# Motorola Solutions, Inc.
# 2012 Financial Analyst Meeting
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## PARTICIPANTS

### Corporate Participants

**Shep Dunlap** – Vice President, Investor Relations
**Gregory Q. Brown** – Chairman & Chief Executive Officer
**Mark F. Moon** – Executive Vice President-Sales & Field Operations
**Eugene A. Delaney** – Executive VP, Product & Business Operations
**Bob Schassler** – Senior Vice President, Radio Solutions
**Bob Sanders** – Senior Vice President, Advanced Data Capture & Wireless Network Solutions
**Girish Rishi** – Corporate Vice President, Enterprise Mobile Computing
**Bruce Brda** – Senior Vice President, Global Services
**Edward J. Fitzpatrick** – Chief Financial Officer & Executive Vice President

### Other Participants

**Tavis C. McCourt** – Analyst, Morgan Keegan & Co., Inc.
**Ehud A. Gelblum** – Analyst, Morgan Stanley & Co. LLC
**Craig M. Hettenbach** – Analyst, Goldman Sachs & Co.
**Lawrence M. Harris** – Analyst, CL King & Associates
**Jeff Thomas Kvaal** – Analyst, Barclays Capital, Inc.
**Matt Thornton** – Analyst, Avian Securities LLC
**Greg P. Spivy** – Partner, ValueAct Capital Management LP
**Asiya Merchant** – Analyst, Citigroup Global Markets (United States)

## MANAGEMENT DISCUSSION SECTION

### Shep Dunlap, Vice President-Investor Relations

All right, good morning. Good to see everybody here. I'm just going to start with a little bit of housekeeping and then we can get started. So, a number of forward looking statements will be made during today's 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 these expectations will be achieved, any forward looking statements present 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 and in some cases have caused our results to differ materially. You can consult our SEC filings for a description of these risks. As well, we're going to remind you that we'll make a number of references to non-GAAP measures today.

So, with that, we get a very full agenda today. The goal was to educate people further double-click on businesses, show you more of the management team and senior leadership here, and I hope that you will come away feeling more educated about the business and some of the financial drivers. So, with that lets get started.

[Music]

**Unverified Participant**

Ladies and gentlemen please welcome to the stage, Chairman and Chief Executive Officer, Greg Brown.

**Gregory Q. Brown, Chairman & Chief Executive Officer**

Good morning. Is this on? It's on. So, thanks for coming. It's funny. I think about the last time we were together, which I think was November of 2010 here in the city with our financial analyst meeting and what a difference 15 months makes. At that time, it was before separation, I think the biggest probably concern, at the time, aside from all the mechanical segregation of the actual enterprise, was government spending. I remember that being asked about 11 or 12 different times: 'can you continue to grow in the face of headwinds of government spending?' And then what also became clear was, there was this whole thing about capital allocation and capital return. And as Ed and I talked that day and then subsequently meeting with you in the months thereafter, I think it was 'hey we hear you about separation and we hear you about what you're trying to do operationally, we hear you about what you're trying to do financially, but I hope you're paying attention to this, I hope you have a plan, I hope you kind of get it.' And we feel pretty good 15 months later given where we are and the position of the firm.

Some of you may have heard me say this, but at the end of the day, as CEO I have two roles: to effectively deploy capital and develop talent. And there's a whole host of different goals and targets and go to market, product, R&D, new product investment, acquisition, all that supports deploying capital effectively and developing talent. Now, what you'll see this morning first is Moon, Mark Moon and he will talk about, among other things, why we feel we can continue to grow at the rates that we're growing. He'll provide some regional color, go through some of the demand drivers, which are important, that underpin demand, which is why we think we can continue to do what we're doing, provide an update on some customers, and give a little bit more context and color around Public Safety LTE and the D-Block.

Gene Delaney will do product and business operations. And in addition to Gene, we have Bob Schassler, Bob Sanders and Girish Rishi. And we did that obviously very purposefully to double-click on the product portfolio, to highlight what we believe are the areas of differentiation, investment, distinction and why we're doing the kinds of things we're doing in R&D. We'll talk about demand drivers, technology, migration the size of the addressable market. And embedded in – between both our government business and enterprise business, one of the things among others that makes us distinct, is that the portfolio, product and solutions that we sell have very high ROI; they have high return on investment characteristics.

So even in the face of economic headwinds and austerity in Europe and government budgets, we've said that the Public Safety business is resilient and the industrial enterprise mobile computing business is also different, because retailers, transportation, logistics, warehouse, they deploy oftentimes, for increased productivity, OpEx savings and improved front-line customer service. So even though they're under pressure for budgets we're kind of in the sweet spot of intersection of value, which is why I think we can continue to grow.

Fitzpatrick, I guess, batting cleanup will give you an update on repatriation, share repurchase, remind you of capital allocation but also provide specificity of the capital structure. Net debt, give you a little bit more of a current view around operating margin and operating leverage and update what we call kind of the three year financial envelope of the way we think about the firm.

I think that at the end of the day there's kind of two themes that underpin this morning in our business: stability and sustainability. Stability and sustainability. So, we will do our best with the team not to do a commercial or a marketing show, but instead give you some granular detail around region, product, return, thinking, capital structure, capital allocation and give you some new information this morning that we haven't updated as of yet.

So – by the way we also have two different spots for Q&A. We'll have Moon and Delaney in the team to do the go-to market and the product Q&A. And then at the end, it'll be Gene, and Mark and Ed and myself to do a closing Q&A. We'll try to move it along pretty crisply, not a lot of blah, blah, blah. And with that warm introduction I'll introduce Mark Moon. So thanks for coming.

**Mark F. Moon, Executive Vice President-Sales & Field Operations**

Thanks, Greg, and good morning. I'm excited to be back on the stage, as Greg just said, 15 months later. And when I was here before, the last slide I used was this slide. And what I talked about when we talked about our market position and where we're at and where we're going, I said at the end of the day I believe we have a sustainable position because we have the right customers, we're in the right markets, we have the right solutions, and most importantly it's at the right time.

The good thing about being back up here today is I feel exactly the same way. I think all of these things are more true today than they even were 15 months ago. In fact, if you look at the test case of last year, we certainly are excited about our performance. We had talked about our long-term growth rate of being 5% to 8%, and last year, $8.2 billion, 8% growth. Certainly outperformed our expectations both in government and in enterprise; we grew the government business 6% as you see. And that 6% was still in the headwinds that we read about in North America, but in particular against relatively flat growth in government in EMEA. But we still grew 6%. Enterprise grew 11% and by the way that's 15% if you took away the iDEN decline. So across the board we had a wonderful performance. And if you look, we're still roughly two-thirds government and one-third enterprise. So we had good growth in both particular segments.

But at the end of the day we got to continue to grow and we're going to come back to that. If you look at the regions, basically the same footprint when you look at the mix of regions; there was a little bit of shift from North America, which dropped from 58% in 2010 to 2011 to 57%, and that was picked up by Asia Pacific. But, I think a surprise here, probably for a lot of folks because we talked about it on several earnings calls, was that EMEA still held their own as we went across the mix of business. In fact if you look at the growth rates last year across each region, 5% in North America, and by the way, that would be 7% without the iDEN decline, 10% in Latin America, which was 16% in our traditional business less the Nextel international decline. Probably the surprise statistic is 9% growth in EMEA. Again, very strong performance. And I'm going to come back when I give you a little bit more regional color around why I think we did that, but most importantly why I think we can continue to do those kinds of growth rates. And then finally 14% in Asia-Pacific.

The other thing I wanted to say is this is not just a one-year wonder; we went back and reviewed the last three years and the numbers are very consistent. So again, we are clearly winning today. But as I oftentimes say to my team, with success comes expectations. And I recognize that; that's what you expect from me. Not just the fact that we've had a great year, but what's very, very important, and make no mistake I understand it, is that we got to continue to win. And when we think about how we're going to continue to win, I think it's important, and Greg talked about, that I would highlight some industry drivers.

And you will see this theme come throughout, because ultimately what's most important, whether it's me talking, Gene talking, Bob Schassler, Bob Sanders or Girish Rishi, it's all about customers. Everything we do starts with the customer. And it's important not just that we know what we're doing, but it's important we know what the industry is doing. And if you think about it, there's some common themes that run across both enterprise and government. Both have a rising mobile workforce whether it's just in numbers, sometimes we say does government really have a rising number of work force? Because we see that we're holding or declining in policemen and firefighters. But recognize it's not just policemen and firefighters: government in general is clearly a rising mobile work force. And most importantly the essence of that is they've got to get more information out to the edge. More information needs to be moved to the situation that's out in the field. And in enterprise, clearly the case we've been talking about for a couple of years, the fast growth. There's also in both cases a need to get more efficient and effective. You got to continue to do more with less. In both sides of our business. We talked about the police folks last year that said, "it's not just about more with less, it's about being better with less." And the only way you can do that is by leveraging technology as a force multiplier.

It's also, on both sides, a pursuit of situational awareness, and that again, that comes back to the first point of getting information in the hands of people that can use it. Whether it's an incident scene in public safety or whether it's a store associate trying to help a customer so they've got real time information, so they improve that customers' experience, it's critically important. And ultimately in both verticals you see a technology migration that's really taking pace very, very quickly: analog to digital, voice to video, all the things that we're thinking about whether it just be older or antiquated equipment that needs to be upgraded or a move to newer, higher technology, that migration is taking place very rapidly.

And then if you look at each of the other verticals, the things that are really happening today and the drivers that are going on, no doubt in government and in public safety, safety and security continues to remain a high priority. We hear about it all the time, and the example I just quoted, whether you have less budget or not the citizens are not expecting to be less safe or less secure. So, again technology and what we do plays into that.

Federal regulations and funding: critical. And in fact if you're going to mention it and will mention it several times, and I know you expect us to mention it, but the recent D-Block legislation. And I think in general, not in just North America, we continue to see federal funding flowing throughout the world. And that's a big driver for what's going on. And as I just mentioned around D-Block, public safety broadband clearly a driver, clearly something that everyone's talking about throughout the world. And if you go back one second, when we think about enterprise, the connected consumer – if you just go back one slide please – the connected consumer is clearly a driver. You think about and you see today someone in a store with a smartphone scanning a coupon or looking at what's going – it's clearly a push to get technology again to the edge.

The omni-channel retail driving mobility. If you think about in retail, there's probably not a CIO, CMO or CEO that's not thinking about three things and how to deal with it. Number one, how do I deal with online? Number two, how do I deal with brick-and-mortar, do I have too much or too little, and what does that mean? And then finally mobile payment. And that challenge is clearly driving mobility investments. And then finally all of this rise in mobility is clearly pushing strong growth throughout our wireless networking business to provide wireless access. The demand is higher than ever. You hear it from smartphones, you see it in our industry. So clearly these things are going on and driving behaviors in business.

So, why does Motorola Solutions continue to win? What is it? And at the essence of it, and it sounds very, very simple, but it's the comment I said earlier, everything starts with a customer. Our customer relationships, our domain expertise, the fact that we continue to invest in vertical market knowledge and the fact that it isn't just the sales organization that talks about customer, it's the entire organization. Everyone in Motorola Solutions believes that it starts with a customer, and then we go, develop products and solutions to meet that customer's need.

It's also about the fact that we focus on mobility solutions. In fact, we said before mobility solutions is really our DNA. It's what we've been all about. And it's what over the last 15 months has been a joy to talk about this business and what we do to make this dream a reality, if you will. It's also – and you will hear a lot about from Gene, Bob, Bob and Girish, it's almost like an unfair advantage for our sales guy because we have an unmatched portfolio, clearly unparalleled from an end-to-end solution basis, and you'll hear about that.

And then finally I am very proud of our reach of our sales and our service teams. We have over 1,700 direct sales people, have over 20,000 partners, and we're 6,000 service people. It's a footprint that no one in the industry can match, and we're proud of that.

So, it is winning today but what's it's really about is how winning today leads to growth tomorrow. And when you think about growth tomorrow, this again is a slide we talked about last year. It's about leveraging and growing our embedded customer base, which we call our core business. And we talked about, sometimes you would say with our market position and the strong presence, is that a positive or negative? And I think we talked a lot last year, it's a huge positive. The footprint we have and the ability to continue to migrate customers to the next generation solution is a big, big, piece of our business.

So we got to continue to hold that and to grow it as we go forward. But then, finally, the next piece is how do we expand solutions with next generation technologies? We're going to talk about expansion category and when we showed the CAGRs and we talked last time, we talked about the core business and where it is and what we've got to do to maintain it, but ultimately what we talked about, the expansion portfolio gives us a chance to move to the top end of that 5% to 8%, which is exactly what we want to do.

So when we talk about it, just for quick refresher, I won't spend a lot time on this chart, because it'll be the essence of what Gene and his team talk about. But the core business is our radio systems, our radio products, the systems integration, implementation services that go with that, it's mobile computing, advance data capture and again the services that are associated. A wonderful business and by the way, when we showed the CAGRs that we did last year, we outperformed the CAGRs in that market. So, we continue to hold our core and leverage that core to grow, but the piece that we'll talk more about today is really the expansion portfolio, public safety broadband, integrated command and control, services. We've made a big push, and we've made a formal announcement to create a global services team because we recognize, if you're going to be in solutions, you got to have services to be the glue. When we think on the other side, advanced devices, both around government and in enterprise; our networking and converged business, our WLAN and all the things that happen; but, make no mistake, there is a lot of excitement about that entire portfolio but there is truly a lot of excitement around public safety broadband. And, when we think about public safety broadband, we think about the impact of the D-Block. In this business I have sensed, particularly in the government business, if you don't have spectrum and you don't have funding, it's tough to do business. The fact is this legislation gave both, spectrum and funding. It allocated an additional 10 megahertz of spectrum that was adjacent to the already existing 10 megahertz. It actually provided $7 billion of funding over the next 8 to 10 years, and quite honestly, it fulfilled a dream that we've been talking about since 9/11 of saying we truly can enable public safety to have situational awareness, real-time video, interoperability, and future technologies to allow them to be better and more efficient and effective. We, obviously, worked very tirelessly on this legislation, in support of our customers and we are very pleased that it further demonstrates strength in the story that we told.

In fact, if you remember when I was here last time, I talked about why we were excited about it and why, when I talked about regions, I wanted North America to continue to be solid, but I needed Asia and Latin America in particular to grow double-digits, and I needed Europe to hold on in the light of Western Europe. But, what I said was when you think about public safety broadband, the exciting thing is it makes the biggest piece of our business, North America, a growth business and quite honestly we had planned for that when we talked about how we thought we could ease up towards the top of this 5% to 8%. So, this actually solidifies exactly what we said in that particular arena.

The other thing is it's easy to talk about it but sometimes it's also nice to just see some real life examples and we got some big customers that really have spoken and we delivered the promise to them when we think about these new expansion areas. In the State of Mississippi, we were fortunate – again, coming back to why the embedded customer base is a positive. We were fortunate to have won a a statewide communications network for them with our traditional, if you will, core business of ASTRO 25. What they said was they wanted to move forward and be one of the first states to move forward with LTE. And, the fact that we had that footprint, the fact that we were able to leverage a lot of the things that we already had there enabled them to save money and more effectively deploy an LTE network and we actually got that order from them. It had been moving forward with that particular piece.

In Norway, just recently announced within the last month or so, a big win for us, in fact a change of position for us. We were equipment – we were an equipment provider already but they came back and I think this speaks to our trusted customer relationship, number one, but number two, our new and expanded service capabilities and the fact that we had demonstrated in a number of countries in Europe that we could manage countrywide networks. So, they came back and we actually took on a prime role now, a 15-year agreement to manage, operate, and build out a network and a communications center, if you will, for Norway – big opportunity and a big expanded opportunity, highlighting our services capability.

Home Depot; actually we've talked about Home Depot, but the important thing is Home Depot has talked about their first phone project and what it's done for employee productivity, what it's done in their mind to further enhance same-store sales, and they took what was an existing footprint, two-way radios, mobile computers, some phones that they were using and they said, you know, we would like to link all of this together. At the end of the day, we need to make our employees more efficient and effective, but we need to get – have them the ability to get real-time information in their hands quicker and be linked across the entire enterprise. They moved forward and have quite honestly talked publicly about the success of that project and how taking our team product that Bob Sanders will talk a little bit about could link all of these devices together and allow them to be more efficient and effective and serve their customers better.

And, then finally Sears; we actually want to work for Sears to manage their wireless network. And, the interesting thing there was we weren't actually trying to make a sale. We'd actually gone back and built on a trusted customer relationship and their CIO came and said, you know, the way I look at this is, I'd like to treat it just like I treat electricity. I go in a store, I turn the switch on, electricity comes, and I pay the bill every month. I don't want to have to worry about the wireless network. I would like for you to worry about it. I would like to decide how I turn it up, turn it down, add new stores, move from stores, but ultimately at the end of day, I'd like to pay you a monthly bill. And, I'd like for you to make sure that it operates at the same kind of level or actually a higher level than I would expect it to if I was doing it myself. And, again that speaks to, number one, our technology capabilities, but most importantly our expanded service capabilities as we go forward. It also speaks to something that I found was interesting; you think about Home Depot and I talked about same-store sales and success, but what we saw last year and what I think we'll continue to see as we go forward is it's not just the enterprises that are being highly successful that are investing in technology. It's also the enterprises that realize I've got to rework my business, I've got to rethink my business model, but most importantly, I've got to get more relevant to customers and technology can help me do that, both in operating costs, but also in the delivered experience to that customer.

Finally, I think it wouldn't be complete if I didn't talk a little bit about the regions. One of things, as I've talked to a lot of you throughout the year, is I'd like to have more color on the regions, tell me exactly what's happening and give me a little bit more detail. The exciting thing for me is we've had good success and solid performance across every region. And, as we go forward into this year, when we think about North America, I continue to think about how do we continue to leverage the funding that's out there. We've got a wonderful funding team that I mentioned before that just focuses on getting funding to customers. Again, if we can get this funding in the hands of customers, we take our chances on getting the business because we think we have the best offering and our market position has demonstrated that we can do exactly that.

We also are very pleased with our enterprise growth in North America. We talked about a couple of examples on the last chart. We continue to have, despite the news in the economic pieces that you see, good growth in enterprise in North America. And, then finally the public safety LTE is a huge, huge boon for us as we think about what we've got to do in the future and how we treat the base that we've got today and move it to the next generation of LTE in public safety LTE technology.

In Latin America; again, I've talked about several times, big growth region for us. We need it to grow very strong double-digits every year and I think that it can. Think about Mexico and Brazil, big growth opportunities and quite honestly we had great years in both those countries and most particularly in Brazil last year. We also had good success in Colombia which we have wonderful relations with the government customers there and continue to do a lot of business. It's also an area where we can expand our enterprise presence. We didn't have good focus on some of the top enterprise accounts there. We've re-juggled some of our go-to-market, and I think we'll continue to see good growth in enterprise as we go forward. And, then finally, we've laid the groundwork in Latin America as well for public safety broadband. We've got a trial system going for the Brazilian Army. We have had great meetings in Colombia with the MOD, and they've got spectrum in both of those countries. So, I think you'll see that move to that particular region as well.

