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QUESTION AND ANSWER SESSION

<INTRODUCTION: Kulbinder Garcha – Credit Suisse Securities>: Okay. Great. I think we'll get started. We're very happy to have from Motorola Solutions Gino Bonanotte, who's the EVP and CFO of the company.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Gino, if I kick it off with some questions, maybe the first broad one to kind of level set the conversation is there's obviously been a lot of change at MSI in the last year; a disposal, big capital return, you dealt with some of the pension challenges that you guys have had on the cash flow side as well.

As we look forward, what is the management team focused on in terms of delivering for a path to like sustainable value creation for shareholders? Let's start with that one.

<A – Gino Bonanotte – Motorola Solutions>: Sure. As you said, 2014 has been a year that is full of transitions. We talked about the enterprise divestiture \$3.45 billion in cash, pension de-risking, taking our pension liability from \$9 billion total liability, which was a remnant of Motorola, a vestige of old Motorola, as well as capital, \$5 billion extension of the capital return – share repurchase authorization.

The other item that you didn't mention, Kulbinder, is the cost reduction program. So we've been executing on a cost reduction program that we've talked about a \$300 million reduction from 2013 OpEx rate of approximately \$2 billion to a 2015 OpEx number of approximately \$1.7 billion. And it's instructive. Internally, we've actually named the cost reduction initiative, simplify to grow. And as we entered into, obviously, we did it to defend the income statement in 2014, but as importantly to drive changes, the way we go about doing business in MSI.

As an example, we've talked about the real estate restructuring. As just one example, post enterprise, post the enterprise transaction, we had 178 fully allocated P&Ls in the government business in MSI. So what that meant was 178 people that walked around as general managers and made decisions based on a fully allocated P&L, clearly not always sometimes sub-optimized to a decision for the firm, for the whole firm.

So in 2015, we're moving to three fully allocated P&Ls. Obviously, we'll continue to have all the information we need, the detail information we need to make decisions, but those decisions won't be encumbered by concerning oneself with allocations between from whether it's HR cost or finance costs, and will be decisions that will be rendered based on what's right for the company and what's right for our customers.

Other examples in the R&D organization, what we've done is, restructured the way we manage the different technology group. So, initially, we had general managers for each of the subsystems whether that'd be P25 subscribers, P25 infrastructure TETRA subscriber, TETRA infrastructure. And what we've moved to is more of a platform management structure. So devices across the firm, infrastructure across the firm, again, leading to better decisions for and better outcomes for the entire company.

So I say that to talk about what we are going to deliver going forward, what's clearly important to us is a return to growth. We've talked at length in 2014 about the narrowbanding impact in North America, North America phenomenon, and the fact that that after a 13% growth in North America in 2012 and really a flat year, tale of two cities flat year with growth in the first half and contraction in the second half, we entered 2014 with a lower backlog position.

So contracted 16% in Q1, 14% in Q2, 7% here recently in Q3. And what we've talked about is being approximately flat in Q4. And with respect to North America talked about returning to a modest level of growth in 2015. So growth continues to be very important to us.

Other avenues of growth that we have available to us is services. We've talked about services at times this year. Our ability to grow at 2x product for the last several years and even through the contraction in 2014 services and certain quarters growing and certain quarters contracting, but nowhere near the contraction of products, as well as the renewed focus we have on services.

Bob Schassler, who leads our services organization, is now on the executive committee and we put an emphasis on services that frankly we haven't had in the past in the firm. We've also brought in some external talent in services to help drive the formation of service offerings.

We've talked in the past about new offerings such as our software user agreement, which is exactly as it's named is a software user agreement that keeps our customers on the most recent version of the software, obviously new features, bug fixes at attractive margins for us, as well as reducing our cost of service, the thousands of deployments that we have in the field. So we believe services is an opportunity for continued growth, as well as the other verticals.

