

Section 1: 10-Q (10-Q)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the period ended June 29, 2019

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 1-7221

MOTOROLA SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State of Incorporation)
500 W. Monroe Street,
Chicago,

(Address of principal executive offices)

Registrant's telephone number, including area code:

(847) 576-5000

36-1115800

(I.R.S. Employer Identification No.)

60661

Illinois

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock \$0.01 Par Value	MSI	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer" "accelerated filer" "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

(Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of each of the issuer's classes of common stock as of the close of business on July 15, 2019 was 165,555,527.

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Part I—Financial Information
Condensed Consolidated Statements of Operations

(Unaudited)

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<i>June 29, 2019</i>	<i>June 30, 2018</i>	<i>June 29, 2019</i>	<i>June 30, 2018</i>
<i>(In millions, except per share amounts)</i>				
Net sales from products	\$ 1,118	\$ 1,042	\$ 2,063	\$ 1,842
Net sales from services	742	718	1,454	1,385
Net sales	1,860	1,760	3,517	3,227
Costs of products sales	490	485	934	867
Costs of services sales	439	453	879	869
Costs of sales	929	938	1,813	1,736
Gross margin	931	822	1,704	1,491
Selling, general and administrative expenses	351	316	676	594
Research and development expenditures	170	162	333	314
Other charges	61	71	116	138
Operating earnings	349	273	579	445
Other income (expense):				
Interest expense, net	(56)	(58)	(111)	(104)
Gains (losses) on sales of investments and businesses, net	3	(1)	4	10
Other, net	(21)	13	(12)	16
Total other expense	(74)	(46)	(119)	(78)
Net earnings before income taxes	275	227	460	367
Income tax expense	67	46	100	69
Net earnings	208	181	360	298
Less: Earnings attributable to non-controlling interests	1	1	2	1
Net earnings attributable to Motorola Solutions, Inc.	\$ 207	\$ 180	\$ 358	\$ 297
<i>Earnings per common share:</i>				
Basic	\$ 1.25	\$ 1.11	\$ 2.18	\$ 1.83
Diluted	\$ 1.18	\$ 1.05	\$ 2.04	\$ 1.73
<i>Weighted average common shares outstanding:</i>				
Basic	164.9	162.2	164.4	161.7
Diluted	176.1	171.7	175.3	171.1

See accompanying notes to condensed consolidated financial statements (unaudited).

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

<i>(In millions)</i>	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<i>June 29, 2019</i>	<i>June 30, 2018</i>	<i>June 29, 2019</i>	<i>June 30, 2018</i>
Net earnings	\$ 208	\$ 181	\$ 360	\$ 298
Other comprehensive income (loss), net of tax (Note 4):				
Foreign currency translation adjustments	(23)	(86)	7	(38)
Marketable securities	—	—	—	(6)
Defined benefit plans	10	14	21	26
Total other comprehensive loss, net of tax	(13)	(72)	28	(18)
Comprehensive income	195	109	388	280
Less: Earnings attributable to non-controlling interests	1	1	2	1
Comprehensive income attributable to Motorola Solutions, Inc. common shareholders	\$ 194	\$ 108	\$ 386	\$ 279

See accompanying notes to condensed consolidated financial statements (unaudited).

Condensed Consolidated Balance Sheets

<i>(In millions, except par value)</i>	June 29, 2019	December 31, 2018
	(Unaudited)	
ASSETS		
Cash and cash equivalents	\$ 953	\$ 1,246
Restricted cash	11	11
Total cash and cash equivalents	964	1,257
Accounts receivable, net	1,206	1,293
Contract assets	913	1,012
Inventories, net	424	356
Other current assets	324	354
Total current assets	3,831	4,272
Property, plant and equipment, net	940	895
Operating lease assets	567	—
Investments	175	169
Deferred income taxes	913	985
Goodwill	1,852	1,514
Intangible assets, net	1,332	1,230
Other assets	364	344
Total assets	\$ 9,974	\$ 9,409
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current portion of long-term debt	\$ 28	\$ 31
Accounts payable	544	592
Contract liabilities	1,187	1,263
Accrued liabilities	1,117	1,210
Total current liabilities	2,876	3,096
Long-term debt	5,315	5,289
Operating lease liabilities	504	—
Other liabilities	2,233	2,300
<i>Stockholders' Equity</i>		
Common stock, \$.01 par value:	2	2
Authorized shares: 600.0		
Issued shares: 6/29/19—165.7; 12/31/18—164.0		
Outstanding shares: 6/29/19—165.1; 12/31/18—163.5		
Additional paid-in capital	714	419
Retained earnings	1,051	1,051
Accumulated other comprehensive loss	(2,737)	(2,765)
Total Motorola Solutions, Inc. stockholders' equity (deficit)	(970)	(1,293)
Non-controlling interests	16	17
Total stockholders' equity (deficit)	(954)	(1,276)
Total liabilities and stockholders' equity	\$ 9,974	\$ 9,409

See accompanying notes to condensed consolidated financial statements (unaudited).

Condensed Consolidated Statements of Stockholders' Equity

(Unaudited)

<i>(In millions)</i>	<i>Shares</i>	<i>Common Stock and Additional Paid-in Capital</i>	<i>Accumulated Other Comprehensive Income (Loss)</i>	<i>Retained Earnings</i>	<i>Noncontrolling Interests</i>
Balance as of December 31, 2018	164.0	\$ 421	\$ (2,765)	\$ 1,051	\$ 17
Net earnings				151	1
Other comprehensive income			41		
Issuance of common stock and stock options exercised	1.2	45			
Share repurchase program	(1.2)			(145)	
Share-based compensation expense		27			
Issuance of common stock for acquisition of VaaS	1.4	160			
Dividends declared \$0.57 per share				(94)	
Balance as of March 30, 2019	165.4	\$ 653	\$ (2,724)	\$ 963	\$ 18
Net earnings				207	1
Other comprehensive loss			(13)		
Issuance of common stock and stock options exercised	0.5	33			
Share repurchase program	(0.2)			(25)	
Share-based compensation expense		30			
Dividends declared \$0.57 per share				(94)	
Dividends paid to non-controlling interest on subsidiary common stock					(3)
Balance as of June 29, 2019	165.7	\$ 716	\$ (2,737)	\$ 1,051	\$ 16

<i>(In millions)</i>	<i>Shares</i>	<i>Common Stock and Additional Paid-in Capital</i>	<i>Accumulated Other Comprehensive Income (Loss)</i>	<i>Retained Earnings</i>	<i>Noncontrolling Interests</i>
Balance as of December 31, 2017	161.6	\$ 353	\$ (2,562)	\$ 467	\$ 15
Net earnings				117	
Other comprehensive income			54		
Issuance of common stock and stock options exercised	1.7	53			
Share repurchase program	(0.6)			(66)	
Share-based compensation expense		17			
ASU 2016-16 modified retrospective adoption				(30)	
ASU 2014-09 modified retrospective adoption				127	
Dividends declared \$0.52 per share				(84)	
Balance as of March 31, 2018	162.7	\$ 423	\$ (2,508)	\$ 531	\$ 15
Net earnings				180	1
Other comprehensive loss			(72)		
Issuance of common stock and stock options exercised	0.1	6			
Share-based compensation expense		17			
Dividends declared \$0.52 per share				(84)	
Dividends paid to non-controlling interest on subsidiary common stock					(1)
Balance as of June 30, 2018	162.8	\$ 446	\$ (2,580)	\$ 627	\$ 15

See accompanying notes to condensed consolidated financial statements (unaudited).

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In millions)	Six Months Ended	
	June 29, 2019	June 30, 2018
Operating		
Net earnings attributable to Motorola Solutions, Inc.	\$ 358	\$ 297
Earnings attributable to non-controlling interests	2	1
Net earnings	360	298
Adjustments to reconcile Net earnings to Net cash provided by (used for) operating activities:		
Depreciation and amortization	191	178
Non-cash other charges	4	6
Share-based compensation expense	57	34
Gains on sales of investments and businesses, net	(4)	(10)
Loss from the extinguishment of long term debt	43	—
Changes in assets and liabilities, net of effects of acquisitions, dispositions, and foreign currency translation adjustments:		
Accounts receivable	110	206
Inventories	(61)	37
Other current assets and contract assets	128	43
Accounts payable, accrued liabilities, and contract liabilities	(345)	(340)
Other assets and liabilities	2	(558)
Deferred income taxes	17	31
Net cash provided by (used for) operating activities	502	(75)
Investing		
Acquisitions and investments, net	(371)	(1,153)
Proceeds from sales of investments and businesses, net	10	79
Capital expenditures	(129)	(82)
Net cash used for investing activities	(490)	(1,156)
Financing		
Repayment of debt	(666)	(197)
Net proceeds from issuance of debt	645	1,295
Issuance of common stock	70	59
Purchases of common stock	(170)	(66)
Payments of dividends	(187)	(168)
Payments of dividends to non-controlling interests	(3)	(1)
Net cash provided by (used for) financing activities	(311)	922
Effect of exchange rate changes on total cash and cash equivalents	6	(18)
Net decrease in total cash and cash equivalents	(293)	(327)
Total cash and cash equivalents, beginning of period	1,257	1,268
Total cash and cash equivalents, end of period	\$ 964	\$ 941
<i>Supplemental Cash Flow Information</i>		
Cash paid during the period for:		
Interest, net	\$ 112	\$ 93
Income and withholding taxes, net of refunds	70	56

See accompanying notes to condensed consolidated financial statements (unaudited).

Notes to Condensed Consolidated Financial Statements

(Dollars in millions, except as noted)

(Unaudited)

1. Basis of Presentation

The condensed consolidated financial statements as of June 29, 2019 and for the three and six months ended June 29, 2019 and June 30, 2018 include, in the opinion of management, all adjustments (consisting of normal recurring adjustments and reclassifications) necessary to present fairly the Condensed Consolidated Balance Sheets, Statements of Operations, Statements of Comprehensive Income, Statements of Stockholders' Equity, and Statements of Cash Flows of Motorola Solutions, Inc. ("Motorola Solutions" or the "Company") for all periods presented.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP") have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Form 10-K for the year ended December 31, 2018. The results of operations for the three and six months ended June 29, 2019 are not necessarily indicative of the operating results to be expected for the full year.

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Recent Acquisitions

On July 11, 2019, the Company acquired WatchGuard, Inc. ("WatchGuard"), a provider of in-car and body-worn video solutions for \$271 million, inclusive of share-based compensation withheld at a fair value of \$16 million that will be expensed over an average service period of two years. The acquisition was settled with \$250 million of cash, net of cash acquired. The acquisition expands the Company's video security solutions platform.

On March 11, 2019, the Company announced that it acquired Avtec, Inc. ("Avtec"), a provider of dispatch communication equipment for U.S. public safety and commercial customers for a purchase price of \$136 million in cash, net of cash acquired. This acquisition expands the Company's commercial portfolio with new capabilities, allowing it to offer an enhanced platform for customers to communicate, coordinate resources, and secure their facilities.

On January 7, 2019, the Company announced that it acquired VaaS International Holdings ("VaaS"), a company that is a global provider of data and image analytics for vehicle location for \$445 million, inclusive of share-based compensation withheld at a fair value of \$38 million that will be expensed over an average service period of one year. The acquisition was settled with \$231 million of cash, net of cash acquired, and 1.4 million of shares issued at a fair value of \$160 million for a purchase price of \$391 million.

On March 28, 2018, the Company completed the acquisition of Avigilon Corporation ("Avigilon"), a provider of advanced security and video solutions including video analytics, network video management hardware and software, video cameras and access control solutions for a purchase price of \$974 million in cash, net of cash acquired, debt assumed, and transaction costs paid.

On March 7, 2018, the Company completed the acquisition of Plant Holdings, Inc. ("Plant"), the parent company of Airbus DS Communications for a purchase price of \$237 million in cash, net of cash acquired. This acquisition expanded the Company's software portfolio in the command center with additional solutions for Next Generation 9-1-1.

Recent Accounting Pronouncements

In August 2018, the FASB issued ASU No. 2018-14, "Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20) - Changes to the Disclosure Requirements for Defined Benefit Plans," which modifies the disclosure requirements for the defined benefit pension plans and other postretirement plans. The ASU is effective for the Company on January 1, 2021 with early adoption permitted. The ASU requires a retrospective adoption method. The Company does not believe the ASU will have a material impact on its financial statement disclosures.

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," which requires the Company to measure and recognize expected credit losses for financial assets held and not accounted for at fair value through net income. In November 2018, April 2019 and May 2019, the FASB issued ASU No. 2018-19, "Codification Improvements to Topic 326, Financial Instruments - Credit Losses," "ASU No. 2019-04, Codification Improvements to Topic 326, Financial Instruments - Credit Losses," "Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments," and "ASU No. 2019-05, Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief," which provided additional implementation guidance on the previously issued ASU. The ASU is effective for the Company on January 1, 2020. The ASU requires a modified retrospective adoption method. The Company is still evaluating the impact of adoption on its financial statements and disclosures.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, "Leases," which amends existing guidance to require lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by long-term leases and to disclose additional quantitative and qualitative information about leasing arrangements. This was subsequently amended by ASU No. 2018-01, "Land Easement Practical Expedient for Transition to Topic 842," ASU No. 2018-10, "Codification Improvements to Topic 842, Leases," and ASU No. 2018-11, "Targeted Improvements" (collectively "ASC 842"). ASC 842 establishes a right-of-use model ("ROU") that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with an initial term longer than twelve months. Leases will be classified as finance or operating, with classification affecting the pattern and presentation of expense recognition in the income statement.

The Company adopted ASC 842 as of January 1, 2019 using a modified retrospective transition approach for all leases existing at January 1, 2019, the date of the initial application. Consequently, financial information will not be updated and disclosures required under ASC 842 will not be provided for dates and periods before January 1, 2019.

ASC 842 provides for a number of optional practical expedients in transition. The Company elected the practical expedients, which permit the Company to not reassess prior conclusions about lease identification, lease classification and initial direct costs under ASC 842. The Company did not elect the "use-of hindsight" practical expedient to determine the lease term or in assessing the likelihood that a lease purchase option will be exercised, allowing it to carry forward the lease term as determined prior to adoption of ASC 842. Finally, the Company also elected the practical expedient related to land easements, which enabled it to continue its accounting treatment for land easements on existing agreements as of January 1, 2019.

ASC 842 also provides practical expedients for an entity's ongoing accounting. The Company elected the short-term lease recognition exemption for all leases that qualify. A short-term lease is one with a term of 12 months or less, including any optional periods that are reasonably certain of exercise. For those leases that qualify, the exemption allows the Company to not recognize ROU assets or lease liabilities, including not recognizing ROU assets or lease liabilities for existing short-term leases at transition. Short-term lease costs are recognized as rent expense on a straight-line basis over the lease term consistent with the Company's prior accounting. The Company also elected the practical expedient to not separate lease and non-lease components for all current lease categories.

As of January 1, 2019, the Company recognized operating lease liabilities of \$648 million based on the present value of the remaining minimum rental payments determined under prior lease accounting standards and corresponding ROU assets of \$588 million. The \$60 million difference between operating lease liabilities and ROU assets recognized is due to deferred rent and exit cost accruals recorded under prior lease accounting standards. ASC 842 requires such balances to be reclassified against ROU assets at transition.

For arrangements where the Company is the lessor, the adoption of ASC 842 did not have a material impact on its financial statements as the majority of its leases are operating leases embedded within managed services contracts. ASC 842 provides a practical expedient for lessors in which the lessor may elect, by class of underlying asset, to not separate non-lease components from the associated lease component and, instead, to account for these components as a single component if both of the following are met: (i) the timing and pattern of transfer of the non-lease component(s) and associated lease component are the same and (ii) the lease component, if accounted for separately, would be classified as an operating lease. The accounting under the practical expedient depends on which component(s) is predominant in the contract. If the non-lease component is predominant, the single component is accounted under ASC Topic 606 "Revenue from Contracts with Customers" and accounting and disclosure under ASC 842 is not applicable. The Company has elected the above practical expedient and determined that non-lease components are predominant and is accounting for the single components as managed service contracts under ASC Topic 606.