EMEA; again I've mentioned it a couple of times, but I mentioned it because I'm proud of what they did last year, but I'm also excited about what we're still pushing hard to do as we go forward this year. An interesting thing about EMEA for us is it's not really just one region. In fact, it's four regions. It's Western Europe, it's Eastern Europe, it's Middle East and North Africa, and then it's Sub-Saharan Africa, South Africa, and Israel. And, if you think about those last three, huge growth potential in Eastern Europe and Middle East and Africa and in Israel. So, we continue to perform very, very strongly; in fact, one of the things that's also interesting in our European segment is that we've got a wonderful balance of our sales approaches. And, what I mean by that, when I talked about earlier on the government segment being two-thirds, enterprise segment being one third of our total Motorola business, in EMEA it's actually split relatively 50-50. So that gives us good stability there. The other thing that's really balanced is EMEA is our highest, what we call, channel centricity of any other regions. 66% of our business goes through the channel in that particular region. And, if you think about that region, 120 countries, 55 languages, the fact that we've got such a strong channel and the fact that we've leveraged it gives us a footprint and a capability that the other companies and our other competitors just simply don't have. The other thing that we're proud of is we've really put a focus between Bob Sanders, Girish, Manuel Torres, and our team, really a focus on transportation and logistics, and we've had a huge success in country after country of continually winning business in that particular vertical.

Finally, Asia Pacific; again, should be very strong double digit growth for us every year and we've clearly set that expectation. The one thing that we try to do is we've also said we've good growth in the big countries. Australia has been phenomenal, in fact has led the way in managed services for that region. We want to replicate that as we go throughout the rest of the region but we've got a lot of head count in those particular areas. We see a chance for expanding geographical coverage when we think about Tier 2 and Tier 3 cities in China. We think about the growth that we should be achieving in India. The growth in Southeast Asia should be stronger. So, while we have had good performance, I think we can even have better performances as we go forward if we focus in those areas and, similar to what I said about Latin America, we've restructured some of the go-to-market to get more focus on the enterprise accounts because I think we can grow our enterprise business in Asia as we go forward. So, at the end of the day, we're clearly investing in our go-to-market which is important.

You will hear Gene talk about the investments in R&D and the focus throughout the company is really on customers but ultimately own solutions and it makes me very excited when I talk about that particular piece because I really continue to see a bright future. I think not only have we been winning, but I think we're positioned to continue to win. I think we're well positioned for customers to continue to choose our solutions, Motorola Solutions, for their needs and desires. We are clearly making investments. Even as we went through the teams, we're trying to say the two things we got to continue to push forward if we really believe in solutions and customers is go-to-market investments and R&D investments and we've got to continue to make sure it's focused on our customers. And, I think because of that, we're clearly building momentum and a pipeline not only in the core, but most particularly in the expansion areas and I think the reason for that is what you're going to hear in just a second. Again, the reason is we're listening to customers and we're getting that input back internal to Gene's organizations and they are responding on those customer needs phenomenally. We're excited about where we are. I know that, as a sales guy, I always seem like I'm excited, but I'm excited that not only did we deliver on what we said last year, we delivered beyond it. I'm also excited that the fact is we're in a good position, but we recognize, and throughout the organization we recognize, we've got to continue to deliver on the position where we are.

So, with that, I'll turn it over to Executive Vice President of Product and Business Operations, Gene Delaney, to talk about this expansive portfolio. Thanks very much.

**Eugene A. Delaney, Executive VP-Product & Business Operations**

All right. Good morning, everyone. Thank you for joining us this morning. This section, we want to do a deeper dive into the product portfolio – what exactly are we investing in and how is it paying off relative to the financial performance of this company. When you think about MSI, I want you to first obviously recognize it as a global company, but I want you to think about mission critical. And, I know that term has been coined a lot in the government area but it's every bit applicable to our enterprise space as well. Our strategy and the scope that I have is to invest in research and development, prove it out with innovative products so that we have the operational efficiency that you've heard Greg talk about in the past, and as we continue on this path with our customers, we are taking those innovative products and we're creating much more of a solutions orientation. I'm going to share that with you.

So, how do we go about doing it? I want you to remember through this presentation that there is a lot of rigor, there is a lot of discipline, and there is lot of process orientation in my part of the business. The word I would use is balance. And, what I'm going to show you is this balance between delivering today on what our customers need, while also making sure that we invest in our future because that's what our customers want us to do. I'm balancing continuing to improve the financial metrics that were held to for this operational efficiency with the technology transitions that continue to happen in our marketplace and what our customers again want us to do in leading in our product portfolio.

So, balance is a very important word to me and it's something as a team – and I mean that inclusively of the go-to-market, the engineering, all parts of Motorola – that we're constantly looking at the appropriate balance to meet our customer requirements and deliver the type of financial returns that our shareholders expect. Mark talked about last year, 2011, and how we report financially – 65% government, 35% enterprise. I – for many of you, this might be the first time that you've seen this double-click on how we report the earnings and I wanted to show this to you, and I want to reflect back on the point I just made about balance.

You see a portfolio where, if we start on the government side, our public safety radio systems, they're open standards space systems. In this area, the foot – global footprint, very important; the growth of these systems in particular incorporate both backward compatibility and a forward migration, so you'll see a lot of growth even within that slice but you might not realize the size of the professional and commercial radio business there at 21% of the government business. This portfolio is one that Motorola started 60, 70 years ago and we've led every day since we've been in this space. This is a market that is now just starting to go through a technology transition. It's predominantly in analog market right now, beginning the transition to digital. You'll hear more about where we are at in that space from Bob Schassler.

The services piece, today very heavily product attached, both in terms of the PCR business and the public safety radio systems, but future growth will be around the managed services area and I'll talk more about that in a second. If you look at the enterprise side, again, you see a very synergistic portfolio. You've got the mobile computing portfolio that Girish will take you through, representing slightly less than half of that piece of the portfolio but within that portfolio there is a lot of dynamics going on. We see a lot of growth around the devices and getting devices in the hands of more people within the enterprise and we can no longer look at this part of our portfolio as a single type of a product or a derivative of a product; it has to be much more robust in terms of how it serves the supply chain, the stores, and expansion market that Girish will take you through. The services piece here as well is predominantly a break/fix type service today. We see a lot of momentum, and actually Mark Moon just mentioned one of them in – two of them actually, in Home Depot and Sears. We're seeing much more interest in the services aspects in the enterprise area. You've heard a lot about iDEN, and I think we have been very transparent on that technology and what our customers – our iDEN customers are doing with that technology but the truth is those customers, like us, they're listening to their end-user customers and they like the technology. So, although it's on the decline, it continues to remain an important part of our portfolio. So, I wanted to double-click so you get an idea of what's underneath the government and enterprise that we report quarterly to you.

Let's go back to the 5% to 8%. I want you to look at the chart and realize that we think in terms of core and expansion. The core is what you would obviously think. It's basically the products and the segments that we're in today. It has approximately a 5% type CAGR but you can see the expansion marketplace that has a double-digit CAGR that we believe is going to provide great growth into the future. A little more fragmented than the core so when you add the two together that's what puts us in that 5% to 8% CAGR that Greg and Fitz talk about consistently. So, I want to level set you on the 5% to 8%.

Now, let's take a look at the core and where are we, as a company, in our core markets. We are number one literally across the entire portfolio. The reason is, I believe, because our strategy is and always has been a vertical strategy, deep domain expertise. We have employees that have worked for decades in the government space or in the enterprise space. We have customer relationships that go back generations. We have channel partners whose grandson is running the business today that their grandfather started with their relationship with Motorola. We have never wavered from what we do best. As a result, our customers recognize Motorola Solutions is in it for the long term.

So, let's go quickly across this thing. I'll talk about ASTRO 25 and TETRA together. Those are the public safety, open standards based systems that are used in public safety around the world; ASTRO predominantly in North America, Australia, but a growing trend and being deployed in other parts of the world as well; TETRA, European and Asia deployments. So, you should think standards based, you should think footprint. So, what is our global presence and Bob Schassler will talk about that. We are an end-to-end provider. And, as I've talked about already, we are very focused on mission critical and the used cases of first responders. So, I'm not going to spend a lot of time taking you through these products over here, but if you just look at some of these products, to us, you may look at it and say, looks interesting, little bit different; I kind of get it. But, if you're a policeman or you're a fireman and you look and you totally get it because you understand what it means to you in first responding. When you are about to enter a burning building, this means a lot, the color, the size of the screen, where the emergency button is, the fact that the buttons are big, the fact that the button is at a 45-degree angle because I happen to have some big honking gloves on. That means something and that comes from decades of being part of this space.

Professional and commercial radio, I mentioned, we started it. We started it 70 years ago. We've been number one for 70 years. I don't know of any other industry where a company could say that. Within this space, though, just because it's been around a long time, don't for a second think it's not providing growth. There is, as I said, a technology transition happening here from analog to digital. But, put that aside; within this space we are seeing significant return on investments because, as our customers deploy the professional and commercial radio products into not only the government or government services area, but some of the other verticals in the enterprise base, they're seeing great return on investment because, obviously, they're not paying a cellular phone bill every month. These products don't require that monthly type of fee. Now, think about how great the quality of the voice is in the professional and commercial radio and now you add data into it. Not only does it enhance the utility for the end-user customer, but it creates an additional revenue stream for us. So, again, for – we might look at a product and say two-way radio, okay. In our world, though, this is an analog digital PCR radio; this is a game-changer and it'll get into the hands of more customers than we had previously.

So, you can think of this not only in terms of expanding share of wallet, you should think of it in terms of new wallets, new use cases, new companies that traditionally had not looked at our professional and commercial radio for deployment, now deploying it, In our enterprise mobile computing space, I've already mentioned, lots of growth in the enterprise. I would say the big aha of 2009 and the economic issues that enterprise in particular, especially here in North America, faced with the recession is… I better deploy technology because technology is going to be the key to operational efficiency and excellence. It's also going to drive the customer experience. Also, Mike and Mark mentioned this, my employees in the enterprise space are becoming more and more mobile, whether it's field sales; whether it's services; or quite frankly it's a clerk walking down the aisle of a store, he's also mobile. I need to make that person smarter, more productive, and available to my customers. We're seeing extraordinary growth in the enterprise mobile computing across the portfolio that Girish is going to share with you.

Data capture, another business; we started laser scan in the 1980. Every single day since 1980, we have focused on data capture. Within data capture, by the way, just as you look in – when you go back and look at the charts, I've put RFID in the data capture part of the pie chart, okay? Another technology transitioning happening here where laser scanning is migrating toward imaging and Bob Sanders is going to take you through what that all means and what the driver of that is, but the fact that we again took a very balanced view of meeting the needs today with laser scanning and investing in the future of imaging, we are in a very strong position in data capture as that market transitions from a technology perspective.

So that's where we are at in the core. And, all the growth drivers that Mark Moon has already taken you through, the two things that stand out to me is everything is going mobile, and if you innovate with purpose-built products, made for government or made for the enterprise, you get rewarded in the marketplace. So, what happened to us in 2011 in our core portfolio? We had a record year virtually across the board, with some exceptions, but very few. And, remember what I just said about ASTRO, public safety systems. The FCC allocated spectrum for public safety in the 1930s – 1930. That's when we dedicated engineers, said that's your job. You focus on products for the government based on the allocation from the FCC in 1930. Every day we've been doing it. 2011, we have our best year. The same with data capture. I've already commented 1980; 2011 we have our best year. The list goes on and on and you can see that in there. What this tells me is the decisions that we're making collectively as a team and the relationship we have with our customers is so strong that we're making the decisions that are bringing the right products to the market at the right time, not a day early, not a day late and this is what happens when you have that rigor and discipline around product management; that's the core.

Now, let's look at the expansion that double-digit number that I showed you a few slides ago. I said about balance that we are investing in technology to meet today's requirements, but I'm also allocating R&D dollars to our future. We're not going to sub-optimize MSI by not investing in future technology. So, let's start right here in public safety broadband. You've all seen the write-ups on D-Block. You've all heard us talk about it. I think a lot of the representations and comments that we made about D-Block are now being proven out, and I think clarity is a good thing around D-Block. But, we're first to market. We're first to market in the infrastructure, and we're first to market on the devices. For those of you who have followed technology, you know that rarely, rarely does technology get introduced into a marketplace in an end-to-end holistic way. Usually, infrastructure shows up, devices follow. When we invested in infrastructure, we also invested in devices at the exact same time and, by the way, it was over three years ago. We have already made significant R&D investments in public safety broadband. We have, I would venture to guess, more dedicated engineers, focused specifically on that part of the chart than our competitors combined, be my guess.

Command and control an interesting area, fragmented area, but one where our customers are saying, I need you to be there because you are my trusted partner and you understand the DNA of first responding of police in a firefighting. And there is a lot happening in this space, mostly driven by the broadband and also things going IP. So, you have the ability now in the command center for not only voice, but also data coming into the command center, which is creating a refresh cycle in the command center. You obviously have video being deployed around the world. You kind of get the point.

So, there is a lot happening within the command center, it's becoming much more important as an area of incident control, if you will, by our customers. And when they think about it they say, you know what Motorola, I need you there. So, over five years ago, we started a partnership with Microsoft with a .NET platform to play in this space. So, this is an area of growth for us.

Advanced devices, I've mentioned a few of them already, you're going to hear more from Bob Schassler on this and again I think Mark mentioned it, this whole notion around everything going mobile, more people whether it's in the enterprise or it's in a government needing information, the right information at the right time, in the right hands.

What we do is we make purpose-built devices and you see them all up here and if I had more time I could take you through them in detail, but the point that I want you to think about on advanced devices is, as I have already said, it's new hands, it's new maybe first-time users of the technology especially in the enterprise space. It's a growth area for us, but it starts with the customers that we've been serving for decades. It didn't start in a different marketplace or different vertical and we're seeing if we can force-fit it in the public safety or enterprise. We started at the base and we worked up to what the product would be.

Wireless LAN is going through a major transition, 802.11n, you're probably very familiar with it, adds speed and coverage. It was a compelling enough technology transition that has triggered pretty much of a growth area in wireless LAN and we've participated very well in that space and Mark alluded to our early wins in the services area. Now managed services and professional services is what was in that expansion piece I showed. The integrated – integration services would have been in the core.

One other point I will make and then I will keep moving here. Think of this pretty synergistically. Our investments in 802.11 and what we are doing especially in the enterprise with deployment of wireless LAN is leading to the deployment of more advanced devices within that enterprise. It's also leading to a stronger dialog around services such as the Sears example that Mark alluded to. So, there is very much of a fly-wheel effect happening across the first chart I showed you, the pie chart, both in terms of the government and the enterprise space. So, now let's look at the numbers, as I know this is where it all starts and stops.

Innovation gets rewarded, full stop. If you are doing it right and you are doing it in a very disciplined, rigorous, and focused way. Every dollar we spend in R&D goes to our government and enterprise and mission critical. We also watch very closely the efficiency of our spend. So, R&D as a percent of sales, but to me more importantly is R&D as a percent of gross margin, which you see on the right hand side of the chart. We are – in 2009, where we were pretty good, we were getting $3 – probably like $3.70 for every $1 we were spending on R&D, we have driven that – now that is over $4 for every $1 we spend in R&D.

So, the way that we do that through this rigor and discipline is if I just start with the money itself, over this period of time we have become much more efficient in the amount that used to have to be allocated to just maintenance of the portfolio, MOL as we refer to it. That used to be a number in the 15%, 16%, 17%, we've driven it down under 10%, taken that and put it back into the innovation which is why you see all the new products that we've introduced and why you see us being first to market in the expansion area.

The other point I want you to remember, the first one I made around balance, is there is a significant R&D investment embedded in this chart for public safety broadband, for services, for future advanced devices that we have on our roadmaps that haven't delivered any revenue or any gross margin. So, this notion around balancing our spend in a very rigorous and disciplined way so that we lead today, we're number one virtually across the core, we're investing in our expansion markets and we continue to consistently drive operational efficiency across the R&D spend.

So, I said within the R&D spend we look at the technology transitions that are occurring. Public safety, you have APCO going to Phase II, which provides more capacity into the system. In TETRA it's called TEDS, the transition into more data. In PCR, it's analog to digital. In image – in Advanced Data Capture, it's laser to scanning. We continue to refresh our portfolio while incorporating all of the technology transitions as well as expanding the portfolio; with the big focus on devices, because of the growth drivers that Mark shared with you, everything going mobile, more information in the hands of more people, more users of technology and as a result during this period of time 2009 to 2011, we have had double-digit years in our device growth. We are shipping over 1 million more devices every year roughly over 2009, 2010 and 2011. So, great reception from our customers.

You look at those products, that happens to be in APX 7000 to your left, which is a public safety radio, it's a first multi-band radio, meets the needs of interoperability in incident scenes and to the right there is an MC9500 line worker product used extensively in transportation logistics and again when we look at those products, you can look and say big, bulky, okay, but if you work in a courier space or you are a police officer, it takes virtually no time to recognize the differentiation, to recognize the utility, to completely understand that the person or company that developed those products they get it and they must have been part of this space for a very long period of time. But how does it really prove out is what's happening from a profitability perspective.

As we refresh this portfolio and we have literally refreshed 100% of the portfolio, as we include new products, purpose-built, meeting the needs of existing users as well as new users of technology, we have maintained or grown the operating margins across the entire product portfolio.

I think that speaks to making the right decisions. I think it speaks to a strong partnership with Mark Moon and the go-to-market organization, that we are understanding what problem we are solving. We are not creating products and hoping we got it right.

It also speaks to fact that we have operational excellence in our supply chain. We have as much rigor and discipline and process in our supply chain as we have in the R&D that I've been talking about and we continue year-in and year-out to drive cost down in our supply chain. And as a result, as we introduced significant number of products, over 200 products, and that doesn't include software and it doesn't include band spins, we continue to maintain and grow the profitability of the firm.

So, what's next? Where do you go from here? We continue to invest in the R&D. We continue to innovate across the portfolio. What is our customers want from us as they look forward and they really want us to take these innovative products and create much more of a solutions orientation. They're coming to us and saying… Motorola Solutions, you do Advanced Data Capture, you do RFID, you do wireless LAN, you do the security on the wireless LAN, you do mobile computing, come into my enterprise and put it all together for me. And that's why we have a heavy focus on growing our Global Services business. And Bruce Brda is going to join us for the Q&A session so that if you want to, you can get some more color on this.

But in services, we're not going to be everything to everybody. That isn't what we are. I've already said the strategy which we've never wavered from is a vertical orientation with laser focus on a set of customers. So we have lines of business; professional, integrated, support, and managed. If you think about the first pie chart I showed you, virtually all of that – the majority of that is in the two middle, integration and support.

What customers are saying is Motorola you do this and you do it extremely well and I rely on you. I need you to – I need you to expand. Help me plan these businesses, help me plan my upgrade to 802.11 and help me plan my deployment of LTE and by the way help me manage it, manage the devices, host the services, help me with my video deployments, so they are asking us to go from our core and move out.

So our services play is in response to customers, it's not an initiative on our part to see if we could stimulate demand. We are responding to customers in very specific ways, we call these practices, and you can see the list down there and in the interest of time I'm not going to go through all of them, I think you probably recognize them. But our services play is global, very focused and driven by what our customers are asking us to do.

So you've seen me in the past present this next-generation public safety. So think about the balance that I said of investing today, preparing for tomorrow. Think about what's happening in the public safety space, and what used to be point type solutions. In the middle of everything is mission critical voice, it's the communication systems, it's the lifeblood of firefighting and policing. But what's happening is our customers are saying now that I'm about to get broadband, I want my command center to be connected to the video system and I want the video system running over my broadband network to be able to talk to my mission critical. I want much more synergistic, holistic view of what's happening when I approach an incident.

So, you look at that patrol car, that is a virtual partner to a police officer today, it's got what seven, eight cameras on there, it's got license plate recognition, it's got an LTE modem in the trunk, it's got APX radio in the dashboard, it's got push-to-talk in the steering wheel, that's their partner. That needs to be connected to the picture down there of the command center and together all of this technology makes the first responder to the incident you see they are much smarter, much more prepared, much safer and much more prepared to make the appropriate decisions and respond in this particular instance and the same thing is happening in the enterprise.

