



MOTOROLA SOLUTIONS

Q1 2016 Results

May 5, 2016

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 9 through 22 in Item 1A of Motorola Solutions' 2015 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

This presentation is being made on the 5th day of May, 2016. The content of this presentation contains time-sensitive information that is accurate only as of the time hereof. If any portion of this presentation is rebroadcast, retransmitted or redistributed at a later date, Motorola Solutions will not be reviewing or updating the material that is contained herein.

Non-GAAP Statements

Where we have used non-GAAP financial measures, reconciliations to the most comparable GAAP measure are provided, along with a disclosure on the usefulness of the non-GAAP measure, in the appendix of this presentation. These measures include "Constant Currency," "Adjusted EBITDA," "Free Cash Flow," "Free Cash Flow per Share," and "Operating Expenses"

Q1 HIGHLIGHTS



- **Sales of \$1.2B, down 2% or down 1% in constant currency**
 - North America sales growth of 2%
 - Q1 FX unfavorable impact of \$22M
 - Airwave revenue \$61M
- **Managed & Support up 30%; up 6% excluding Airwave**
- **Backlog up 43% Y/Y to \$8.3B**
 - Up \$30M in Products and \$2.5B in Services, driven by \$700M of core business and the addition of \$1.8B from the Airwave acquisition
- **Operating margin* up 110 bps on lower cost structure**
- **Non-GAAP EPS* growth of 37%**
- **Completed acquisition of Airwave**

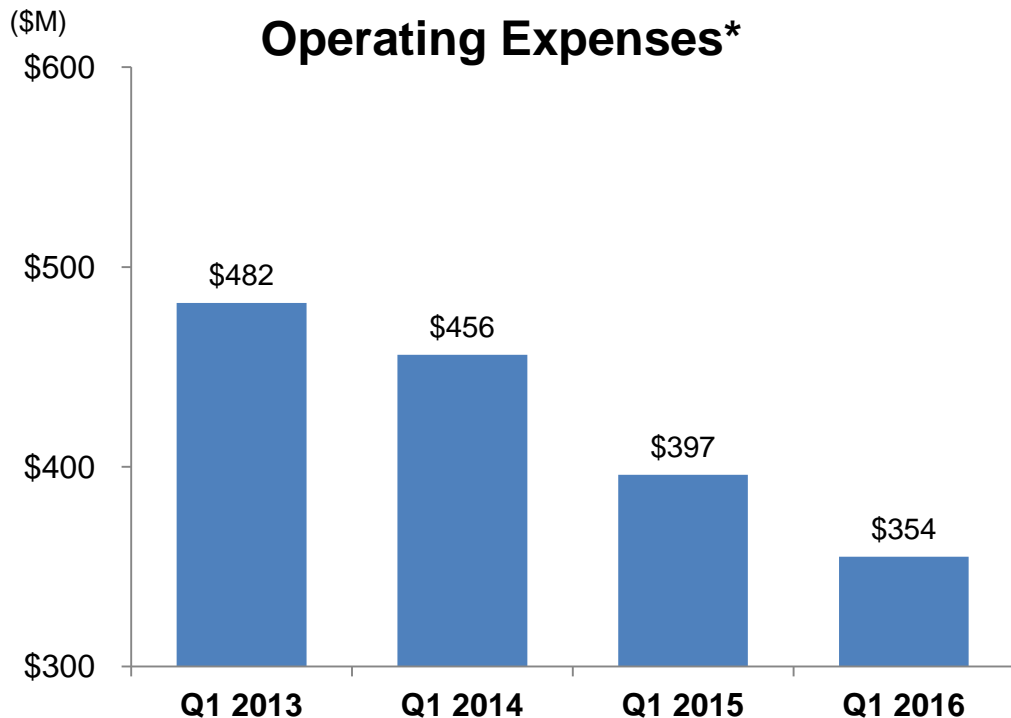
* Non-GAAP; excludes highlighted items, stock-based compensation, and intangible amortization