2. Revenue from Contracts with Customers

Disaggregation of Revenue

The following table summarizes the disaggregation of our revenue by segment, geography, major product and service type and customer type for the three and six months ended June 29, 2019 and June 30, 2018, consistent with the information reviewed by our chief operating decision maker for evaluating the financial performance of operating segments:

	<i>Three Months Ended</i>			
	June 29, 2019		June 30, 2018	
	Products and Systems Integration	Services and Software	Products and Systems Integration	Services and Software
Regions:				
Americas	\$ 969	\$ 378	\$ 878	\$ 331
EMEA	152	204	188	194
Asia Pacific	117	40	123	46
	<u>\$ 1,238</u>	<u>\$ 622</u>	<u>\$ 1,189</u>	<u>\$ 571</u>
Major Products and Services:				
Devices	\$ 809	\$ —	\$ 725	\$ —
Systems and Systems Integration	429	—	464	—
Services	—	469	—	456
Software	—	153	—	115
	<u>\$ 1,238</u>	<u>\$ 622</u>	<u>\$ 1,189</u>	<u>\$ 571</u>
Customer Type:				
Direct	\$ 771	\$ 582	\$ 740	\$ 537
Indirect	467	40	449	34
	<u>\$ 1,238</u>	<u>\$ 622</u>	<u>\$ 1,189</u>	<u>\$ 571</u>

	<i>Six Months Ended</i>			
	June 29, 2019		June 30, 2018	
	Products and Systems Integration	Services and Software	Products and Systems Integration	Services and Software
Regions:				
Americas	\$ 1,782	\$ 730	\$ 1,576	\$ 627
EMEA	317	402	345	375
Asia Pacific	208	78	220	84
	<u>\$ 2,307</u>	<u>\$ 1,210</u>	<u>\$ 2,141</u>	<u>\$ 1,086</u>
Major Products and Services:				
Devices	\$ 1,495	\$ —	\$ 1,356	\$ —
Systems and Systems Integration	812	—	785	—
Services	—	921	—	902
Software	—	289	—	184
	<u>\$ 2,307</u>	<u>\$ 1,210</u>	<u>\$ 2,141</u>	<u>\$ 1,086</u>
Customer Type:				
Direct	\$ 1,429	\$ 1,135	\$ 1,357	\$ 1,042
Indirect	878	75	784	44
	<u>\$ 2,307</u>	<u>\$ 1,210</u>	<u>\$ 2,141</u>	<u>\$ 1,086</u>

Remaining Performance Obligations

Remaining performance obligations represent the revenue that is expected to be recognized in future periods related to performance obligations that are unsatisfied, or partially unsatisfied, as of the end of a period. The transaction price associated with remaining performance obligations which are not yet satisfied as of June 29, 2019 is \$7.3 billion. A total of \$3.1 billion is from Products and Systems Integration performance obligations that are not yet satisfied, of which \$1.7 billion is expected to be recognized in the next 12 months. The remaining amounts will generally be satisfied over time as systems are implemented. A total of \$4.2 billion is from Services and Software performance obligations that are not yet satisfied as of June 29, 2019. The determination of Services and Software performance obligations that are not satisfied takes into account a contract term that may be limited by the customer's ability to terminate for convenience. Where termination for convenience exists in the Company's service contracts, its disclosure of the remaining performance obligations that are unsatisfied assumes the contract term is limited until renewal. The Company expects to recognize \$1.2 billion from unsatisfied Services and Software performance obligations over the next 12 months, with the remaining performance obligations to be recognized over time as services are performed and software is implemented.

Contract Balances

	June 29, 2019	December 31, 2018
Accounts receivable, net	\$ 1,206	\$ 1,293
Contract assets	913	1,012
Contract liabilities	1,187	1,263
Non-current contract liabilities	263	214

Revenue recognized during the three months ended June 29, 2019 which was previously included in Contract liabilities as of March 30, 2019 is \$340 million, compared to \$365 million of revenue recognized during the three months ended June 30, 2018 which was previously included in Contract liabilities as of April 1, 2018. Revenue recognized during the six months ended June 29, 2019 which was previously included in Contract liabilities as of December 31, 2018 is \$600 million, compared to \$541 million of revenue recognized during the six months ended June 30, 2018 which was previously included in Contract liabilities as of January 1, 2018. Adjustments to revenue for the three and six months ended June 29, 2019 and June 30, 2018 driven by changes in the estimates of progress on system contracts was immaterial.

There were no material impairment losses recognized on contract assets during the three and six months ended June 29, 2019 and June 30, 2018.

Contract Cost Balances

	June 29, 2019	December 31, 2018
Current contract cost assets	\$ 37	\$ 30
Non-current contract cost assets	98	98

Amortization of contract cost assets was \$11 million for the three months ended June 29, 2019 and June 30, 2018, respectively, and \$22 million and \$23 million for the six months ended June 29, 2019 and June 30, 2018, respectively.

3. Leases

The Company leases certain office, factory and warehouse space, land, and other equipment, principally under non-cancelable operating leases.

The Company determines if an arrangement is a lease at inception of the contract. The Company's key decisions in determining whether a contract is or contains a lease include establishing whether the supplier has the ability to use other assets to fulfill its service or whether the terms of the agreement enable the Company to control the use of a dedicated asset during the contract term. In the majority of the Company's contracts where it must identify whether a lease is present, it is readily determinable that the Company controls the use of the assets and obtains substantially all of the economic benefit during the term of the contract. In those contracts where identification is not readily determinable, the Company has determined that the supplier has either the ability to use another asset to provide the service or the terms of the contract give the supplier the rights to operate the asset at its discretion during the term of the contract.

ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. The Company's lease payments are typically fixed or contain fixed escalators. The Company has elected to not separate lease and non-lease components for all of its current lease categories and therefore, all consideration is included in the lease liabilities. For the Company's leases consisting of both land and other equipment (i.e. "communication network sites"), future payments are subject to variability due to changes in indices or rates. The Company values its ROU assets and lease liabilities based on the index or rate in effect at lease commencement. Future changes in the indices or rates are accounted for as variable lease costs. Other variable lease costs also include items that are not fixed at lease commencement including property taxes, insurance, and operating charges that vary based on usage. ROU assets also include lease payments made in advance and are net of lease incentives.

As the majority of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rates based on the information available at the commencement date in determining the present value of future payments. The Company's incremental borrowing rates are based on the term of the lease, the economic environment of the lease, and the effect of collateralization.

The Company's lease terms range from one to twenty-one years and may include options to extend the lease by one to ten years or terminate the lease after the initial non-cancelable term. The Company does not include options in the determination of the lease term for the majority of leases as sufficient economic factors do not exist that would compel it to continue to use the underlying asset beyond the initial non-cancelable term. However, for the Company's communication network site leases that are necessary to provide services to customers under managed service arrangements, the Company includes options in the lease term to the extent of the customer contracts to which those leases relate.

The components of lease expense are as follows:

<i>June 29, 2019</i>	<i>Three Months Ended</i>	<i>Six Months Ended</i>
Lease expense:		
Operating lease cost	\$ 33	\$ 65
Finance lease cost		
Amortization of right-of-use assets	3	6
Interest on lease liabilities	—	1
Total finance lease cost	<u>3</u>	<u>7</u>
Short-term lease cost	1	3
Variable cost	8	17
Sublease income	(1)	(2)
Net lease expense	\$ 44	\$ 90

Lease assets and liabilities consist of the following:

	<i>Statement Line Classification</i>	<i>June 29, 2019</i>
Assets:		
Operating lease assets	Operating lease assets	\$ 567
Finance lease assets	Property, plant, and equipment, net	50
		<u>\$ 617</u>
Current liabilities:		
Operating lease liabilities	Accrued liabilities	\$ 118
Finance lease liabilities	Current portion of long-term debt	14
		<u>\$ 132</u>
Non-current liabilities:		
Operating lease liabilities	Operating lease liabilities	\$ 504
Finance lease liabilities	Long-term debt	22
		<u>\$ 526</u>

Other information related to leases is as follows:

	<i>Six Months Ended</i>
	<i>June 29, 2019</i>
Supplemental cash flow information:	
Net cash used for operating activities related to operating leases	\$ 80
Net cash used for operating activities related to finance leases	1
Net cash used for financing activities related to finance leases	8
Assets obtained in exchange for lease liabilities:	
Operating leases	\$ 45

June 29, 2019

Weighted average remaining lease terms (years):	
Operating leases	8
Finance leases	3
Weighted average discount rate:	
Operating leases	3.76%
Finance leases	4.97%

Future lease payments as of June 29, 2019 are as follows:

	<i>Operating Leases</i>	<i>Finance Leases</i>	<i>Total</i>
2019	\$ 58	\$ 8	\$ 66
2020	136	14	150
2021	121	12	133
2022	105	5	110
2023	55	—	55
Thereafter	247	—	247
Total lease payments	722	39	761
Less: Interest	100	3	103
Present value of lease liabilities	\$ 622	\$ 36	\$ 658

Rental expense, net of sublease income, for the year ended December 31, 2018 was \$108 million.

At December 31, 2018, future minimum lease obligations, net of minimum sublease rentals, for the next five years and beyond were as follows:

	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>Beyond</i>
\$	131	\$ 120	\$ 112	\$ 101	\$ 54	\$ 204

4. Other Financial Data

Statements of Operations Information

Other Charges (Income)

Other charges (income) included in Operating earnings consist of the following:

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	June 29, 2019	<i>June 30, 2018</i>	June 29, 2019	<i>June 30, 2018</i>
Other charges:				
Intangibles amortization (Note 15)	\$ 52	\$ 53	\$ 102	\$ 94
Reorganization of business (Note 14)	8	18	12	26
Legal settlements	1	—	—	1
Acquisition-related transaction fees	—	—	2	17
	\$ 61	\$ 71	\$ 116	\$ 138

During the six months ended June 29, 2019, the Company recognized \$2 million of acquisition-related transaction fees for the VaaS and Avtec acquisitions and \$17 million for the Avigilon and Plant acquisitions during the six months ended June 30, 2018.

Other Income (Expense)

Interest expense, net, and Other, both included in Other income (expense), consist of the following:

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<i>June 29, 2019</i>	<i>June 30, 2018</i>	<i>June 29, 2019</i>	<i>June 30, 2018</i>
Interest income (expense), net:				
Interest expense	\$ (59)	\$ (63)	\$ (119)	\$ (117)
Interest income	3	5	8	13
	\$ (56)	\$ (58)	\$ (111)	\$ (104)
Other, net:				
Net periodic pension and postretirement benefit (Note 8)	\$ 17	\$ 20	\$ 33	\$ 40
Loss from the extinguishment of long-term debt (Note 5)	(43)	—	(43)	—
Investment impairments	(3)	—	(11)	—
Foreign currency gain (loss)	(7)	11	(11)	—
Loss on derivative instruments	(3)	(19)	(7)	(23)
Gains on equity method investments	—	—	1	1
Fair value adjustments to equity investments	16	—	15	—
Other	2	1	11	(2)
	\$ (21)	\$ 13	\$ (12)	\$ 16

During the three months ended June 29, 2019, the Company recognized a foreign currency loss of \$7 million, primarily driven by the Pakistani rupee, the Euro, and the Israeli Shekel, and a loss of \$3 million on derivative instruments put in place to minimize the foreign exchange risk related to currency fluctuations. During the six months ended June 29, 2019, the Company recognized a foreign currency loss of \$11 million, primarily related to the British pound, Pakistani rupee, the Euro, and the Israeli Shekel, and a loss of \$7 million on derivative instruments put in place to minimize the foreign exchange risk related to currency fluctuations.

During the three months ended June 30, 2018, the Company recognized a foreign currency gain of \$11 million, primarily driven by the Euro and British pound, and a loss of \$19 million on derivative instruments put in place to minimize the foreign exchange risk related to currency fluctuations. During the six months ended June 30, 2018, the Company recognized a loss of \$23 million on derivative instruments put in place to minimize the foreign exchange risk related to currency fluctuations, which included a loss of \$14 million on foreign currency derivatives put in place to minimize the exposure to the Canadian dollar related to the acquisition of Avigilon.

Earnings Per Common Share

The computation of basic and diluted earnings per common share is as follows:

	<i>Amounts attributable to Motorola Solutions, Inc. common stockholders</i>			
	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<i>June 29, 2019</i>	<i>June 30, 2018</i>	<i>June 29, 2019</i>	<i>June 30, 2018</i>
Basic earnings per common share:				
Earnings	\$ 207	\$ 180	\$ 358	\$ 297
Weighted average common shares outstanding	164.9	162.2	164.4	161.7
Per share amount	\$ 1.25	\$ 1.11	\$ 2.18	\$ 1.83
Diluted earnings per common share:				
Earnings	\$ 207	\$ 180	\$ 358	\$ 297
Weighted average common shares outstanding	164.9	162.2	164.4	161.7
Add effect of dilutive securities:				
Share-based awards	4.6	3.8	4.7	4.0
Senior Convertible Notes	6.6	5.7	6.2	5.4
Diluted weighted average common shares outstanding	176.1	171.7	175.3	171.1
Per share amount	\$ 1.18	\$ 1.05	\$ 2.04	\$ 1.73

In the computation of diluted earnings per common share for the three and six months ended June 29, 2019, the assumed exercise of 0.5 million options, including 0.3 million subject to market-based contingent option agreements, were excluded because their inclusion would have been antidilutive.

For the three months ended June 30, 2018, the assumed exercise of 1.4 million options, including 1.2 million subject to market-based contingent option agreements, were excluded because their inclusion would have been antidilutive. For the six months ended June 30, 2018, the assumed exercise of 2.9 million options, including 2.4 million subject to market-based contingent stock agreements, were excluded because their inclusion would have been antidilutive.

As of June 29, 2019, the Company had \$800 million of 2.0% Senior Convertible Notes outstanding which mature in September 2020 (the "Senior Convertible Notes"), and are fully convertible. In the event of a conversion, the Company intends to settle the principal amount of the Senior Convertible Notes in cash and accordingly, only the number of shares that would be issuable (under the treasury stock method of accounting for share dilution) are included in our computation of diluted earnings per share. The conversion price is adjusted for dividends declared through the date of settlement. Diluted earnings per share has been calculated based upon the amount by which the average stock price exceeds the conversion price.

Balance Sheet Information

Accounts Receivable, Net

Accounts receivable, net, consists of the following:

	<i>June 29, 2019</i>	<i>December 31, 2018</i>
Accounts receivable	\$ 1,264	\$ 1,344
Less allowance for doubtful accounts	(58)	(51)
	\$ 1,206	\$ 1,293

Inventories, Net

Inventories, net, consist of the following:

	<i>June 29, 2019</i>	<i>December 31, 2018</i>
Finished goods	\$ 233	\$ 206
Work-in-process and production materials	335	293
	<u>568</u>	<u>499</u>
Less inventory reserves	(144)	(143)
	<u>\$ 424</u>	<u>\$ 356</u>

Other Current Assets

Other current assets consist of the following:

	<i>June 29, 2019</i>	<i>December 31, 2018</i>
Current contract cost assets (Note 2)	\$ 37	\$ 30
Tax-related deposits	106	138
Other	181	186
	<u>\$ 324</u>	<u>\$ 354</u>

Property, Plant and Equipment, Net

Property, plant and equipment, net, consists of the following:

	<i>June 29, 2019</i>	<i>December 31, 2018</i>
Land	\$ 10	\$ 10
Leasehold improvements	377	362
Machinery and equipment	1,938	1,886
	<u>2,325</u>	<u>2,258</u>
Less accumulated depreciation	(1,385)	(1,363)
	<u>\$ 940</u>	<u>\$ 895</u>

Depreciation expense for the three months ended June 29, 2019 and June 30, 2018 was \$44 million and \$43 million, respectively. Depreciation expense for the six months ended June 29, 2019 and June 30, 2018 was \$89 million and \$84 million, respectively.