You've got data, which we had after scanning, barcode scanning. But now on top of data you got voice over the wireless LAN, you've got push-to-talk, you've got video, you've got security, you've got all of this technology coming together to enhance the enterprise. Because as technology is rapidly being adopted within the enterprise and consumers, as Mark mentioned, connected consumers are much smarter and also have technology available to them, it's all about the experience.

So, we can no longer be thinking in terms of a scanner or a kiosk or a wireless LAN with security on there or mobile computing for the back of the store, we have to think holistically and what enterprises are telling us is embrace us. That's where the services piece comes in. I know you do all the pieces, I've seen it in the core. I know you're investing in expansion, put a wrapper around it called Global Services, because the experience is everything and you can get me operational excellence and you can get me customers, both new customers and helping me retain customers.

That's what I want you to think about our business. Deep vertical expertise, never wavering, very balanced, rigorous, disciplined approach to R&D spend, always, always keeping an eye on what the customers are telling us, but our responsibility to deliver operational efficiencies from a financial perspective.

So before we take a break, I want to use the next section to do even a deeper click, a double click on that government piece of the portfolio. Bob Schassler is the Senior Vice President. He runs our Global Radio Solutions Organization and he's going to take you through even a deeper dive on that piece of the portfolio.

So, Bob, come on up.

**Bob Schassler, Senior Vice President, Radio Solutions, Motorola Solutions, Inc.**

Thank you, Gene, and good morning. So in the time I have with you today I'd like to take you through some of the growth drivers in the government space. And I know in the past we've talked to you about how part of the reason our business continues to grow in the government space is because customers continue to prioritize our products, especially in difficult economic times which is definitely the case, but what I'd also suggest to you is one of the other primary reasons that we continue to grow is because we've continued to invest in this space.

The government space for the company has always been the innovation engine. It's always been the innovation engine for Motorola for years and years and now for Motorola Solutions. And I'd like to go back specifically to 2009, very, very challenging economic time and in 2009 when most of our competitors were sitting idle, waiting for the economy to bounce back, we had some tough decisions to make and I really give a lot of credit to the Motorola executive team for allowing us to make some very key strategic investments and I'm going to take you through a few of those areas right now.

I want to walk you through our technology migration strategy, I want to take you through our analog to digital strategy which I know we've talked about to you folks in the past, but I really want to make sure you understand exactly what we're doing there and the growth opportunities there and then of course private broadband which both Gene and Mark talked about.

So, in the government space what is most important to be successful is having a large footprint of customers and we have over 2,000 major networks across the globe – over 2,000 major networks. So, I'm not talking about the small municipality type systems which were absolutely critical for us, but if we added those on to this chart there will be thousands and thousands more. These are major networks, major metros, statewide networks, countrywide networks, we have hundreds of systems like this in the U.S. alone, systems like the system we have in the U.K, that's 3,900 sites, in fact the largest public safety system in the world.

So, let me take you through one example of one of those networks. This is a real life example, one of our customers, we signed a contract back in the late 1990s for about $180 million, a large system, and at that particular time there was one single agency on that network, 600 users and since that time we've migrated that customer to a $600 million opportunity, 55,000 users, 55,000 in 1,300 agencies. And what I also want to point out is that the agencies and the users, they are not just public safety. They are public works; they're transportation; they're public schools, so lots of other users that go on to these particular networks.

And now we have the opportunity to talk to that customer about private broadband, about the next level of technology that we have in LMR, about next-generation integrated command and control, about all source of other applications that they now can take advantage of, and lots of opportunity for advanced services as well that go along with those types of systems.

So, everyone of those 2,000-plus networks, those major networks that I talked about has a similar story, and Mark and his team continue to work every one of those networks kind of like a little mini business, and that's why it's so important that we have the footprint that we have when we can migrate those customers.

So one of the things you may be saying to yourself is, and I've heard this from some of the folks in the past is that, well have we exhausted the marketplace? How many more systems can Motorola Solutions sell? And what I'd like to do over the course of the next slide is explain to you why that's not the case, and why frankly it never will be the case.

So, this is a little bit of a busy chart, most complicated chart I've got in my slide, but it really is the most important chart that I have in my slide deck for you guys really to understand our government business model. So the horizontal bars represent different public safety technology types. And what I like you to do is I'd like you to think about these technology types. I want to use the analogy in the public carrier space of 1G, 2G, 3G, 4G.

The problem unlike the network business is historically these networks were incompatible. So it was very, very, very painful for customers to migrate from an analog to a digital 1G or a 1G to a 2G in a reasonable timeframe because what had to happen is they had to do a four-cliff kind of a change-out. So our customers prolonged those buying decisions as long as possible because it was so very, very painful for them to do. So getting back to our technology migration strategy, we've developed capability in technology that now all of these systems are compatible. So you can have an analog and digital mix system, you can have a 1G, 2G level system. You can have 2G, 3G and our customers now can purchase and upgrade these networks over a 3, 4 year period that fit into their budget cycles. It's been received incredibly well. And that's how on the prior example we're able to gradually migrate those customers over time.

And if I was to take the last example that I just gave, that particular customer sits on a technology on this chart that would be considered 2G. And the next point I want to make is absolutely critical and the fact is that most of those 2,000 customers, those 2,000 major networks that I talked about, their 2G level are below. In fact we only have 21 customers right now that are at what we would consider 3G level and you guys know we only have a handful of private broadband or 4G level customers.

So, tremendous, tremendous amount of opportunity with those 2,000 customers to migrate those customers over many, many, many, many years. And you know what after 4G, we exhaust that, there's going to be a 5G, there's going to be a 6G and it just goes on and on and on. But what's also important is that you have to have more than the infrastructure. You've got to have devices that can work on that infrastructure.

In 2009, this is what our device portfolio looked like for those systems. And these devices were pretty much tied to one type of technology. So, one of these devices was tied to a 1G technology or a 2G technology. So, what we've done is we've invested and built out our portfolio, so we introduced a new APX line, which we've talked a lot about and you guys have heard about, but this product sets the new benchmark in public safety – for public safety radios. We launched it about two years ago. It's been incredibly, incredibly successful.

But these radios, unlike our prior vintage, these radios are completely forward and backward compatible. So, you can operate in an analog mode. You can operate in 1G mode. You can operate in 2G mode. You can operate in 3G mode. So, customers not only migrate their infrastructure gradually, but they also can migrate their fleet gradually and have mix subscriber interoperability. You guys hear a lot of about interoperability challenges that we have in the public safety space. This solves that problem.

Gene mentioned that this was the first multi-band radio. The other problem with public safety is there was all of these different bands, public safety was always given kind of a mishmash of spectrum if you will. And this does away with that problem as well, so I like to refer to the APX line as kind of the ultimate interoperability device that we have in public safety.

A couple of other points on our subscriber portfolio, you guys will notice that we have a lot of tiers. And in fact, we have 23 different derivatives of the APX line. And one of the reasons, we do that we spend a lot of time on our tiering strategy because that allows us to really compete in all the different areas of the public safety space, small agencies, mid size agencies, large agencies, and also regional requirements; regional requirements – the requirements that they have in Asia or Latin America are different from what they have in North America.

So that allows us to really maintain the margin profiles that Gene highlighted because now we're just not competing on price, we compete on features and functionality and we have the right price point of a product for every single customer that we have out there. And the other point about tiering is we have all of these tiers, so we don't allow any competitors to creep in and get any white space or any gaps in our portfolio.

The last point I'd like to make on our tiering and our subscriber portfolio is these radios these 23 derivatives of APX, we developed those radios and produced them in a two-year period, years ago that would have taken us at least six years. What we've done is we have adhered to a very, very rigorous platforming strategy, both hardware and software. So we are extremely, extremely efficient in our product development. So our overall migration technology strategy has been embraced incredibly well by our customers.

So that's my first – one of my first examples. I am going to go on to my second example of what we're doing and some of the investments that we made in 2009, very, very strategic. And this is the whole analog-to-digital transition. In this space we call it's the professional/commercial tier. So I don't want – don't think just public safety here, think manufacturing, think hotels, think petrochem, think mining, this is where a lot of these radios serve, and historically this has been an analog market. There's about 40 million users in this market, less than 5% of those users are digital users. And those digital users are users that we've converted most of them over the past two years.

So this used to be a market, though kind of low-tech if you will, very difficult to differentiate in the marketplace analog radios. And we've created a new digital standard, it's called the DMR standard, and this is a whole new marketplace that we've created to convert those 40 million users over to much more of a solutions approach.

So we've implemented our digital subscriber portfolio, but in addition to that and Gene highlighted this product right here, this is our SL Series, we launched this two weeks ago at the International Wireless Communications Expo, and I know it might not seem like a big deal to you guys, but this is – in the two-way radio world, this is a revolutionary product. This is the thinnest, lightest two-way radio in the marketplace. This has 10 times the amount of power that our cell phones have, so this is a big, big deal in the two-way radio world. But we're much more into a solution focus now because now we have a robust infrastructure portfolio we've developed over the past three years. We've developed a large third-party ecosystem of software developers, in fact we have over 280 software developers that write applications for these devices and those services that go along with them.

So our channel partners – our 20,000-plus channel partners that Mark talked about--that's who distributes primarily these products and devices--are thrilled with the differentiation and the capabilities they have because now when they go to call on a hotel, they're not selling an analog two-way radio. They're selling a hotel hospitality suite to help them serve their customers better.

Now when they call on a manufacturing facility, they're not just selling an analog two-way radio, they're selling a work order management ticket system for that manufacturing facility. So much, much more of a solutions approach and this is significantly the differentiation that we have here over any of our competitors in this space and Gene talked a lot about it, Mark talked about it, much more of a solution focus. And this is a brand new market that we've created and this is going to go on for a while and provide a lot of growth opportunities for us for a number of years to follow.

And my last, my third example that I am going to highlight today in the time that I have with you is private broadband. Both Mark, Gene and Greg mentioned this. This is the biggest technology inflection point in the public safety world that's happened in the past 25 years and this will change the way that public safety responds to the incidents. Five years from now, it's going to be much, much different. And we started investing in this space three years ago in earnest, significant investments, but truth be told, we started planning for this five years ago, really strategizing about this, knowing that this was going to come and kind of betting on to come, if you will, and we now have prepared ourselves so well for the opportunity because those investments we started making three years ago.

And this is not just a U.S. opportunity for us, this is a worldwide opportunity. The rest of the world will lag behind a little bit as they allocate spectrum for public safety broadband, but this will be a worldwide opportunity that U.S. is taking a lead on it right now.

But this is how our customers want to purchase these systems. Our customers just don't need infrastructure alone, they just don't need devices, they need the whole package. They need to have services along with it. They need somebody that can implement that infrastructure and make sure that that infrastructure is interoperable with the public carrier networks as well. They need to have applications that are public safety centric applications that run across those devices and across that infrastructure and services to go along with it. And they need devices and they need those devices not just to work on their private LTE systems that they are going to implement with the D-Block. They need those devices to be able to roam on to public carrier networks.

We are in a world now where there is real true public to private interoperability. So they need those devices to be able to roam on to 2G networks, on to 3G networks, and I am talking about carrier 2G, 3G networks and on to the carrier 4G networks and have that interoperability. And they need those devices to be built specifically for the missions that public safety deals with everyday.

And two weeks ago, I had the opportunity to introduce the very first such device at the IWC Expo, at the International Wireless Communications Expo. We call it the LEX 700, and this is the device that we have – we've had in development for the past three years and I couldn't be more proud of the Motorola team at the technology challenges that they overcome – overcame in developing this product. So I've got a quick video that I want to run, introduce you to the product, and I am going to be back with you just to give you a few highlights of it. So, if we could run the video?

[Video Presentation]

So the product itself has been incredibly well received at the Expo, in fact I was with a group of Fire Chiefs yesterday and introduced the product to them. And their comments were that's exactly what we are hoping for. That's exactly the kind of product that we need in the same reception two weeks ago, no matter who we've shown this to, and we've built this product with lots of focus group work from our public safety community. But this a product that has six radios in it, eight antennas. It has the public safety with Band Class 14, so that's the D-Block and PSST the whole 20 megahertz of spectrum in the product.

The first version will have Verizon's, what's called Band Class 13 Verizon's band and their LTE system in it. It has all of the 3G and 2G carrier network technology, Wi-Fi, GPS, mission critical Bluetooth, dedicated push-to-talk VoIP client, high resolution video camera, and all ruggedized in kind of military specs that our customers need out of a device. These are the kind of products that frankly our customers expect out of us. So it's an incredibly exciting time in the broadband space, and again as I said, things are really going to change drastically for public safety in the way that they do their operations in a very, very profound way.

So, again just three examples; the technology migration strategy, the analog to digital, and broadband, are just three examples I wanted to highlight for the group here. Really not just growth that is going to allow us to grow over the next one to two years, but for many, many, many years to come.

So, I'd like to end on this slide, and I don't want just to sound like kind of motherhood and apple pie to the group here, but Mark mentioned a number of reasons why we'll win, but I also really believe that one of the primary reasons that we'll win is because the thousands and thousands of Motorola Solutions around the world just derive so much energy and passion because of the markets that we serve. They know that the products that they develop are helping to improve officer safety, firefighter safety, make the city safer for all of us and they really do generate a tremendous amount of passion and energy in the work that they do.

So thanks for your time. Thanks for listening. I appreciate it very much.

**Unverified Participant**

Ladies and gentlemen, we'll now enjoy a 15-minute coffee break. Let's plan to be back in our seats at 9:45. Thank you.

[Break]

**Unverified Participant**

Ladies and gentlemen, please welcome back Gene Delaney.

**Eugene A. Delaney, Executive VP-Product & Business Operations**

Thank you. So, we're ready – so, we're ready for the second session here. Again, if we kind of refer it back to the first chart I showed you, the pie chart. We want to Bob Schassler to double-click on the left-side of the chart there on government, this section we're going to double-click on the other side, and you're going here from Bob Sanders, who is going to talk about the advanced data capture portfolio which, as I commented, includes RFID as well as our enterprise networking space which is where WLAN resides. And then after Bob Sanders, you'll hear from Girish Rishi, who will talk about the Mobile Computing part of the enterprise portfolio.

So, Bob Sanders, you want to come on up and kick this off?

**Bob Sanders, Senior Vice President, Advanced Data Capture & Wireless Network Solutions, Motorola Solutions, Inc.**

Good morning. It's a pleasure to be here with you all today. So, as Gene – as Gene just said, I'm going to kick off a discussion around our enterprise business. It's going to be shared with Girish Rishi and we're going to talk a little bit about our individual lines of business, but before we dive in and start talking about products and talking about trends in the industry and why we've got great momentum behind the products, we thought it would be appropriate to give you some sense of what's our reason for being and how do these products kind of come together to create a whole, because in isolation, when you look at a barcode scanner, you look at a wireless LAN, it might not be intuitively obvious what the two have to do with one another. But, they actually do have a common thread, they have common link and really at the end of day what we do by providing these products in combination is we enable our enterprise customers to have much better situational awareness over their business operation. So, what is that all mean, what do we do? Basically we allow a distributed workforce, a mobile workforce, to be able to capture and to convey business critical information at the point of business activity wherever that might take place and you heard some examples of that this morning. It could be a retail clerk on a store floor that's trying to take a physical inventory or do a shelf price audit, or price markdown. Alternatively, it could be a career, who needs to make a critical delivery or pickup and capture the information around that package the time that it was delivered, who accepted that package, et cetera or it could be a healthcare provider at a patient's bedside, where it's critically important to understand, is the right patient getting the right medicine in the right dosage at the right time.

So, by providing technology and solutions that enabled a conveyance of real time information, we're enabling these folks to be better informed, we're enabling these folks to make better decision. Better decisions typically lead to better outcomes and in the enterprise a better outcome is typified by increased operational efficiency, which usually drives top or bottom line performance. So, that's a little bit of backdrop in terms of what is it that this portfolio provides.

So, let's talk about what's driving the business. You heard earlier from Mark and from Gene that we just came off a tremendous 2011, record year from a revenue perspective for our advanced data capture business, for our wireless LAN business, for our Mobile Computing business. What's driving that growth?

First of all, we don't think it's anomalous. It's really a couple of drivers that are behind it. First and foremost, it is the customer-focused R&D. It's the investment that we're making to create highly differentiated best-in-class technology that solves real-world customer problems, but we're also getting a little bit of a tailwind, if you will. We're getting benefited by some fundamental megatrends that are occurring within the industry. Gene alluded to these and I'll double-click on them in just a second or two. In our advanced data capture space, it is a technology migration that's underway from 1D readers to 2D readers or from laser technology to camera technology, or what's also referred to as imaging technology and I'll explain that in a minute or two why that's happening, what's the benefit and why are people retiring legacy systems in favor of the new technology.

Wireless LAN, as was touched on earlier as well. So, you've got an explosion in the growth of mobile wireless devices coming into the enterprise, on top of that the applications that these folks want to access with these devices are much more bandwidth-intensive. We're talking about voice, we're talking about video. The payload, if you will, of the information that has to be pushed back and forth is much, much greater. The combination of the two are choking the legacy networks that are deployed today. And so it's pushing towards the adoption of new technology and again I'll touch on this in a little bit more detail.

And then lastly, when you think about what's going on in the world of retail and you think about online shopping gaining in materiality, it's fundamentally causing a need for investment in mobile technology throughout the retail logistics supply chain, that's today's purchases and purchases that we think will continue into the future but if you look a little bit further into the future, there is going to be knock-on effect as well. As traditional brick and mortar retailers recognize the threat that the online shopping experience provides to them, they're too going to need to make mobile investments or technology investments in mobile technology to improve the shoppers' experience within the brick and mortar.

So, it's little bit of a backdrop relative to some of what's going on in the industry, why we're seeing some of the strong momentum that we have exhibited in 2011 and why we believe it's going to continue into the future. With that, let me double-click and talk to two of these in a little bit more detail. Let's start with advanced data capture and what's going on here and it's a good place to start because, frankly, this is the business within the enterprise from which all other businesses ultimately evolved. It's a business we've been at the better part of three decades. And as Gene talked about earlier, it's a business that we invented and we continue to lead today. And we're leading it today, again because of the investments that we are making and investments that we are making with a customer focus to them.

So, what's happening here? 1D to 2D reading is taking place because the technology is fundamentally superior. What we can do today with an imaging device is provide better operational efficiency. We can read those classic 1D barcodes that you'll find on, perhaps the Coke cans sitting on your table, much quicker. But in addition to improving operational efficiency, which of course is always important to our customer base, we can also read not only one-dimensional barcodes but two-dimensional barcodes. And two-dimensional barcodes are exploding across a multitude of industries and a number of applications within those industries and making using of them.

For those of you not familiar with the two-dimensional code or you might not think you were, or you probably really are, you probably seeing QR codes in magazines, and/or in newspapers, for those of you based here in New York State, if you took out your driver's license and looked on that back that funny looking checkerboard pattern, that's a 2-dimensional barcode.

And you might say, well, what's the big deal about it? The big deal is that it can encode significantly more information than the traditional 1D barcode, and so it provides better operational capabilities and that is more information to make better decisions. And so, these imaging devices are capable of reading not only these 1D codes, but these 2D codes, and all by the way there is one other little benefit that you get and that is that a imaging device can read a barcode from the face of a cell phone, and you're seeing more and more folks around the globe starting in retail, but I think it's going to spill over into a number of different industries are trying to harness the fact that we're all carrying one of these mobile devices and they're trying to push content out onto those devices, it could be coupons today, it could be a loyalty card, it could be a boarding pass at an airport.