FINANCIAL RESULTS



Non – GAAP (\$M), excluding per share amounts	Q1 2015	Q1 2016	Change
Revenue	\$1,223	\$1,193	(2%)
Operating Earnings	\$156	\$166	6%
Operating Margin	12.8%	13.9%	110 bps
EPS	\$0.38	\$0.52	37%
Adjusted EBITDA	\$195	\$215	10%

OPERATING LEVERAGE



- Q1 operating expenses down \$43M Y/Y
- Significant savings across all categories -- G&A, R&D and Sales & Marketing
- Expect \$1.45B in 2016 opex

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

CASH FLOW



\$ Millions, TTM	Q1 2015 *	Q1 2016 *	Change
Operating Cash Flow	\$799	\$891	\$92
Capital Expenditures	(\$173)	(\$193)	(\$20)
Free Cash Flow	\$626	\$698	\$72
Wtd. Avg. Diluted Shares Outstanding	238.5	192.1**	(19%)
FCF per share	\$2.62	\$3.63	39%

TTM = Trailing Twelve Months

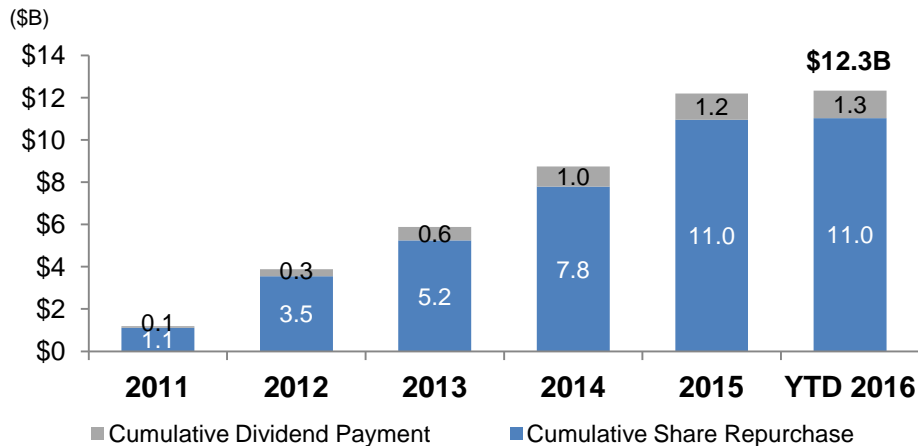
* Excludes \$1.3B of pension transaction funding for TTM Q1 2015, and excludes \$13M of pension funding for TTM Q1 2016

** Q1 Weighted Avg Diluted Share count is 177.0 million shares, and ending share count is 174.6 million shares

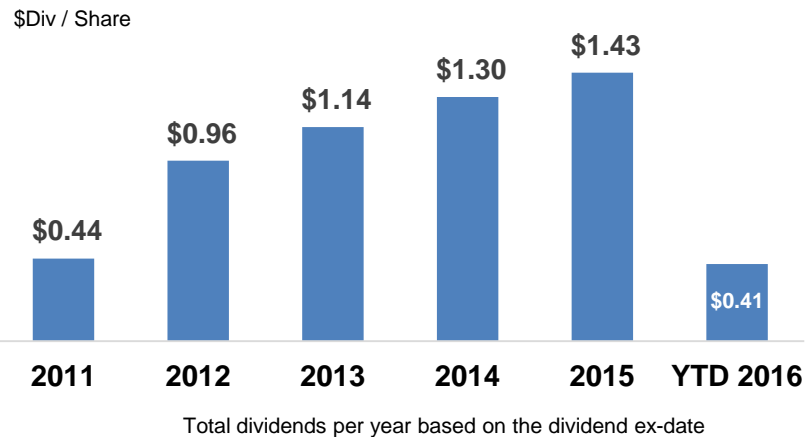
CAPITAL RETURN



Cumulative Capital Return



Significant Dividend Growth



- **\$64M share repurchase and \$71M in dividends paid in Q1**

- Company in blackout period most of Q1 due to Airwave transaction
- 49% reduction in share count since Q3 2011

