

APRIL 28, 2011

# MOTOROLA SOLUTIONS Q1 2011 EARNINGS CONFERENCE CALL



# SHEP DUNLAP

INVESTOR RELATIONS  
OFFICER



# 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 in this morning's press release on pages 12 through 25 in item 1A of Motorola Solution's 2010 Annual Report on Form 10-K, in our other SEC filings available for free on the SEC's website at [www.sec.gov](http://www.sec.gov), and on Motorola Solutions' website at [www.motorolasolutions.com](http://www.motorolasolutions.com).

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# FINANCIAL REPORTING CHANGES



## Latest Changes – April 14, 2011 8-K filing

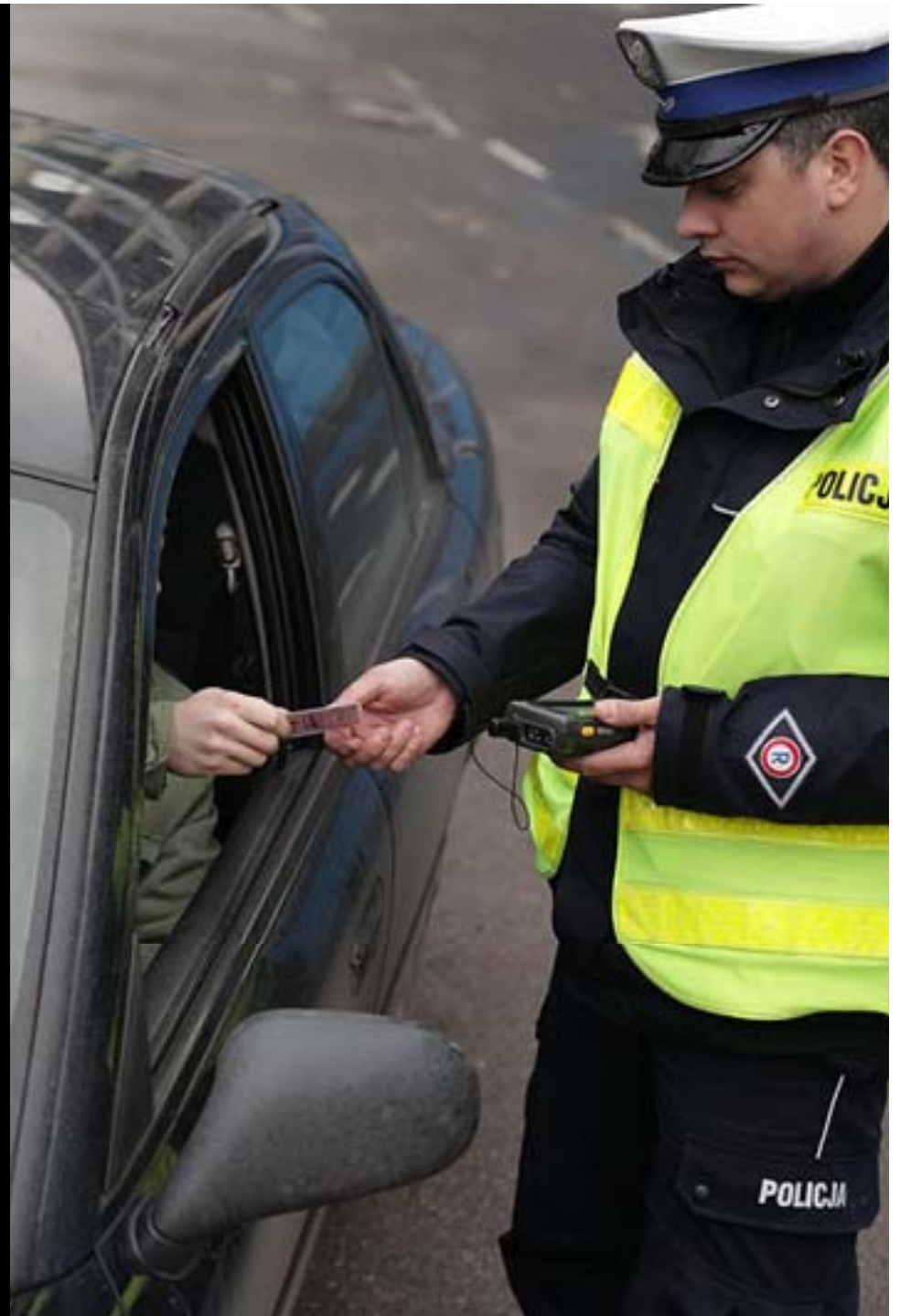
- Segments now presented as Government and Enterprise with sales and operating earnings
- Pro forma cash flow statements for 2008 through 2010

**These schedules are available on our website**

<http://investors.motorolasolutions.com/sec.cfm>

# GREG BROWN

PRESIDENT AND CEO OF  
MOTOROLA SOLUTIONS, INC.



# ED FITZPATRICK

SVP AND CFO OF  
MOTOROLA SOLUTIONS, INC.