Through the enterprise transaction, as a result of the enterprise transaction, we identified and made progress in 2014 on verticals that radio verticals within second responders, so utilities, petrochem, large plants and manufacturing organizations. We put an emphasis on returning to those commercial type accounts, but bringing radio to those commercial types accounts and we believe that that is an opportunity for growth as well and obviously LTE provides an opportunity for growth.

So we talked about continued leverage, cost reductions, growth opportunities and capital return. Capital return continues to be an important element. We've just announced a \$5 billion increase to the share repurchase authorization to \$12 billion. We've done about \$7 billion to-date in 2014. We expect to do about \$2.5 billion, \$2 billion of it in the second half of the year. So capital return will continue to be a very important element of total shareholder return philosophy.

<Q – Kulbinder Garcha – Credit Suisse Securities>: That gives me a lot of things to ask about now. So if I start on the cost reduction, one thing I wanted to clarify for a while is \$300 million reduction that you're targeting, that's the net number, it takes into account any reinvestments that you might have to make. Is that correct?

<A – Gino Bonanotte – Motorola Solutions>: It does.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Okay.

<A – Gino Bonanotte – Motorola Solutions>: It takes into account all reinvestment. It takes into account the fact that from our variable pay – from the variable pay side, we will have to – clearly, we're contemplating full variable pay as we plan for 2015. And as a reminder, our variable pay is based on two things for the company. It's based on operating earnings dollars and free cash flow dollars. Those are the drivers of our variable pay. They will continue to be the drivers and we believe they are the right drivers for the firm.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Then on the point of growth, to push back a little bit, I guess...

<A – Gino Bonanotte – Motorola Solutions>: Sure.

<Q – Kulbinder Garcha – Credit Suisse Securities>: ...the narrowbanding issue, I understand why it's caused a problem in terms of growth, let's say, 2013 and 2014. It did somewhat catch MSI by surprise I think as well. I think it's fair to say earlier on this year and just the magnitude of the decline. So from here, can you speak about the outlook in terms of visibility, first of all...

<A – Gino Bonanotte – Motorola Solutions>: Sure.

<Q – Kulbinder Garcha – Credit Suisse Securities>: ...backlog customers' orders, however you want to describe it. And the second thing is one of the things I think investors sometimes have difficulty acknowledging is after two years of declines, what's the fundamental reasons why you believe next year North America grows? Is it a product refresh, is it the standard argument of just analog to digital which has been there from many years, is there something else going on. Could you speak about that as well?

<A – Gino Bonanotte – Motorola Solutions>: Sure. Sure. When we talked about 2012, I'll start with the commentary on 2012, there are number of variables in 2012 clearly narrowbanding had an impact. We also announced the new APX line, which was an entirely new line of P25 products in that same timeframe as well as the wind down of the Sprint Nextel System and its impact on PCR. So there were number or variables in that 2012 timeframe and an assumption on how much of it was narrowbanding versus some of the other variables.

As we move forward going into 2015 and talking about modest growth in North America in 2015, we look to what the drivers are of our business, and really the drivers mission critical voice, that continues to be a priority across our customer base for both police and fire. There is no substitution from a technology perspective, and we continue to hold or gain share, and we believe the narrowbanding impact is largely behind us in 2014 with some trailing impact a bulk of it in 2014.

Some trailing impact into 2015 by the ending by the first half of 2015 based on the fact that what we saw a narrowbanding was a 13% growth rate in 2012, growth in the first half of 2013 and then the beginning of contraction in the second half of 2013, and that cycle ending in the second half, essentially ending in the end of the second quarter in 2015.

So the drivers have been changed. The funnel continues to be strong. North America specifically Q3 ending backlog in North America was up \$120 million, sequentially \$60 million up in product, \$60 million up in services. Our expectation is to end the year up in total backlog, up in product backlog, up in services backlog and up in shippable backlog in 2015. So we characterized it on the call with modest return to growth in North America as narrowbanding subsides, modest growth in APME in Latin America, and contraction in EA.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Right. On the point you made about the verticals like manufacturing, utilities and petrochemicals, I recall MSI refreshing their portfolio in the radio side – on the devices side specifically to address some of these. I think hotels was mentioned as well and that kind of thing. But this has been discussed now for many years. So is 2015 the year in which we see that? Why is it taking so long?