Imaging technology is capable of reading those laser technology is not. Now, the good news is, we've recognized that this technology transition was going to occur probably five years ago when we started to modulate our R&D investment back in that timeframe. We started to spend more money on imaging and taper down our spend on laser scanning then that result is we have a completely new portfolio, the broadest portfolio, the deepest portfolio in the business. We've out-innovated the competition and as a result, that's why we had a record sales year, last year, that's why we are taking market share and this is a wonderful, wonderful opportunity that we now have an opportunity to go after at this point in time, because when you think about the number of installed legacy 1D readers that are in the marketplace today. It's measured in the millions upon millions upon millions. It's very similar to what Bob Schassler talked about earlier with analog radios and a huge installed base we have, we have direct analogy here in the scanning marketplace. We have a huge installed base that's right to be replaced. And so that's why we believe there is strong resilience, 2011 was not an anomaly; we're going to have good growth going forward.

And as exciting, and as excited I am, about this opportunity to refresh the installed base, that's only a part of the story, because there is incremental growth areas that are coming about as a result of this new technology as well and in the interest of time I'll just give a couple of quick examples. This one part of the scanning market that we've never been able to successfully participate in, it's something called bioptic scanning, and I won't get into a lot of facts and stats, but if you shopped in a supermarket or if you shopped in a mass merchandiser, like A Wal-Mart or Target, that's that scanner that sits in the counter at the front-end. And it's a marketplace we haven't been able to participate in the past because of a fairly strong intellectual property position held by the two incumbent suppliers. Well because of our early inroads and the investment that we've made in camera-based technology, we've now figured out a way that we can penetrate this market segment and not just get in for the sake of getting in, but get in with a demonstrably superior operating machine. By the way, we've also put a fair amount of IP around this new technology and so next year – this isn't something for this year, but next year you're going to see us enter this market segment for the very first time.

And what does it do for us? It unleashes about $0.25 billion of additional sales opportunity for Mark Moon's global team to go after on a yearly basis. And, by the way, every one of these customers is already in our] Rolodex. We already sell mobile computers and wireless local area networks to this constituency. So this is a great opportunity for us not to just go after a legacy installed base, but actually to grow the pile. I'll give you one other quick example and then I'll move on.

Because of this trend that I mentioned earlier, folks trying to use your smartphone to push you offers to get you to come into their stores, it's opening up some new opportunities, we're scanning as never been before. So think about fast food, think about those kind of franchises, typically when you go and get your burger and fries and shake, none of that's barcoded because it doesn't need to be so there has never been a barcode scanner at those point of sale stations. Well now these folks are trying to drive coupons to get you into the store and it is driving a need to buy product that they never had to buy before. So another small example of how the market is going to continue to expand.

Let me shift gears and talk a little bit about RFID because no discussion around advance data capture would be complete without touching on RFID. It's not all things to all people, but in certain application areas, it offers a step function improvement in productivity, the likes of which have had never been seen before. In principle, I'm talking about or specifically I'm talking about within retail the ability to track items at the item level or track merchandise at the item level has just never been economically feasible to do with barcode because it just takes too much manpower.

Suffice it to say with RFID and the fact that I don't have a line of sight requirement I can harness identification of lots of merchandise really quickly. And as a result of that, I can take the inventory on a daily basis if I'd like to. As a result of that, I can make sure that I'm merchandised as a retailer the way I want to be merchandised. The net result of all of that as a consumer comes in the store and they find what they want when they want it, and we're seeing that folks that are deploying this technology are getting gains as high as mid-teens from a same-store sales front-end uplift which is just fundamentally incredible.

So it's a small market today, it's not material to our business. But I will tell you, the who's who of retail or either in the process of trialing, some are a little bit more aggressive in rolling it out, and so that's why we have very high hopes that this will become a significant part of our business going forward. And again it's because of the very significant return on investment, very demonstrable, black and white; we can show the gains that could be have through the technology. And as a result, we continue to make the necessary investments. We continue to invest to make sure that when the inflection point occurs and we could debate if that's this year or if it's going to be next year, but it will occur. We're making the necessary investments to ensure that we have the best portfolio in the business to take advantage of this market when it takes off.

Let me shift gears and talk a little bit about our wireless LAN business. And again I kind of gave you prelude as to why the market is growing at the rate that is growing, let me give you a little bit more detail behind it. So 802.11n is the latest technology, it offers essentially in order of magnitude more throughput than the prior wireless systems and as a result it is a able to deal with this incredible amount of mobile technology that's coming in to the enterprise, and it can deal with these very high payload, heavy bandwidth-intensive applications. And that's why across the board on a worldwide basis, across a multitude of vertical markets, legacy systems are being ripped out and 802.11 systems are being implemented. Again, I think our crystal ball was working well for us several years back, we called this, we saw that this inflection point was going to occur and we started to make the requisite investments in R&D.

Today, we have the widest, most diverse and most differentiated portfolio in the business. If you need to have outdoor capabilities, we have outdoor access points. If you need us to push data inside, we've got the widest array of indoor access points both independent, dependent. A variety of different types of switch, controllers depending on the type of architecture you want to deploy.

And again, Gene touched on earlier, we're not just about pushing bits through the air, we're about providing solutions. So on top of our wireless infrastructure, we've built world-class voice-over-wireless LAN capability that enables our customers to deploy our mobile computers on our wireless network, and make those mobile computers not just data devices but voice devices so that they can become, in essence, walkie-talkie if one wants, one-to-many, push-to-talk where we can turn them into full-fledged phones as well where they can do peer-to-peer communication. And through the gateway system that we provide, we can actually connect those mobile computers up to the IP PBX and they could take inbound or place outbound phone calls as well.

Final slide. So 802.11 is the driver or it is the solution, if you will, to this need for more capacity. And you might say, well, isn't everybody going to get there? And yeah, the matter of the fact is, everybody is going to get there. In fact most competitors are there today not quite as an extensive portfolio as we have, but they've got that 11n technology. But like everything in life, all ".11" technology isn't created equal and what we did is fundamentally changed the game by re-architecting our systems so that we broke from the traditional hub-and-spoke model. So, wireless systems in the past, everything that got captured at the edge, ultimately had to flow back to a central control point and that creates bottlenecks and we've recognized that and we've recognized because we live in our customer shoes that they're going to want to do things with video, they're going to want to have these high bandwidth applications. So what we did is we took the intelligence that typically would reside in a central space and we pushed it across the network.

So our access points, our switch, controllers are running the same software. What's the benefit to all of that to take this away from the physics class? Basically what it allows us to do is have much better quality of service, have much lower latency, we have a much more scalable system, a much more reliable system and at the very end of the day the total cost of ownership of our system is lower than anybody else in the industry. So we're very confident in our ability to successfully win in this space and we think there is, a number of years in front of us of these legacy systems coming out and these new systems going in.

With that, I want to transition and I want to invite my colleague, Girish Rishi, up to stage. He is going to talk to you about our Mobile Computing portfolio. Thank you for your time.

**Girish Rishi, Corporate Vice President, Enterprise Mobile Computing, Motorola Solutions, Inc.**

Good morning, everyone. We'll talk about a few fun places, warehouses, courier trucks, airports. Places where my engineers, my product managers spend most of their working hours. Before I get into that, I'd tell you, I've been in this space for a bit, for about like 20 years. More excited today than I've ever been and the reason is the opportunities that Mark Moon talked about, the rising mobile workforce that we are seeing, are unprecedented at this stage.

From the 20 years, I was a product manager, designing products like the variable computer many years ago. We were a smaller company then, they said hey Girish, you have an accent, you should go to Europe, so I went and ran European operations, I was there for about three years and then I went to a startup, an RFID startup that Symbol acquired and then for the last few years I've been running the Mobile Computing business. So I have a little bit of a historical context.

Folks I'm telling you, I have not seen such compelling opportunities for mobile workforce, for enterprise mobile workforce as I'm seeing today. And there are number of drivers, I'll touch on three of them. One is vertical industry domain specific portfolio. I know five large words, vertical industry domain specific portfolio. This is not a game of one device run many applications from point-of-sale all the way to the back-room, into inventory, and into the truck, and into the warehouse, and into the shop floor, that's not what this game is.

This is not about one device and 50 million units of shipping. This is about being very, very, very rich in the each specific application domain area. If you're doing inventory and cycle counting in a warehouse that's a different game than doing price verification in a retail store, which is very different than mobile point of sale in the front of the house, which is very different than what FedEx does in a truck, which is very different than plant and quality and maintenance in a shop floor. So, it's about appealing. It is about appealing to specific application segments in a supply chain with a portfolio of products, not showing up with a device and say, hey, will this do your job?

Online channel growth, I'll talk about that. Retailing is changing. Perhaps in 100 years in more different ways, in more dramatic ways than we've seen, I think, in the last 100 years. And I'll touch on a couple areas what's happening there. Now, the big fun topic of – hey, consumer devices are here, consumer devices. So Girish what about your portfolio? With the historical context I gave you, we had tremendous growth when Palm got founded. You remember Palm? So, 10-12 years ago, when Palm came in, they came in with one device, one there for tens of millions of units. So the analogy that I use is when these consumer waves come in through the oceans, they go and clear a very large real estate with one device. We follow up and we install our assets there that are very application-specific.

So that created a portfolio that's hundreds of millions of dollars for us today. Then HP iPAQ came and people said, hey what about your portfolio. Well HP iPAQ wave came and it cleared another real estate, and it added a few more hundreds of millions of dollars for us. And now we are seeing through a certain company in Cupertino, another large wave coming in and we are very excited about that. I mean glass on a device, user interface, gesture control, a whole new action that humankind is doing that we've never done through 5,000 years of our history, well combine that with stacks and stacks of enterprise needs that our customers need today, be it Procter & Gamble, be it Tesco, be it El Corte Inglés, be it Danone, be it – go on customer-to-customer FedEx, Home Depot, others, and these stacks are durability.

These stacks are inscription and security, so that when you swipe your card on that beautiful looking device, your credit card details don't go out there. These stacks are manageability, when you deploy 100, 200 units for each store across 1,900 stores in Home Depot. How do you manage them? How do change their configuration settings, and on, on, and on? So what I like about the consumer trend here is we will take the best of Gorilla Glass, only 30% thicker, only 30% thicker because we don't want these things breaking the way consumer devices do. We will take an Android operating system, which is beautiful, it gives me gesture control. Only thing is I'll soup it up with all the security manageability, the supplicants that Bob Sanders talked about on wireless and document capture and box dimension and when I mix those two things up, that chemistry becomes unbelievably powerful.

That chemistry becomes unbelievably powerful. How do I know that? We launched our product called ES400 that I'll and come back and talk to you about it. So let's look at the portfolio very simplistically. I sometimes when I met you in Chicago, you ask us, so what is the portfolio? So a few years ago, we said instead of looking at Mobile Computing monolithically, we will simplistically segment our portfolio based on application segments. What do our customers do, because that's what Mark and Gene and Bob and Bob talked about? So think about two buckets, don't even look at the slide, think about two buckets. Line of business applications and knowledge applications. So line of business applications are transactional. Boom, boom, boom, boom, boom, boom you're scanning, you're picking up packages, you're moving forward.

As you can see my line worker portfolio, that's more than 50% of the Mobile Computing business. It's transactional in nature. So if you're in a warehouse with me. We're only doing one thing for about 40 times every minute, multiply 60 minutes per hour, for six to eight hours continuously. Location, item, quantity, location, item, quantity, location, item, quantity. That's what you're doing on these elegant-looking devices called line worker.

You're not running Angry Birds or Solitaire on it. In fact operations managers tell us, I don't want that capability. So, location, item, quantity, you go to the location, you scan the location, it tells you pickup two boxes of pampers, you say okay, two boxes of pampers, you move on to the next location. It's a high velocity, highly accuracy, productivity-driven environment and with online retailing with the need for you to get your package before Christmas on time. The need for line worker is only going up. And these are interesting looking devices, there is a hard keypad. They can be submerged in a bucket of water across temperatures. It has data capture, it has long battery life. So what line worker does is it drives your cost down, it increases your productivity, and I'd like to compare it to the plumbing.

Successful enterprises all over the world today – and we do a lot of business internationally, successful enterprises all over the world today use line worker products to drive cost down. Now knowledge worker is different. Our customers are saying, hey, we've driven our cost down, can you help us drive the top line. And knowledge worker applications – portfolio enables for you to make eye contact with your customer.

A very simple example will be the guy who's coming into repair your air conditioner. He can look at schematics, he can order inventory, look what's in his truck, more importantly he will come up to you and say, Mr. Moon, would you want a three-year service contract for $229 and up-sell you on that opportunity. Now who is doing that? Postal organizations. Well, why they are doing that? Outside the U.S. postal organizations do banking, they take transactions, they do cash on delivery. A large, large rail company in France is doing that. Field service organizations are doing that and increasingly retailers that I'm talking about doing that, as I'll share with you on Home Depot.

Now market expansion, people say, okay, I got line and knowledge worker, Girish, what's this market expansion portfolio? So remember so far we have driven cost down. We have helped enterprises increase their top line. Now there are customers, a real customer based out of Europe with operations in Latvia, in Asia, in Korea and other places, who's saying I have a half a million employees, full time and part time. 475,000 workers are mobile. Hundred thousands of them have devices like you build; I'd like to equip the remainder and complete my pie of 475,000 workers and give them mobile devices.

So, they're talking about business transformation. What we're creating in market expansion drives business transformation. We don't know where that journey will take us or the customer in a lot of cases. So, we are introducing a little bit of technology with a lot of – for a lot of people. What I'll do is, I'll give you some context, some examples of customers. Let me read the quotation here for FedEx, a very large loyal customer and we love them. When we send our couriers into the field, we think of it like a soldier going into the battle. He leaves everything behind except that one critical piece of equipment he needs, Ken Pasley, who is an ex-Marine. So FedEx has hundred thousand workers using this MC95 in a highly, highly urban area as in Manhattan, the most wireless busy area with Bluetooth and hotspots and different wide area wirelesses in with three or four seasons that you see in Manhattan.

To that guy who gets into his truck in Santa Fe in the morning and goes and visits three villages, three villages about 100 miles away. As he gets in, he takes the MC95, throws it on his dashboard in the month of July, August, September, 6 days – 5, 6 days a week, where it gets 110, 120 degrees heat, he gets out, does his transactions, enters the information, and as you sit in your air condition apartment in Arizona or in Chicago, you say, oh, my package is moving forward, that's a courier. We have variable computers and vehicle mount computers in the distribution center, once again a portfolio.

Knowledge worker – Home Depot, another great deployment that Mark talked about. The quotation from the CEO there is, we expect labor savings to cover the first phone, which is what they call the MC75, program's $64 million price tag within the first year of deployment, that's okay.

The second piece of that quotation is what excites me. What they are saying is, but the technology's true value is in providing employees the ability to bring customer service into the store's aisles on a real-time basis. Guys, this is a Girish statement not an MSI statement, I have not seen in the technology world a product, a piece of technology being stretched so enormously. MC75 talks to a Cisco access point. It has an Avaya voice-over-IP client running on it. It has a software from Motorola that bridges the mobile computer not only to another computer, but to the two-way radio, it is doing data capture. It has a mobile browser application running for payment with a payment attachment. And while let you doing all of that, it is talking to the legacy database to get inventory updates.

All this happens every 10 minutes they have a push-to-talk call, every 30 minutes they have voice-over-IP call in the month of July which is the busiest for do-it-yourself from 6 to 10 o'clock and as they are doing it they are dropping the device about a dozen times in a day, day in after day in after day in after day in. So that's what I mentioned about domain-specific portfolio.

You see a picture of a copier being repaired with the ES400 and the quotation will be about an airport application that, you know something, in all our market research we have never envisioned this is part of the expansion portfolio. Currently we have 900 ES400s out in operation. A device as durable as we could find in the market to withstand the day-to-day uses and abuses we see in airport environment.

A real truthful story for you, my parents came in yesterday morning from the old country, I was 10 minutes late to the airport my mom is paranoid and my dad is 83 and my mom is 78 and they were in wheel chairs. So the wheel chair person, she calls me like, where are you? Your parents are paranoid. So I show up finally they're using an ES400, so what they do with the ES400 is they get a transaction, go to gate number C16, you have two passengers to pickup, they accepted, they go to gate number C16, they scan a barcode there, when my parents come out, they scan barcode on the boarding pass, when they bring them to me or to another mode of transportation, they do a check out. So I had to sign on an ES400 yesterday. My mom thought, I was in tears because I saw them, this was more about the ES400, this was about the ES400 honestly.

So folks, I'm going to talk to about a software strategy and I have pictures of two devices there. So look at the ET1, a unique, I don't even want to call it a tablet but we'll call it a tablet this morning. It's an ET1 that we call and it has Android running on it with all the souped up features that we talked about. And it's a very uniquely designed product for domain, it can run Angry Birds, but you know something that was not the purpose that we built it for. Then we are seeing good growth coming out of Asia and retailing taking off in China and India and other places. So the other product that you see with keypad is MC2100, it has Win CE running on it and we are seeing interest in the MC2100 in the developed markets as well.

So now, think about it, we launched a product with Win CE, we launched a product in the 90 – the last 90 days with Windows Mobile – with Android. All of my portfolio is Windows Mobile when you look at it from a legacy standpoint and I'm very interested in Windows 8 from two years from now, a year and half as Microsoft comes out with it. So this was June-July of 2010, we were scratching our head. We were going from a unitary platform that our customers were writing applications to and saying then, we'll have an offering that will be Android, it'll be Win CE, it'll be Win Mobile, maybe Windows 8. So what is – what is it that our customers are going to write their application to? This is a question I can guarantee you, think about this question, what is the environment that my customer is going to write their application to across the portfolio? This question I guarantee you never gets asked in a consumer company. Because, they are selling to 17-year-old teenagers.

So what we decided is we said, hey this HTML5 bet is big. This is before Jobs came out and talked about HTML5. This is before nine months later when Adobe came out and said, you know something will stop Flash will go to HTML5. This was also before Microsoft said Silverlight is okay, but we are going HTML5. So we have a web browser HTML5-driven application development platform. We acquired a company out of Silicon Valley called Rhomobile and the fun part of this platform for our customers and developers is you write once to a layer on top of the devices, you write once to a layer on top of the devices, and that application runs on many devices. So going forward, we will change the devices or the operating systems and the customers' investment protection will stay solid.

Last piece of exciting news here… today we are the only company, we're the only company running HTML5 on Windows Mobile, the last version of Windows Mobile came out in 2009. That's our business folks. So, we are not only running HTML5 on Windows Mobile, we are offering that as a transition path for Android or Windows 8. So, when Bob Schassler talked about we started making investments in broadband three years ago, we are selling Rhomobile today but with a view that in the one, two, three years, Rhomobile with that strategic benefit will be a big differentiator.

Now, my last slide here – last one to two slides here. My product managers are spending time in warehouses and couriers and trains, designing products. This is yet another differentiation point to our other competitors, traditional or new ones in the consumer space. So, think about that laundry list of opportunities in the left column. Multiple shifts, customer sensitive information, 10 to 18 hour mobile usage environment, constrained backroom three-year lifecycle support, unique requirements and if you and I have more time, I'll walk you through another 160 of those domain specific requirements.

So what we do is we look at those requirements that our customers have and we respond multiple shifts with multi-user login where four different people can use the same device in four different shifts or the same shifts. They can login; they can get their policy management they can get their access to the data room that they are allowed while John Doe (has access to something else. Customer sensitive information, very, very, very, very, very critical.

So, what we do on Android on ET1 for example is – on Gingerbread, we encrypt the data on the device before we transfer it. Of course, it gets encrypted over the air, but here is a subtlety for you. We encrypt the removable storage also because if I leave my ET1 on a shelf and somebody come walks in or hacker plugs in a removable storage, takes all the files, well guess what he will not be able to decrypt it. Those are those unique, bold differentiators or subtleties that you build in; durability, hot swappable battery on the ET1 where you can take out the battery and you have up to 15 minutes to put a new battery in, you will not lose your application. Constrained backroom, life cycle services is a good one. Our customers, like, Lowe's, is using 20,000 mobile computers from us, 20,000 devices that go back almost eight or nine, 10 years for line worker products for their logistics operations.

