

April 24, 2013

MOTOROLA SOLUTIONS Q1 2013 EARNINGS CONFERENCE CALL



SHEP DUNLAP

VICE PRESIDENT
INVESTOR RELATIONS



SAFE HARBOR



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

Information about factors that could cause, and in some cases have caused, such differences can be found on pages 8 through 19 in Item 1A of Motorola Solutions' 2012 Annual Report on Form 10-K, and in our other SEC filings available for free on the SEC's website at www.sec.gov, and on Motorola Solutions' website at www.motorolasolutions.com/investor

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GREG BROWN

CHAIRMAN AND CEO



Q1 HIGHLIGHTS

- Sales of \$2.0B, up 1%
- Government sales of \$1.3B, up 3%
- Non-GAAP Earnings per share* growth of 12%
- Continued capital return** to shareholders of \$429M

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

**Includes share repurchases and dividends paid

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ED FITZPATRICK

EXECUTIVE VICE PRESIDENT AND CFO



2013 FINANCIAL RESULTS



(\$ in Millions)

GAAP	FIRST QUARTER	
	2013	2012
Sales	\$1,973	\$1,956
Operating Earnings	216	232
Operating Margin	10.9%	11.9%
EPS from Continuing Operations*	\$0.68	\$0.50

Non-GAAP**	FIRST QUARTER	
	2013	2012
Operating Earnings	\$278	\$290
Operating Margin	14.1%	14.8%
EPS from Continuing Operations*	\$0.66	\$0.59

* Amounts attributable to Motorola Solutions, Inc. common shareholders

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

CASH FLOW

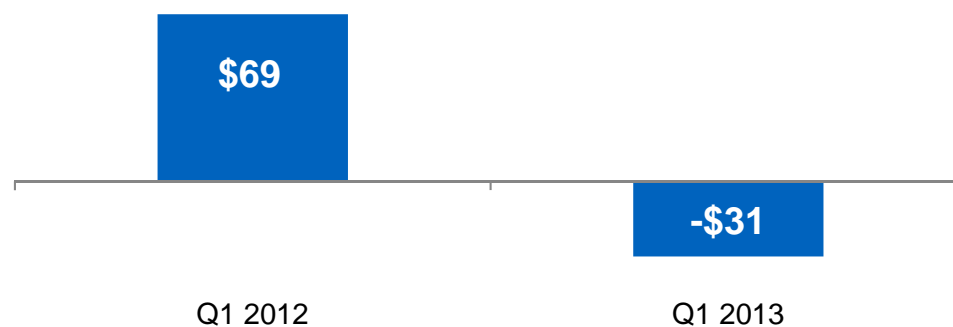


- Q1 '13 operating cash usage of \$31M
- 2013 CAPEX spend of \$46M
- 2013 free cash out flow of \$77M

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

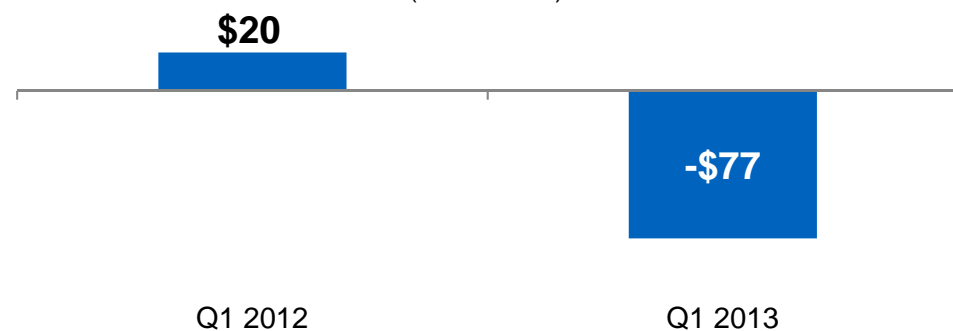
Operating Cash Flow

(\$ in Millions)



Free Cash Flow*

(\$ in Millions)