I remember there was a product refresh going back 2012, I think it was, when we came to your headquarters. We had all these products. The idea was you could sell all this first responder type technology into these verticals, but we probably heard, and this is the first time – the reason why I ask is certainly you've mentioned it. I can remember MSI mentioning it again since then. So is there something that's changed or...

<A – Gino Bonanotte – Motorola Solutions>: Well, I think what is the largest change is the focus, the singular focus on the business we have left now. What happened on some of these commercial accounts, I'll call them commercial accounts, frankly the go-to-market was ceded to the enterprise team, and the enterprise team, concentrating on large retailers and large transaction, perhaps we didn't have the focus we needed on two-way radio voice to those large opportunities.

Recall that – I think many of the products that you're speaking of were in the PCR...

<Q – Kulbinder Garcha – Credit Suisse Securities>: Right.

<A – Gino Bonanotte – Motorola Solutions>: ...world and it was specific to hospitality.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Right.

<A – Gino Bonanotte – Motorola Solutions>: We have seen a take up in hospitality with respect to PCR. When I was mentioning other verticals, specifically petrochem, large oil fields, larger manufacturing organization, that's a combination of multiple products. P25, in some cases TETRA and in some cases PCR. What I will say what has changed is the focus on those accounts by the distribution organization and we've seen meaningful results in 2014. Keep in mind that narrowbanding in the U.S. was a phenomenon, not only for first responders, it was across the spectrum, so also impacting other users of radio.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Can we speak about public safety LTE? And there's so many questions I could ask around this. Let's just start with one thing that I've always struggled in understanding is just the process of from where we are now to these networks being built and MSI capitalizing on the opportunity, what's the best guess of the status of events, FirstNet, the board, how it's been constructed and how it plays out over the next few years?

<A – Gino Bonanotte – Motorola Solutions>: Sure. So we talked about 2014 revenue, LTE revenue of approximately \$50 million and in 2015 of approximately \$100 million. I think the – perhaps it's instructive to break it out geographically and we'll talk about the U.S. and FirstNet obviously. LA-RICS continues, the deployment continues. The working relationship with FirstNet is very good. FirstNet and MSI have the same goals, the goals are to deploy an interoperable public safety broadband system. So that work continues.

Harris County, Texas, received their SLA, their spectrum license agreement. So that will provide an additional opportunity in Harris County, Texas. And work continues with FirstNet. We responded to their

RFI in October, we'll respond to the RFP. We're in constant conversations with our customers and with FirstNet. So we see that progressing.

Internationally, we've talked about the large deal in the Middle East and the fact that we, as part of the deal, received a \$33 million purchase order contract for radio equipment specific to that deal. We're working on other opportunities in the Middle East. A trial in Canada. We have other opportunities across Asia Pac. So we continue to explore those opportunities.

So I'm not sure that it's useful to get into 2017 or 2016 revenues. The interest from our customers continues to be strong. Our belief is that broadband is in a central part of the way public safety will do their jobs going forward. If we think about the command center and think about some instances that have happened here recently, tragic occurrences in the U.S., we can hearken back to the Boston Marathon and the way that was solved by aggregating video from different spots, all that was very, very manual and took weeks.

We believe that we can do that far, far more efficiently and faster and provide – bring all that input data input in and have analytics around not only responding to incidents, but also preventing instances by using aggregation of data. There's predictive models out there that will give you an indication of where a crime is likely to occur with confidence intervals of predictive confidence intervals of 30% to 40%.

So there are exciting opportunities for public safety and broadband. And we think broadband will come. Different geographies have different spectrum mandates, different availability of spectrum. We continue to work through all of them and continue to work through several different models.