Investments

Investments consist of the following:

	<i>June 29, 2019</i>	<i>December 31, 2018</i>
Corporate bonds	\$ —	\$ 1
Common stock	42	19
Strategic investments, at cost	40	62
Company-owned life insurance policies	76	75
Equity method investments	17	12
	<u>\$ 175</u>	<u>\$ 169</u>

Strategic investments include investments in non-public technology-driven startup companies. Strategic investments do not have a readily determinable fair value and are recorded at cost, less any impairment, and adjusted for changes resulting from observable, orderly transactions for identical or similar securities. The Company did not recognize any significant adjustments to the recorded cost basis during the six months ended June 29, 2019, with the exception of one company becoming publicly-traded during the second quarter, which required the investment to be reclassified to common stock.

The Company's common stock portfolio reflects investments in publicly-traded companies within the communications services sector and is valued utilizing active market prices for similar instruments. During the three and six months ended

June 29, 2019, the Company recognized \$15 million and \$14 million, respectively, in Other income (expense) related to an increase in the fair value of the investments.

During the three months ended June 29, 2019, Gains on the sale of investments and businesses, net were \$3 million, related to the sale of a business, compared to losses of \$1 million, related to the sale of various strategic investments during the three months ended June 30, 2018. During the three months ended June 29, 2019, the Company received \$6 million in cash for the sale of \$3 million of net assets related to a two-way communications rental business, resulting in the gain on the sale of a business of \$3 million.

During the six months ended June 29, 2019, Gains on the sale of investments and businesses, net were \$4 million, related to the sale of the two-way communications rental business and various equity method investments, compared to \$10 million, related to the sale of various strategic and equity method investments during the six months ended June 30, 2018.

During the three months ended and six months ended June 29, 2019, the Company recorded investment impairment charges of \$3 million and \$11 million, respectively, representing other-than-temporary declines in the value of the Company's strategic investments portfolio. There were no investment impairments recorded during the three months ended and six months ended June 30, 2018. Investment impairment charges are included in Other within Other income (expense) in the Company's Condensed Consolidated Statements of Operations.

Other Assets

Other assets consist of the following:

	<i>June 29, 2019</i>	<i>December 31, 2018</i>
Defined benefit plan assets (Note 8)	\$ 163	\$ 135
Tax receivable	39	39
Non-current contract cost assets (Note 2)	98	98
Other	64	72
	<u>\$ 364</u>	<u>\$ 344</u>

Accrued Liabilities

Accrued liabilities consist of the following:

	<i>June 29, 2019</i>	<i>December 31, 2018</i>
Compensation	\$ 224	\$ 324
Tax liabilities	91	111
Dividend payable	94	93
Trade liabilities	146	185
Operating lease liabilities (Note 3)	118	—
Other	444	497
	<u>\$ 1,117</u>	<u>\$ 1,210</u>

Other Liabilities

Other liabilities consist of the following:

	<i>June 29, 2019</i>	<i>December 31, 2018</i>
Defined benefit plans (Note 8)	\$ 1,509	\$ 1,557
Non-current contract liabilities (Note 2)	263	214
Unrecognized tax benefits	52	51
Deferred income taxes	180	201
Other	229	277
	<u>\$ 2,233</u>	<u>\$ 2,300</u>

Stockholders' Equity

Share Repurchase Program: During the three and six months ended June 29, 2019, the Company paid an aggregate of \$25 million and \$170 million, including transaction costs, to repurchase approximately 0.2 million and 1.4 million shares at an average price of \$146.65 and \$122.31 per share, respectively. As of June 29, 2019, the Company had used approximately \$12.6 billion of the share repurchase authority, including transaction costs, to repurchase shares, leaving \$1.4 billion of authority available for future repurchases.

Payment of Dividends: During the three months ended June 29, 2019 and June 30, 2018, the Company paid \$94 million and \$84 million, respectively, in cash dividends to holders of its common stock. During the six months ended June 29, 2019 and June 30, 2018, the Company paid \$187 million and \$168 million, respectively, in cash dividends to holders of its common stock.

Accumulated Other Comprehensive Loss

The following table displays the changes in Accumulated other comprehensive loss, including amounts reclassified into income, and the affected line items in the Condensed Consolidated Statements of Operations during the three and six months ended June 29, 2019 and June 30, 2018:

	Three Months Ended		Six Months Ended	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
Foreign Currency Translation Adjustments:				
Balance at beginning of period	\$ (414)	\$ (305)	\$ (444)	\$ (353)
Other comprehensive income (loss) before reclassification adjustment	(24)	(81)	10	(30)
Tax benefit (expense)	1	(5)	(3)	(8)
Other comprehensive income (loss), net of tax	(23)	(86)	7	(38)
Balance at end of period	\$ (437)	\$ (391)	\$ (437)	\$ (391)
Available-for-Sale Securities:				
Balance at beginning of period	\$ —	\$ —	\$ —	\$ 6
Reclassification adjustment into Gains on sales of investments and businesses, net	—	—	—	(8)
Tax benefit	—	—	—	2
Other comprehensive loss, net of tax	—	—	—	(6)
Balance at end of period	\$ —	\$ —	\$ —	\$ —
Defined Benefit Plans:				
Balance at beginning of period	\$ (2,310)	\$ (2,203)	\$ (2,321)	\$ (2,215)
Reclassification adjustment - Actuarial net losses into Other income (expense)	17	18	33	36
Reclassification adjustment - Prior service benefits into Other income (expense)	(4)	(4)	(7)	(7)
Tax expense	(3)	—	(5)	(3)
Other comprehensive income, net of tax	10	14	21	26
Balance at end of period	\$ (2,300)	\$ (2,189)	\$ (2,300)	\$ (2,189)
Total Accumulated other comprehensive loss	\$ (2,737)	\$ (2,580)	\$ (2,737)	\$ (2,580)

5. Debt and Credit Facilities

	June 29, 2019	December 31, 2018
2.0% Senior Convertible Notes due 2020	\$ 800	\$ 800
Term Loan due 2021	399	399
3.5% senior notes due 2021	149	397
3.75% senior notes due 2022	550	748
3.5% senior notes due 2023	596	596
4.0% senior notes due 2024	592	591
6.5% debentures due 2025	72	118
7.5% debentures due 2025	254	346
4.6% senior notes due 2028	690	690
6.5% debentures due 2028	24	36
4.6% senior notes due 2029	645	—
6.625% senior notes due 2037	37	54
5.5% senior notes due 2044	396	396
5.22% debentures due 2097	91	91
Other long-term debt	52	62
	5,347	5,324
Adjustments for unamortized gains on interest rate swap terminations	(4)	(4)
Less: current portion	(28)	(31)
Long-term debt	\$ 5,315	\$ 5,289

As of June 29, 2019, the Company had a \$2.2 billion syndicated, unsecured revolving credit facility scheduled to mature in April 2022 (the "2017 Motorola Solutions Credit Agreement"). The 2017 Motorola Solutions Credit Agreement includes a \$500 million letter of credit sub-limit with \$450 million of fronting commitments. Borrowings under the facility bear interest at the prime rate plus the applicable margin, or at a spread above the London Interbank Offered Rate ("LIBOR"), at the Company's option. An annual facility fee is payable on the undrawn amount of the credit line. The interest rate and facility fee are subject to adjustment if the Company's credit rating changes. The Company must comply with certain customary covenants including a maximum leverage ratio, as defined in the 2017 Motorola Solutions Credit Agreement. The Company was in compliance with its financial covenants as of June 29, 2019. During the first quarter of 2018, the Company borrowed \$400 million to facilitate the Avigilon acquisition which was re-paid by December 31, 2018. There were no borrowings outstanding or letters of credit issued under the revolving credit facility as of December 31, 2018 and June 29, 2019.

In February of 2018, the Company issued \$500 million of 4.60% Senior notes due 2028. The Company recognized net proceeds of \$497 million after debt issuance costs and debt discounts. These proceeds were then used to make a \$500 million contribution to the Company's U.S. pension plan. During the second half of 2018, the Company issued an additional \$200 million on the outstanding notes. The Company recognized net proceeds of \$196 million after debt issuance costs and debt discounts.

In conjunction with the Avigilon acquisition in the first quarter of 2018, the Company entered into a term loan for \$400 million with a maturity date of March 26, 2021 (the "Term Loan"). Interest on the Term Loan is variable, indexed to LIBOR, and paid monthly. The weighted average borrowing rate for amounts outstanding during the three and six months ended June 29, 2019 were 3.72% and 3.74%, respectively. No additional borrowings are permitted and amounts borrowed and repaid or prepaid may not be re-borrowed.

In May of 2019, the Company issued \$650 million of 4.60% Senior notes due 2029. The Company recognized net proceeds of \$645 million after debt issuance costs and debt discounts. These proceeds were then used to fund a tender offer which resulted in the repurchase of \$614 million in principal amount of its outstanding long-term debt for a purchase price of \$654 million, excluding approximately \$3 million of accrued interest, all of which occurred during the three months ended June 29, 2019. After accelerating the amortization of debt issuance costs and debt discounts, the Company recognized a loss of approximately \$43 million related to this debt tender in Other within Other income (expense) in the Condensed Consolidated Statements of Operations.

As of June 29, 2019, the Company had \$800 million of 2.0% Senior Convertible Notes outstanding with Silver Lake Partners which mature in September 2020 and are fully convertible. The notes are convertible based on a conversion rate of 14.8968, as may be adjusted for dividends declared, per \$1,000 principal amount (which is currently equal to a conversion price of \$67.13 per share). The exercise price adjusts automatically for dividends. The value by which the Senior Convertible Notes exceeded their principal amount if converted as of June 29, 2019 was \$1.1 billion. In the event of a conversion, the Company intends to settle the principal amount of the Senior Convertible Notes in cash.

6. Risk Management

Foreign Currency Risk

As of June 29, 2019, the Company had outstanding foreign exchange contracts with notional amounts totaling \$1.0 billion, compared to \$819 million outstanding at December 31, 2018. The Company does not believe these financial instruments should subject it to undue risk due to foreign exchange movements because gains and losses on these contracts should generally offset gains and losses on the underlying assets, liabilities and transactions.

The following table shows the five largest net notional amounts of the positions to buy or sell foreign currency as of June 29, 2019, and the corresponding positions as of December 31, 2018:

<i>Net Buy (Sell) by Currency</i>	<i>Notional Amount</i>	
	<i>June 29, 2019</i>	<i>December 31, 2018</i>
Euro	\$ 155	\$ 89
British pound	46	139
Canadian dollar	42	(39)
Australian dollar	(107)	(105)
Chinese renminbi	(55)	(55)

Counterparty Risk

The use of derivative financial instruments exposes the Company to counterparty credit risk in the event of non-performance by counterparties. However, the Company's risk is limited to the fair value of the instruments when the derivative is in an asset position. The Company actively monitors its exposure to credit risk. As of June 29, 2019, all of the counterparties have investment grade credit ratings. As of June 29, 2019, the Company had \$12 million of exposure to aggregate credit risk with all counterparties.

The following tables summarize the fair values and locations in the Condensed Consolidated Balance Sheets of all derivative financial instruments held by the Company as of June 29, 2019 and December 31, 2018:

<i>June 29, 2019</i>	<i>Fair Values of Derivative Instruments</i>	
	<i>Other Current Assets</i>	<i>Accrued Liabilities</i>
Derivatives designated as hedging instruments:		
Foreign exchange contracts	\$ 8	\$ —
Derivatives not designated as hedging instruments:		
Foreign exchange contracts	\$ 4	\$ 3
Total derivatives	\$ 12	\$ 3

<i>December 31, 2018</i>	<i>Fair Values of Derivative Instruments</i>	
	<i>Other Current Assets</i>	<i>Accrued Liabilities</i>
Derivatives not designated as hedging instruments:		
Foreign exchange contracts	\$ 5	\$ 4

The following table summarizes the effect of derivatives on the Company's condensed consolidated financial statements for the three and six months ended June 29, 2019 and June 30, 2018:

Foreign Exchange Contracts	Three Months Ended		Six Months Ended		Financial Statement Location
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018	
Effective portion	\$ 6	\$ 5	\$ 8	\$ 2	Accumulated other comprehensive income
Forward points recognized	2	—	3	—	Other income
Undesignated derivatives recognized	(3)	(19)	(7)	(23)	Other expense

Net Investment Hedges

The Company uses foreign exchange forward contracts with contract terms of 12 to 15 months to hedge against the effect of the British pound and the Euro exchange rate fluctuations against the U.S. dollar on a portion of its net investment in certain European operations. The Company recognizes changes in the fair value of the net investment hedges as a component of foreign currency translation adjustments within other comprehensive income to offset a portion of the change in translated value of the net investment being hedged, until the investment is sold or liquidated. In accordance with ASU 2017-02, the Company has elected to exclude the difference between the spot rate and the forward rate of the forward contract from its assessment of hedge effectiveness. The effect of the excluded components will be amortized on a straight line basis and recognized through interest expense. As of June 29, 2019, the Company had €95 million of net investment hedges in certain Euro functional subsidiaries and £100 million of net investment hedges in certain British pound functional subsidiaries. During the three and six months ended June 29, 2019, the Company amortized \$2 million and \$3 million, respectively, of income from the excluded components through interest expense.

7. Income Taxes

At the end of each interim reporting period, the Company makes an estimate of its annual effective income tax rate. Tax expense in interim periods is calculated at the estimated annual effective tax rate plus or minus the tax effects of items of income and expense that are discrete to the period. The estimate used in providing for income taxes on a year-to-date basis may change in subsequent interim periods.

The following table provides details of income taxes:

	Three Months Ended		Six Months Ended	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
Net earnings before income taxes	\$ 275	\$ 227	\$ 460	\$ 367
Income tax expense	67	46	100	69
Effective tax rate	24%	20%	22%	19%

During the three and six months ended June 29, 2019, the Company recorded \$67 million and \$100 million of net tax expense, resulting in effective tax rates of 24% and 22%, respectively. During the three and six months ended June 30, 2018, the Company recorded \$46 million and \$69 million of net tax expense, resulting in effective tax rates of 20% and 19%, respectively. The three and six months ended June 29, 2019 effective tax rates include state tax expense, offset by excess tax benefits on share-based compensation. The effective tax rates for the three and six months ended June 29, 2019 of 24% and 22%, respectively, is higher than the effective tax rates for the three and six months ended June 30, 2018 of 20% and 19%, respectively, primarily due to a favorable settlement of a state audit in 2018.

8. Retirement and Other Employee Benefits

Pension and Postretirement Health Care Benefits Plans

The net periodic benefits for Pension and Postretirement Health Care Benefits Plans were as follows:

Three Months Ended	U.S. Pension Benefit Plans		Non-U.S. Pension Benefit Plans		Postretirement Health Care Benefits Plan	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
Service cost	\$ —	\$ —	\$ 1	\$ 1	\$ —	\$ —
Interest cost	51	46	10	10	1	1
Expected return on plan assets	(69)	(68)	(21)	(24)	(3)	(3)
Amortization of:						
Unrecognized net loss	12	14	4	3	1	1
Unrecognized prior service benefit	—	—	—	—	(4)	(4)
Net periodic pension benefits	\$ (6)	\$ (8)	\$ (6)	\$ (10)	\$ (5)	\$ (5)

Six Months Ended	U.S. Pension Benefit Plans		Non-U.S. Pension Benefit Plans		Postretirement Health Care Benefits Plan	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
Service cost	\$ —	\$ —	\$ 2	\$ 2	\$ —	\$ —
Interest cost	102	92	20	20	1	1
Expected return on plan assets	(138)	(136)	(42)	(48)	(5)	(5)
Amortization of:						
Unrecognized net loss	23	28	8	6	2	2
Unrecognized prior service benefit	—	—	—	—	(7)	(7)
Net periodic pension benefits	\$ (13)	\$ (16)	\$ (12)	\$ (20)	\$ (9)	\$ (9)

9. Share-Based Compensation Plans

Compensation expense for the Company's share-based plans was as follows:

	Three Months Ended		Six Months Ended	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
Share-based compensation expense included in:				
Costs of sales	\$ 3	\$ 2	\$ 7	\$ 5
Selling, general and administrative expenses	15	11	31	21
Research and development expenditures	12	4	19	8
Share-based compensation expense included in Operating earnings	30	17	57	34
Tax benefit	(5)	(4)	(10)	(8)
Share-based compensation expense, net of tax	\$ 25	\$ 13	\$ 47	\$ 26
Decrease in basic earnings per share	\$ (0.15)	\$ (0.08)	\$ (0.29)	\$ (0.16)
Decrease in diluted earnings per share	\$ (0.14)	\$ (0.08)	\$ (0.27)	\$ (0.15)

During the six months ended June 29, 2019, the Company granted 0.5 million restricted stock units ("RSUs") and 0.1 million market stock units ("MSUs") with an aggregate grant-date fair value of \$64 million and \$7 million, respectively, and

0.2 million stock options and 0.2 million performance options ("POs") with an aggregate grant-date fair value of \$6 million and \$7 million, respectively. The share-based compensation expense will generally be recognized over the vesting period of three years.