- **Ended Q1 in net debt* position of \$3.1B**

- \$1.9B in cash, \$5.0B in debt

* Net Debt = Cash & Cash Equivalents, minus LT Debt including current portion

Q2 OUTLOOK



Q2 Outlook	Range
Revenue Growth	1% to 3%
Non-GAAP EPS	\$0.82 to \$0.88

Outlook includes ~\$130M of Airwave revenue

2016 OUTLOOK

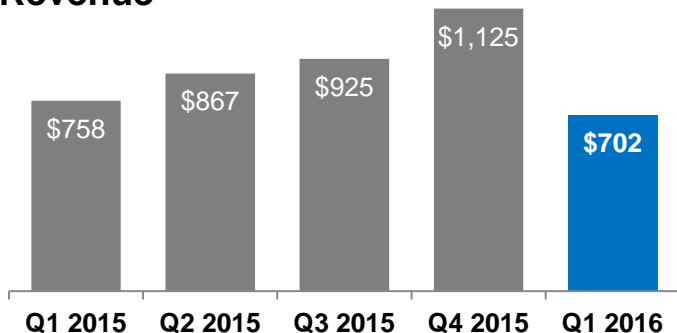


2016 Outlook	Prior Outlook	Current Outlook	Airwave
Revenue Growth	5% - 7%	5% - 7%	\$450M
Non-GAAP Operating Expenses	~\$1.45B	~\$1.45B	
Adjusted EBITDA	\$1.62B - \$1.66B	\$1.62B - \$1.66B	\$250M
Weighted Avg. Diluted Share Count	170M - 175M	170M - 175M	
Non-GAAP EPS	\$4.45 - \$4.65	\$4.45 - \$4.65	
Operating Cash Flow	~\$1.1B - \$1.2B	~\$1.1B - \$1.2B	\$200M
Free Cash Flow per Share	\$4.75 - \$5.00	\$4.75 - \$5.00	

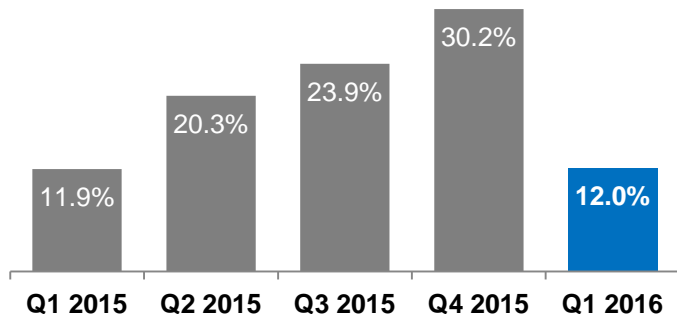
PRODUCTS RESULTS



Revenue



Operating Margin %

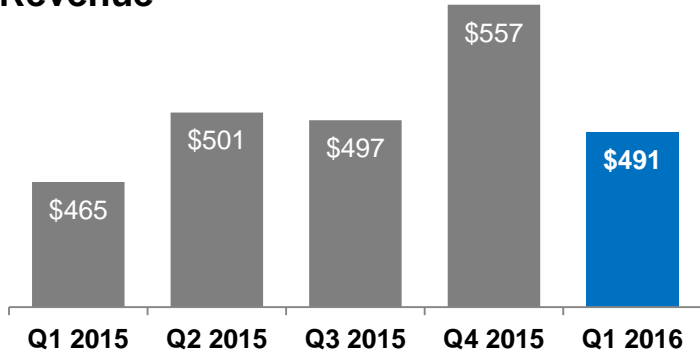


- Sales of \$702M, down 7%
- Operating margins up 10bps, driven by improved cost structure
- Notable wins and achievements:
 - \$42M in Montgomery County, Maryland to upgrade their network to Motorola's latest P25 solution
 - \$35M across four U.S. state and local customers to upgrade their Mission Critical networks with Motorola's latest P25 solution
 - \$23M in central Africa for a P25 nationwide system