<Q – Kulbinder Garcha – Credit Suisse Securities>: In terms of understanding the processes, Gino, so you respond to an RFI to FirstNet, you kind of get some basic approval of the design or the scheme of the technology that's going to be deployed. And is it each county or jurisdiction individually, based upon their own requirements, deploys it with you? Is that about the way it works roughly or no?

<A – Gino Bonanotte – Motorola Solutions>: No. That's really the way it works in P25. There's still some debate or discussion around exactly how the system will be rolled out through large urban areas and rural areas, so that's still to be determined with FirstNet. So, right now, we don't have a clear view of whether it will be – clearly, the premise is an interoperable nationwide broadband system. There's still some debate around exactly how that will be procured.

<Q – Kulbinder Garcha – Credit Suisse Securities>: But the regions are already starting to move like Harris County, you mentioned, they are able to go ahead, because...

<A – Gino Bonanotte – Motorola Solutions>: They're able to go ahead with the provision that they will be fully interoperable with whatever the ultimate FirstNet solution will be.

<Q – Kulbinder Garcha – Credit Suisse Securities>: I see. Okay. Okay. And then in terms of timeframe, after – this has taken, I guess, longer than anybody thought. And a significant amount of dollars were earmarked for this. Is there any deadlines of targets it need to be hit just in terms of this needs to be deployed. There's a social reason to deploy. It seems the government did talk about earmarking billion of dollars, but we're still two years after having the conversation, initially we're still talking about how it might be deployed and the timetables seem to be uncertain. Is there any deadlines going out over the next four years or five years?

<A – Gino Bonanotte – Motorola Solutions>: There are deadlines with the parties that have a spectrum license agreement, pardon me. So there is a deadline in place for the LA-RICS deployment.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Right.

<A – Gino Bonanotte – Motorola Solutions>: But the funding that was made available through the auctions that will be made available, it's still available for use even two years later.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Okay, okay. And in terms of MSI's position within a – is it a case of you respond to FirstNet and then you get a relatively secured position and visibility? Or is it every individual region you have to bid for? How does it work in terms of, let's say, the market share that you would gain out of this opportunity in the U.S.?

<A – Gino Bonanotte – Motorola Solutions>: In the U.S. specifically?

<Q – Kulbinder Garcha – Credit Suisse Securities>: Yeah.

<A – Gino Bonanotte – Motorola Solutions>: Well, I think our positioning is very good in LTE. We clearly invested in LTE. We believe that we've brought to bear the – our knowledge of how police and fire use communications to do their jobs from our 75-year history of serving that customer base to LTE, in addition to what a commercial offering would be, things as one-to-many communication, dynamic regrouping. So we believe that we are uniquely positioned to capitalize on public safety broadband, when it becomes available based on the feature sets that we've invested in, above and beyond what a commercial offering would be.

<Q – Kulbinder Garcha – Credit Suisse Securities>: And turning to the government business, let's say, ex the – as it stands today that we've seen very good leverage up until now and this further cost cutting to do. Can you speak about some of the mix drivers and the impacts on margins there going forward?

<A – Gino Bonanotte – Motorola Solutions>: Sure. So what we've seen this year as our device business has contracted is a little bit – some pressure on gross margins. Our gross margin by product category continues to hold across all product categories, products and services. As we look to incremental services opportunity, we talked about services growing at a faster clip than products, the services gross margin is lower than a product gross margin, but at the operating margin level, as we've talked about operating margins, are comparable between products and services even though gross margins are different.

As we look to LTE, LTE margins at the operating margin level will be comparable as well. Now LTE the third-party component, we've talked about the Ericsson agreement and the eNodeBs. We leverage Ericsson's scale and their worldwide deployments of LTE and eNodeB. We obviously don't have the RAN engineering costs associated with the NodeB as well. So the profile is little bit different, and additionally LTE has a large component of third-party. So from a gross margin, it may look a little bit different than traditional voice, but from an operating margin perspective, we believe it's comparable.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Okay. Okay. And with respect to cash flow first of all, the document of cash return, on the cash flow side, how should we think about pro forma level to free cash flow for MSI going forward?