During the six months ended June 29, 2019, the Company granted an additional 0.4 million of restricted stock in connection with the acquisition of VaaS, with an aggregate grant-date fair value of \$38 million related to compensation withheld from the purchase price that will be expensed over an average service period of one year.

During the three months ended June 29, 2019, the Company approved the grant of performance stock units ("PSUs") as a portion of the Long Range Incentive Plan ("LRIP") awards issued to certain Company executive officers with an aggregate grant-date fair value of \$5.5 million. The 2019 PSUs have a three-year performance period and were granted at a target number of units subject to adjustment based on company performance. The number of PSUs earned will be based on the actual total shareholder return ("TSR") compared to the S&P 500 over the three-year performance period.

The Company calculates the value of each PSU using the Monte Carlo simulation, estimated on the date of grant. Each PSU was granted with a fair value of \$203.61. The following assumptions were used for the calculations.

	<i>2019 PSUs</i>
Expected volatility of common stock	20.6%
Expected volatility of the S&P 500	25.0%
Risk-free interest rate	2.2%
Dividend yield	1.6%

Subsequent to the six months ended June 29, 2019, the Company granted restricted stock and restricted stock units in connection with the acquisition of WatchGuard for an aggregate grant date fair value of \$16 million that will be expensed over an average service period of two years.

10. Fair Value Measurements

The Company holds certain fixed income securities, equity securities and derivatives, which are recognized and disclosed at fair value in the financial statements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date and is measured using the fair value hierarchy. This hierarchy prescribes valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The prescribed fair value hierarchy and related valuation methodologies are as follows:

Level 1 — Quoted prices for identical instruments in active markets.

Level 2 — Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations, in which all significant inputs are observable, in active markets.

Level 3 — Valuations derived from valuation techniques, in which one or more significant inputs are unobservable.

The fair values of the Company's financial assets and liabilities by level in the fair value hierarchy as of June 29, 2019 and December 31, 2018 were as follows:

<i>June 29, 2019</i>	<i>Level 1</i>		<i>Level 2</i>		<i>Total</i>
Assets:					
Foreign exchange derivative contracts	\$	—	\$	12	\$ 12
Common stock		42		—	42
Liabilities:					
Foreign exchange derivative contracts	\$	—	\$	3	\$ 3

<i>December 31, 2018</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Assets:			
Foreign exchange derivative contracts	\$ —	\$ 5	\$ 5
Corporate bonds	1	—	1
Common stock	19	—	19
Liabilities:			
Foreign exchange derivative contracts	\$ —	\$ 4	\$ 4

The Company had no Level 3 holdings as of June 29, 2019 or December 31, 2018.

At June 29, 2019 and December 31, 2018, the Company had \$419 million and \$734 million, respectively, of investments in money market prime and government funds (Level 1) classified as Cash and cash equivalents in its Condensed Consolidated Balance Sheets. The money market funds had quoted market prices that are equivalent to par.

Using quoted market prices and market interest rates, the Company determined that the fair value of long-term debt at June 29, 2019 and December 31, 2018 was \$5.6 billion and \$5.4 billion (Level 2), respectively.

All other financial instruments are carried at cost, which is not materially different from the instruments' fair values.

11. Long-term Financing and Sales of Receivables

Long-term Financing

Long-term receivables consist of receivables with payment terms greater than twelve months and long-term loans. Long-term receivables consist of the following:

	<i>June 29, 2019</i>	<i>December 31, 2018</i>
Long-term receivables, gross	\$ 28	\$ 33
Less allowance for losses	(2)	(2)
Long-term receivables	26	31
Less current portion	(10)	(7)
Non-current long-term receivables	\$ 16	\$ 24

The current portion of long-term receivables is included in Accounts receivable, net and the non-current portion of long-term receivables is included in Other assets in the Company's Condensed Consolidated Balance Sheets. The Company had outstanding commitments to provide long-term financing to third parties totaling \$53 million at June 29, 2019, compared to \$62 million at December 31, 2018.

Sales of Receivables

The following table summarizes the proceeds received from sales of accounts receivable and long-term receivables for the three and six months ended June 29, 2019 and June 30, 2018:

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<i>June 29, 2019</i>	<i>June 30, 2018</i>	<i>June 29, 2019</i>	<i>June 30, 2018</i>
Accounts receivable sales proceeds	\$ 3	\$ 22	\$ 27	\$ 76
Long-term receivables sales proceeds	55	15	76	28
Total proceeds from receivable sales	\$ 58	\$ 37	\$ 103	\$ 104

At June 29, 2019, the Company had retained servicing obligations for \$971 million of long-term receivables, compared to \$970 million at December 31, 2018. Servicing obligations are limited to collection activities related to the sales of accounts receivables and long-term receivables.

12. Commitments and Contingencies

Legal Matters

The Company is a defendant in various lawsuits, claims, and actions, which arise in the normal course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's condensed consolidated financial position, liquidity, or results of operations. However, an unfavorable resolution could have a material adverse effect on the Company's condensed consolidated financial position, liquidity, or results of operations in the periods in which the matters are ultimately resolved, or in the periods in which more information is obtained that changes management's opinion of the ultimate disposition.

Other Indemnifications

The Company is a party to a variety of agreements pursuant to which it is obligated to indemnify the other party with respect to certain matters. In indemnification cases, payment by the Company is conditioned on the other party making a claim pursuant to the procedures specified in the particular contract, which procedures typically allow the Company to challenge the other party's claims. In some instances, the Company may have recourse against third parties for certain payments made by the Company.

Some of these obligations arise as a result of divestitures of the Company's assets or businesses and require the Company to indemnify the other party against losses arising from breaches of representations and warranties and covenants and, in some cases, the settlement of pending obligations. The Company's obligations under divestiture agreements for indemnification based on breaches of representations and warranties are generally limited in terms of duration and to amounts not in excess of a percentage of the contract value. The Company had no accruals for any such obligations at June 29, 2019.

In addition, the Company may provide indemnifications for losses that result from the breach of general warranties contained in certain commercial and intellectual property agreements. Historically, the Company has not made significant payments under these agreements.

13. Segment Information

The following table summarizes Net sales by segment:

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	June 29, 2019	<i>June 30, 2018</i>	June 29, 2019	<i>June 30, 2018</i>
Products and Systems Integration	\$ 1,238	\$ 1,189	\$ 2,307	\$ 2,141
Services and Software	622	571	1,210	1,086
	\$ 1,860	\$ 1,760	\$ 3,517	\$ 3,227

The following table summarizes the Operating earnings by segment:

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	June 29, 2019	<i>June 30, 2018</i>	June 29, 2019	<i>June 30, 2018</i>
Products and Systems Integration	\$ 201	\$ 175	\$ 310	\$ 265
Services and Software	148	98	269	180
Operating earnings	349	273	579	445
Total other expense	(74)	(46)	(119)	(78)
Earnings before income taxes	\$ 275	\$ 227	\$ 460	\$ 367

14. Reorganization of Business

2019 Charges

During the three months ended June 29, 2019, the Company recorded net reorganization of business charges of \$12 million including \$8 million of charges in Other charges and \$4 million of charges in Costs of sales in the Company's Condensed Consolidated Statements of Operations. Included in the \$12 million were charges of \$18 million related to employee separation, partially offset by \$6 million of reversals for accruals no longer needed.

During the six months ended June 29, 2019, the Company recorded net reorganization of business charges of \$20 million including \$12 million of charges in Other charges and \$8 million of charges in Costs of sales in the Company's Condensed

Consolidated Statements of Operations. Included in the \$20 million were charges of \$30 million related to employee separation, partially offset by \$10 million of reversals for accruals no longer needed.

The following table displays the net charges incurred by segment:

<i>June 29, 2019</i>	<i>Three Months Ended</i>		<i>Six Months Ended</i>
Products and Systems Integration	\$	9	\$ 16
Services and Software		3	4
	\$	12	\$ 20

The following table displays a rollforward of the reorganization of business accruals established for employee separation costs from January 1, 2019 to June 29, 2019:

	<i>January 1, 2019</i>	<i>Additional Charges</i>	<i>Adjustments</i>	<i>Amount Used</i>	<i>June 29, 2019</i>
Employee separation costs	\$ 84	\$ 30	\$ (10)	\$ (28)	\$ 76

Employee Separation Costs

At January 1, 2019, the Company had an accrual of \$84 million for employee separation costs. The 2019 additional charges of \$30 million represent severance costs for approximately 300 employees. The adjustment of \$10 million reflects reversals for accruals no longer needed. The \$28 million used reflects cash payments to severed employees. The remaining accrual of \$76 million, which is included in Accrued liabilities in the Company's Condensed Consolidated Balance Sheets at June 29, 2019, is expected to be paid, primarily within one year, to approximately 900 employees, who have either been severed or have been notified of their severance and have begun or will begin receiving payments.

As of January 1, 2019, accruals for exit costs are included in Operating lease liabilities with an offsetting impairment to the Company's ROU assets; all within its Condensed Consolidated Balance Sheets (see Note 3).

2018 Charges

During the three months ended June 30, 2018, the Company recorded net reorganization of business charges of \$25 million including \$18 million of charges in Other charges and \$7 million of charges in Costs of sales in the Company's Condensed Consolidated Statements of Operations. Included in the \$25 million were charges of \$27 million related to employee separation costs and \$1 million related to exit costs, partially offset by \$3 million of reversals for accruals no longer needed.

During the six months ended June 30, 2018, the Company recorded net reorganization of business charges of \$38 million including \$26 million of charges in Other charges and \$12 million of charges in Costs of sales in the Company's Condensed Consolidated Statements of Operations. Included in the \$38 million were charges of \$49 million related to employee separation costs and \$3 million related to exit costs, partially offset by \$14 million of reversals for accruals no longer needed.

The following table displays the net charges incurred by segment:

<i>June 30, 2018</i>	<i>Three Months Ended</i>		<i>Six Months Ended</i>
Products and Systems Integration	\$	19	\$ 28
Services and Software		6	10
	\$	25	\$ 38

15. Intangible Assets and Goodwill

The Company accounts for acquisitions using purchase accounting with the results of operations for each acquiree included in the Company's condensed consolidated financial statements for the period subsequent to the date of acquisition.

Recent Acquisitions

On July 11, 2019, the Company acquired WatchGuard, Inc. ("WatchGuard"), a provider of in-car and body-worn video solutions for \$271 million, inclusive of share-based compensation withheld at a fair value of \$16 million that will be expensed over an average service period of two years. The acquisition was settled with \$250 million, net of cash acquired. The acquisition expands the Company's video security solutions platform. The business will be part of both the Products and Systems Integration and Services and Software segments. The purchase accounting for this acquisition will commence in the third quarter of 2019.

On March 11, 2019, the Company announced that it acquired Avtec, Inc. ("Avtec"), a provider of dispatch communication equipment for U.S. public safety and commercial customers for a purchase price of \$136 million in cash, net of cash acquired. This acquisition expands the Company's commercial portfolio with new capabilities, allowing it to offer an enhanced platform for customers to communicate, coordinate resources, and secure their facilities. The business will be part of both the Products and Systems Integration and Services and Software segments. The Company recognized \$68 million of goodwill, \$64 million of identifiable intangible assets, and \$4 million of net assets. The goodwill is deductible for tax purposes. The identifiable intangible assets were classified as \$43 million of completed technology and \$21 million of customer relationship intangibles and will be amortized over a period of 15 years. The purchase accounting is not yet complete and as such the final allocation between goodwill and net assets may be subject to change based on the finalization of working capital considerations.

On January 7, 2019, the Company announced that it acquired VaaS International Holdings ("VaaS"), a company that is a global provider of data and image analytics for vehicle location for \$445 million, inclusive of share-based compensation withheld at a fair value of \$38 million that will be expensed over an average service period of one year. The acquisition was settled with \$231 million of cash, net of cash acquired, and 1.4 million of shares issued at a fair value of \$160 million for a purchase price of \$391 million to be utilized in the purchase price allocation. The business will be part of both the Products and Systems Integration and Services and Software segments. The Company recognized \$261 million of goodwill, \$141 million of identifiable intangible assets, and \$11 million of net liabilities. The goodwill is not deductible for tax purposes. The identifiable intangible assets were classified as \$99 million of completed technology that will be amortized over a period of ten years and \$42 million of customer relationship intangibles that will be amortized over a period of 15 years. The purchase accounting is not yet complete and as such the final allocation between deferred income tax accounts, goodwill, and net liabilities may be subject to change based on the settlement of working capital considerations.

On March 28, 2018, the Company completed the acquisition of Avigilon Corporation, a provider of advanced security and video solutions including video analytics, network video management hardware and software, video cameras and access control solutions. The purchase price of \$974 million, consisted of cash payments of \$980 million for outstanding common stock, restricted stock units and employee held stock options, net of cash acquired of \$107 million, debt assumed of \$75 million and transaction costs of \$26 million. Prior to the end of the first quarter of 2018, \$35 million of the assumed debt was repaid with the remaining \$40 million repaid during the second quarter of 2018. The Company recognized \$498 million of identifiable intangible assets, \$434 million of goodwill, and \$42 million of net assets. Acquired intangible assets consist of \$110 million of customer relationships, \$380 million of developed technology and \$8 million of trade names and will have useful lives of two to twenty years. The fair values of all intangible assets were estimated using the income approach. Customer relationships and developed technology were valued under the excess earnings method which assumes that the value of an intangible asset is equal to the present value of the incremental after-tax cash flows attributable specifically to the intangible asset. Trade names were valued under the relief from royalty method, which assumes value to the extent that the acquired company is relieved of the obligation to pay royalties for the benefits received from them. Goodwill was calculated as the excess of the consideration transferred over the net assets recognized and represents the future economic benefits arising from the other assets acquired that could not be individually identified and separately recognized. The goodwill is not deductible for tax purposes.

On March 7, 2018, the Company completed the acquisition of Plant Holdings, Inc., the parent company of Airbus DS Communications for a purchase price of \$237 million in cash, net cash acquired. This acquisition expanded the Company's software portfolio in the command center with additional solutions for Next Generation 9-1-1. The Company recognized \$160 million of goodwill, \$80 million of identifiable intangible assets, and \$3 million of net liabilities. The goodwill is not deductible for tax purposes. The identifiable intangible assets were classified as \$41 million of customer-related intangibles, \$27 million of completed technology and \$12 million of trade names. The identifiable intangible assets will be amortized over a period of ten to twenty years.

The pro forma effects of these acquisitions are not significant.

Any devices from these acquisitions are included within the Products and Systems Integration segment and services and software offerings from these acquisitions are included in the Services and Software segment.

Intangible Assets

Amortized intangible assets were comprised of the following:

	June 29, 2019		December 31, 2018	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Completed technology	\$ 701	\$ 119	\$ 558	\$ 92
Customer-related	1,147	434	1,085	364
Other intangibles	76	39	76	33
	\$ 1,924	\$ 592	\$ 1,719	\$ 489

Amortization expense on intangible assets was \$52 million for the three months ended June 29, 2019 and \$102 million for the six months ended June 29, 2019. Amortization expense on intangible assets was \$53 million for the three months ended June 30, 2018 and \$94 million for the six months ended June 30, 2018. As of June 29, 2019, annual amortization expense is

estimated to be \$204 million in 2019, \$200 million 2020, \$198 million in 2021, \$195 million in 2022, \$98 million in 2023, and \$73 million in 2024.