# Q1 2011 FINANCIAL RESULTS



(\$ in Millions)

GAAP	First Quarter	
	2011	2010
Sales	\$1,884	\$1,740
Operating Earnings	170	120
Operating Margin	9.0%	6.9%
EPS from Continuing Operations*	\$1.06	\$0.29

Non-GAAP**	First Quarter	
	2011	2010
Operating Earnings	267	175
Operating Margin	14.2%	10.1%
EPS from Continuing Operations*	\$0.54	\$0.33

\* Amounts attributable to Motorola Solutions Inc. common shareholders

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

# CASH FLOW



(\$ in Millions)

Cash Flow	First Quarter	
	2011	2010
GAAP Earnings from Continuing Operations	\$359	\$96
Depreciation, Amortization, Deferred Income Taxes and Other, Net	(10)	99
Change in Assets and Liabilities, Net	(118)	(136)
Net Cash Provided by Operating Activities	231	59
Capital Expenditures	27	37
Free Cash Flow*	204	22

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



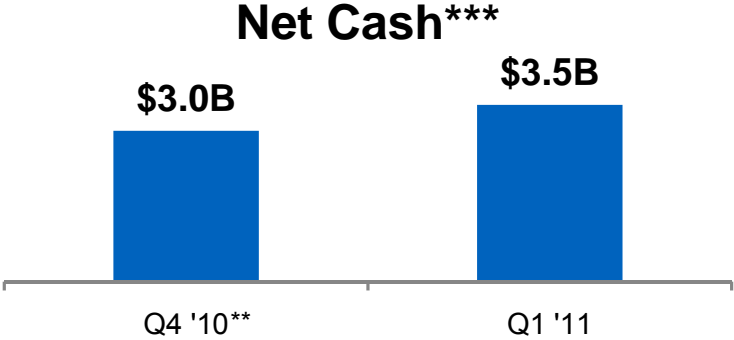
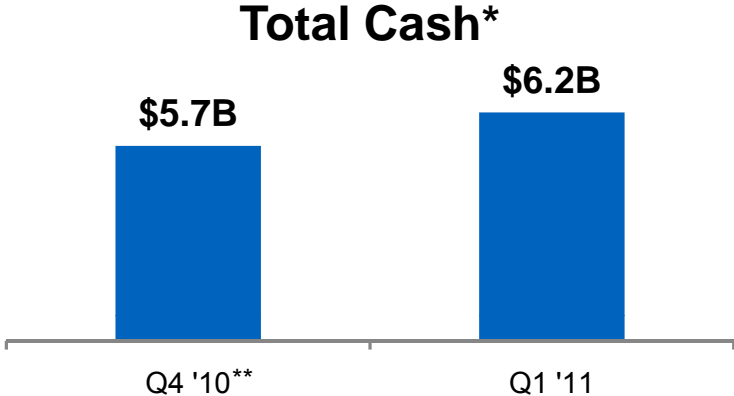


# BALANCE SHEET

**\$6.2B in total cash\* – solid balance sheet positioned for future growth**

**Ongoing efforts to optimize our capital structure and US liquidity**

**Continue to work at driving down adjusted leverage ratio**



\* Total Cash includes cash and cash equivalents, Sigma Fund (current and non-current) and short-term investments  
\*\*Q4 pro-forma balance following Motorola Solutions \$3.2 billion contribution of cash and cash equivalents to Motorola Mobility, as presented in the Form 8-K furnished with the SEC on 01/27/11  
\*\*\*Net Cash = Total cash – Notes Payable and current portion of long-term debt and Long term debt

# OUTLOOK



## **Expected Second Quarter 2011**

- Sales growth of 4% to 5%
- Non-GAAP EPS of \$0.46 to \$0.51 per share

## **Expected Full Year 2011**

- Sales growth 4% - 4.5%
- Full Year operating margin 16% - 16.5%
- Effective Tax Rate 35% to 37%
- Cash Tax rate of ~20%

# GOVERNMENT



# GOVERNMENT SEGMENT



(\$ in Millions)

<b>GAAP</b>	<b>First Quarter</b>	
	<b>2011</b>	<b>2010</b>
Sales	\$1,189	\$1,132
Operating Earnings	104	92
Operating Margin	8.7%	8.1%

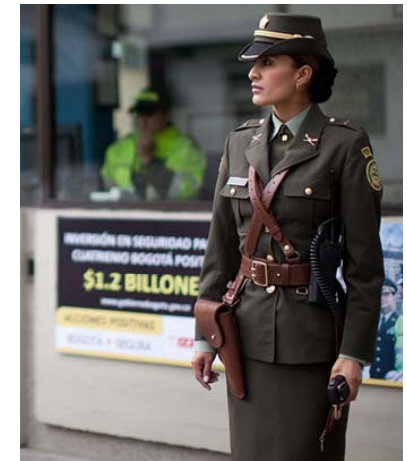
<b>Non-GAAP*</b>	<b>First Quarter</b>	
	<b>2011</b>	<b>2010</b>
Operating Earnings	139	98
Operating Margin	11.7%	8.7%