And they'll buy new products and they want continuity of supply, continuity of the same development environment that they bought in 2003. And from a unique requirement standpoint, customers tell us, hey, can put my logo on it. Going down to, can you change certain aspects of the device for my unique workplace, can you add an accessory to it. That's the business we're in.

I'll quickly mention online retailing, two significant things happening here. One, we were the first company equipping Amazon and we still are, have a great relationship with them. So we are seeing this parallel channel swimming lane of online retailers that are driving demand for our products, that's a good thing. But we are seeing traditionally retailers saying, hey you know when you walk in and I don't have the pair of jeans you're looking for, I want the ability to engage you, take your order, take your order and get it delivered through my online presence.

Folks, in closing, not only about Mobile Computing, but what Gene and Bob and Bob talked about, customer intimacy and partner intimacy is huge for us. Technology leadership, our intellectual property and our knowhow critical. Vertical domain specific portfolio, I'll talk to you about. And from a solutions perspective, voice, data, payment wrapped around in Bruce Brda's Services portfolio is what our business is.

Thank you. I'll pass it on to Gene.

**Eugene A. Delaney, Executive VP-Product & Business Operations**

So, I mentioned rigor, disciplined, balanced, I guess I should've put in there passionate leaders. Hopefully, you saw in this last session just three and I'm proud to say that there is tens more like them through the company if Mark Moon had the opportunity to bring some of his staff up here, you'd have seen the same thing, passion, customer focus, innovation, constant improvement.

So, hopefully now you got a better feel for this whole notion around, like Greg said, the stable nature of our business, the stickiness if that's the appropriate word to use. The sustainability that we have because we take the long view, we have the customer intimacy and we're – they know that even as unique and creative as today's products are, that we're also making R&D investments into the – they know that and that's why they partner with us.

I'd like to just make one clarification because I know you have business models that you run and I was asked a question, so I just want to make real sure for clarity that I talk about the R&D spend which is about $1 billion and I used the example of maintenance MOL and I said that MOL used to be around 15% and we've driven it down to or below 10% right now, what I meant is that as a percentage of that $1 billion spend not as a percentage of sales. So, if I wasn't clear on that I wanted to make sure that you understood it.

The other point I would mention on the R&D spend that I get asked a lot is, about the leverage and if you remember that chart, of course you have it there, two things. First, you see a very constant spend, give or take, on the R&D spend that's where we kind of see ourselves in that range doing all the things that we just showed you.

But I think we have the ability to leverage that R&D spend as we've demonstrated to you over the last three years both in terms of percent of sales as well as percent of R&D. So, we see a pretty constant spend. The other point I'd make and it's really a tribute to Greg for allowing my organization to do it, is you see 2009 R&D spend and you remember 2009, a lot of people never forget it, was a difficult year for global economies and you see that our R&D commitment was a strong then, as it is today.

We're going to take a half an hour here and we're going to do Q&A. So, I'm going to ask the morning speakers, if you will, to come up and join me and I'll try to orchestrate this, so Mark Moon, Bob Schassler, Bob Sanders, Girish Rishi and then also Bruce Brda, as I'd mentioned, our focus on global services business and I think you saw that in all the presentations by the interest of time we didn't have Bruce do a presentation but we do want him to be included in the Q&A. So, I'll open it up, I'll take the question, and then I'll try to quarter back the appropriate person to answer. So, floor is yours.

Yes.

## QUESTION AND ANSWER SECTION

**<Q – Tavis McCourt – Morgan Keegan & Co., Inc.>:** Thank you, Gene. Tavis McCourt of Morgan Keegan. I think, on one of Mark's slide on the first responder LTE opportunity, I think it was mentioned early 2013 is when you see some of the dollars being released. I was wondering if you could walk us through the steps up to that point in terms of what happens, in terms of when the vendor selection happens, and the kind of visibility you have into that opportunity at this point. Thanks.

**<A – Mark Moon – Motorola Solutions, Inc.>:** Hi, Tavis. So, actually the – as we talked about $7 billion of funding, it's actually staged somewhat and obviously there is the BTOP funding that's available today, $400 million that we've been talking about for a while. Of this 700 – of this $7 billion, excuse me, $2 billion is available essentially today. Now, what the steps to this governance are and some of this is still to be defined in the governance model, but is the creation of an interoperability committee that will make a recommendation to go to this first net committee or governance body that will run it. That $2 billion, as it's outlined today and the timeline will begin to flow early 2013, there is really not anything that would predicate a customer making a commitment before that but funding would not be available until then. It would then run until that $2 billion was used up so it could be quicker or could drag. The view right now is there would be an auction in 2015 that would now bring the next group of funding towards that $7 billion, followed by later auction. So, when I talked about it being spread over the next 8 to 10 years that's what we see. But, I think there still needs to be a lot of definition that will happen around governance and timing over the next several months.

**<A – Eugene Delaney – Motorola Solutions, Inc.>:** Good. Thanks Mark. So, on the broadband, remember as Mark just said, the timelines and these things – there is a lot of rigor around procurement in the government space, so there will be an RFP and then there will be an order. We're very conservative in our accounting practices. So, you should be thinking about the revenue to lag about a year behind the award of a contract. So that type of timing, okay? All right, next? One.

**<Q>:** Thanks very much. Either for Gene or Mark, in the past you guys have talked about an addressable market for public safety broadband being $3 billion to $5 billion and your pipeline being about $1.5 billion. Can you give us an update on that and perhaps how the D-Block legislation changes that outlook, if at all? Thank you.

**<A – Eugene Delaney – Motorola Solutions, Inc.>:** All right.

**<A – Mark Moon – Motorola Solutions, Inc.>:** Yeah, I think that really it remains fairly consistent today. Obviously, the funnel activity I expect to increase as we go forward, but right now there still is roughly that same amount in the funnel. Now, there is lots of new opportunities being discussed so that funnel will change. The overall TAM, if we think of – around the next three to five years that we've been talking about in the past, I think is still around $3 billion to $5 billion. And, I think what the D-Block Legislation did: number one, it solidified what we've been saying in the past. So, now there is really critical spectrum and funding. So, everybody – there was a lot of questions around, is it only limited to BTOP and is this not a big opportunity. I think it tells you that it is. And, internationally what D-Block does is a lot of countries now are saying, wow, if the U.S. is moving in this direction, there will be economies of scale, do we need to move now at creating spectrum availability and other things. So, I expect, number one, the TAM to grow over time as well as our funnel.

**<A – Eugene Delaney – Motorola Solutions, Inc.>:** Yeah, very good. Yeah, so we're very – obviously very excited about the D-Block. That's why we've made the investments years ago. I think the legislation that came out over the last week or 10 days or so really adds the clarity now to this space.

So, next, I will take number one again.

**<Q – Ehud Gelblum – Morgan Stanley & Co. LLC>:** Hi, thanks. It's Ehud from Morgan Stanley. Two questions, first for Girish; prefect presentation. The – you had mentioned consumer devices and that, in the past, they only created opportunity for you rather than cannibalize your existing opportunities. Are you seeing – when you go out and you make sales, are you seeing anyone considering strategy based on open apps from iPhones and Android devices, or is no one considering that? And, your competitors, whether it's Honeywell or perhaps with the iPhone and Android devices could allow is start-up competitors that are not in this business today to take standard devices and just do the software side. Are you seeing any competition from competitors in the enterprise market? It's a huge market. It's growing very quickly. Or, you just far and away ahead of everyone else? And, then back to LTE for one quick second, on the $7 billion, how much is that really – how much of the country can you really build out for $7 billion and do you have a sense as to how much of that $7 billion ends up being actual equipment from Motorola versus any other – dozens of other things that have to get covered by it? Thanks.

**<A – Girish Rishi – Motorola Solutions, Inc.>:** So, let me take the first and as I understand the second question. Do I see customers looking at consumer devices or evaluating was the first question, right? What we see customers is in a journey of discovery at this stage. The product – the word that we see being used by customer is we are iterating. So, what they are trying to do is – we walk into the same grocery store over and over again, right? And, you don't get treated typically as a repeat customer. So, they are in a journey of discovery; how do I appease, how do I approach you without looking creepy, how do I engage with you, how do I help you in a shopping experience? And, one of the things they are looking at is, hey, if I approach you with an internet access device and do some competitive shopping. So, we are seeing customers in that discovery – or in that journey to figure out how to engage with customers. To be honest that's an additive space for us. Mobile point of sale is not as prevalent in the U.S. and if it is, it's in restaurants internationally. So in this additive space of customer facing, which is nascent and new – mobile point of sale – we are seeing customers participate with us and say how do we that and that was the response of ET1. And, some of them are saying, yeah, I'm going to give an iPad to some of my workers and see how that goes. And, you see some iPads out there or iPhones out there. So, it's very early, it's an additive space for us. You will see us respond with ET1s and Rho's. And, there are some customers – the Donna Karen showroom in 5th Avenue may always want to use an Apple device. So, this is – that's how we look to participate. Now, do I see our traditional competitors – I think that was the second question, right – getting into the space?

**<Q – Ehud Gelblum – Morgan Stanley & Co. LLC>:** Right. Do you see Honeywell competing here? And, do you see any new startups thinking – we walk into Apple stores and they have nothing but iPhones and they do their entire point of sale on that and the entire product discovery. Are you seeing any competitions from that elsewhere?

**<A – Girish Rishi – Motorola Solutions, Inc.>:** So, will you see our traditional competitors or new competitors come out with mobile devices that will try and approach this need? Mobile is a hot space; they will try to do that. But, this group of people bring data capture, wireless, mobile computing, voice push-to-talk, and proprietary Motorola assets and knowhow that no other competitor does. We also have scale which gives us great benefits. So, will you see companies out there, either upstarts or a large company, try to go after this marketplace? Answer is, yes. Will they be able to wrap everything I just said with a Rhomobile, with an HTML5? Modestly, I feel good about where we are. We remain very paranoid. We remain very paranoid about our competition in a constructive way, but I feel good about where we are standing right now. We just need to go and execute.

**<Q – Ehud Gelblum – Morgan Stanley & Co. LLC>:** Thanks, Girish. Thank you.

**<A – Eugene Delaney – Motorola Solutions, Inc.>:** I'm going to ask Bob Schassler to address the second part of your question around the build-out of broadband.

**<A – Bob Schassler – Motorola Solutions, Inc.>:** So, I think the question was the $7 billion funding, how much do we think we can participate in – over what period of time. I think it was in – the $7 billion right now is really dedicated for infrastructure and implementation services. So, right now devices and ongoing other maintenance type of services is not part of that $7 billion. And, we think that we can participate in every bit of that; that's the SAM that all $7 billion, we have the infrastructure and implementation services to participate in all parts of that $7 billion. And, we think that build-out will go on over about a six to eight-year period in terms of all of that getting build out. The $7 billion itself, actually the way the legislation is written, actually expires in 10 years. So, 10 years is where it has to be spent by the way the legislation is set up right now.

**<A – Eugene Delaney – Motorola Solutions, Inc.>:** Good.

**<A – Mark Moon – Motorola Solutions, Inc.>:** Can you share some early estimates around – Ehud asked about how much could be built out. I think you can talk about early estimates, we believe, it would take to build out the infrastructure.

**<A – Bob Schassler – Motorola Solutions, Inc.>:** Early estimates about what it would....

**<A – Mark Moon – Motorola Solutions, Inc.>:** Total amount. So, in other words I think...

**<Q – Ehud Gelblum – Morgan Stanley & Co. LLC>:** How far will the $7 billion go?

**<A – Mark Moon – Motorola Solutions, Inc.>:** Yeah, how far will the $7 billion...?

**<A – Bob Schassler – Motorola Solutions, Inc.>:** How far will the $7 billion – we do think the $7 billion can be used to build out the entire nationwide network, but there's – the major, major factor here is how many sites can be reused because what really drives the cost of that up is tower sites. And that's predicated on the assumption that we can reuse a lot of the existing towers sites around the country, which is a pretty reasonable assumption to make but that's the one factor that can drive that number up significantly if that assumption doesn't prove out.

**<A – Eugene Delaney – Motorola Solutions, Inc.>:** Number two.

**<Q – Craig Hettenbach – Goldman Sachs & Co.>:** Thanks. Craig Hettenbach with Goldman Sachs.

**<A – Eugene Delaney – Motorola Solutions, Inc.>:** Hi, Craig.

**<Q – Craig Hettenbach – Goldman Sachs & Co.>:** I just wanted to approach the LTE from a different angle, just on the operating leverage; you mentioned heavy investment the last couple of years. Just give us a sense, as you go forward, the type of investment that you have to keep up and then when you could see some of that operating leverage kick in.

**<A – Eugene Delaney – Motorola Solutions, Inc.>:** Sure. Well, as I showed on that chart of 2009, 2010, and 2011, R&D as a percent of sales and R&D as a percent of gross margin, there is no public – the obvious, there is no public safety broadband in the numerator. I've been asked this question a few times so I'm just going to answer it. Over the last three years, we spent about $100 million in public safety broadband. And, as I said, we have a dedicated staff of engineers that every single day that's all that they're focusing on. So, I view the public safety broadband R&D investment, it's a significant investment for us as is most technologies in the early part of the creation or development of that technology and then it becomes part of our mainstream, what we call our PMT process or product management process. So, I view the chart that I showed you, for broadband, to be an integral part of the trend. So, it will be a main part of the $1-billion spend but now you'll start to see, over the period of time that Mark and Bob just talked about, the sales and gross margin coming with it, which will obviously give a good operating leverage. So, I still see us staying in that consistent $1-billion range as we've been from 2009, 2010, and 2011. There is not going to be a spike in R&D spend associated with public safety broadband and it's because we started three years ago. So, it's already essentially baked into the run rate of our R&D spend. Does that answer you, Craig? Good. All right, got one. Yeah, one.

**<Q – Lawrence Harris – CL King & Associates>:** Yes, Larry Harris with CL King. I would like to add to the questions on public safety LTE. What you would be thinking about in terms of the – when the sales of the devices like the LEX 700 will begin. Will it occur concurrent with the construction of the networks or might some customers be so intrigued by the devices, they might want to order them ahead of time? And, where do you stand right now in terms of voice over LTE? In the commercial networks, there have been some delays reported by some of the carriers. Is there an additional complication presented by your push-to-talk capability?

**<A – Eugene Delaney – Motorola Solutions, Inc.>:** Go ahead.

**<A – Bob Schassler – Motorola Solutions, Inc.>:** Do you want to do the first one?

**<A – Mark Moon – Motorola Solutions, Inc.>:** Either one.

**<A – Eugene Delaney – Motorola Solutions, Inc.>:** Why don't you do first and then Bob add on...?

**<A – Mark Moon – Motorola Solutions, Inc.>:** So, I've – right now the way we planned it and I guess we'll see how the customer demand; I think as Bob said in our meeting this week with some fire chiefs, lot of excitement and when we launched it in Las Vegas at IWCE, a lot of excitement. The anticipation right now or the way we've thought about – the way we're looking at the business is it will follow infrastructure. So, as we begin to build out the handful of systems today, obviously, there'll be devices that will ramp over time. So, when we think about materiality being around, beginning in 2013, going into 2014, and beyond and ramping over four to five years, we think about devices in that same kind of flow and that's the piece that – of where we are today.

**<A – Bob Schassler – Motorola Solutions, Inc.>:** And, in terms of voice over LTE, it's – we have to think about it much differently than cellular voice over LTE. When – and that's – I always make – try and make it clear with – when I'm talking to folks about this that when we think about mission critical voice over LTE, we think firefighter-running-into-a-burning-building-reliability-voice-type quality and it's taken us as an industry years and years to get that voice to the level quality that it is. So, I don't – we won't see voice over LTE in a very meaningful way even in cellular for another four to five years and it's going to take a long time to get it to that level of quality just what we're accustomed to on cellular devices and that will be the priority for the 3GPP standard which is the standard body that governs the LTE technology. And, after that time, they'll start really thinking heavily more about the things that mission critical voice needs. And, one of the – there's two examples – two major factors that are big, big challenges for mission critical voice. One in a public safety network, it's a one-to-many kind of a communications where cellular networks are one-to-one, making one-to-one calls. So, in public safety, users that are scattered around, there will be – 200 users in a group that need to hear that call simultaneously. And, in a cellular network, you have lots of low level sites and IP packets so it's very, very challenging to synchronize all of those packets and voice and make sure that everybody can hear that voice quality the same way, some of the things that we were very challenged with from a public safety network early – in the early on days. So, very, very challenging to make that work.

And, another example that public safety really needs is they need something that's call peer-to-peer direct mode. And that means that two devices, without any network that they can communicate point-to-point, particularly in a fire ground operation is absolutely critical. And that is – proves to be very, very challenging in the LTE world. And, from a business aspect, not just a technical aspect, when you think about the 3GPP standard and who governs that and who drives it, it's really being driven by the carriers. That's the – they are the big users of it. And, it's counterintuitive to think that they're going to be receptive to something in a standard that takes their network out of the equation in their funding stream. So, those are just a couple of the examples. So, net-net, we don't see this happening for at least an 8 to 10-year period and it really frankly could be longer than that but we'll see.

**<A – Eugene Delaney – Motorola Solutions, Inc.>:** Good. Thanks Bob. So, one point about the build-out on your subscriber question. Mark's absolutely right, the infrastructure will come first. The subscribers will go on top of the infrastructure, running. They take the frequency and they break it into bands. You'll hear the term Band Class 14 which is the frequencies for public safety. What we do with our portfolio, though, is we recognize that on day one there isn't going to be a nationwide public safety system. So, we make our devices so that they work in this Band Class 14, the public safety, as well as in the Verizon as an example. So, there will be an opportunity, although I think Mark was answering the volume question. There will be the opportunity for customers to take the vehicle modem that I referred to or the USB dongle [Teton] and start to put that into their budgeting and into their purchasing cycles and they'll be able to use them in the Verizon network or in another way until their infrastructure is built out. So, this again addresses this whole notion around backward compatibility and a forward migration strategy.

Anybody – okay, we'll get around this side of the table. Number two.

**<Q – Jeff Kvaal – Barclays Capital, Inc.>:** Thank you. It's Jeff Kvaal from Barclays.

**<A – Eugene Delaney – Motorola Solutions, Inc.>:** Hi, Jeff.

**<Q – Jeff Kvaal – Barclays Capital, Inc.>:** I have a couple of questions as well, one on the D-Block side and then one on the wireless LAN side. On the D-Block, I think a lot of us are trying to translate that $7 billion into a possible opportunity for you folks. Is it possible for you to map your current market shares against that $7 billion and say, well, if we hold our share that translates into X amount of dollars or what have you? And, then secondly on the wireless LAN side, could you talk to us a little bit about how you feel about your market shares in wireless LAN? I know there are a bunch of other smaller or newish competitors that are gaining – or claim to be gaining a bunch of market share.

**<A – Eugene Delaney – Motorola Solutions, Inc.>:** Okay, Mark?

**<A – Mark Moon – Motorola Solutions, Inc.>:** So, I think clearly, as we have talked in the past, we don't specifically talk about our market share in the public safety market. What I would say, though, is to date – and we say there's only been a handful of awards that have happened in North America – we're mirroring our market share in those awards that have happened to date. So, we're very excited about that. We also recognize, though, and we've been very vocal about and you have as well, this is Greenspace; certainly we think, as I described in our state of Mississippi example, our footprint because of the sites and the equipment and the things we've already built out give us a way to go after this piece in a way we think will help us have a superior offering. We also – as Bob indicated, we think that our portfolio also differentiates us but we're going have to compete in this space. We fully wake up every day competing. So, we also said we think we can compete for the entire part and we're going to go after it as we've made R&D

investments. I've also made go-to-market investments with how we make sure we've gotten the right kinds of talent to sell this solution because it is a little different solution sale and combined with what we've traditionally done. So, again, we're excited about the opportunity. We're trying to be cautious that we know we've been fortunate to hold the market position that we've had in our traditional business but my goal is certainly to try to replicate that.