WORKING CAPITAL



Changes from Q412

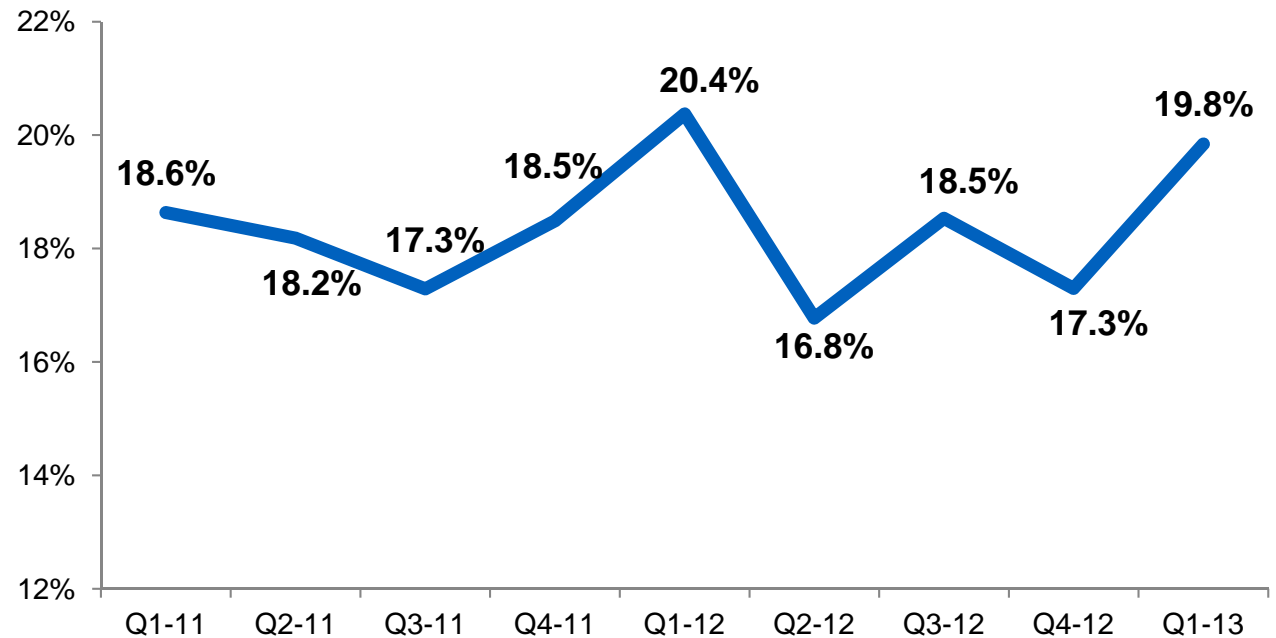
- A/R decreased \$237M
- Inventory ~ flat
- A/P decreased \$112M

Working capital historically

- Ranges ~17-20% of sales
- Seasonally Q1 higher

Note: Working capital as % of revenue = working capital (AR+Inventory-AP)/quarterly revenue annualized

Working Capital Performance



BALANCE SHEET



\$3.7B in total cash*

Share repurchase activity

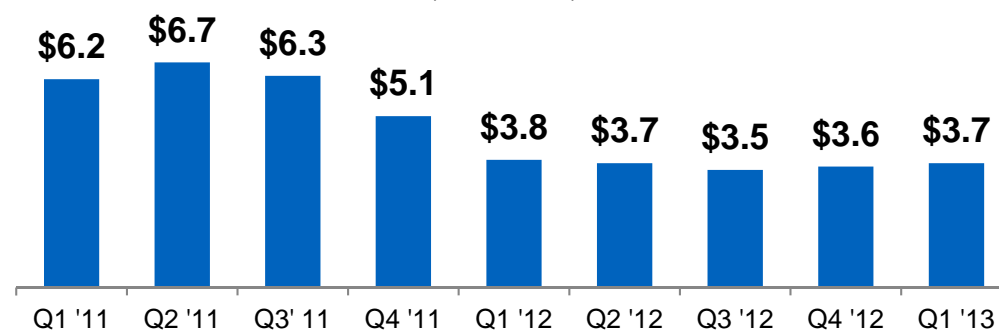
- \$357M in Q1 (5.9M shares at \$60.27)
- \$3.9B total since July 2011 at \$47.56 average price
- Reduced net shares outstanding 21% since July 2011 buyback announcement