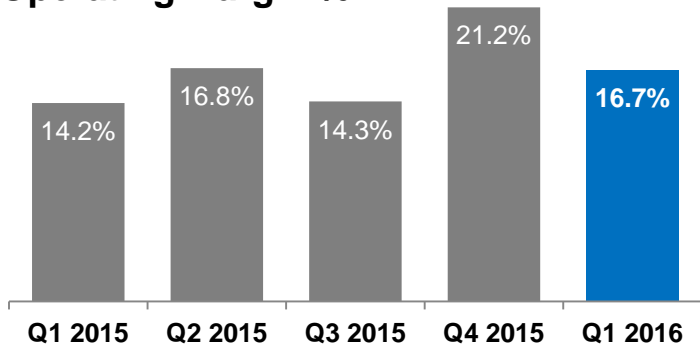
SERVICES RESULTS



Revenue

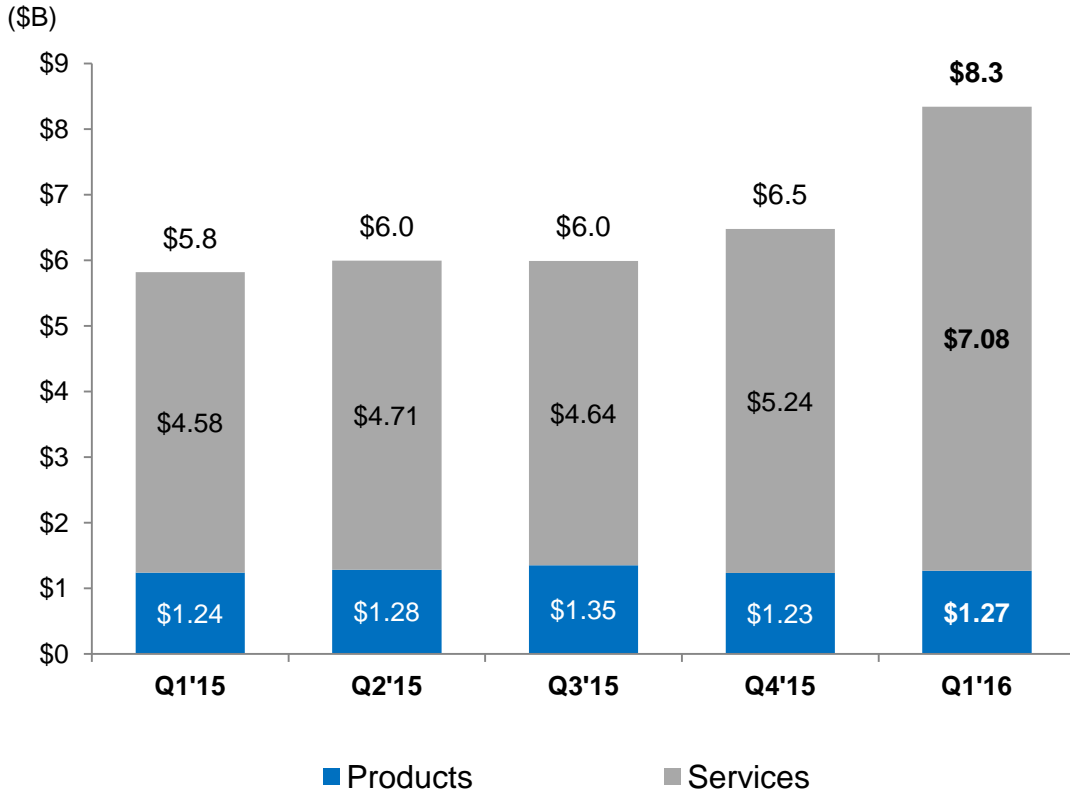


Operating Margin %



- Sales of \$491M, up 6% Y/Y
- Managed & Support up 30% Y/Y, up 6% excluding Airwave
- Operating margins up 250bps on improved organic gross margins and lower cost structure
- Notable wins and achievements:
 - Significant award in the U.K. for Motorola's WAVE 7000 software to provide interoperability of LMR & LTE networks
 - \$20M with a large U.S. utility customer for a multi-year, premier tier services agreement

BACKLOG TREND



Sequential Quarter Change

- Products up \$32M
- Services up \$1.8B, primarily Airwave

Y/Y Change

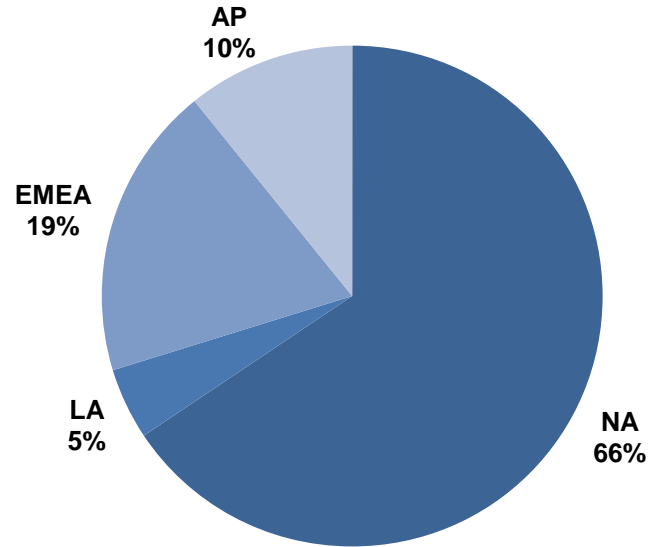
- Products up \$30M
- Services up \$2.5B, including ~\$700M organic Managed & Support business

REGIONAL REVENUE



(\$M)	Q1 2015	Q1 2016	Change *	Constant Currency Change
NA	\$770	\$782	2%	2%
LA	\$96	\$55	(42%)	(38%)
EMEA	\$223	\$226	1%	4%
AP	\$134	\$129	(4%)	1%
TOTAL	\$1,223	\$1,193	(2%)	(1%)

Q1 2016 REVENUE



- **NA:** Growth in Products and Services. Solid backlog increase driven by orders for Managed & Support Services.
- **LA:** Economic and currency headwinds continue.
- **EMEA:** Growth from Airwave partially offset from Norway project completion and channel softness on the low end.
- **AP:** Solid Managed & Support Services growth offset by weakness in China.

* Values may differ due to rounding

Q&A PARTICIPANTS



Greg Brown - Chairman and CEO

Gino Bonanotte - EVP and CFO

**Bruce Brda - EVP, Products &
Services**

Jack Molloy - EVP, Worldwide Sales

**Shep Dunlap - VP, 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

USE OF NON-GAAP MEASURES



“Constant Currency,” “Adjusted EBITDA,” “Free Cash Flow,” “Free Cash Flow per Share,” and “Operating Expenses” are non-GAAP measures and should not be considered replacements for results in accordance with accounting principles generally accepted in the U.S. (“GAAP”). These non-GAAP measures may not be comparable to similarly-titled measures reported by other companies. The primary limitation of these measures is that they exclude the financial impact of items that would otherwise either increase or decrease our reported results. This limitation is best addressed by using these non-GAAP measures in combination with the most directly comparable GAAP measures in order to better understand the amounts, character and impact of any increase or decrease in reported amounts. The following provides additional information regarding these non-GAAP measures:

Adjusted EBITDA - represents net income before interest expense, interest income, income taxes, depreciation, and amortization, as adjusted for net other income, income from discontinued operations, and special items including charges or income related to restructuring and other charges, acquisition related charges, impairment charges, and other income or charges, if any. We believe Adjusted EBITDA provides improved period-to-period comparability for decision making and because it better measures the ongoing earnings results of our strategic and operating decisions by excluding the earnings effects of restructuring activities and divested businesses.