**<A – Eugene Delaney – Motorola Solutions, Inc.>:** So, Bob Sanders, you might....

**<A – Bob Sanders – Motorola Solutions, Inc.>:** Wireless LAN, sure. So, I don't know that we share our market share coefficient, if you will, specifically but let me talk to it in general. First of all, wireless LAN is a large market segment. There's lots of syndicated research out there, so I'm not talking out of school. Now, you're talking about a $3-billion marketplace. You're talking about a market that's growing, depending on the market research or who you talk to, probably between 15% and 20% a year. So, clearly, with that kind of growth, you've got market entrants coming in. We are quite happy with the growth that we're seeing. In fact, in the key markets that we focus on, we saw growth last year. We took market share in a pretty significant manner. And that's quite frankly because we do, as we talked to earlier, we focus very much on our customers' needs and so what we do and what we craft is very specific to the needs in those environments. So, I have no doubt that you'll see additional competitors come into the fray, but we're doing quite well in the areas that we're focused on, and we continue to grow our share.

**<A – Eugene Delaney – Motorola Solutions, Inc.>:** Good. Thanks Bob. Another question? Right in the center there.

**<Q – Matt Thornton – Avian Securities LLC>:** Yeah, hey. It's Matt Thornton from Avian Securities. I think this is probably for Mark and staying with the public safety LTE theme. The $1.5-billion funnel, can you break that out to U.S. versus other, how that breaks out? And, then if U.S is going to go number one, let's call it, starting 2012, 2013, what countries should we be watching for material opportunity and what's the timeline there?

**<A – Mark Moon – Motorola Solutions, Inc.>:** Yeah. So, when we originally responded and talked about the funnel, it was roughly $1 million North America – $1 billion, excuse me, roughly $0.5 billion external. I expect both of those funnel activities because, again, we're talking about opportunities, both of those to grow. North America, as we've said, we believe will lead. The next markets, as we've indicated in the past, we believe will be the Middle East, some countries as I mentioned earlier in my presentation in Latin America, and potentially Australia. But, still they're battling with getting the right spectrum. So, we really believe the next wave will be in the Middle Eastern area because they have spectrum to go do this and then followed by Latin America. But, ultimately, lots of conversation, as you know, across – around the world, both in Europe but again harmonized spectrum will be an issue there. So, it's really around spectrum as much as it is anything else that will force you to follow. But, I think this move to the D-Block has certainly created some momentum and interest around the world.

**<A – Eugene Delaney – Motorola Solutions, Inc.>:** Go ahead.

**<Q – Matt Thornton – Avian Securities LLC>:** One follow-up if I could; on the competitive landscape, as we go from public safety now to broadband public safety, how do you see the competitive landscape shifting here both on the systems and the devices side? Thanks.

**<A – Mark Moon – Motorola Solutions, Inc.>:** I think from a systems perspective, as you've seen, obviously we'd lead the way with our announcement of how we wanted to go to market and the partnership with Ericsson with Verizon that we announced in North America. I think you've seen our traditional competitors follow with similar types of relationships. I would expect that to continue. I also expect, and we've seen in North America, interest from the carrier, providers like ALU, like Nokia-Siemens. So, I expect that they will try to be there as well. As well as, because there is a big build-out in services play, we'll see some integration companies trying to pull a story together. So, again that's why I made the comment I just did. I think there will be both traditional and non-traditional competitors, but I also think we're well positioned because of our end-to-end portfolio, the work we've done, the work we've been doing on building out our services team. I think we're well positioned to compete in that arena. And, from a subscriber position, I think we'll see what that comes. In fact, Bob may be able to speak to this even better but, again, it doesn't generate the volumes in this particular marketplace that you're going to see in the commercial marketplace. So, we will probably have some of those competitors but we don't see, as we haven't seen in the past, all those competitors rushing to this particular market.

**<A – Eugene Delaney – Motorola Solutions, Inc.>:** Good. Thanks. So, I think our focus on the vertical strategy, differentiation, starting with our customers, what does it mean to be a first responder and then working up to the solution that we're bringing to the market, this is when it will really pay off. There definitely is going to be competitors in the marketplace for all the obvious reasons but I think this is where you really start to see 80 years of serving this market start to take hold and really create the differentiation that will be very, very obvious to the public safety community.

We got another question or – okay. Right behind them, you're up next, okay?

**<Q – Greg Spivy – ValueAct Capital Management LP>:** Greg Spivy of ValueAct. Mark, you've talked in the past about your sales organization changes in Europe and obviously a lot of drivers for your impressive success in the EMEA region recently. And, it's my understanding you have rolled out some of those same changes in North America and I'm curious how you think about the impact of those changes on forward growth in North America.

**<A – Mark Moon – Motorola Solutions, Inc.>:** Yeah. So, I think what you're referring to is we actually have combined both the enterprise and our government sales teams under one organization in North America. That was the last region that we did it with. We initially launched with Asia and Latin America. We went to Europe next and then here. I think it creates some good synergies because what you see throughout the portfolio is we're selling what we call government products throughout multiple verticals. We also have an enterprise portfolio that we think we can leverage more into government. In fact, government is one of the largest enterprises. So, creating this unified sales team I think has allowed us, especially where we have critical mass, has allowed us to go, be more efficient. The other piece we've tried to do, which I think is very, very important and I'm excited about, is we launched a new partner program, called PartnerEmpower that really allows us to create, if you will, a framework for partners – differentiation, if you will, of partners that want to make key investments, move into key verticals. It's a certification program because, again, when we think about these geographies where we don't have critical mass, we need these partners to step up to the same level to build and sell the same portfolio. So, we're continuing to push a pretty big transition to move our sales team to what we do today very well, product sales teams and we're going to continue to do that, but move more towards a solution orientation. And, I think this combined organization in each of the regions is essential so we're replicating the lessons learned as we go forward. Obviously, we had good success last year so I think, as we made the transition we did, we outperformed our initial expectations in North America as we talked about, so I'm very hopeful that we'll continue that.

**<A – Eugene Delaney – Motorola Solutions, Inc.>:** Some really good work being done in that area. Right here.

**<Q – Asiya Merchant – Citigroup Global Markets (United States)>:** Thanks. Asiya from Citigroup. Just a little bit about the operating margin performance, if you can shed some light into how they differ between the two segments and as we're talking a little bit more about a solutions approach to the sales organization, more managed services, how that change is going forward. Thank you.

**<A – Eugene Delaney – Motorola Solutions, Inc.>:** Sure, great question. Actually – again, I keep referring back to the word I started out with and that's balance. And, if you look at pie chart I showed you, it's a very balanced portfolio and I watch this very closely; where is the contribution of sales coming from and where is the contribution of margin – operating margin coming from. And, we have a very balanced portfolio. We're not the type of business that has the – has loss leaders or the razor blade type approach. We're an end-to-end provider but we provide value that's recognized in the marketplace every step along in the chain. So, the overall – you're going to hear it from Fitz here in a second. He is going to lay out the whole framework of MSI from a financial perspective, and basically what he's going to say, he's going to reiterate the 5% to 8% on the top-line, with greater growth on the bottom-line, which is what operational efficiency is all about. Everything you heard from this team, everything you heard about in public safety broadband and other future technology transitions that we talked about, fit within this envelope of what Fitz is going to take you through. So, we don't see broadband, for instance, being – deteriorating the model that Fitz is going to go through. The same is true with Bruce. Bruce's financial profile will obviously look different than a hardware financial profile would look, but at the end of the day, it's all about operating margins and he fits clearly within the framework that we're using. So, the gross margin will be different, but the below gross margin expenses is nowhere near what it would be in a hardware-type business. Since – Bruce, you want to comment on what your thinking around is Global Services, from a financial perspective?

**<A – Bruce Brda – Motorola Solutions, Inc.>:** Sure. Yeah, the last several years, the performance of the services business at an operating margin level has been, as Gene said, right within the realm of the entire company. We've got now some pretty good experience in large managed service deals and that profile also fits the same operating margin as we'd modeled it going forward. We think we, again, stay within that same margin. And, really the difference here is – you heard it many, many times, the deep domain expertise that we have allows us to bring kind of a bundled complete solution to the – to our customers and allows us to generate maybe a slightly higher operating margin than some of our competitors.

### Eugene A. Delaney, Executive VP-Product & Business Operations

Thanks, Bruce. So, you heard a lot about go-to-market, you heard a lot about the portfolio and we purposely spend quality time on that to keep double clicking, so you get a better understanding of it. I think now is the appropriate time to bring Ed Fitzpatrick up here and kind of put the whole financial wrapper around everything that we've told you.

So, thank you for the Q&A session. We're going to turn it over to Ed Fitzpatrick.

## MANAGEMENT DISCUSSION SECTION

### Edward J. Fitzpatrick, Chief Financial Officer & Executive Vice President

So, good morning, everybody can hear me okay, in the back? So, I'm batting cleanup as Greg mentioned, so I'll try to make sure I bring this home pretty quickly. But I think the team you just heard from really make my job easier, a lot easier because the story I'm going to tell you is a very positive one, it's a great one. So, as we go through this, as you can see the costs on my chart, there is a lot of green on these charts and I think you guys will see it and we'll talk about 2011 performance, but as we talk about our 2011 performance, it'll really be, how do we look into 2012 and beyond from a financial profile perspective.

So, I'll cover – I'll click down on the P&L, the balance sheet, our cash flows for 2011. How does that look going forward, we'll also talk about capital allocation as Greg mentioned before, how do we deploy it in 2011, how do we think about it as we go forward into 2012 and beyond. And then we'll cover as well our short-term and long-term outlook for 2012 and through 2014.

So we are going through quickly last night slipping through the slides, we're going to talk about. And as I said, I'll go through this slide pretty quickly because I think they know all this and Greg said to me, hey Ed, slow down. Make sure you cover this slide in detail, because you know it did, it took a lot of work, it was our first year out of the gate as a separate public company and we achieved, we executed.

The first thing, we said as we grow the top line 5% to 8%. And we actually guide the year for 2011 towards a low end of that range, actually just slightly below that range. And we executed, 7.7%, 7.7% growth and it was pervasive. It wasn't in one region, it wasn't one product, it was across the Board. As I drill down in a minute, you'll see what I mean by that. The OE profile, we said 16% to 18% over a three year timeframe, so 16% in 2011 and accreting up to 18% as we get through 2013. We actually did better than that, the first year out of the gate, we did 16.7% operating earnings really driven by that top line growth and leverage the P&L that I'll talk to you about a little bit more detail in a few slides.

The cash tax rate if you remember, significant amount of tax credits on our balance sheet, which drives this 20% tax rate for the foreseeable future. Last year, we said about seven years down to six years now that we're year through it. We actually generated – we actually had a tax rate less than 10% this year, really low lying fruit in the first year out of the gate, our credits matched up with our income pretty well. So we actually had a lower rate than 20%. I wouldn't count on that going forward. I will guide you still towards that approximately 20% tax rate – cash tax rate.

The balance sheet was strong, if you remember I said, I'd like to position it, again when we started it last year, it was very strong, but we – I think we actually solidified the balance sheet, even while returning capital to the shareholders. Some of the key things we did as you know, the divestiture of the Networks business for approximately a $1 billion, a plus, generation of cash flow $850 million again that was net of the $250 million pension contribution, the discretionary contribution incremental, if you will, that we made at the end of the year. We returned capital to shareholders what drove that significant return of capital that $1.1 billion of share repurchases really in the second half of 2011, it was repatriation. If you remember when I met with you guys back in November of 2010, we talked about that really being the gating item to our return of capital process and speed. We made great progress. We repatriated almost $2 billion last year. It was ahead of what we were expecting, which really allowed us to return that $1.1 billion or make those $1.1 billion of share repurchases in the second half of last year. And I'll give you a little bit of more detail on how we're doing to the first quarter of this year.

That improvement in the balance sheet that solidification of the balance sheet coupled with the improvement in our adjusted debt to adjusted EBITDA levels, remember I talked about that before as well, several years ago, we were in excess of three, four times leverage adjusted debt to EBITDA, we brought that level down to where – as of the end of 2011, we're around 2.5 turns or 2.5 times adjusted debt to EBITDA, as we brought that down all rating agencies brought us to solid investment grade, as we started out the year.

As you look at the financials for 2011, as I said I love this slide, because it's all green, it will often get to a situation where everything that we're looking to do actually turned out green, so – and green versus what we're expecting as well. So, top line growth approximately 8% and look how that flowed through to operating earnings, growth of almost three – sorry three times plus operating earnings growth versus the top line growth and it translated into, remember, we started out saying our baseline was 14% operating earnings as a percent of sales in 2010 and we're going to grow that to 16%, we actually did 16.7%, so that operating leverage keep in the – keeping the spending relatively flat as we grow the top line, really drove through in 2011.

One level down, as I said, that improvement was pervasive, it was not just in the government business or the enterprise, it was both and I'll show you in a minute from a regional perspective similar types of results. Top line growth in government 6%, five times at flow through in operating earnings, 30%+ growth in operating earnings growing from 12.6% to 15.5% as a percent of sales.

On the enterprise side, as Mark Moon mentioned earlier, we grew 11%, again that was net of the decline in iDEN – without that decline in iDEN, the growth was 15%, so significant top line growth. And again levered through almost three times operating earnings growth year-over-year as well operating earnings growing 16.6% to 19%. So again, pervasive from a product perspective as well as a regional perspective.

If you look at it – look across the board, Asia-Pac, Mark mentioned it, consisting growth in both government and enterprise, mid-teens. In EMEA that was a tale of two cities here, the government business relatively flat as we had talked about and predicted, driven by the Western Europe phenomenon, but the enterprise growth was significant, bringing the overall growth to 9%. In Latin America, again consistent growth in the mid-teens, 15%-ish across both government and enterprise, driven down by the iDEN portfolio, which is relatively flat, so backing on iDEN both businesses growing in the mid-teens. In North America as well, if you break it down, pull out iDEN, government business grew 6% the enterprise business group approximately 10%, so nice pervasive growth across the businesses and across the regions.

I talked about leverage, you've heard – you heard Gene talk about leverage, Greg talked about it, it's going to be a consistent theme that we're going to talk about as we move forward over the years. So the operating leverage that you see here really showed through from 2010 to 2011 growing from 14% in 2010, operating earnings as a percent of sales to 16.7%.

Now about 1% of that growth really is what I would consider more normalized leverage that we're able to achieve because of that top line growth, keeping expenses relatively stable. But another point to have plus is that overhang – $150 million of overhang that we talked about last year when we were here actually November of 2010 that we were able to remove from the business across all the functions within the businesses, scaling a stand from what used to be a $40 billion plus corporation that build up over the years to a $8 billion to $9 billion more nimble fully focused corporation and we're able to do that and that's really one of the main drivers for that significant year-over-year improvement in operating earnings.

As you drill down and look at it, where did it come from, from a spending perspective, Gene talked about how we did it in R&D, almost a point improvement in R&D as a percent to sales driven by moving cost to low cost centers, making sure they were fully leveraging the R&D portfolio.

On an SG&A perspective, 1.5 points plus improvement. Again, the utilization of shared service centers, low cost shared service centers, reducing our footprint from a real state perspective that have been build up over the years that we were able to consolidate in the meaningful way. And then, I think, it just, in general transformational opportunity – transformational activities going on across all the functions, finance, legal, HR within each of the businesses to take us to the next level in the process of implementing single instance ERP all of that led to these improvements. And we expect to continue that going forward.

The balance sheet, again I said strong and very strong, the cash balance significant and we realize that. Greg talked about that or alluded to that a bit earlier, started the year with $5.7 billion of cash, at the end of the year we ended up with $5.1 billion. It seems like not a lot of activity going on, but if you look at the – the piece to the left, a lot going on, right? First of all, we generated about $1 billion of cash flow. Second thing is we divested the Networks business again, another generation of $1 billion of cash flow. Offsetting that, of course, we did de-lever the balance sheet, took out a little over $1 billion. We did fund the pension plan, the U.S. pension plan about $500 million during the year. $250 million of that was discretionary or incremental in nature and intentional so, because of the cash balance that we had, because of repatriation success we had, we're able to do that.

And then as well as a result of the success we had in repatriation, we're able to kick-off the share repurchase program and made great progress with over $1 billion in share repurchases during the year – second half of 2011.

As well, we came out with the dividend policy, the $0.22 per share that kicked off in the fourth quarter. So a lot of progress even at the cash balance as it's showing so much, we made a lot of progress from a capital allocation perspective in 2011.

If you click one level down again here, Q1 2012 high level forecast. We thought appropriate to put in here because as you know we did make a significant share repurchase here in the first quarter, $1.2 billion from a large shareholder. And to-date, we've actually done $1.4 billion in 2012, sorry, year-to-date we've done $1.4 billion to-date on a program we've done $2.5 billion in our share repurchases of the $3 billion that's been authorized through the end of 2012. So really, nice progress overall in the capital deployment and the return of capital to shareholders as we had talked to you about consistent with the way we talked about it with our repatriation success.

So if I look at cash flow and how we think about cash flow and generating cash flow, really I'd expect that left side of the chart, the top chart operating earnings as much of that to flow through as we possibly can to operating and free cash flow. So how do you do that, it's managing working capital, it's ensuring that your capital expenditures go through a robust process before you make them, and I think we do that. I think the only reason you don't see, if you look at 2011, it doesn't look as much of a mirror images the other years, really driven by that $250 million pension contribution that we made that was discretionary in nature. Otherwise, you would expect that to be and we'd expect that to be much closer – much more closely aligned.

So, how do we deploy – how do we – what do we do with that cash once we generate it? How do we think about that? This chart that you see here, the pie chart is consistent with what we talked to you about at the end of our second quarter, the earnings call there. How do we deploy the operating cash flow? And our thinking here is consistent the way, we talked to you about it back in July, 30% – roughly 30% we allocate it to dividends, 25% to our organic growth and capital expenditures and 45%, some flexible combination of share repurchases and/or acquisitions.

If you look to the left, again how do we think about the dividend, how this it all play out with that 30%, it's somewhat of a triangulation is to how we think the right – what the right level of dividend should be, but something in and around 2% yield, something in and around of 30% payout ratio, which also translates to approximately 30% of our operating cash flow.

From a share repurchase program perspective, we've got a $3 billion plan in place, as I just told you, we're $2.5 billion through that plan and we made nice progress on that. Our future progress on that really will continue to depend upon our ability to successfully repatriate and we feel we have a pretty good view of how that's going to look going forward now. I'll show you a little bit more on that in a few slides.

The pension plan, I won't drill on this too much, but it's a big number we have talked about in the past. We showed this chart at our last earnings call, a couple of key themes to note. The unfunded position of the plan was approximately $200 million back in 2007, driven primarily by, almost solely by the change in discount rates from 6.75% to 5.1% that liability has grown to $2.2 billion. So it's significantly increased as a result of interest discount rate decreasing.

Now you should also note, we have talked about this, but it's important to note there are no incremental or future service costs, so the plan is frozen. The really, the big lever here is going to be discount rate, what happens to discount rates going forward, as well as return on the asset portfolio, but probably more so the discount rate given the liabilities in a higher position right now.

So how does that translate into our financials for 2012 and the difference 2011 to 2012? Contributions, I talked about, we contributed approximately $500 million last year. The $250 million that we contributed was incremental to the minimum funding requirements, as we think about 2012 we'll contribute $340 million that is the minimum funding requirements. That's our current thinking right now.