* Total Cash includes cash and cash equivalents, Sigma Fund (current and non-current) and short-term investments

** Net Cash = Total cash – Notes Payable and current portion of long-term debt and Long term debt

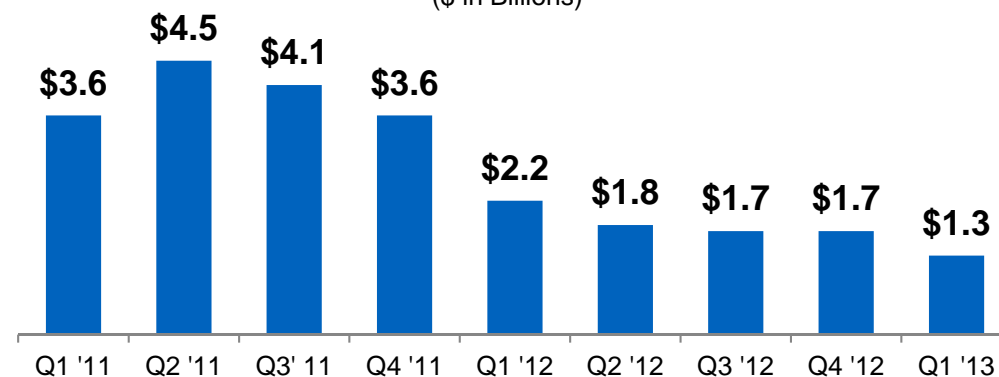
Total Cash*

(\$ in Billions)



Net Cash**

(\$ in Billions)



OUTLOOK



Expected Second Quarter 2013

- Sales flat to down 2%
- Non-GAAP* EPS \$0.66 - \$0.71

Expected Full Year 2013

- Sales growth ~3-4%
- Operating earnings* ~18%
- Effective tax rate* 32-33%

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



GOVERNMENT



GOVERNMENT



(\$ in Millions)

GAAP	FIRST QUARTER	
	2013	2012
Sales	\$1,346	\$1,301
Operating Earnings	\$180	\$150
Operating Margin	13.4%	11.5%

Non-GAAP*	FIRST QUARTER	
	2013	2012
Operating Earnings	\$217	\$184
Operating Margin	16.1%	14.1%

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

Q1 GOVERNMENT HIGHLIGHTS



- 3% sales growth Y/Y driven by growth across the portfolio and in all regions except Asia
- Operating margin* of 16.1% vs. 14.1% last year
- Major contracts with State of Tennessee \$72M, Las Vegas Metropolitan Police \$26M, and \$70M contract in Africa
- Launched new TETRA radio MTP650, the world's first TETRA radio with a 5 megapixel camera



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

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ENTERPRISE



ENTERPRISE



(\$ in Millions)

GAAP	FIRST QUARTER	
	2013	2012
Sales	\$627	\$655
Operating Earnings	\$36	\$82
Operating Margin	5.7%	12.5%

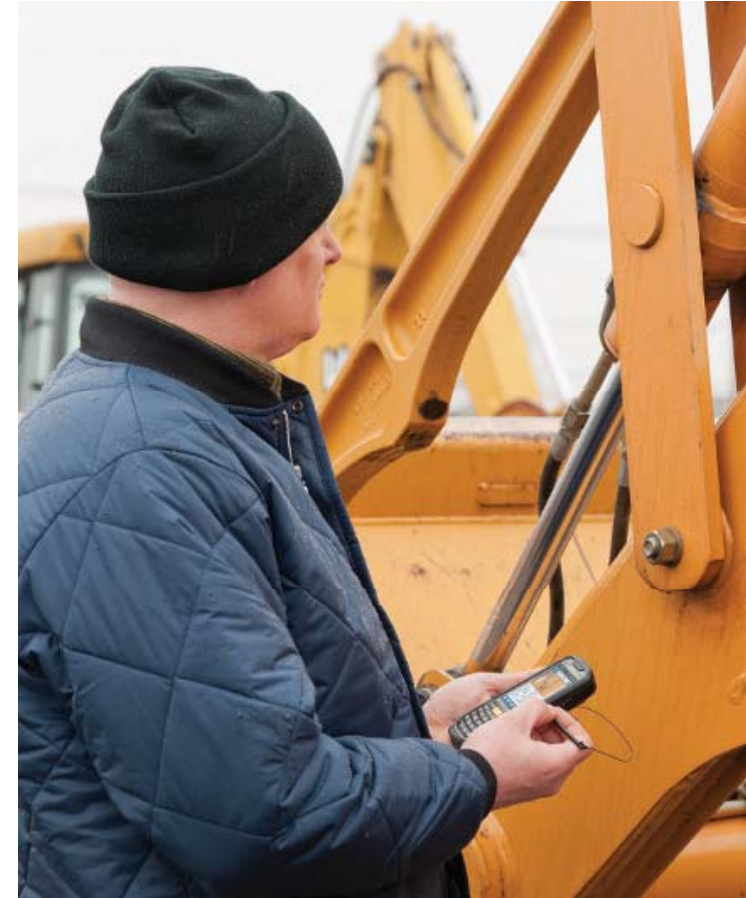
Non-GAAP*	FIRST QUARTER	
	2013	2012
Operating Earnings	\$61	\$106
Operating Margin	9.7%	16.2%