Amortized intangible assets were comprised of the following by segment:

	June 29, 2019		December 31, 2018	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Products and Systems Integration	\$ 610	\$ 59	\$ 510	\$ 38
Services and Software	1,314	533	1,209	451
	\$ 1,924	\$ 592	\$ 1,719	\$ 489

Goodwill

The following table displays a rollforward of the carrying amount of goodwill by segment from January 1, 2019 to June 29, 2019:

	<i>Products and Systems Integration</i>	<i>Services and Software</i>	<i>Total</i>
Balance as of January 1, 2019	\$ 722	\$ 792	\$ 1,514
Goodwill acquired	146	183	329
Purchase accounting adjustments	—	9	9
Balance as of June 29, 2019	\$ 868	\$ 984	\$ 1,852

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This commentary should be read in conjunction with the condensed consolidated financial statements and related notes thereto of Motorola Solutions, Inc. ("Motorola Solutions" or the "Company," "we," "our," or "us") for the three and six months ended June 29, 2019 and June 30, 2018, as well as our consolidated financial statements and related notes thereto and management's discussion and analysis of financial condition and results of operations in our Annual Report on Form 10-K for the year ended December 31, 2018.

Executive Overview

Recent Acquisitions and Developments

On July 11, 2019, we acquired WatchGuard, Inc. ("WatchGuard"), a provider of in-car and body-worn video solutions for \$271 million, inclusive of share-based compensation withheld at a fair value of \$16 million that will be expensed over an average service period of two years. The acquisition was settled with \$250 million of cash, net of cash acquired. The acquisition expands our video security solutions platform.

On March 11, 2019, we announced that we acquired Avtec, Inc. ("Avtec"), a provider of dispatch communication equipment for U.S. public safety and commercial customers for a purchase price of \$136 million in cash, net of cash acquired. This acquisition expands our commercial portfolio with new capabilities, allowing us to offer an enhanced platform for customers to communicate, coordinate resources, and secure their facilities.

On January 7, 2019, we announced that we acquired VaaS International Holdings ("VaaS"), a company that is a global provider of data and image analytics for vehicle location for \$445 million, inclusive of share-based compensation withheld at a fair value of \$38 million that will be expensed over an average service period of one year. The acquisition was settled with \$231 million of cash, net of cash acquired, and 1.4 million of shares issued at a fair value of \$160 million for a purchase price of \$391 million.

We reached an agreement with the U.K. Home Office during the third quarter of 2018 on terms for the new direction of the U.K. Emergency Services Network ("ESN"). During the second quarter of 2019, we finalized an extension, through 2024, of \$200 million for the ESN contract.

On March 28, 2018, we completed the acquisition of Avigilon Corporation ("Avigilon"), a provider of advanced security and video solutions including video analytics, network video management hardware and software, video cameras and access control solutions for a purchase price of \$974 million in cash, net of cash acquired, debt assumed, and transaction costs paid.

On March 7, 2018, we completed the acquisition of Plant Holdings, Inc. ("Plant"), the parent company of Airbus DS Communications for a purchase price of \$237 million in cash, net of cash acquired. This acquisition expanded our software portfolio in the command center with additional solutions for Next Generation 9-1-1.

Our Business

We are a leading global provider of mission-critical communications. Our technology platforms in communications, software, video security, and services make cities safer and help communities and businesses thrive. We serve our customers with a global footprint of sales in more than 100 countries and 17,000 employees worldwide based on our industry leading innovation and a deep portfolio of products and services.

We conduct our business globally and manage it by two segments:

Products and Systems Integration: The Products and Systems Integration segment offers an extensive portfolio of infrastructure, devices, accessories, video security solutions, and the implementation, optimization, and integration of such systems, devices, and applications, including the Company's: (i) "ASTRO" products, which meet the Association of Public Safety Communications Officials Project 25 standard, (ii) "Dimetra" products which meet the European Telecommunications Standards Institute Terrestrial Trunked Radio "TETRA" standard, (iii) Professional and Commercial Radio ("PCR") products, (iv) broadband technology products, such as Long-Term Evolution ("LTE"), and (v) video security solutions, such as video cameras. The primary customers of the Products and Systems Integration segment are government, public safety and first-responder agencies, municipalities, and commercial and industrial customers who operate private communications networks and video security solutions typically managing a mobile workforce. In the second quarter of 2019, the segment's net sales were \$1.2 billion, representing 67% of our consolidated net sales.

Services and Software: The Services and Software segment provides a broad range of solution offerings for government, public safety and commercial communication networks. Services includes a continuum of service offerings beginning with repair, technical support and maintenance. More advanced offerings include monitoring, software updates and cybersecurity services. Managed services range from partial to full operation of customer or Motorola Solutions-owned networks. Software includes a public safety and enterprise command center software suite, unified communications applications, and video software solutions, delivered both on premise and "as a service." In the second quarter of 2019, the segment's net sales were \$622 million, representing 33% of our consolidated net sales.

Second Quarter Financial Results

- Net sales were \$1.9 billion in the second quarter of 2019 compared to \$1.8 billion in the second quarter of 2018. The increase is driven by growth in the Americas.
- Operating earnings were \$349 million in the second quarter of 2019 compared to \$273 million in the second quarter of 2018.
- Earnings attributable to Motorola Solutions, Inc. were \$207 million, or \$1.18 per diluted common share, in the second quarter of 2019, compared to \$180 million, or \$1.05 per diluted common share, in the second quarter of 2018.
- Our operating cash flow increased \$577 million to \$502 million in the first half of 2019 compared to the first half of 2018. The increase is primarily driven by the \$500 million debt-funded, voluntary contribution to our U.S. pension plan in the first half of 2018, compared to no material contributions to our U.S. pension plans in the first half of 2019.
- We repurchased \$170 million of common stock and paid \$187 million in dividends in the first half of 2019.

Segment Financial Highlights

A summary of our segment results for the second quarter of 2019 is as follows:

- In the Products and Systems Integration segment, net sales were \$1.2 billion in the second quarter of 2019, an increase of \$49 million, or 4%, compared to \$1.2 billion in the second quarter of 2018. On a geographic basis, net sales increased in the Americas, partially offset by a decline in sales in the other regions, compared to the year-ago quarter. Operating earnings were \$201 million in the second quarter of 2019, compared to \$175 million in the second quarter of 2018. Operating margin increased in 2019 to 16.2% from 14.7% in 2018 driven by higher sales and gross margin, partially offset by higher operating expenses related to acquisitions and our video security solutions portfolio.
- In the Services and Software segment, net sales were \$622 million in the second quarter of 2019, an increase of \$51 million, or 9%, compared to net sales of \$571 million in the second quarter of 2018. On a geographic basis, net sales increased in the Americas and EMEA, partially offset by a decline in sales in AP, compared to the year-ago quarter. Operating earnings were \$148 million in the second quarter of 2019, compared to \$98 million in the second quarter of 2018. Operating margin increased in 2019 to 23.8% from 17.2% in 2018 driven by higher sales and gross margin.

Results of Operations

<i>(Dollars in millions, except per share amounts)</i>	Three Months Ended				Six Months Ended			
	June 29, 2019	% of Sales*	June 30, 2018	% of Sales*	June 29, 2019	% of Sales*	June 30, 2018	% of Sales*
Net sales from products	\$ 1,118		\$ 1,042		\$ 2,063		\$ 1,842	
Net sales from services	742		718		1,454		1,385	
Net sales	1,860		1,760		3,517		3,227	
Costs of products sales	490	43.8 %	485	46.5 %	934	45.3 %	867	47.1 %
Costs of services sales	439	59.2 %	453	63.1 %	879	60.5 %	869	62.7 %
Costs of sales	929		938		1,813		1,736	
Gross margin	931	50.1 %	822	46.7 %	1,704	48.5 %	1,491	46.2 %
Selling, general and administrative expenses	351	18.9 %	316	18.0 %	676	19.2 %	594	18.4 %
Research and development expenditures	170	9.1 %	162	9.2 %	333	9.5 %	314	9.7 %
Other charges	61	3.3 %	71	4.0 %	116	3.3 %	138	4.3 %
Operating earnings	349	18.8 %	273	15.5 %	579	16.5 %	445	13.8 %
Other income (expense):								
Interest expense, net	(56)	(3.0)%	(58)	(3.3)%	(111)	(3.2)%	(104)	(3.2)%
Gains (losses) on sales of investments and businesses, net	3	0.2 %	(1)	(0.1)%	4	0.1 %	10	0.3 %
Other, net	(21)	(1.1)%	13	0.7 %	(12)	(0.3)%	16	0.5 %
Total other expense	(74)	(4.0)%	(46)	(2.6)%	(119)	(3.4)%	(78)	(2.4)%
Net earnings before income taxes	275	14.8 %	227	12.9 %	460	13.1 %	367	11.4 %
Income tax expense	67	3.6 %	46	2.6 %	100	2.8 %	69	2.1 %
Net earnings	208	11.2 %	181	10.3 %	360	10.2 %	298	9.2 %
Less: Earnings attributable to non-controlling interests	1	0.1 %	1	0.1 %	2	0.1 %	1	— %
Net earnings attributable to Motorola Solutions, Inc.	\$ 207	11.1 %	\$ 180	10.2 %	\$ 358	10.2 %	\$ 297	9.2 %
Earnings per diluted common share	\$ 1.18		\$ 1.05		\$ 2.04		\$ 1.73	

* Percentages may not add due to rounding

Results of Operations—Three months ended June 29, 2019 compared to three months ended June 30, 2018

The results of operations for the second quarter of 2019 are not necessarily indicative of the operating results to be expected for the full year. Historically, we have experienced higher revenues in the fourth quarter as compared to the rest of the quarters of our fiscal year as a result of the purchasing patterns of our customers.

Net Sales

<i>(In millions)</i>	<i>Three Months Ended</i>		
	June 29, 2019	<i>June 30, 2018</i>	<i>% Change</i>
Net sales from Products and Systems Integration	\$ 1,238	\$ 1,189	4%
Net sales from Services and Software	622	571	9%
Net sales	\$ 1,860	\$ 1,760	6%

The Products and Systems Integration segment's net sales represented 67% of our consolidated net sales in the second quarter of 2019 and 68% in the second quarter of 2018. The Services and Software segment's net sales represented 33% of our consolidated net sales in the second quarter of 2019 and 32% in the second quarter of 2018.

Net sales were up \$100 million, or 6%, compared to the second quarter of 2018. The increase in net sales was driven by the Americas, partially offset by a sales decline in EMEA and AP, with a 4% increase in the Products and Systems Integration segment and a 9% increase in the Services and Software segment. This growth includes:

- growth in Devices primarily due to strong demand in the Americas inclusive of acquisitions;
- \$33 million of revenue from the acquisitions of VaaS and Avtec; and
- partially offset by \$37 million from unfavorable currency rates.

Regional results include:

- growth in the Americas region of 11% across both the Products and Systems Integration and the Services and Software segments, inclusive of revenue from acquisitions;
- a decline in the EMEA region of 7% primarily due to two large system deployments in the Middle East and Africa within the Systems and Systems Integration portion of our Products and Systems Integration segment in the second quarter of 2018 and currency headwinds, partially offset by growth within Europe; and
- a decline in the AP region of 7% due to currency headwinds and lower sales in China.

Products and Systems Integration

The 4% increase in the Products and Systems Integration segment was driven by the following:

- \$16 million of revenue from the acquisitions of VaaS and Avtec which closed in the first quarter of 2019;
- 12% growth in Devices revenue primarily due to strong demand for land mobile radio ("LMR") and video cameras in the Americas inclusive of revenue from acquisitions; and
- partially offset by an 8% decline in Systems and Systems Integration revenue in the second quarter of 2019, as compared to the second quarter of 2018 primarily due to two large system deployments in the Middle East and Africa in the second quarter of 2018.

Services and Software

The 9% increase in the Services and Software segment was driven by the following:

- \$17 million of revenue from the acquisitions of VaaS and Avtec, which closed in the first quarter of 2019;
- 34% growth in Software, driven primarily by growth in our video security solutions portfolio and command center software sales inclusive of acquisitions; and
- 3% growth in Services, driven by growth in maintenance revenue, partially offset by unfavorable currency headwinds.

Gross Margin

<i>(In millions)</i>	<i>Three Months Ended</i>		
	June 29, 2019	<i>June 30, 2018</i>	<i>% Change</i>
Gross margin	\$ 931	\$ 822	13%

Gross margin was 50.1% of net sales in the second quarter of 2019 compared to 46.7% in the second quarter of 2018. The primary drivers of the increase are as follows:

- higher margins in the Products and Systems Integration segment driven by a favorable mix of Devices to Systems and Systems Integration, as well as higher margin contribution from the acquisitions of VaaS and Avtec; and
- higher margins within the Services and Software segment primarily driven by operational efficiencies in service delivery costs of our Services portfolio and higher margin contribution within our Software portfolio from acquisitions.

Selling, General and Administrative Expenses

<i>(In millions)</i>	<i>Three Months Ended</i>		
	June 29, 2019	<i>June 30, 2018</i>	<i>% Change</i>
Selling, general and administrative expenses	\$ 351	\$ 316	11%

SG&A expenses increased 11% compared to the second quarter of 2018. SG&A expenses were 18.9% of net sales compared to 18.0% of net sales in the second quarter of 2018. The increase in SG&A expenditures is primarily due to increased expenses associated with acquired businesses and our video security solutions portfolio.

Research and Development Expenditures

<i>(In millions)</i>	<i>Three Months Ended</i>		
	June 29, 2019	<i>June 30, 2018</i>	<i>% Change</i>
Research and development expenditures	\$ 170	\$ 162	5%

R&D expenditures increased 5% primarily due to increased expenses associated with acquired businesses. R&D expenditures were 9.1% of net sales compared to 9.2% of net sales in the second quarter of 2018.

Other Charges

<i>(In millions)</i>	<i>Three Months Ended</i>		
	June 29, 2019	<i>June 30, 2018</i>	
Other charges	\$ 61	\$ 71	

The reduction of Other charges in the second quarter of 2019 as compared to the second quarter of 2018 is due to \$8 million of net reorganization of business charges in the second quarter of 2019 as compared to \$18 million in the second quarter of 2018, (see further detail in "Reorganization of Businesses" section).

Operating Earnings

<i>(In millions)</i>	<i>Three Months Ended</i>		
	June 29, 2019	<i>June 30, 2018</i>	
Operating earnings from Products and Systems Integration	\$ 201	\$ 175	
Operating earnings from Services and Software	148	98	
Operating earnings	\$ 349	\$ 273	

Operating earnings were up \$76 million, or 28%, compared to the second quarter of 2018. The increase in Operating earnings was due to:

- Services and Software segment, which was up \$50 million from the second quarter of 2018 compared to the second quarter of 2019, primarily driven by higher sales and gross margin; and
- Products and Systems Integration, which was up \$26 million from the second quarter of 2018 compared to the second quarter of 2019, driven by higher sales and gross margin, partially offset by higher operating expenses related to acquisitions and our video security solutions portfolio.

Interest Expense, net

<i>(In millions)</i>	Three Months Ended	
	June 29, 2019	June 30, 2018
Interest expense, net	\$ (56)	\$ (58)

The decrease in net interest expense in the second quarter of 2019 compared to the second quarter of 2018 was a result of less average debt outstanding as of and for the period ending June 29, 2019 as compared to the period ending June 30, 2018.

Gains on Sales of Investments and Businesses, net

<i>(In millions)</i>	Three Months Ended	
	June 29, 2019	June 30, 2018
Gains (losses) on sales of investments and businesses, net	\$ 3	\$ (1)

Net gains on sales of investments and businesses were \$3 million in the second quarter of 2019 compared to losses of \$1 million during the second quarter of 2018. The net gain in the second quarter of 2019 was related to the sale of our two-way communications rental business while the net losses in the second quarter of 2018 were related to the sale of various strategic investments.

