3 '11	Q4 '11	Q1 '12	Q2 '12	Q3 '12	Q4 '12	Q1 '13	Q2 '13	Q3 '13	Q4 '13	Q1 '14
GAAP Other income (expense)	3	(98)	(16)	(9)	12	(38)	-	(16)	(11)	(42)	5	(22)	(19)
Non-GAAP Below OE adjustments	-	81	-	-	(16)	-	(13)	-	-	-	(23)	-	-
Non-GAAP Other income (expense)	3	(17)	(16)	(9)	(4)	(38)	(13)	(16)	(11)	(42)	(18)	(22)	(19)
GAAP Earnings from cont. operations	367	50	153	177	159	177	206	336	192	258	307	343	127
Non-GAAP OE adjustments	97	145	105	168	58	72	63	53	62	68	77	106	42
Non-GAAP below OE adjustments	-	81	-	-	(16)	-	(13)	-	-	-	(23)	-	-
Non-GAAP tax adjustments and effect	(277)	(84)	(35)	(59)	(12)	(41)	(15)	(76)	(67)	(18)	(10)	(14)	(40)
TOTAL Non-GAAP Earnings	\$ 187	\$ 192	\$ 223	\$ 286	\$ 189	\$ 208	\$ 241	\$ 313	\$ 187	\$ 308	\$ 351	\$ 435	\$ 129
GAAP Continuing operations earnings per share ("EPS")	\$ 1.07	\$ 0.14	\$ 0.45	\$ 0.54	\$ 0.50	\$ 0.60	\$ 0.72	\$ 1.18	\$ 0.68	\$ 0.94	\$ 1.16	\$ 1.31	\$ 0.49
Non-GAAP Continuing operations EPS adjustments	(0.53)	0.40	0.21	0.33	0.09	0.10	0.12	(0.08)	(0.02)	0.18	0.16	0.36	0.01
Non-GAAP Continuing operations EPS	\$ 0.54	\$ 0.54	\$ 0.66	\$ 0.87	\$ 0.59	\$ 0.70	\$ 0.84	\$ 1.10	\$ 0.66	\$ 1.12	\$ 1.32	\$ 1.67	\$ 0.50
Diluted, weighted average shares outstanding	344.2	348.5	339.5	328.4	317.7	296.1	287.4	284.4	280.7	274.7	265.3	261.2	258.3

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