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

Q1 ENTERPRISE HIGHLIGHTS



- Sales decline of 4%
- 9.7% operating margin* compared to 16.2% last year driven by lower sales volume, product mix including Psion, and iDEN decline
- \$3M Tesco order for MC17 Retail Mobile Computers for personal shopping experience in 100 additional stores
- Launched new wearable mobile computer along with wearable ring scanner

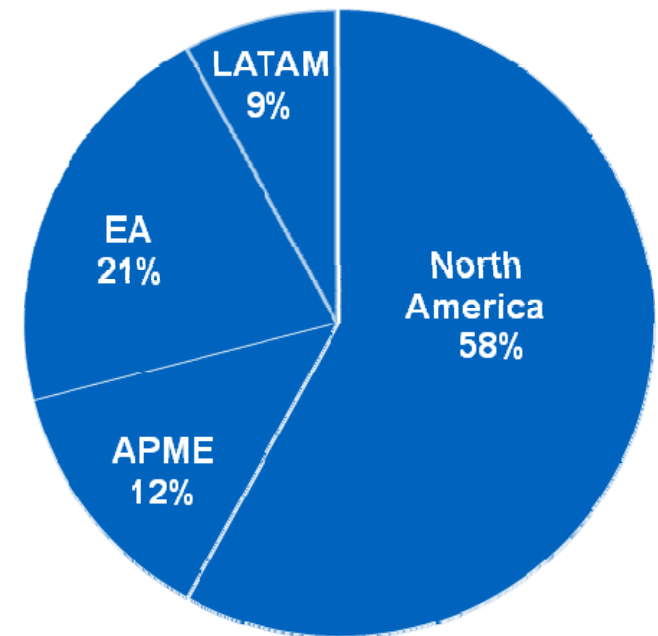


*Non-GAAP, excluding highlighted items, stock-based compensation, and intangible amortization



REGIONAL HIGHLIGHTS

	Q1 2013	Q1 2012	Change
N. America	\$1,138	\$1,124	1.2%
L. America	179	185	(2.9%)*
EA	412	366	12.7%
APME	243	281	(13.4%)
TOTAL	\$1,973	\$1,956	0.9%



NORTH AMERICA

- High single-digit growth in Government driven by ASTRO, professional & commercial radio, and services

INTERNATIONAL

- Double-digit growth in TETRA in EA
- *L. America up 19% excluding iDEN, driven by Astro and Enterprise Mobile Computing