Turning to expense, how was the impact on this increased liability on our expense? We think expense will be approximately $200 million, which is a $60 million increase from 2010. We fully factored that in to our guidance of approximately 17% operating margins for 2012. So this is fully can grow what we talked to you about on the call last time.

On the acquisition front, our story is not different from what we talked to you about a year – little over a year ago. We don't believe we have any significant gaps in our portfolio today. We are very comfortable with the portfolio. You heard the team talk through it, you can see why we're very comfortable and why we feel good about the opportunities in front of us?

With that said, our eyes aren't closed. We're going to keep our eyes wide open to opportunities that can help us grow shareholder value, increase or improve our competitive position. So as we think about that, it will need to be in the places where we're strong today that deep domain knowledge that the team talked about. We're looking at our core and expansion markets to make sure they aren't opportunities outside the firm that won't take us to the next level faster than what we could do to ourselves organically. So that level of rigor and rousted view will in place as well as the financial review as we talked about with you last time. The ROIC needs to be appropriate, needs to make sure it doesn't fowl up our goals for growing the bottom line faster than the top-line and that are the old things that we consider as we think about our acquisition strategy.

The last thing, I'll note here is, as we think about where our preference is or where our bias is on acquisition, really more on the tuck-in in nature, again strengthening our current position as opposed to a larger or transition – something that would take us in a totally new space prospective, more tuck-in in nature to strengthen our current position.

So U.S. liquidity, this is important, I think and this – as I said going to the next slide, this is very important. The U.S. liquidity, we were in a great position coming out of the gate in January of 2011 as 70% of our cash was offshore as a result of the separation structuring that was all planned that way. And as I said, when we met last time, we had a lot of work to do, to change that such that we have more flexibility to do the share repurchase program, the capital allocation to be able to be in a position to make acquisitions that are appropriate in nature.

So great progress, again I said $1.9 billion of repatriations in 2011, bringing that U.S. balance from approximately 30%, up over 40%. So we made great progress there, I'd say as you think about repatriation going forward, we got a lot of the low lying fruit, kind of out of the way; however, we still expect repatriation to the tune of maybe just shy of a $1 billion in 2012 and maybe a bit less than that, the year after that, as there is still is, there are still are some – there is still some cash in overseas locations that we're keeping there for tax planning purposes, as I mentioned to you guys before the last time. So we're starting to bring some of that back appropriately from an NPV perspective making sure that we do, do it in a right gated fashion so that we maximize shareholder return. So share repurchase will continue, as a result of our success in repatriating cash from overseas.

So, this is a pretty detailed slide, it's not in your – it's not in your pages that you have there, so you have to look up at the screen as I walk you through it and I will walk you through it deliberately. So let me just, let me just take you through a couple of high-level points to take away and then I'll show you kind of how we build up to get to this point.

First key point is, we expect to be in adjusted net debt position this year. And with a significant share repurchase activity that we've done to-date, we're pretty close to being in that position right now. So, we've made nice progress and right out of the gate pretty quickly getting to the point, we feel comfortable, we'll be in an adjusted net debt position in 2012.

When we look at actual funded debt and getting to a net debt position, funded debt position, right now based upon the way this rolls out, we see that happening in 2014 as you can see by the chart here. So if I take you through it step-by-step, the line bar coming from the top left down to the bottom right is the cash balance. Okay, the stack bar is our adjusted debt – the total of the stack bar is our adjusted debt total. The blue bars are funded debt. The grey bars is our adjustment is, effectively the pension net of tax, plus some other liabilities that are used to calculate total adjusted net debt. This model really fits well with the S&P model, the way they think about adjusted net debt, because its tax affected pension.

So as we think about these two and I'll start with cash first. The cash balance is 5.7 coming down the curve, the rate that we were able to do that solely dependent upon or largely dependent upon our success at repatriation. So we made nice progress in 2011 maybe not a steep as it could have been because of the sale of the Networks business, but significant return of capital. And then, this year going down from 5.1 to 3.4 is where we're forecasting end of the year. We've made significant progress on that as you could see is the end of the first quarter we're forecasting to be at 3.6. So, we're already steeply down that curve and confident that we'll be able to get there by the end. As you move forward into the out years, as we continue to repatriate cash from offshore, we will expect those share repurchases to continue.

If I shift my attention to the adjusted debt levels, you could see that in the past in 2010 and 2011 we actually were coming down the curve, de-levering to a certain extent, right. As we talked about de-levering about a billion dollars, all that related to the adjusted debt to EBITDA ratio that we have talked about before. To get to that solid investment grade rating that we think is important to us, we had to come down to a certain level before we could actually level off. We think now we're at that point. We're at a point where in and around or maybe just above the 2.0 ratio that we think – plus or minus 2.0 from an adjusted debt to adjusted EBITDA ratio. Such that as our EBITDA grows – our adjusted EBITDA just think of it as EBITDA, as our earnings grow over time as we expect to do from 2012 to 2013 to 2014 we will be able to lever up the firm. And again, the key tenet here is that adjusted debt or adjusted EBITDA ratio staying in and around 2. So and as that happens we'll get to over time as we show here in 2014 and actual funded debt – net debt position.

Couple of things also I want to make – highlight to you. This is all forecast so right, so it's – a lot of it depends upon the volatility of the pension, right. So if the discount rates go down further, that grey bar will be a bit higher, the actual size of the bar of this stacked bars should be relatively consistent if our earnings grow as we expect, but the grey versus blue mix, maybe a little bit different depending upon how that – how interest rates pan out going forward.

Right now, we've assumed interest rates stay where they are, hopefully they go up a little bit from the pension perspective and we can get funded debt to a higher level, but right now, we've assumed that stage is relatively flat. So over time, we will be able to creep up that debt position that we'll be able to bear and still maintain that solid balance sheet that the rating agencies would expect to keep in the solid investment grade space.

So, I think those are the key things that I want to make sure you're aware of, again achieving adjusted net debt in 2012 feel pretty confident that we'll get there because we're pretty close to that now, given the share repurchases that we've done and then getting to a funded net debt position by 2014.

On the financial outlook, we covered the Q1 and full year outlook on our call with you last time after our Q4 earnings. So, I won't rehash that, but what I will tell you is – or update you on if you remember last year we guided to the top line growth 5% to 8% that hasn't changed, you heard the team talk about it, you heard them talk about the LTE opportunities still really just solidifying that range of 5% to 8% feel pretty good about that.

We're updating you year out on our operating earnings. We do expect that leverage to continue. We guided 16% to 18% last year on a three-year basis, one year out into 2014. We're now guiding you approximately 17% to 19% by the time we get into 2014. Again, driven by that leverage that we had talked about before, leveraging the top line growth, accelerating the bottom line growth.

So to wrap it up, I think really consistent messages with what I just went through with you before. The key financial tenets of the firm are that we're going to continue to try to grow the bottom line, operating earnings faster than top line. As we continue to have success with repatriation and make share repurchases, EPS growth as well as dividend per share growth should grow on an accelerated basis as well.

We'll continue to stay focused on cash flow and making sure that all the operating metrics there, working capital management will be, will not be – will not lose focus on that, so that we're driving as much of that operating earnings through to cash flow going forward.

The U.S. liquidity is critical, so we'll stay on getting at that cash in international locations to bring it down to more normalized levels. And as we do that we'll have more flexibility to do those things that we talked about on capital return and acquisitions.

As we make that – as we make progress on that as well, as I talked about on the slides before, we do expect that we're going to get to a net debt position in 2014 somewhat dependent upon what happens with discount rates on the pension, but feel pretty good that we're actually heading it in the right direction and in a pace that's urgent in nature.

And, I'd say lastly, as always, we're going to make sure that we employ a disciplined approach to all of the investments that we make, you heard the guys talk about it and what we're doing with R&D. We're going to do the same thing organically as we do inorganically, it's going to need to make sure it passes the right – the right test and it's in the right fit, such that most importantly we continue to drive shareholder value.

So, that's all I had for my prepared remarks, we're going bring the crew back up here for Q&A and we'll – I'll turn it over to Greg to kick it off.

**Gregory Q. Brown, Chairman & Chief Executive Officer**

So, I wanted to at this time take the opportunity to recap a little bit and summarize some high points and takeaways, and then do Q&A. But – and let's start with Mark Moon, when he talked this morning. I just want to make a couple of points because we had Q&A, we're going to have it again, public safety LTE is an incremental opportunity to our business. So, we have the existing LMR, LAN mobile radio business, Bob Schassler talked about. And Gene, P25 and TETRA and PCR, but I want to and maybe you all know this, but I just want to remind you and levels at you, that the public safety LTE business, the D-Block in the U.S. as well as will likely be the Middle East first, given their spectrum position in certain countries is an incremental opportunity.

Second, Mark talked about the drivers, the demand drivers, the mobilization of the workforce, return on investment and operating efficiencies, situational awareness and technology migration and a strong go-to-market team with 1,700 direct people, direct sales, 20,000 channel partners.

The other thing that should come out is that our business is a highly customized business, but not in an unfavorable way. We have – when we sell public safety into a customer, we have hundreds of unique features with that individual customer set. We make sure that where backwards compatible with the existing technology and system. And unlike a normal environment, here the installed base, the existing footprint is actually a positive for future growth, because you saw Schassler talk about how public safety customers upgrade, they put in a baseline infrastructure, they add subscribers, they add agencies, they do technology refresh.

So a strong installed base position is actually a positive to increase the total addressable market for our business. You heard everybody consistently talk about and stay on point with 5% to 8% growth. And suddenly between Mark and Gene and other presenters, we will see the services component begin to grow.

Now, we are not confused, we're not going to be IBM Global Services, we're not going to HP, EDS, we're not going to take things on our balance sheet. The services organization and initiative is meant to do logical extensions in the way customers want to engage. So, customers may want to continue to buy in this public safety example public safety systems. They may want to do certain managed services applications. They may want to host certain things that we think we can provide. In some cases, we build on operate, but very few. But I think as we move forward, we want the services' agility and flexibility to be able to engage the customer both in capacity and business model in a way that it could do so if they want to engage.

Other drivers, safety and security remains a priority. Obviously, there are a lot of the questions around public safety LTE. The notion that Girish talked about with the connected consumer, this is on the enterprise side. So, hopefully your takeaway is, I mean, if you look at these products and nothing against them, they're beautiful. It's in the eye of the beholder, but we think they are beautiful. But clearly our enterprise mobile computing business is concrete not carpet. So, you heard Girish talk about couriers, logistics, airports, trains, and they have a use case around industrialization, ruggedness, durability and that's the sweet spot by which we plan to stay.

The notion in retail, which is a very strong vertical for us, where retailers and a lot of people are rationalizing the brick and mortar versus e-commerce are online. We view that favorably, because the people that have brick and mortar are increasing online and a lot of these devices will traverse both and connect back to front. So, we think that's positive. The other thing that – it's kind of a general macro theme, but more and more the traditional cellular networks are taxed, tax, no I don't mean revenue tax, I mean utilization. And there has been an explosion of smartphones and in this country, the wireless carriers are doing their best to stay up with multibillion dollar CapEx budgets. I think that's favorable for us because we don't do cellular networks. We got out of that business and we sold the business to Nokia Siemens. We do public safety networks, which are private and dedicated and always available with instantaneous access, low latency and we do WLAN networks behind the firewall. And we were asked the WLAN question, we are number four, Cisco, Aruba, HP and Motorola we go back and forth between number three and number four but in our core verticals where we have more go-to-market in transportation, logistics and retail we have market share in the WLAN business that's exponentially greater than our overall worldwide share.

The WLAN business is important because it's an alternative network. Sanders showed a CAGR of 40% through 2015, we also think it's important because it could be a key component to our services strategy. So as a point product, it's very good, manageability, air defense, but we also think we can use it in an expanded role with Bruce Brda's services organization that could provide us a level of differentiation. Gene Delaney and his team showed the unmatched product portfolio, we have spent about a $100 million of R&D on public safety LTE over the last three years. Girish talked about Enterprise Mobile Computing and that it is we do primarily rugged purpose built devices and it's a different market for different use cases than a consumer product like Apple that may reach the front end for mobile payment or like usage, but in the heavy lifting concrete back-office and e-commerce areas, we're not in the intersection of cross hairs of the company in Cupertino.

A lot of discussion around technology migration, laser-to-imaging, analog-to-digital, narrowbanding and I think Gene and Ed showed a chart that demonstrated leverage, i.e., our R&D spend is a percentage of sales is going down and our SG&A as a percentage of sales is going down. That's very important to me and to us as a team because part of all the heavy lifting we've done to remove the overhang of $150 million associated with the separation, take out residual cost with the sale of the Networks division, monetizing the unlicensed backhaul business of Canopy and Orthogon. We wanted to get to a more pure play business where we're strong and we lead as Delaney pointed out, in all of the major categories that we played, WLAN being an exception where we're not number one or number two. And that we have the domain expertise, 8,000 engineers, we're investing to have backward compatibility and again it's all about being solid and sustainable.

Delaney talked about 200 new products over the last three years. He showed an addressable market core and expansion of $23 billion going to $33 billion. Gene also manages the supply-chain organization and although it's not very sexy and it didn't anytime time today, it's done a hell of a good job. By the way, there was a whole school of thought that said, boy there is diseconomies here when you breakup Motorola. Because your procurement cost will rise, because you're going to be buying fewer parts. And you're going to have supply chain diseconomies by – as opposed to being a part of the whole. We have seen the opposite in both cases.

I think there is great – there is something to be said for clarity. And the fact that we say grace over a smaller portfolio where we're very strong and we have deep domain expertise and we could put a bright white light over more costs and divisions and redundancies and duplications than mother Motorola, I think it's been an advantage. We heard Bob Schassler, very importantly, I haven't shown this before, 2,000 major networks in a 100 countries. Major network systems, if we showed everyone it'd be a lot higher than that. He also showed a chart that kind of took the vernacular, the terminology of public safety and put it into a 1G, 2G, 3G, 4G metaphor or analogy.

What he said was of the 2,000 major networks the overwhelming majority of those were 2G and below. And then only 21 customers were operating at 3G. So when you have power of the base and the base is determinative in large part to your addressable market and there are other technology drivers, narrowbanding and other things, but also simply the aged infrastructure as people are looking to upgrade for technology refresh and when they come to us, they say, you got to connect it to my old stuff, make it backward compatible. And that's part of the reason we spend the money we do on R&D. That's different than maintenance of a line but it's the customization in backward compatibility. So we say to a client, as you go from x to y or add this agency or put this radio on, you are still going to sweat the assets to get the return on capital that you did with the installed base.

Bob Schassler talked about the professional and commercial radio business. $40 million users worldwide, less than 5% are analog and we're moving them to digital with a new standard called DMR and as we've done that, we have done it in a way that has maintained or gained share in that professional commercial radio business.

With Bob Schassler, he talked about public safety LTE and hopefully you understand it and by the way the $7 billion is primarily for D-Block here in the U.S., it's infrastructure oriented, but we've been spending money on infrastructure, devices, applications and services that quadrant chart that Schassler showed. So we've got the – and by the way and we have the number one cellular company, not carrier but provider in Ericsson, number one radio access network provider.

So we didn't talk a lot about that, but we're not going to duplicate R&D, we spent a year-and-a-half negotiating a deal with Ericsson. So as we Motorola Solutions come to market in a next generation public safety LTE play, we've got Ericsson where we're taking the radio access network base station, not going to duplicate the R&D and harden it and put it in the context operationally of what a public safety network business is. That's the combination of number one and number one, doesn't allow for duplication of R&D and gives us a very strong position. Same philosophy why we pick Verizon, here in the U.S., number one provider of LTE, far ahead of the others and when you think about – it's not just a PowerPoint chart. But when you think about Band Class 14, Band Class 13, which is public safety and wireless carrier and doing seamless handoff and managing the OSS and the billing around that. It gets very complex. Fortunately in Motorola Solutions because we are residual, we'll remainco of Motorola, we have a lot of cellular expertise still in this firm around wireless infrastructure. So we have the engineers in the technology area that know cellular and of course we lead with public safety and I think that's a powerful combination.

Sanders talked about data capture and data capture as you saw on Delaney's chart, 17% of revenue on the enterprise side last year, not a very exciting business, right. We can't kind of, this you could see in touch, cops and fire people, guns and hoses, you can see data capture. I love that business. It's a boring – I say this with great affection, it's a boring sleepy strong business where we lead because of the acquisition of Symbol. And Sanders knows it better than anybody.

And I like the drivers that are moving 1D to 2D and you did tip the hat a bit on bi-optic scanning and the opportunity that opens us positively for next year. WLAN, I'll just come back to, growing 40%, again another positive driver. Sanders showed that 802.11n, 36% of the WLAN networks are 802.11n, going to 92% in 2015, again a favorable, structural driver to us, we think we could take advantage of.

The other thing is on WLAN and the enterprise mobile computing business but let's stick to WLAN. There is this whole voice component of managing voice and as Girish tiers his product portfolio around enterprise mobile computing and we do durability and swappable battery and extra Gorilla Glass and customization of software and HTML5 web browser development. So, it's agnostic to whether it's Android or Microsoft. All that's great, but we also do a great job, my view best-in-class incorporating voice and push-to-talk voice on that portfolio of enterprise mobile computers that when optimized with behind the firewall WLAN infrastructure in the verticals that where we're strong, which is why we have the stronger share combined with best-in-class portfolio around with manageability encryption and total cost of ownership, we do a very good job.

What else, Fitzpatrick, we're focused on leverage and by the way the whole management team is heavily compensated, obviously including me, around cash and operating earnings, cash and operating earnings because irrespective of whatever the revenue growth is, five, six, seven, or eight, we as a team are driving for greater leverage. We would like that R&D line as a percentage of sales to continue to decline. We would like that SG&A line as a percentage of sales to continue to decline and as Fitzpatrick showed you in the three-year financial envelope, you see the operating margin now expanding, we showed you 16% to 18%. We did 16.7% last year, calculate in the $60 million of headwinds for pension. You can kind of normalize the basis point comparison. We've guided to approximately 17% for this year and what we're saying is aspirationally we want to achieve approximately 19% in 2014. And irrespective of the mix of businesses, i.e., services and other things, regardless of their gross margin profile, we believe we have a strong business to pull levers and push to continue that kind of expansion on the operating margin side.

Fitz talked about acquisitions. We've only done two. They've been tuck-ins, you should interpret from his chart that continues to be our bias, tuck-ins and the acquisitions we did were very small, but in Girish's case, very meaningful, i.e., Rhomobile and HTML5 to allow the development of applications to continue to feed what we think is a differentiation on the enterprise mobile computing portfolio.

Fitz showed we repatriated $1.9 billion last year, we expect to repatriate about a $1 billion this year. So, it's not going to be the $1.9, it's going to be about a billion. We do that in a way that optimizes and takes advantage of the foreign tax credits, U.S. liquidity is very important and remains important, but I wanted to make sure you took that part away. You've seen that we have achieved or we are pretty much at an adjusted debt position now and we have shown you that we will move to a net position. We will target getting to a net debt position in 2014 and yes that has assumptions around the discount rate and the return of the pension and other things, but you should take away that we get it and that we clearly the balance sheet in the business can support it and that's the direction we're headed.

And lastly, program to-date on the share repurchase since we announced it. $2.5 billion in total at a stock price of $45.38, now Q1 Icahn about $1.2 billion and inherent in the numbers is we had done about $199 million right before we did the deal with Carl. So in total $1.4 billion, $1.1 billion last year, $1.4 billion this year rounded it's just under $2.5 billion at $45.38 and hopefully we've reinforced the message that this is a great franchise that is solid and sustainable. And the other thing we wanted to accomplish by showing you the expanded team and this is only a glimpse, but it's the talent that's running these respective businesses. So, it's nice to see Brown and Delaney and Moon, but we wanted to give you visibility into the general managers that are running these products that have P&L responsibility and that have been in this business for several years. So, hopefully you have found this – you know more about our business than you did coming in.