<A – Gino Bonanotte – Motorola Solutions>: Yeah. We talked a little bit about it on the Q3 earnings call and said that from an operating cash flow perspective, 2015 will be comparable to 2013 inclusive of the enterprise business at approximately \$1 billion. And we talked historically about 20% of our operating cash flow number being dedicated to CapEx, which would yield about \$800 million free cash flow number.

I think from a CapEx perspective, our expectation is that we'll spend less than the traditional uses of CapEx, i.e., IT, perhaps real estate as we simplify the company and we'll continue to evaluate success based capital individually on project basis, obviously, returning something in excess of our weighted average cost of capital and we'll analyze those along with whatever other investment opportunities we have in front of us.

<Q – Kulbinder Garcha – Credit Suisse Securities>: With respect to cash return and I know you're going to say it's significant, a significant technology. But the one thing I do also look at the cash that you're going to generate even of this accelerated period that you return this \$5 billion that you've announced recently, you probably end up well above \$1.5 billion going into 2017, which is probably more than MSI need to run operations, I would imagine.

So is there – and I'm pressing the assumption that we perhaps aren't taking into account on inorganic opportunity that we should be thinking about more going forward. I don't think that's the case - need clarification there. And if we do end up in a situation that you have \$1.5 billion to \$1.8 billion to \$2 billion of cash gross, because I'm talking about going into 2017, what's the philosophy about returning the excess amount?

<A – Gino Bonanotte – Motorola Solutions>: Sure. Good question. The math of somewhere north of \$1.5 billion, we don't need that amount on the balance sheet to run the business. We talked about as a combined company, including enterprise, of \$1 billion number. We'll need something less than that to run the new MSI approximately \$800 million.

There's a couple of things to note. First, the \$5 billion increase to the share repurchase authorization is not necessarily the end of the road...

<Q – Kulbinder Garcha – Credit Suisse Securities>: Right.

<A – Gino Bonanotte – Motorola Solutions>: ...capital return. It's instructive to note that when we started, the initial share repurchase authorization was \$2 billion, about three years ago, and we're now up to \$12 billion and having returned \$7 billion in three years. The other variable that I would point you to is, we ended Q3 with about \$1.1 billion of our \$2.8 billion cash in offshore. And the enterprise transaction added another \$300 million to \$400 million of cash offshore. So, as we think about that \$800 million, the assumption on that \$800 million is that there'd be approximately \$800 million with approximately 30% of that being offshore.

So we have quite a lot of work to do with respect to the repatriation of cash. We've been repatriating cash. We've done through the end of Q3 about \$400 million, mindful of friction cost. We'll continue to do that. And that will be essential in getting to that optimal balance sheet cash level that we just talked about.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Okay. Okay. Yes. Yes. So to be clear that we have to take into account the offshore component.

<A – Gino Bonanotte – Motorola Solutions>: That's correct.

<Q – Kulbinder Garcha – Credit Suisse Securities>: And then additionally, though, what you're saying, if you do execute well on the free cash flow side, whether it's either better operations or otherwise, we're in the \$0.50 billion plus isn't what you'd necessarily need to run operations.

<A – Gino Bonanotte – Motorola Solutions>: That's correct.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Okay. And then on kind of M&A and acquisitions that's a minor component of this business model.

<A – Gino Bonanotte – Motorola Solutions>: It's a minor component of the business model. We continue to evaluate opportunities. We've done several tuck-in opportunities and we call them Twisted Pair, which is – we're running out of time, which is a great little software company acquisition that we did. But, I would describe them as tuck-ins and not substantial.

Kulbinder S. Garcha, Analyst, Credit Suisse Securities (USA) LLC (Broker)

Okay. Great. Very clear. Thank you very much.

Gino A. Bonanotte, Chief Financial Officer & Executive Vice President

Thank you, Kulbinder.