Q&A PARTICIPANTS

GREG BROWN

Chairman and CEO

ED FITZPATRICK

Executive Vice President and CFO

MARK MOON

Executive Vice President and President,
Sales and Product Operations

SHEP DUNLAP

Vice President, Investor Relations

USE OF NON-GAAP MEASURES



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

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

SUPPLEMENTAL NON-GAAP MEASURES



SUPPLEMENTAL NON-GAAP MEASURES



	Q1 '10	Q2'10	Q3'10	Q4'10	Q1 '11	Q2'11	Q3'11	Q4'11	Q1 '12	Q2 '12	Q3 '12	Q4 '12	Q1 '13
Net Sales	1,673	1,869	1,890	2,185	1,834	1,984	2,085	2,300	1,956	2,148	2,153	2,441	1,973
GAAP gross margin	825	938	960	1,089	924	1,007	1,055	1,160	973	1,060	1,087	1,229	955
Non-GAAP gross margin adjustments:													
Stock-based compensation expense	4	4	6	4	3	5	6	6	6	7	6	6	6
Reorganization of business charges	1	6	5	7	3	-	-	3	-	3	3	2	-
Non-GAAP gross margin	830	948	971	1,100	930	1,012	1,061	1,169	979	1,070	1,096	1,237	961
GAAP Operating earnings ("OE")	111	154	214	272	169	159	254	276	232	278	324	423	216
Non-GAAP OE Adjustments:													
Stock-based compensation expense	29	32	33	32	36	34	39	39	37	45	38	39	39
Reorganization of business charges	(1)	14	22	19	5	17	10	20	9	11	10	12	11
Intangibles amortization expense	51	50	51	51	50	50	50	50	6	6	6	10	6
Other highlighted items	(29)	-	(39)	(39)	-	39	-	50	-	-	-	(16)	-
Non-GAAP OE	166	260	292	346	266	304	359	444	290	350	387	476	278
GAAP OE%	6.6%	8.2%	11.3%	12.4%	9.2%	8.0%	12.2%	12.0%	11.9%	12.9%	15.0%	17.3%	10.9%
Non-GAAP Adj %	3.3%	5.7%	4.1%	3.4%	5.3%	7.3%	5.0%	7.3%	2.9%	3.4%	3.0%	2.2%	3.2%
Non-GAAP OE %	9.9%	13.9%	15.4%	15.8%	14.5%	15.3%	17.2%	19.3%	14.8%	16.3%	18.0%	19.5%	14.1%

SUPPLEMENTAL NON-GAAP MEASURES



	Q1 '10	Q2'10	Q3'10	Q4'10	Q1 '11	Q2'11	Q3'11	Q4'11	Q1 '12	Q2 '12	Q3 '12	Q4 '12	Q4 '12
GAAP Other income/(expense)	(11)	(33)	(19)	(24)	3	(98)	(16)	(9)	12	(38)	-	(16)	(11)
Non-GAAP Below OE adjustments	-	(31)	-	-	-	81	-	-	(16)	-	(13)	-	-
Non-GAAP Other income/(expense)	(11)	(64)	(19)	(24)	3	(17)	(16)	(9)	(4)	(38)	(13)	(16)	(11)
GAAP Earnings (loss) from cont. operations	91	(2)	(12)	167	367	50	153	177	159	177	206	336	192
OE adjustments	55	106	78	74	97	145	105	168	58	72	63	53	62
Below OE adjustments	-	(31)	-	-	-	81	-	-	(16)	-	(13)	-	-
Tax adjustments and effect	(40)	45	115	(23)	(277)	(84)	(35)	(59)	(12)	(41)	(15)	(76)	(67)
TOTAL Non-GAAP Earnings	106	118	181	218	187	192	223	286	189	208	241	313	187
GAAP Continuing EPS	\$ 0.27	\$ (0.01)	\$ (0.04)	\$ 0.49	\$ 1.07	\$ 0.14	\$ 0.45	\$ 0.54	\$ 0.50	\$ 0.60	\$ 0.72	\$ 1.18	\$ 0.68
Non-GAAP Continuing EPS adjustments	\$ 0.05	\$ 0.36	\$ 0.58	\$ 0.15	\$ (0.53)	\$ 0.40	\$ 0.21	\$ 0.33	\$ 0.09	\$ 0.10	\$ 0.12	\$ (0.08)	\$ (0.02)
Non-GAAP Continuing EPS	\$ 0.32	\$ 0.35	\$ 0.54	\$ 0.64	\$ 0.54	\$ 0.54	\$ 0.66	\$ 0.87	\$ 0.59	\$ 0.70	\$ 0.84	\$ 1.10	\$ 0.66
Diluted, weighted average shares outstanding	334.5	332.7	334.1	341.3	344.2	348.5	339.5	328.4	317.7	296.1	287.4	284.4	280.7

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