Constant Currency - We evaluate our results of operations on both an as reported and a constant currency basis. The constant currency presentation excludes the impact of fluctuations in foreign currency exchange rates. We calculate constant currency percentages by converting our current period local currency results using prior-period exchange rates, and then comparing these adjusted values to prior period reported results.

Free Cash Flow - Operating Cash Flow minus CAPEX. We believe Free Cash Flow provides useful information to investors as it provides insight into the primary cash flow metric used by management to monitor and evaluate cash flows generated from our operations. This measure is also used as a component of incentive compensation.

Free Cash Flow per Share - Operating Cash Flow minus CAPEX, divided by weighted average diluted shares outstanding. We believe Free Cash Flow per Share provides useful information to investors as a measure of the strength and sustainability of our business model.

Operating Expenses - R&D and SG&A expenses adjusted for stock based compensation expenses, reorganization charges, intangibles amortization expenses, and other highlighted items.

SUPPLEMENTAL NON-GAAP MEASURES



Motorola Solutions, Inc. and Subsidiaries Non-GAAP Trend (In millions, except for per share amounts)

Page 1 of 2

	Q1 '13	Q2 '13	Q3 '13	Q4 '13	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16
Net sales	\$ 1,396	\$ 1,497	\$ 1,517	\$ 1,817	\$ 1,228	\$ 1,393	\$ 1,436	\$ 1,823	\$ 1,223	\$ 1,368	\$ 1,422	\$ 1,682	\$ 1,193
GAAP gross margin	693	750	765	901	577	656	685	912	548	648	685	838	502
Non-GAAP gross margin adjustments:													
Stock-based compensation expense	5	4	4	4	4	3	2	2	3	2	2	2	2
Reorganization of business charges	—	5	5	7	1	3	7	—	2	3	1	4	16
Non-GAAP gross margin	698	759	774	912	582	662	694	914	553	653	688	844	520
GAAP Operating earnings (loss) ("OE")	174	203	246	325	107	138	207	(1,459)	119	254	231	389	100
Non-GAAP OE Adjustments:													
Stock-based compensation expense	30	23	25	26	25	23	18	18	18	17	16	18	15
Reorganization of business charges	7	13	16	34	9	25	13	15	12	13	14	38	7
Intangibles amortization expense	—	—	—	—	1	1	1	1	2	3	2	2	13
Other highlighted items	—	—	—	—	(21)	8	11	1,906	—	(32)	26	5	13
Non-GAAP OE	\$ 216	\$ 248	\$ 296	\$ 396	\$ 126	\$ 201	\$ 259	\$ 483	\$ 156	\$ 260	\$ 292	\$ 458	\$ 166
GAAP OE%	12.5 %	13.6 %	16.2 %	17.9 %	8.7 %	9.9 %	14.4 %	(80.0)%	9.7 %	18.6 %	16.2 %	23.1 %	8.4 %
Non-GAAP Adj %	3.0 %	3.0 %	3.3 %	3.9 %	1.5 %	4.5 %	3.6 %	106.5 %	3.1 %	0.4 %	4.3 %	4.1 %	5.5 %
Non-GAAP OE %	15.5 %	16.6 %	19.5 %	21.8 %	10.3 %	14.4 %	18.0 %	26.5 %	12.8 %	19.0 %	20.5 %	27.2 %	13.9 %