Other, net

<i>(In millions)</i>	Three Months Ended	
	June 29, 2019	June 30, 2018
Other, net	\$ (21)	\$ 13

The net Other expense in the second quarter of 2019 as compared to the net Other income in the second quarter of 2018 was primarily driven by:

- a \$43 million loss from the extinguishment of long-term debt in the second quarter of 2019;
- foreign currency losses of \$7 million in the second quarter of 2019 as compared to \$11 million of gains in the second quarter of 2018;
- \$17 million of net periodic pension and postretirement benefit in the second quarter of 2019 as compared to \$20 million in the second quarter of 2018; and
- \$3 million of investment impairments in the second quarter of 2019;
- partially offset by a \$3 million loss on derivative instruments in the second quarter of 2019 as compared to \$19 million in the second quarter of 2018; and
- \$16 million of fair value adjustments to equity investments in the second quarter of 2019.

Effective Tax Rate

<i>(In millions)</i>	Three Months Ended	
	June 29, 2019	June 30, 2018
Income tax expense	\$ 67	\$ 46

Income tax expense increased by \$21 million compared to the second quarter of 2018, for an effective tax rate of 24%. Our effective tax rate for the three months ended June 29, 2019 of 24% is higher than the effective tax rate for the three months ended June 30, 2018 of 20%, primarily due to a favorable settlement of a state audit in 2018.

Results of Operations—Six months ended June 29, 2019 compared to six months ended June 30, 2018

Net Sales

(In millions)	Six Months Ended		
	June 29, 2019	June 30, 2018	% Change
Net sales from Products and Systems Integration	\$ 2,307	\$ 2,141	8%
Net sales from Services and Software	1,210	1,086	11%
Net sales	\$ 3,517	\$ 3,227	9%

The Products and Systems Integration segment's net sales represented 66% of our consolidated net sales in the first half of 2019 and 2018. The Services and Software segment's net sales represented 34% of our consolidated net sales in the first half of 2019 and 2018.

Net sales were up \$290 million, or 9%, compared to the first half of 2018. The increase in net sales was driven by the Americas, partially offset by a sales decline in AP, with an 8% increase in the Products and Systems Integration segment and an 11% increase in the Services and Software segment. This growth includes:

- \$170 million of revenue from the acquisitions of VaaS and Avtec which closed in the first quarter of 2019 and Avigilon and Plant which were acquired towards the end of the first quarter of 2018;
- growth in Devices due to strong demand across all regions inclusive of acquisitions; and
- partially offset by \$75 million from unfavorable currency rates.

Regional results include:

- growth in the Americas region of 14% across both the Products and Systems Integration and the Services and Software segments, inclusive of revenue from acquisitions;
- flat sales in the EMEA region primarily due to growth in both Services and Software within our Services and Software segment and Devices within our Products and Systems Integration segment, inclusive of revenue from acquisitions, offset by currency headwinds and a decline in Systems and Systems Integration within our Products and Systems Integration segment due to two large system deployments in the Middle East and Africa during the first half of 2018; and
- a decline in the AP region of 6% due to currency headwinds and lower sales in China.

Products and Systems Integration

The 8% increase in the Products and Systems Integration segment was driven by the following:

- \$91 million of revenue from the acquisitions of Avtec and VaaS which closed in the first quarter of 2019 and Avigilon and Plant which were acquired near the end of the first quarter of 2018;
- 10% growth in Devices revenue primarily due to strong demand for LMR across all regions inclusive of acquisitions; and
- 3% growth in Systems and Systems Integration revenue in the first half of 2019, as compared to the first half of 2018 driven by system deployments in the Americas and incremental revenue from Avigilon which was acquired towards the end of the first quarter of 2018.

Services and Software

The 11% increase in the Services and Software segment was driven by the following:

- \$79 million of revenue from the acquisitions of VaaS, which closed in the first quarter of 2019, and Avigilon and Plant, which were acquired near the end of the first quarter of 2018;
- 57% growth in Software, driven primarily by revenue from our video security solutions portfolio and growth in our command center software sales inclusive of acquisitions; and
- 2% growth in Services, driven by growth in maintenance revenues, and revenue from the acquisition of Plant, partially offset by unfavorable currency headwinds.

Gross Margin

<i>(In millions)</i>	<i>Six Months Ended</i>		
	June 29, 2019	<i>June 30, 2018</i>	<i>% Change</i>
Gross margin	\$ 1,704	<i>\$ 1,491</i>	<i>14%</i>

Gross margin was 48.5% of net sales in the first half of 2019 compared to 46.2% in the first half of 2018. The primary drivers of the increase are as follows:

- higher margins in the Products and Systems Integration segment driven by both Devices and Systems and Systems Integration, as well as higher margin contribution from the acquisitions of VaaS and Avtec; and
- higher margins within the Services and Software segment primarily driven by higher margin contribution within our Software portfolio from acquisitions and operational efficiencies in service delivery costs of our Services portfolio.

Selling, General and Administrative Expenses

<i>(In millions)</i>	<i>Six Months Ended</i>		
	June 29, 2019	<i>June 30, 2018</i>	<i>% Change</i>
Selling, general and administrative expenses	\$ 676	<i>\$ 594</i>	<i>14%</i>

SG&A expenses increased 14% compared to the first half of 2018. SG&A expenses were 19.2% of net sales compared to 18.4% of net sales in the first half quarter of 2018. The increase in SG&A expenditures is primarily due to increased expenses associated with acquired businesses and our video security solutions portfolio.

Research and Development Expenditures

<i>(In millions)</i>	<i>Six Months Ended</i>		
	June 29, 2019	<i>June 30, 2018</i>	<i>% Change</i>
Research and development expenditures	\$ 333	<i>\$ 314</i>	<i>6%</i>

R&D expenditures increased 6% primarily due to increased expenses associated with acquired businesses. R&D expenditures were 9.5% of net sales compared to 9.7% of net sales in the first half of 2018.

Other Charges

<i>(In millions)</i>	<i>Six Months Ended</i>		
	June 29, 2019	<i>June 30, 2018</i>	
Other charges	\$ 116	<i>\$ 138</i>	

The reduction of Other charges in the first half of 2019 as compared to the first half of 2018 can be summarized as follows:

- \$2 million of charges for acquisition-related transaction fees in the first half of 2019 as compared to \$17 million in the first half of 2018; and
- \$12 million of net reorganization of business charges in the first half of 2019 as compared to \$26 million in the first half of 2018, (see further detail in "Reorganization of Businesses" section);
- partially offset by \$102 million of amortization of intangibles in the first half of 2019 compared to \$94 million in the first half of 2018, driven by acquisitions.

Operating Earnings

<i>(In millions)</i>	<i>Six Months Ended</i>	
	June 29, 2019	June 30, 2018
Operating earnings from Products and Systems Integration	\$ 310	\$ 265
Operating earnings from Services and Software	269	180
Operating earnings	\$ 579	\$ 445

Operating earnings were up \$134 million, or 30%, compared to the first half of 2018. The increase in Operating earnings was due to:

- Services and Software segment, which was up \$89 million from the first half of 2018 compared to the first half of 2019, driven by higher sales and gross margin, and partially offset by higher operating expenses related to acquisitions; and
- Products and Systems Integration, which was up \$45 million from the first half of 2018 compared to the first half of 2019, driven by higher sales and gross margin, and partially offset by higher operating expenses related to acquisitions and our video security solutions portfolio.

Interest Expense, net

<i>(In millions)</i>	<i>Six Months Ended</i>	
	June 29, 2019	June 30, 2018
Interest expense, net	\$ (111)	\$ (104)

The increase in net interest expense in the first half of 2019 compared to the first half of 2018 was a result of less average debt outstanding as of and for the period ending June 30, 2018 as compared to the period ending June 29, 2019 due to the issuance of \$1.3 billion of debt towards the end of the first quarter of 2018.

Gains on Sales of Investments and Businesses, net

<i>(In millions)</i>	<i>Six Months Ended</i>	
	June 29, 2019	June 30, 2018
Gains on sales of investments and businesses, net	\$ 4	\$ 10

Net gains on sales of investments and businesses were \$4 million in the first half of 2019 compared to \$10 million during the first half of 2018. The net gains in the first half of 2019 were related to the sale of our two-way communications rental business and various equity method investments. The net gains in the first half of 2018 were related to the sale of various strategic and equity method investments.

Other, net

<i>(In millions)</i>	<i>Six Months Ended</i>	
	June 29, 2019	June 30, 2018
Other, net	\$ (12)	\$ 16

The net Other expense in the first half of 2019 as compared to the net Other income in the first half of 2018 was primarily driven by:

- a \$43 million loss from the extinguishment of long-term debt in the first half of 2019;
- foreign currency losses of \$11 million in the first half of 2019;
- \$11 million of investment impairments in the first half of 2019; and
- \$33 million of net periodic pension and postretirement benefit in the first half of 2019 as compared to \$40 million in the first half of 2018;
- partially offset by a \$7 million loss on derivative instruments in the first half of 2019 as compared to \$23 million in the first half of 2018;
- \$15 million of fair value adjustments to equity investments in the first half of 2019; and

- \$11 million of other non-operating income in the first half of 2019 as compared to expense of \$2 million in the first half of 2018.

Effective Tax Rate

<i>(In millions)</i>	<i>Six Months Ended</i>	
	<i>June 29, 2019</i>	<i>June 30, 2018</i>
Income tax expense	\$ 100	\$ 69

Income tax expense increased by \$31 million compared to the first half of 2018, for an effective tax rate of 22%. Our effective tax rate for the six months ended June 29, 2019 of 22% is higher than the effective tax rate for the six months ended June 30, 2018 of 19%, primarily due to a favorable settlement of a state tax audit in 2018.

Reorganization of Business

During the second quarter of 2019, we recorded net reorganization of business charges of \$12 million including \$8 million of charges recorded within Other charges and \$4 million in Costs of sales in our Condensed Consolidated Statements of Operations. Included in the \$12 million were charges of \$18 million related to employee separation costs, partially offset by \$6 million of reversals for accruals no longer needed.

During the first half of 2019, we recorded net reorganization of business charges of \$20 million including \$12 million of charges in Other charges and \$8 million of charges in Costs of sales in our Condensed Consolidated Statements of Operations. Included in the \$20 million were charges of \$30 million related to employee separation, partially offset by \$10 million of reversals for accruals no longer needed.

During the second quarter of 2018, we recorded net reorganization of business charges of \$25 million including \$18 million of charges in Other charges and \$7 million of charges in Costs of sales in our Condensed Consolidated Statements of Operations. Included in the \$25 million were charges of \$27 million related to employee separation costs and \$1 million related to exit costs, partially offset by \$3 million of reversals for accruals no longer needed.

During the first half of 2018, we recorded net reorganization of business charges of \$38 million including \$26 million of charges recorded within Other charges and \$12 million of charges in Costs of sales in our Condensed Consolidated Statements of Operations. Included in the \$38 million were charges of \$49 million related to employee separation costs and \$3 million related to exit costs, partially offset by \$14 million of reversals for accruals no longer needed.

The following table displays the net charges incurred by business segment:

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<i>June 29, 2019</i>	<i>June 30, 2018</i>	<i>June 29, 2019</i>	<i>June 30, 2018</i>
Products and Systems Integration	\$ 9	\$ 19	\$ 16	\$ 28
Services and Software	3	6	4	10
	\$ 12	\$ 25	\$ 20	\$ 38

Cash payments for employee severance in connection with the reorganization of business plans were \$28 million in the first half of 2019 and employee severance and exit costs were \$36 million in the first half of 2018. The reorganization of business accrual at June 29, 2019 was \$76 million, of which relate to employee separation costs that are expected to be paid within one year.

As of January 1, 2019, accruals for exit costs are included in Operating lease liabilities with an offsetting impairment to our right-of use assets ("ROU"), all within our Condensed Consolidated Balance Sheets (see Note 3 of our condensed consolidated financial statements).

Liquidity and Capital Resources

	<i>Six Months Ended</i>	
	June 29, 2019	<i>June 30, 2018</i>
Cash flows provided by (used for):		
Operating activities	\$ 502	\$ (75)
Investing activities	(490)	(1,156)
Financing activities	(311)	922
Effect of exchange rates on cash and cash equivalents	6	(18)
Decrease in cash and cash equivalents	\$ (293)	\$ (327)

Cash and Cash Equivalents

At June 29, 2019, \$552 million of the \$964 million cash and cash equivalents balance was held in the U.S. and \$412 million was held by us or our subsidiaries in other countries, with approximately \$76 million held in the United Kingdom. Restricted cash was \$11 million at June 29, 2019 and December 31, 2018.

Operating Activities

The increase in operating cash flows from the first half of 2018 to the first half of 2019 was driven by (see additional discussion under "Sales of Receivables" below):

- a \$500 million debt-funded voluntary contribution to our U.S. pension plan in the first half of 2018, compared to no material contributions to our U.S. pension plans in the first half of 2019; and
- higher earnings in the first half of 2019 as compared to the first half of 2018;
- partially offset by \$19 million of higher interest payments in the first half of 2019 as compared to the first half of 2018 driven by additional debt issued towards the end of first quarter of 2018; and
- \$14 million of higher tax payments in the first half of 2019 as compared to the first half of 2018.

Investing Activities

The decrease in net cash used by investing activities from the first half of 2018 to the first half of 2019 was primarily due to:

- a \$782 million decrease in acquisitions and investments, primarily driven by cash used for the purchases of VaaS and Avtec for \$231 million and \$136 million, respectively, as compared to the first half of 2018 when we made acquisitions of Avigilon and Plant Holdings for \$903 million and \$237 million, respectively; and
- \$69 million of lower proceeds from sales of investments and businesses, primarily driven by \$60 million of excess cash withdrawn from company-sponsored life insurance investments in the first half of 2018; and
- partially offset by a \$47 million increase in capital expenditures in the first half of 2019 as compared to the first half of 2018, primarily due to the network builds including Airwave and ESN, as well as expenditures for Avigilon, information technology, and supply chain.

Financing Activities

The increase in cash used for financing activities in the first half of 2019 as compared to the cash provided by financing activities in the first half of 2018 was driven by (also see further discussion in "Debt," "Credit Facilities," "Share Repurchase Program" and "Dividends" below):

- a \$650 million decrease in debt issuance in the first half of 2019 as compared to the first half of 2018;
- a \$469 million increase in the repayment of debt in the first half of 2019 as compared to the first half of 2018;
- a \$104 million increase in our share repurchases in the first half of 2019 as compared to the first half of 2018; and
- a \$19 million increase in payments of dividends in the first half of 2019 as compared to the first half of 2018.

Sales of Receivables

The following table summarizes the proceeds received from sales of accounts receivable and long-term customer financing receivables for the three and six months ended June 29, 2019 and June 30, 2018:

	Three Months Ended		Six Months Ended	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
Accounts receivable sales proceeds	\$ 3	\$ 22	\$ 27	\$ 76
Long-term receivables sales proceeds	55	15	76	28
Total proceeds from sales of accounts receivable	\$ 58	\$ 37	\$ 103	\$ 104

The proceeds of our receivable sales are included in "Operating activities" within our Condensed Consolidated Statements of Cash Flows.

Debt

We had outstanding long-term debt of \$5.3 billion, including the current portions of \$28 million and \$31 million at June 29, 2019 and December 31, 2018, respectively.

In February of 2018, we issued \$500 million of 4.60% Senior notes due 2028. After debt issuance costs and debt discounts, we recognized net proceeds of \$497 million. These proceeds were then used to make a \$500 million contribution to our U.S. pension plan in the first quarter of 2018. During the second half of 2018, we issued an additional \$200 million on the outstanding notes. We recognized net proceeds of \$196 million after debt issuance costs and debt discounts.

To complete the acquisition of Avigilon during the quarter ended March 31, 2018, we entered into a term loan for \$400 million with a maturity date of March 26, 2021 (the "Term Loan"). Interest on the Term Loan is variable, indexed to London Inter-bank Offered Rate ("LIBOR"), and paid monthly. The weighted average borrowing rate for amounts outstanding during the three and six months ended June 29, 2019 was 3.72% and 3.74%, respectively. No additional borrowings are permitted and amounts borrowed and repaid or prepaid may not be re-borrowed.