And I'm going to open it up for questions and I'll have Ed with me up here and then I think that if we redirect we'll go to Moon and Gene and anybody else, but I appreciate you coming here and spending the time and this is an exciting time, it really is and we feel pretty good about our position. Questions? Got to be questions, number one?

## QUESTION AND ANSWER SECTION

**<Q – Tavis McCourt – Morgan Keegan & Co., Inc.>:** Hey Greg. Tavis McCourt of Morgan Keegan.

**<A – Gregory Brown – Motorola Solutions, Inc.>:** Tavis, how are you doing?

**<Q – Tavis McCourt – Morgan Keegan & Co., Inc.>:** Good. If you look at last year in the enterprise business, I mean growth was pretty robust worldwide and kind of exceptional growth in Europe which is little counterintuitive, remind us kind of what you're looking at this year in terms of the enterprise business and how we should think about that geographically?

**<A – Gregory Brown – Motorola Solutions, Inc.>:** So, if you take – think about the government business growing at mid-single digits and think about the enterprise business growing at high single-digits, this is without iDEN, or it's with iDEN? It's actually with iDEN.

**<A – Edward Fitzpatrick – Motorola Solutions, Inc.>:** Yeah, I agree.

**<A – Gregory Brown – Motorola Solutions, Inc.>:** I got to remind you iDEN was $365 million in 2011. We've been very open, that said we expect that to go to $295 million in 2012, so you should incorporate into your thinking, you have that kind of quantification. Europe surprised us Tavis last year being a little bit stronger than we thought. I think that it's because of the nature of what we do, what Girish talked about and we had great success in postal, great success in logistics and transportation. We also lost one on logistics, but that's our fault, we were outsold on it, shame on us, we could have done a better job. But I think that a lot of the drivers around whether it's retail and trying to – the conducted consumers forcing a lot of retailers to deploy more intelligent mobility because shoppers are coming in wickedly smart and they are doing a stare and compare on best pricing. And then it's the whole thing around operating efficacy and inventory management and lookup, and if you are out of something in this store, it's getting it from another store. So I think the drivers remain the same largely as last year for this year, but we gated it a little bit because last year was pretty strong. Two?

**<Q – Jeff Kvaal – Barclays Capital, Inc.>:** Greg, Ed, it's Jeff Kvaal at Barclays.

**<A – Gregory Brown – Motorola Solutions, Inc.>:** Hey, Jeff.

**<Q – Jeff Kvaal – Barclays Capital, Inc.>:** I have two financial related questions, I think number one is on LTE and the public safety broadband, is there going to be some sort of gross margin headwind there because you will be working with Ericsson and others on the equipment, is that something that we should be worried about in our model? Then the second question is the incremental debt that your folks are supposed – are planning to take on. What should we expect that you may choose to use that for, is that tax yield, is that possible more repurchases, how should we think about that?

**<A – Gregory Brown – Motorola Solutions, Inc.>:** So, on the second one first. Our current thinking is to refinance the debt coming due in November, about $400 million. I mean, it's a great – interest rates are virtually zero is a beautiful thing. I think that irrespective of our cash position, Jeff, I think, you can think about it in the current context of what we've described, i.e., reinvest in the business. We've clearly prioritized shareholder return with $2.5 billion in stock repurchase and a dividend of about $280 million a year with about 1.7% or 1.8% yield currently. So, that's clearly been front and center, if you look at the percentage of capital deployed against two very surgical small tuck-in acquisitions. I don't see a reason at this point for that – those dimensions to change. On public safety, LTE, what was the – you were asking?

**<Q – Jeff Kvaal – Barclays Capital, Inc.>:** It was a gross margin question.

**<A – Gregory Brown – Motorola Solutions, Inc.>:** Oh, gross margin. So, it's a little too early to tell. As Moon talked about, there has been a handful of wins. We've done quite well in those wins. He talked about the wins of those opportunities being similar to the share of our incumbent position on the public safety business. I think it's too early to tell and I don't – on our dashboard there is nothing that alarms me in terms of differentiation on that yet. It's way too early.

**<A – Edward Fitzpatrick – Motorola Solutions, Inc.>:** So, let me add two things on the first part, embedded and implicit in the model that we've showed you is an ability to do in excess of $1 billion of some combination of share repurchase or acquisitions, $1 billion plus, it's probably closer to $1.5 billion implicit in that model to continue that flexible amount and it'll be a bit more than the operating cash flow 45%, because as we repatriate and as we are able to increase the debt load over time, we'll have greater capacity, it's not just operating cash flow that 45% that we'll be able to do, that's why it's in excess of $1 billion and closer to $1.5 billion of capacity going forward.

I think as Greg mentioned on the LTE, I think Mark mentioned it, really we look at it and Greg pushes us to look at operating margin as opposed to gross margin. So, the gross margin profile of the LTE rollouts may be different because of the civil content but again the incremental opportunity helps us get to that 19% and then hopefully beyond as we get into the out years.

**<A – Gregory Brown – Motorola Solutions, Inc.>:** By the way that's a really good point because there's – we could compete on public safety, LTE traditionally, i.e. for the infrastructure. But Mark talked about at times there could be an integrator role. And if we pursue to engage the customer on an integrator role exactly what Ed said then the gross margin of that will be different. But we – I obsess over operating margins return on invested capital and cash. And we have to continue to be able to grow the operating cash, the free cash flow, as well as I think we're in a position given our leverage to expand the operating margin, but Ed's absolutely right. Ehud?

**<Q – Ehud Gelblum – Morgan Stanley & Co. LLC>:** Thanks guys. It's Ehud again from Morgan Stanley. Ed question on the pension status; I hear you on the discount rate, your expected rate of return in the pension I think is still 8% and change, I think it's maybe 8.3%...

**<A – Edward Fitzpatrick – Motorola Solutions, Inc.>:** That's right.

**<Q – Ehud Gelblum – Morgan Stanley & Co. LLC>:** I don't remember exactly what

**<A – Edward Fitzpatrick – Motorola Solutions, Inc.>:** That's right 8.25%.

**<Q – Ehud Gelblum – Morgan Stanley & Co. LLC>:** Given what – I can't eyeball with the actual rate of return has been over the last couple of years, but has it been close to that and if not is there a danger that that number could come down as well in addition to the discount rate and what will that then do to your liability and under what scenarios would you do the same thing you did last year which was do an additional payment into the pension fund that wasn't planned at the beginning of year and then on the discretionary?

**<A – Edward Fitzpatrick – Motorola Solutions, Inc.>:** So as we look at both the return on the assets, it's been – over the last 20, 30 years it's been maybe just shy of that, over the last few – there's been years where it's been higher as you know 2008 to 2009 – or 2009 to 2010, it's been a bit better, but then lower in other periods. So, I think – if I think there is pressure, maybe there is pressure on the return on assets, but if I think there is pressure on the discount rate I think it is more upward pressure. As we've looked at it and you could do the Monte Carlo simulations and we looked at it over time our view is that in balance that assumption is reasonable to assume going forward. If it changes we'll look at it and that will definitely be part of our capital allocation decisions going forward. If that liability changes over time, we'll continue to look at that. Because as we contributed the cash last year as you know I have talked about it being a net present value positive proposition, the guard on that is you don't want to put too much into your pension plan, because if you do over time if it gets over-funded you can't get it out, right. So, we're trying to make sure that we are appropriately balanced in that regard.

So I do think maybe the 8.25%, if there is any pressure going forward, maybe there is a little bit of downward pressure, but I do think on a discount rate it would – there is more upward pressure on that, I might have said the same thing last year, I don't remember, but I think it could be that that goes up, but we'll adjust as appropriately. And...

**<Q – Ehud Gelblum – Morgan Stanley & Co. LLC>:** Can you give us a sense as to what the – I mean maybe...

**<A – Edward Fitzpatrick – Motorola Solutions, Inc.>:** Oh, yeah. Sure, sure, sorry about that.

**<Q – Ehud Gelblum – Morgan Stanley & Co. LLC>:** ...what was actually invested in so we can get a sense as to what the odds are really going to need to 8.25% or something?

**<A – Edward Fitzpatrick – Motorola Solutions, Inc.>:** I'm sorry. The assets is – is that what you're asking, asset balances?

**<Q – Ehud Gelblum – Morgan Stanley & Co. LLC>:** Yeah.

**<A – Edward Fitzpatrick – Motorola Solutions, Inc.>:** So asset balance 65% equity, 35% fixed income. So that were there and then sensitivity on the discount rate. You saw the chart, right, so the change of 1.65 percentage points drove it almost $2 billion. So, think of it as about 1% is about $1 billion. So 50 basis points would be about $500 million roughly and that's what we've experienced over time.

**<Q – Ehud Gelblum – Morgan Stanley & Co. LLC>:** Thanks.

**<A – Gregory Brown – Motorola Solutions, Inc.>:** Number one.

**<Q – Matt Thornton – Avian Securities LLC>:** Hey guys. Matt Thornton, Avian Securities. One point of clarification, the targets for 2012, 2014, it was adjusted net debt position in 2012, net debt position in 2014.

**<A – Edward Fitzpatrick – Motorola Solutions, Inc.>:** Yes, you got that.

**<Q – Matt Thornton – Avian Securities LLC>:** And then I don't know if you talked about working capital, are you happy with where working capital is, or is there room to wrangle some more out of there?

**<A – Edward Fitzpatrick – Motorola Solutions, Inc.>:** Let me – just a couple of things quickly on that. And by the way what we've showed you today I believe will be posted out on the web, on the adjusted debt schedule, so you guys will be able to see that and there'll be reconciliation schedules in the back to show you how we do some of the calculations. So you will be able to look at that and you won't be guessing how to do it with the adjusted debt and the adjusted EBITDA levels. So that's the first thing. The second question, remind me of the second part of the question again.

**<Q – Matt Thornton – Avian Securities LLC>:** Working capital requirements?.

**<A – Edward Fitzpatrick – Motorola Solutions, Inc.>:** Yes, yes, yes. So working capital is of course a focus, and it's really inventory turns is – inventory turns and receivable days are the two biggest focuses, right. So inventory turns, I think we've done a decent job. Over time if you look back three years, if you have look at a straight line from where we were, we've actually brought inventory turns up or days sales in inventory down if you will. So we're managing it more effectively. I think there is more room for improvement there. I think our investment in one instance, one single instance ERP from demand, planning, all the way through to – all the way through the supply chain to shipment and then all the efficiency that we get across all the functions having a single instance ERP and the communications of that allow should help us improve that going forward, but even before that the teams are focusing on it and we have made nice progress.

On receivable days, we've actually done a decent job of keeping receivable days relatively stable and in check and actually have seen some improvement. You won't necessarily see that in Q4 of this past year because of a few things that took place, right.

Number one, we were – our linearity was poor in Q4, so we were back-end loaded than we expected and that drove about $100 million roughly of incremental receivables at the end of the year. We also had obviously about $100 million of that increase in receivables were driven by volume. The third thing that was in there was we reclassified a long-term note receivable into current receivables and we do expect to collect a majority of that this year and I am hoping in the first half of this year and we'll drive as much of that into Q1 as we possibly can. So those are the three phenomena that really drove the receivables to look a little bit out of whack, but our DSOs have not deteriorated, our aging is not deteriorated, the focus remains front and center, and I think they are doing a decent job.

**<A – Gregory Brown – Motorola Solutions, Inc.>:** The last $100 million long-term receivable re-class was from the networks sale and Ed – this is one of his babies. He does a great job on – he gets this in spades and he's got it front and center for focus. Number – here, here we go. Craig, coming your way.

**<Q – Craig Hettenbach – Goldman Sachs & Co.>:** Thanks. Craig Hettenbach with Goldman Sachs. The government public safety business has grown ahead of expectations, although this is an area there is still some investment concerns, so Bob laid out some of the technology migration which helps explain some of the growth, but I was hoping you can kind of layer on any other additional detail in terms of how you can continue to grow that business despite where are some headwinds in the market?

**<A – Gregory Brown – Motorola Solutions, Inc.>:** I think it's – it is the technology migration drivers and I do think that's a significant part of it, i.e. the narrow-banding initiative and other structural moves. We have said pretty consistently, Craig, it – it's "resilient" and remains a high priority. Third is the professional and commercial radio business, sits in our government segment and it had a record year, so some of the public safety sales of PCR to non-high-end, non-trunked, non – more emerging economies, lower price points, has also been critical in driving the growth. And I think there is other alternative technologies too. So people always think about, well, the first responders have been laid off and they have a radio that's bad for Motorola Solutions. And I'll take a firefighter example and I was with – Mark and I were with him yesterday.

You would think that each first responder has a radio. That's not the case. So radios are shared at an incident. And if you are going into the building you get one, but if you are out, you may not. So it isn't necessarily one-to-one. And I was in Colombia, a week ago, week and a half ago in Bogotá and one of the things we literally talked about with the Head – the General of the Colombian National Police they share radios too. And today they have one radio for every six officers and they want to improve that.

So there is this whole – it's not necessarily one-to-one, depends on the country, depends on the deployment, depends on whether it's law enforcement or fire. And I think in the conversations we've had that could be a favorable trend to us as well. And also not all of what we do in public safety is radio specific. So we are doing the City of Chicago where we won a managed services deal. Have we disclosed the amount? $60 million deal at the City of Chicago and there is no Motorola radios. We are doing the manageability and video surveillance and there is a whole host of those opportunities that we're beginning to work as well plus the managed services stuff for Brda. Over here?

**<Q – Lawrence Harris – CL King & Associates>:** Yes, Larry Harris with CL King. I wanted to talk about the iDEN business. I guess you just mentioned it's going to be down to about $295 million in revenues this year and I assume that at least in the past it's contributed an above average gross margin and Sprint in their announcement, and potentially Nextel International looking at other technologies. Can you appropriately if necessary downsize this business and transfer resources over to public safety and the people over to public safety. So that you don't take a gross margin hit or impact, maybe if this business were to continue to decline in size?

**<A – Gregory Brown – Motorola Solutions, Inc.>:** So I think the short answer is yes. I think we can manage that resource transfer. Sprint is a little bit more accelerated. They've been very public about shutting down iDEN, they actually have an operational website that stages and shows the tower shutdown in the areas for iDEN.

Nextel International actually has been growing the iDEN subscriber base. Outside of the U.S., Larry, iDEN actually I think has a lot more legs to it than the general concept of iDEN's a dead business going to zero sooner rather than later. I think it will level off $365 million to $295 million. It's too early to give you a color on the slope of that downturn beyond. But I think it starts to level off a little bit. I think in many other countries that don't have infrastructure, iDEN still does work and we're going to manage the resources accordingly. Well, the gross margin profile on iDEN is higher, even if you extract iDEN as a line of business, the operating margin profiles between government and enterprise for our firm are very comparable. And it's that level of management we think we can continue on with as that technology transitions to a different stage.

By the way I still think that on push-to-talk over cellular, I still think iDEN is the best and there was always going to be QChat and now people think QChat will be again and may be it will. But I think Gene and the team do a very good job of managing that transition. We're going to continue to be as very – as transparent as we can be and – but it's a decent business. It's just we like it, may have – could be further deployed internationally, we'll see. What else, one back there, way back there?

**<A – Edward Fitzpatrick – Motorola Solutions, Inc.>:** It's Tavis.

**<Q – Tavis McCourt – Morgan Keegan & Co., Inc.>:** Ed you talked a little bit about cash taxes, I was wondering your GAAP tax rate is a little higher than a lot of global companies. How should we think about that going forward, are there opportunities to bring that – the GAAP tax rate down? Thanks.

**<A – Edward Fitzpatrick – Motorola Solutions, Inc.>:** So, yes. So our effective tax rate, we've guided, I think 34% to 35% which really effectively assumes that we repatriate – assuming all the cash that we generate offshore is going to be repatriated back to the States. So that's where that assumption comes from and that's why you'd expect it maybe to be a bit higher.

As you move forward though, I have challenged our – my lead tax person to look at that because the credits don't last forever, they'll last for a period of time here, but they don't last forever and we do need to

– and not that we're not looking at it today but it's even more important as we go forward here have utilized the tax credits to see if there a way to shelter that income and to get a lower effective tax rate.

So we're looking at that very closely and we'll make sure that we do that. We've got our landing zones fairly well established for the manufacturing footprint, R&D and from a shared service center location. So that helps us figure out where we may want to continue to invest more such that we can bring that effective tax rate down but that will be a strategy that will play out over time but it's certainly something that we'll continue to look at and also looking at how that will plays out with the overall corporate tax rates and what happens if legislation over the next, you can guess the timeframe.

**<A – Gregory Brown – Motorola Solutions, Inc.>:** Although there won't be – there's not going to be a comprehensive tax reform this year not in an election year. It will be some time in 2013. What else, anything else? Really? All right. We had two sessions this year, two Q&A sessions. Oh, yeah, one more in the back?

**<Q>: Unidentified speaker>:** Hi, guys. Great job today. Just – you have a lot of interesting positive drivers that could help your business two, three years out. When we come back here a year or two, do you think you are going to be in a position, especially as you used the word incremental, do you think the revenue growth rate of 5% to 8% could be – maybe even higher than that?

**<A – Gregory Brown – Motorola Solutions, Inc.>:** I'll say it this way. We've said 5% to 8%, you've seen our guidance for this year. And as we get into the expansion areas, advanced services, public safety, LTE, tiering our radio portfolio and other things, we believe we can move up the stack closer to the 8%. I would not get ahead of our headlights yet on top line revenue growth. We'll stick to the 5% to 8%. We'd like to go 5% up the stack toward 8%. Clearly the public safety LTE opportunity, or D-Block specifically, which just – by the way, I get asked this question a lot, this dominated the number of questions.

The passage of D-Block in the U.S. did nothing to change our estimates of our business, nothing. It increased our certainty, but it didn't change our thinking around the market sizing and what the opportunity is. Clearly, it's good news, because as Moon said, you always see your things in public safety – they don't – no interoperability. They don't work. Well, if you go back several decades and public safety was given a mishmash, you need two things for interoperability, you need spectrum and you need standards.

It's not public safety's fault that over the last several decades, they've been giving slices of differentiated spectrum and there wasn't a standard for a long time, but there is now, TETRA, been out there forever, open standard, we have to compete for the business, and there is with P25, open standard and we compete for that business. The great news about public safety LTE, you got the spectrum, it's breach-front property. 10 megahertz of the 700 megahertz slice and it's a predefined data and video standard with LTE.

So the government has done a great thing and said here's the dedicated spectrum, here's $7 billion to drive and fund infrastructure to get the fabric and the footprint down. So the size of the market is actually larger than that. And as Schassler talked about, it's incremental because there is a whole notion of voice-over-LTE, but it is entirely different as we know to contemplate mission critical voice-over-LTE which we believe and he said at the earliest is 8 to 10 years away.

So we're going to stick to the 5% to 8%. Do we think over time, in addition to some of the structural drivers and the new expansion opportunities, we should be able to move up toward 8%? Yes. We wouldn't get beyond those goalposts at this point.

Maybe one last question, if there is one?

**Gregory Q. Brown, Chairman & Chief Executive Officer**

I really appreciate you coming. By the way we want your feedback on length, size, content, handling questions, presenters, we want to get better and better at doing this. We want to be as accessible and transparent as we can. We gave you an update on a bunch of new things, adjusted debt, net debt, our repatriation plans, the three-year envelope into 2014, the look by region, the look by product platform, and exposure and opportunity to talk to other leaders in the business. And I appreciate you coming and spending the time.

So we'll talk to you soon. Thanks.