SUPPLEMENTAL NON-GAAP MEASURES



Motorola Solutions, Inc. and Subsidiaries Non-GAAP Trend (In millions, except for per share amounts)

Page 2 of 2

	Q1 '13	Q2 '13	Q3 '13	Q4 '13	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16
GAAP Other income (expense)	(19)	(35)	5	(19)	(18)	(40)	(56)	(39)	9	(39)	(34)	(12)	(78)
Non-GAAP Below OE adjustments	—	—	23	—	—	—	(27)	—	46	—	—	39	(36)
Non-GAAP Other income (expense)	(19)	(35)	(18)	(19)	(18)	(40)	(29)	(39)	(37)	(39)	(34)	(51)	(42)
GAAP Earnings (loss) from continuing operations*	157	223	261	293	85	78	66	(926)	87	150	126	277	17
Non-GAAP OE adjustments	42	45	50	71	19	63	52	1,942	37	6	61	69	66
Non-GAAP below OE adjustments	—	—	(23)	—	—	—	27	—	(46)	—	—	(39)	36
Non-GAAP tax adjustments and effect	(57)	(11)	(2)	(6)	(32)	(20)	9	(728)	5	(13)	(21)	(27)	(27)
TOTAL Non-GAAP Earnings from continuing operations	\$ 142	\$ 257	\$ 286	\$ 358	\$ 72	\$ 121	\$ 154	\$ 288	\$ 83	\$ 143	\$ 166	\$ 280	\$ 92
GAAP Continuing operations earnings per share ("EPS")	\$ 0.56	\$ 0.81	\$ 0.98	\$ 1.12	\$ 0.33	\$ 0.30	\$ 0.27	\$ (4.02)	\$ 0.40	\$ 0.72	\$ 0.63	\$ 1.56	\$ 0.10
Non-GAAP Continuing operations EPS adjustments	(0.05)	0.13	0.10	0.25	(0.05)	0.17	0.35	5.27	(0.02)	(0.04)	0.19	0.02	0.42
Non-GAAP Continuing operations EPS	\$ 0.51	\$ 0.94	\$ 1.08	\$ 1.37	\$ 0.28	\$ 0.47	\$ 0.62	\$ 1.25	\$ 0.38	\$ 0.68	\$ 0.82	\$ 1.58	\$ 0.52
Diluted, weighted average shares outstanding	280.7	274.7	265.3	261.2	258.3	256.2	248.2	230.5	217.8	209.5	201.3	177.5	177.0

* Amounts attributable to Motorola Solutions, Inc. common shareholders.

SUPPLEMENTAL NON-GAAP MEASURES



Reconciliation of Non-GAAP Free Cash Flow Per Share (Diluted earnings per common share)

	12 Months Ended	
	April 2, 2016	April 4, 2015
Earnings (loss) from continuing operations attributable to Motorola Solutions, Inc.	\$ 2.97	\$ (2.91)
Earnings attributable to noncontrolling interests	\$ 0.01	(0.00)
Earnings (loss) from continuing operations	\$ 2.98	\$ (2.91)
Depreciation and amortization	0.89	0.73
Non-cash other charges	0.11	(0.01)
Pension curtailment gain and pension settlement loss	(0.17)	7.90
Share-based compensation expense	0.39	0.36
Deferred income taxes	0.90	(2.33)
Working capital	(0.11)	(0.57)
Other assets and liabilities	(0.41)	(5.26)
Net cash provided by (used for) operating activities from continuing operations	\$ 4.57	\$ (2.09)
Capital expenditures	\$ (1.01)	\$ (0.72)
Free cash flow per share	\$ 3.57	\$ (2.81)
Add back: Pension contributions	\$ 0.07	\$ 5.43
Free cash flow per share adjusted for pension contributions	\$ 3.63	\$ 2.62
Weighted average number of common shares, diluted	192.1	238.5



MOTOROLA SOLUTIONS

Q1 2016 Earnings Call

May 5, 2016