In May of 2019, we issued \$650 million of 4.60% Senior notes due 2029. We recognized net proceeds of \$645 million after debt issuance costs and debt discounts. These proceeds were then used to fund a tender offer which resulted in the repurchase of \$614 million in principal amount of our outstanding long-term debt for a purchase price of \$654 million, excluding approximately \$3 million of accrued interest, all of which occurred during the three months ended June 29, 2019. After accelerating the amortization of debt issuance costs and debt discounts, we recognized a loss of approximately \$43 million related to this debt tender in Other within Other income (expense) in the Condensed Consolidated Statements of Operations.

As of June 29, 2019, we had \$800 million of 2.0% Senior Convertible Notes outstanding with Silver Lake Partners which mature in September 2020 and are fully convertible. The notes are convertible based on a conversion rate of 14.8968, as may be adjusted for dividends declared, per \$1,000 principal amount (which is currently equal to a published conversion price of \$67.13 per share). The exercise price adjusts automatically for dividends. In the event of a conversion, the notes may be settled in either cash or stock, at our discretion. We intend to settle the principal amount of the Senior Convertible Notes in cash.

We continue to believe that we hold sufficient liquidity to cover the day-to-day operations of our business as well as any future volatility or uncertainty that may arise in the capital markets.

Credit Facilities

As of June 29, 2019, we had a \$2.2 billion syndicated, unsecured revolving credit facility scheduled to mature in April 2022 (the "2017 Motorola Solutions Credit Agreement"). The 2017 Motorola Solutions Credit Agreement includes a \$500 million letter of credit sub-limit with \$450 million of fronting commitments. Borrowings under the facility bear interest at the prime rate plus the applicable margin, or at a spread above LIBOR, at our option. An annual facility fee is payable on the undrawn amount of the credit line. The interest rate and facility fee are subject to adjustment if our credit rating changes. We must comply with certain customary covenants including a maximum leverage ratio, as defined in the 2017 Motorola Solutions Credit Agreement. We were in compliance with our financial covenants as of June 29, 2019. During the first quarter of 2018, we borrowed \$400 million to facilitate the Avigilon acquisition. There were no borrowings outstanding or letters of credit issued under the revolving credit facility as of June 29, 2019.

Share Repurchase Program

During the three and six months ended June 29, 2019, we paid an aggregate of \$25 million and \$170 million, including transaction costs, to repurchase approximately 0.2 million and 1.4 million shares at an average price of \$146.65 and \$122.31 per share, respectively. As of June 29, 2019, we had used approximately \$12.6 billion of the share repurchase authority, including transaction costs, to repurchase shares, leaving \$1.4 billion of authority available for future repurchases.

Dividends

During the second quarter of 2019, we paid \$94 million in cash dividends to holders of our common stock. During the first half of 2019, we paid \$187 million in cash dividends to holders of our common stock. Subsequent to quarter end, we paid an additional \$94 million in cash dividends to holders of our common stock.

Long-Term Customer Financing Commitments

We had outstanding commitments to provide long-term financing to third parties totaling \$53 million at June 29, 2019, compared to \$62 million at December 31, 2018.

Other Contingencies

There were no significant changes impacting our commitments and contingencies during the three months ended June 29, 2019.

Recent Accounting Pronouncements

In August 2018, the FASB issued ASU No. 2018-14, "Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20) - Changes to the Disclosure Requirements for Defined Benefit Plans," which modifies the disclosure requirements for the defined benefit pension plans and other postretirement plans. The ASU is effective for us on January 1, 2021 with early adoption permitted. The ASU requires a retrospective adoption method. We do not believe the ASU will have a material impact on our financial statement disclosures.

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," which requires us to measure and recognize expected credit losses for financial assets held and not accounted for at fair value through net income. In November 2018, April 2019 and May 2019, the FASB issued ASU No. 2018-19, "Codification Improvements to Topic 326, Financial Instruments - Credit Losses," "ASU No. 2019-04, Codification Improvements to Topic 326, Financial Instruments - Credit Losses," "Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments," and "ASU No. 2019-05, Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief," which provided additional implementation guidance on the previously issued ASU. The ASU is effective for us on January 1, 2020. The ASU requires a modified retrospective adoption method. We are still evaluating the impact of adoption on our financial statements and disclosures.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, "Leases," which amends existing guidance to require lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by long-term leases and to disclose additional quantitative and qualitative information about leasing arrangements. This was subsequently amended by ASU No. 2018-01, "Land Easement Practical Expedient for Transition to Topic 842," ASU No. 2018-10, "Codification Improvements to Topic 842, Leases," and ASU No. 2018-11, "Targeted Improvements" (collectively "ASC 842"). ASC 842 establishes a right-of-use model ("ROU") that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with an initial term longer than twelve months. Leases will be classified as finance or operating, with classification affecting the pattern and presentation of expense recognition in the income statement.

We adopted ASC 842 as of January 1, 2019 using a modified retrospective transition approach for all leases existing at January 1, 2019, the date of the initial application. Consequently, financial information will not be updated and disclosures required under ASC 842 will not be provided for dates and periods before January 1, 2019.

ASC 842 provides for a number of optional practical expedients in transition. We elected the practical expedients, which permit us to not reassess prior conclusions about lease identification, lease classification and initial direct costs under ASC 842. We did not elect the "use-of hindsight" practical expedient to determine the lease term or in assessing the likelihood that a lease purchase option will be exercised, allowing us to carry forward the lease term as determined prior to adoption of ASC 842. Finally, we also elected the practical expedient related to land easements, which enabled us to continue our accounting treatment for land easements on existing agreements as of January 1, 2019.

ASC 842 also provides practical expedients for an entity's ongoing accounting. We elected the short-term lease recognition exemption for all leases that qualify. A short-term lease is one with a term of 12 months or less, including any optional periods that are reasonably certain of exercise. For those leases that qualify, the exemption allows us to not recognize ROU assets or lease liabilities, including not recognizing ROU assets or lease liabilities for existing short-term leases at transition. Short-term lease costs are recognized as rent expense on a straight-line basis over the lease term consistent with our prior accounting. We also elected the practical expedient to not separate lease and non-lease components for all current lease categories.

As of January 1, 2019, we recognized operating lease liabilities of \$648 million based on the present value of the remaining minimum rental payments determined under prior lease accounting standards and corresponding ROU assets of \$588 million. The \$60 million difference between operating lease liabilities and ROU assets recognized is due to deferred rent and exit cost accruals recorded under prior lease accounting standards. ASC 842 requires such balances to be reclassified against ROU assets at transition.

For arrangements where we are the lessor, the adoption of ASC 842 did not have a material impact on our financial statements as the majority of our leases are operating leases embedded within managed services contracts. ASC 842 provides a practical expedient for lessors in which the lessor may elect, by class of underlying asset, to not separate non-lease components from the associated lease component and, instead, to account for these components as a single component if both of the following are met: (i) the timing and pattern of transfer of the non-lease component(s) and associated lease component are the same and (ii) the lease component, if accounted for separately, would be classified as an operating lease. The accounting under the practical expedient depends on which component(s) is predominant in the contract. If the non-lease component is predominant, the single component is accounted under ASC Topic 606 "Revenue from Contracts with Customers" and accounting and disclosure under ASC 842 is not applicable. We have elected the above practical expedient and determined that non-lease components are predominant and is accounting for the single components as managed service contracts under ASC Topic 606.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Derivative Financial Instruments

As of June 29, 2019, we had outstanding foreign exchange contracts with notional amounts totaling \$1.0 billion, compared to \$819 million outstanding as of December 31, 2018. Management believes that these financial instruments should not subject us to undue risk due to foreign exchange movements because gains and losses on these contracts should generally offset gains and losses on the underlying assets, liabilities and transactions.

The following table shows the five largest net notional amounts of the positions to buy or sell foreign currency as of June 29, 2019, and the corresponding positions as of December 31, 2018:

Net Buy (Sell) by Currency	Notional Amount	
	June 29, 2019	December 31, 2018
Euro	\$ 155	\$ 89
British pound	46	139
Canadian dollar	42	(39)
Australian dollar	(107)	(105)
Chinese renminbi	(55)	(55)

Forward-Looking Statements

Except for historical matters, the matters discussed in this Form 10-Q are forward-looking statements within the meaning of applicable federal securities law. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and generally include words such as “believes,” “expects,” “intends,” “aims,” “estimates” and similar expressions. 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. Readers are cautioned that such 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 Form 10-Q. Forward-looking statements include, but are not limited to, statements included in: (1) “Management's Discussion and Analysis,” about: (a) the impact of global economic and political conditions, (b) the impact of acquisitions on our business, (c) our business strategies and expected results, (d) future payments, charges, use of accruals and expected cost-saving benefits associated with our productivity improvement plans, reorganization of business programs, and employee separation costs, (e) our ability and cost to repatriate funds, (f) our ability to settle the principal amount of the Senior Convertible Notes in cash, (g) our ability and cost to access the capital markets at our current ratings, (h) our ability to borrow and the amount available under our credit facilities, (i) the return of capital to shareholders through dividends and/or repurchasing shares, (j) the adequacy of our cash balances to meet current operating requirements, and (k) the outcome and effect of ongoing and future legal proceedings, (2) The impact of new FASB Accounting Standards Updates on our financial statements, (3) “Quantitative and Qualitative Disclosures about Market Risk,” about the impact of foreign currency exchange risks, (4) “Legal Proceedings,” about the ultimate disposition of pending legal matters. Motorola Solutions undertakes no obligation to publicly update any forward-looking statement or risk factor, whether as a result of new information, future events or otherwise.

Some of the risk factors that affect our business and financial results are discussed within this document, in Part I, “Item 1A: Risk Factors” on pages 9 through 21 of our 2018 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. We wish to caution the reader that the risk factors discussed in each of these documents and those described in our other Securities and Exchange Commission filings, could cause our actual results to differ materially from those stated in the forward-looking statements.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures. Under the supervision and with the participation of our senior management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this quarterly report (the "Evaluation Date"). Based on this evaluation, our chief executive officer and chief financial officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the information relating to Motorola Solutions, including our consolidated subsidiaries, required to be disclosed in our Securities and Exchange Commission ("SEC") reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (ii) is accumulated and communicated to Motorola Solutions' management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting. Effective January 1, 2019, we adopted the new lease accounting standard ASU No. 2016-02. We have implemented new accounting processes related to lease accounting and related disclosures, including related control activities. There were no changes in our internal control over financial reporting that occurred during the quarter ended June 29, 2019 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Part II—Other Information

Item 1. Legal Proceedings

The Company is a defendant in various lawsuits, claims, and actions, which arise in the normal course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's condensed consolidated financial position, liquidity, or results of operations. However, an unfavorable resolution could have a material adverse effect on the Company's condensed consolidated financial position, liquidity, or results of operations in the periods in which the matters are ultimately resolved, or in the periods in which more information is obtained that changes management's opinion of the ultimate disposition.

Item 1A. Risk Factors

The reader should carefully consider, in connection with the other information in this report, the factors discussed in Part I, "Item 1A: Risk Factors" on pages 9 through 21 of the Company's 2018 Annual Report on Form 10-K. These factors could cause our actual results to differ materially from those stated in forward-looking statements contained in this document and elsewhere.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On January 3, 2019, as partial consideration for the acquisition of VaaS International Holdings ("VaaS"), a company that is a global provider of data and image analytics for vehicle location, we issued 1,802,379 shares of the Company at a fair value of \$198 million, inclusive of \$38 million related to compensation withheld from the purchase that will be expensed over an average service period of one year, to certain of the former owners of VaaS. These shares were issued in reliance upon the exemption from registration provided by Section 4(a) (2) of the Securities Act of 1933, as amended, in a privately negotiated transaction not involving any public offering or solicitation.

The following table provides information with respect to acquisitions by the Company of shares of its common stock during the quarter ended June 29, 2019.

ISSUER PURCHASES OF EQUITY SECURITIES

<i>Period</i>	<i>(a) Total Number of Shares Purchased</i>	<i>(b) Average Price Paid per Share⁽¹⁾</i>	<i>(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Program⁽²⁾</i>	<i>(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Program⁽²⁾</i>
03/28/19 to 04/24/19	—	\$ —	—	\$ 1,431,301,601
04/25/19 to 05/22/19	75,267	\$ 143.05	75,267	\$ 1,420,534,923
05/23/19 to 06/26/19	91,814	\$ 149.60	91,814	\$ 1,406,799,929
Total	<u>167,081</u>	\$ 146.65	<u>167,081</u>	

- (1) Average price paid per share of common stock repurchased is the execution price, including commissions paid to brokers.
- (2) Through a series of actions, the board of directors has authorized the Company to repurchase an aggregate amount of up to \$14.0 billion of its outstanding shares of common stock (the "share repurchase program"). The share repurchase program does not have an expiration date. As of June 29, 2019, the Company had used approximately \$12.6 billion, including transaction costs, to repurchase shares, leaving \$1.4 billion of authority available for future repurchases.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits

<i>Exhibit No.</i>	<i>Exhibit</i>
*10.1	Form of Motorola Solutions, Inc. Performance Stock Unit Award Agreement for grants to Section 16 Officers on or after May 13, 2019.
*10.2	Form of Motorola Solutions, Inc. Performance Stock Unit Award Agreement for grants to Gregory Q. Brown on or after May 13, 2019.
*10.3	Motorola Solutions Long Range Incentive Plan (LRIP), as Amended and Restated May 13, 2019.
*31.1	Certification of Gregory Q. Brown pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification of Gino A. Bonanotte pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*32.1	Certification of Gregory Q. Brown pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*32.2	Certification of Gino A. Bonanotte pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Scheme Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MOTOROLA SOLUTIONS, INC.

By: _____ /S/ DAN PEKOFKSKE

Dan Pekofske
*Corporate Vice President and
Chief Accounting Officer
(Principal Accounting Officer)*

August 1, 2019

EXHIBIT INDEX

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* Filed herewith

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Section 2: EX-10.1 (EXHIBIT 10.1)

Exhibit 10.1

PERFORMANCE STOCK UNIT AWARD AGREEMENT

This Performance Stock Unit Award (“*Award*”) is awarded on «Grant_date» (“*Date of Grant*”), by Motorola Solutions, Inc. (the “*Company*” or “*Motorola Solutions*”) to «First_Name» «Last_Name» (the “*Grantee*”).

WHEREAS, Grantee is receiving the Award (as a type of Restricted Stock Unit) under Section 8 of the Motorola Solutions Omnibus Incentive Plan of 2015, as amended (the “*Omnibus Plan*”); and

WHEREAS, the Award is being made by the Compensation and Leadership Committee (the “*Compensation Committee*”) of the Board of Directors as provided in the Motorola Solutions Long Range Incentive Plan, as Amended and Restated May 13, 2019 (the “*LRIP*”).