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

# GOVERNMENT HIGHLIGHTS



- Grew sales 5% over Q1 last year
- Operating margin\* of 11.7% compared to 8.7% last year
- Customers prioritizing solutions for interoperability, new features, and spectrum efficiency
- Awarded large wins with Berks County, PA, Cortland County NY, East Bay Regional (San Francisco), Brown County, WI
- Nearly a dozen customers contracted to deliver ASTRO with P25 TDMA functionality



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

**ENTERPRISE**



# ENTERPRISE SEGMENT



(\$ in Millions)

GAAP	First Quarter	
	2011	2010
Sales	\$695	\$608
Operating Earnings	66	28
Operating Margin	9.5%	4.6%

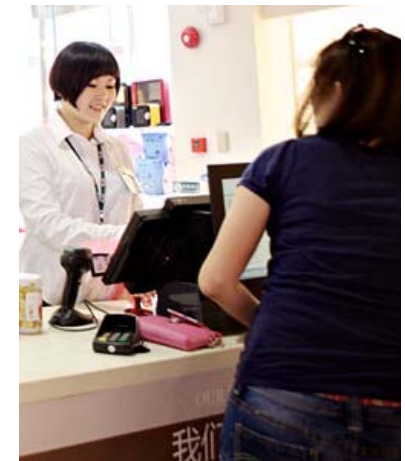
Non-GAAP*	First Quarter	
	2011	2010
Operating Earnings	128	77
Operating Margin	18.4%	12.7%

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

# ENTERPRISE HIGHLIGHTS



- Sales grew 14% over Q1 last year
- Robust demand in EMEA and growth in iDEN
- 18.4% operating margin\* compared to 12.7% last year
- Retailers continue to invest in technology to drive sales growth
- Significant wins include \$24M from US big box retailer and \$20M with GLS for and logistics and parcel delivery
- Recognized brand in RFID



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



# REGIONAL HIGHLIGHTS

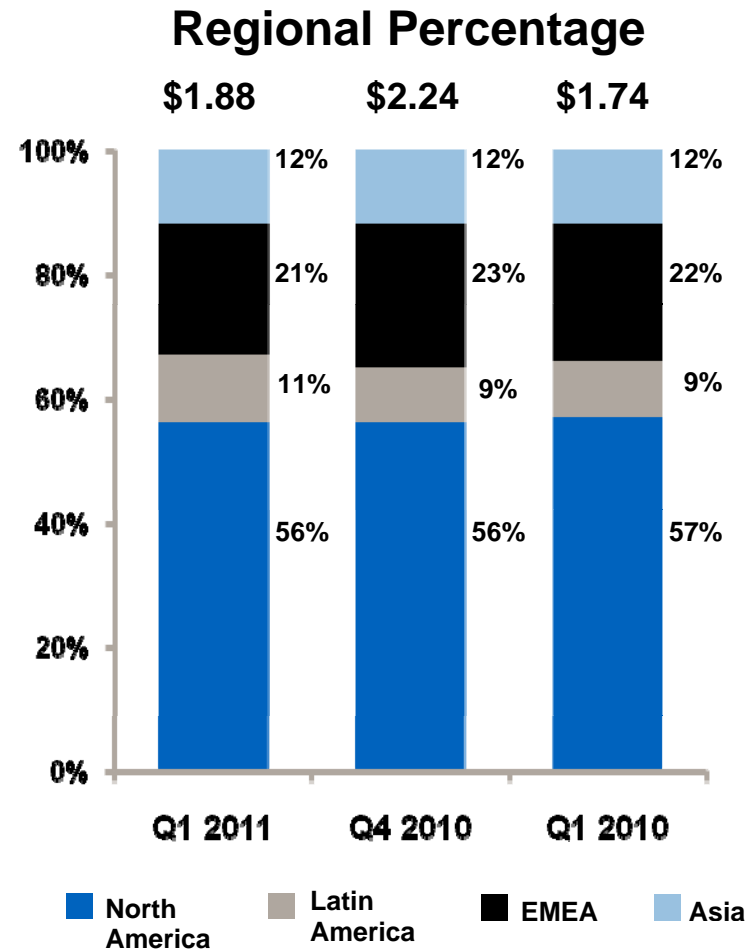


**Sales growth in every region**

**Single digit growth for North America and EMEA**

**Double-digit growth for Asia and Latin America**

(\$ in Billions)



# Q&A PARTICIPANTS



**GREG BROWN**

President and CEO

**ED FITZPATRICK**

Senior Vice President and  
CFO

**MARK MOON**

Senior Vice President,  
Sales and Field Operations

**SHEP DUNLAP**

Investor Relations Officer

# USE OF NON-GAAP MEASURES



In addition to the GAAP results provided during this conference call, Motorola Solutions has presented 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 call to GAAP measurements can be found at our website [www.motorolasolutions.com](http://www.motorolasolutions.com)

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