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the Company hereby awards Performance Stock Units to Grantee on the following terms and conditions:

- Award of Performance Stock Units.** The Company hereby grants to Grantee a target number of «Txt_Nbr_of_Shares» Motorola Solutions Performance Stock Units (the “*PSUs*”) subject to the terms and conditions set forth below and subject to adjustment as provided in the LRIP and the Omnibus Plan, which provides an opportunity to earn up to a maximum number of shares of Motorola Solutions Common Stock (“*Common Stock*”) equal to 250% of such target number. No PSU shall be paid unless earned in accordance with this agreement. All Awards shall be paid in whole shares of Common Stock; no fractional shares shall be credited or delivered to Grantee. The PSUs are granted pursuant to the Omnibus Plan and are subject to all of the terms and conditions of the Omnibus Plan, and shall only be subject to the LRIP as specifically referenced in this Award.
- Restrictions.** The PSUs are being awarded to Grantee subject to the transfer and forfeiture conditions set forth below (the “*Restrictions*”):

- a. No Assignment. The PSUs may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution.
- b. Restricted Conduct. If Grantee engages in any of the conduct described in subparagraphs (i) through (v) below for any reason, in addition to all remedies in law and/or equity available to the Company or any Subsidiary (as defined in the LRIP), including the recovery of liquidated damages, Grantee shall forfeit all PSUs. For purposes of subparagraphs (i) through (v) below, “Company” or “Motorola Solutions” shall mean Motorola Solutions, Inc. and/or any of its Subsidiaries.
 - (i) Confidential Information. During the course of Grantee’s employment with the Company or any Subsidiary and thereafter, Grantee uses or discloses, except on behalf of the Company and pursuant to the Company’s directions, any Company Confidential Information (as defined in Section 20 below); and/or
 - (ii) Solicitation of Employees. During Grantee’s employment and for a period of one year following the termination of Grantee’s employment for any reason, Grantee hires, recruits, solicits or induces, or causes, allows, permits or aids others to hire,

recruit, solicit or induce, or to communicate in support of those activities, any employee of the Company who possesses Confidential Information (as defined in Section 20 below) of the Company to terminate his/her employment with the Company and/or to seek employment with Grantee's new or prospective employer, or any other company; and/or

- (iii) Solicitation of Customers. During Grantee's employment and for a period of one year following the termination of Grantee's employment for any reason, Grantee, directly or indirectly, on behalf of Grantee or any other person, company or entity, solicits or participates in soliciting, products or services competitive with or similar to products or services offered by, manufactured by, designed by or distributed by the Company to any person, company or entity which was a customer or potential customer for such products or services and with which Grantee had direct or indirect contact regarding those products or services or about which Grantee learned Confidential Information (as defined in Section 20 below) at any time during the one year prior to Grantee's termination of employment with the Company; and/or
 - (iv) Non-Competition regarding Products or Services. During Grantee's employment and for a period of one year following the termination of Grantee's employment for any reason, Grantee, directly or indirectly, in any capacity, provides products or services competitive with or similar to products or services offered by the Company to any person, company or entity which was a customer for such products or services and with which customer Grantee had direct or indirect contact regarding those products or services or about which customer Grantee learned Confidential Information at any time during the one year prior to Grantee's termination of employment with the Company; and/or
 - (v) Non-Competition regarding Activities. During Grantee's employment and for a period of one year following the termination of Grantee's employment for any reason, Grantee engages in activities which are entirely or in part the same as or similar to activities in which Grantee engaged at any time during the one year preceding termination of Grantee's employment with the Company, for any person, company or entity in connection with products, services or technological developments (existing or planned) that are entirely or in part the same as, similar to, or competitive with, any products, services or technological developments (existing or planned) on which Grantee worked at any time during the one year preceding termination of Grantee's employment. This paragraph applies in countries in which Grantee has physically been present performing work for the Company at any time during the one year preceding termination of Grantee's employment.
- c. Recoupment Policy. The PSUs are subject to the terms and conditions of the Company's Policy Regarding Recoupment of Incentive Payments upon Financial Restatement, as such policy is in effect on the Date of Grant (such policy, being the "**Recoupment Policy**"), as set forth in more detail in the LRIP.

Notwithstanding the foregoing, nothing in this Section 2 is intended to or shall limit, prevent, impede or interfere with Grantee's non-waivable right, without prior notice to the Company, to provide information to the government, participate in investigations, testify in proceedings regarding the Company or any Subsidiary's past or future conduct, engage in any activities protected under whistleblower statutes, or to receive and fully retain a monetary award from a government-

administered whistleblower award program for providing information directly to a government agency. Grantee does not need prior authorization from the Company to make any such reports or disclosures and is not required to notify the Company that Grantee has made such reports or disclosures.

3. **Earning.** Subject to the remaining terms and conditions of this Award, and provided the PSUs have not been forfeited as described in Section 2 above, the PSUs will be earned as follows:

a. **Performance Period.** The PSUs will be earned and payable, if at all, based on the Company’s performance from January 1, 2019 until December 31, 2021 (the “**Performance Period**”) to the extent provided in the following schedule, to be determined following the Compensation Committee’s certification of the achievement of the applicable performance criteria set forth in Appendix A (such date, the “**Performance Certification Date**”), which certification shall occur in no event later than March 15 of the year following the end of the Performance Period for which the PSUs may be earned:

(A) PSUs Eligible to be Earned	(B) Payout Factor	(C) Number of PSUs Earned
100% of Target PSU Award	See Appendix A for Payout Factors	Target PSU Award (Column A) times Payout Factor (Column B)

Any PSUs that fail to be earned pursuant to Section 3(a) shall be forfeited, subject to the special provisions set forth in Sections 3(b) and (c). Any unearned PSUs shall be automatically forfeited upon the Grantee’s termination of employment with Motorola Solutions prior to the last day of the Performance Period for any reason other than as specifically set forth in Sections 3(b) and (c) below. The Company will not be obligated to pay Grantee any consideration whatsoever for forfeited PSUs. For the avoidance of doubt, Grantee must remain employed on the last day of the Performance Period in order to earn any PSUs pursuant to this Award, except as explicitly set forth in this Award; provided, however, that if Grantee takes a Leave of Absence (as defined in the LRIP) from Motorola Solutions or a Subsidiary, such period shall constitute continued employment for purposes of this Award; provided, further, that, in such circumstances, the total number of PSUs that may become earned and payable to Grantee shall be pro-rated in accordance with the terms and conditions set forth in the LRIP.

b. **Total and Permanent Disability or Death.** Upon the occurrence of Grantee’s termination of employment with Motorola Solutions and its Subsidiaries due to Total and Permanent Disability (as defined in the LRIP) or death, in each case prior to the last day of the Performance Period, the target number of PSUs for the Performance Period shall become fully earned, assuming achievement of the applicable performance criteria at the target performance level, such that if the Award becomes earned pursuant to this Section 3(b), the Payout Factor shall be deemed to equal 1 (one).

c. **Certain Terminations of Employment.** Upon the occurrence of Grantee’s termination of employment with Motorola Solutions and its Subsidiaries due to (i) a Divestiture (as defined in the LRIP) that occurs during the final calendar year of the Performance Period, (ii) Grantee’s termination of employment by Motorola Solutions or a Subsidiary for reasons other than for Serious Misconduct (as defined in the LRIP) during the final calendar year of the Performance Period, or (iii) Retirement (as defined in the LRIP) prior to the last day

of the Performance Period, and if the PSUs have not been forfeited as described in Section 2 above, then a number of PSUs for the Performance Period shall remain subject to performance through the end of the Performance Period and shall become earned based upon actual achievement of the applicable performance criteria set forth in Appendix A for the Performance Period on a pro rata basis in an amount equal to (A) the number of PSUs under this Award that become earned based on actual performance as described in this Section 3(c), multiplied by (B) a fraction, the numerator of which is the number of completed full months of service by the Grantee from the Date of Grant to the employee's date of termination and the denominator of which is the number of months in the Performance Period.

4. **Payment and Settlement of Earned PSUs.**

- a. General. Upon the earning of the PSUs described in Section 3 above, the Company shall, at its election, either: (i) establish a brokerage account for the Grantee and credit to that account the number of shares of Common Stock of the Company equal to the number of PSUs that have been earned; or (ii) deliver to the Grantee a certificate representing a number of shares of Common Stock equal to the number of PSUs that have been earned. Such earned PSUs shall be paid and settled as soon as practicable following the Performance Certification Date, but in no event later than March 15 of the year following the end of the Performance Period for which the PSUs were earned.
- b. Total and Permanent Disability or Death. Upon the occurrence of Grantee's termination of employment with Motorola Solutions and its Subsidiaries due to Total and Permanent Disability or death prior to the last day of the Performance Period (as described in Section 3(b) above), the PSUs that become earned pursuant to Section 3(b) shall be settled within 30 days of Grantee's termination of employment due to Grantee's Total and Permanent Disability or death.
- c. Certain Terminations of Employment. Upon the occurrence of Grantee's termination of employment with Motorola Solutions and its Subsidiaries due to (i) a Divestiture (as defined in the LRIP) that occurs during the final calendar year of the Performance Period, (ii) Grantee's termination of employment by Motorola Solutions or a Subsidiary for reasons other than for Serious Misconduct (as defined in the LRIP) during the final calendar year of the Performance Period, or (iii) Retirement (as defined in the LRIP) prior to the last day of the Performance Period (each as described in Section 3(c) above), the PSUs that become earned PSUs in accordance with Section 3(c) will be payable as soon as practicable following the Performance Certification Date, based on the applicable performance criteria set forth in Appendix A, but in no event later than March 15 of the year following the end of the Performance Period for which the PSUs were earned; provided, however, that in the event that any of the events described in clauses (i), (ii), or (iii) above occurs prior to the end of the Performance Period and a Change in Control subsequently occurs after such event but prior to the end of the Performance Period, the PSUs that become earned PSUs in accordance with Section 3(c) shall be paid within 30 days of the consummation of such Change in Control.

5. **Change in Control.**

- a. Notwithstanding anything in Sections 3 and 4 of this Award to the contrary, if a Change in Control of the Company occurs prior to the end of the Performance Period, and the successor corporation (or parent thereof) does not assume this Award or replace it with an economically

equivalent award, then the target number of PSUs for the Performance Period during which such Change in Control occurs shall become fully earned, assuming achievement of the applicable performance criteria at the target performance level; provided, however that, with respect to any Award that is assumed or replaced, such assumed or replaced Award shall (i) no longer be subject to any performance condition, which shall be deemed satisfied at the target performance level for such assumed or replaced Award (i.e., the Payout Factor shall be deemed to equal one (1)), and (ii) be subject only to a time-based vesting period substantially equivalent to the applicable remaining Performance Period for such award; provided, further, that replacement awards shall be subject to accelerated vesting upon the occurrence of any of the following within 24 months following such Change in Control (or such lesser period as may remain in the Performance Period) (each a “*Qualifying Termination*”): (A) if Grantee is involuntarily terminated for a reason other than Cause (B) if Grantee resigns for Good Reason, or (C) Grantee is eligible or becomes eligible for Retirement. For purposes of this paragraph, the terms “Change in Control,” “Cause,” and “Good Reason” are defined in the Omnibus Plan. In the event that the Grantee’s employment is terminated for any reason prior to satisfying the time-based vesting condition, other than pursuant to a Qualifying Termination, the Award shall immediately and automatically be forfeited.

- b. Upon the occurrence of a Change in Control prior to the end of the Performance Period, all PSUs that become earned pursuant to Section 5(a) above by reason of the failure of the successor corporation (or parent thereof) in the Change in Control to assume this Award or replace it with an economically equivalent award shall be settled within 30 days of the consummation of the Change in Control.
 - c. Upon the occurrence of a Change in Control prior to the end of the Performance Period and the subsequent assumption or replacement of this Award with an economically equivalent award by the successor corporation (or parent thereof) in the Change in Control, the settlement of any such assumed or replacement award that becomes payable to Grantee on account of Grantee’s Qualifying Termination shall be settled within 30 days following such Qualifying Termination; provided, however that in the event that the Grantee is eligible or becomes eligible for Retirement prior to a Qualifying Termination, such award will be settled no later than March 15 of the calendar year following later of (x) the calendar year in which the Change in Control occurs, or (y) the calendar year in which Grantee is eligible or becomes eligible for Retirement.
6. **Whole Shares.** All Awards shall be paid in whole shares of Common Stock; no fractional shares shall be credited or delivered to Grantee.
 7. **Adjustments.** The PSUs shall be subject to adjustment as provided in Section 16 of the Omnibus Plan.
 8. **Dividends.** No dividends (or dividend equivalents) shall be paid with respect to unearned PSUs credited to the Grantee’s account.
 9. **Withholding Taxes.** The Company is entitled to withhold applicable taxes for the respective tax jurisdiction attributable to this Award or any payment made in connection with the PSUs. With respect to a Grantee who is not subject to Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the “*Exchange Act*”) at the time applicable taxes are assessed the Company, in its sole discretion, may satisfy its tax withholding responsibilities, in whole or in part, by either (a) electing

to withhold a sufficient number of shares of Common Stock otherwise deliverable in connection with the applicable PSUs that are earned, the Fair Market Value of which shall be determined on the Payment Date (as defined in Section 20 below) in accordance with Section 20 below, to satisfy the Grantee's minimum statutory tax withholding obligation or (b) requiring the Grantee to pay, by cash or certified check, the amount necessary to satisfy the Grantee's minimum statutory tax withholding obligation. With respect to a Grantee who is subject to Section 16 of the Exchange Act at the time applicable taxes are assessed, such Grantee may satisfy any minimum statutory withholding obligation, in whole or in part, by either (A) electing to have the Company withhold a sufficient number of shares of Common Stock otherwise deliverable in connection with the applicable PSUs that are earned, the Fair Market Value of which shall be determined on the Payment Date (as defined in Section 20 below) in accordance with Section 20 below, to satisfy such Grantee's minimum statutory tax withholding obligation or (B) paying, by cash or certified check, the amount necessary to satisfy such Grantee's minimum statutory tax withholding obligation.

10. **Voting and Other Rights.**

- a. Grantee shall have no rights as a stockholder of the Company in respect of the PSUs, including the right to vote and to receive cash dividends and other distributions until delivery of certificate or equivalent representing shares of Common Stock in satisfaction of the PSUs.
- b. The grant of PSUs does not confer upon Grantee any right to continue in the employ of the Company or a Subsidiary or to interfere with the right of the Company or a Subsidiary, to terminate Grantee's employment at any time.

11. **Funding.** No assets or shares of Common Stock shall be segregated or earmarked by the Company in respect of any PSUs awarded hereunder. The grant of PSUs hereunder shall not constitute a trust and shall be solely for the purpose of recording an unsecured contractual obligation of the Company.

12. **Nature of Award.** By accepting this agreement, the Grantee acknowledges his understanding that the grant of PSUs under this agreement is completely at the discretion of Motorola Solutions, and that Motorola Solutions' decision to make this Award in no way implies that similar awards may be granted in the future or that Grantee has any guarantee of future employment. Nor shall this or any such grant interfere with Grantee's right or the Company's right to terminate such employment relationship at any time, with or without cause, to the extent permitted by applicable laws and any enforceable agreement between Grantee and the Company. Grantee's acceptance of this Award is voluntary. The Award is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments, notwithstanding any provision of any compensation, insurance agreement or benefit plan to the contrary.

13. **Acknowledgements.** With respect to the PSUs, this agreement is the entire agreement with the Company. No waiver of any breach of any provision of this agreement by the Company shall be construed to be a waiver of any succeeding breach or as a modification of such provision. The provisions of this agreement shall be severable and in the event that any provision of this agreement shall be found by any court as specified in Section 19 below to be unenforceable, in whole or in part, the remainder of this agreement shall nevertheless be enforceable and binding on the parties. Grantee hereby agrees that the court may modify any invalid, overbroad or unenforceable term of this agreement so that such term, as modified, is valid and enforceable under applicable law. Further, by accepting any Award under this agreement, Grantee affirmatively states that she or he has not, will not and cannot rely on any representations not expressly made herein.

14. **Motorola Solutions Assignment Rights.** Motorola Solutions shall have the right to assign this agreement, which shall not affect the validity or enforceability of this agreement. This agreement shall inure to the benefit of assigns and successors of Motorola Solutions.
15. **Waiver.** The failure of the Company to enforce at any time any provision of this agreement shall in no way be construed to be a waiver of such provision or any other provision hereof.
16. **Actions by the Compensation Committee.** The Compensation Committee may delegate its authority to administer this agreement consistent with applicable law. The actions and determinations of the Compensation Committee or its delegate shall be binding upon the parties.
17. **Consent to Transfer Personal Data.** By accepting this award, Grantee voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this Section. Grantee is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect Grantee's ability to participate in the LRIP and the Omnibus Plan. Motorola Solutions, its Subsidiaries and Grantee's employer hold certain personal information about the Grantee, that may include his/her name, home address and telephone number, date of birth, social security number or other employee identification number, salary grade, hire data, salary, nationality, job title, any shares of stock held in Motorola Solutions, or details of all PSUs or any other entitlement to shares of stock awarded, canceled, purchased, vested, or unvested, for the purpose of managing and administering the LRIP and/or the Omnibus Plan ("**Data**"). Motorola Solutions and/or its Subsidiaries will transfer Data among themselves as necessary for the purpose of implementation, administration and management of Grantee's participation in the LRIP and the Omnibus Plan, and Motorola Solutions and/or any of its Subsidiaries may each further transfer Data to any third parties assisting Motorola Solutions in the implementation, administration and management of the LRIP and/or the Omnibus Plan. These recipients may be located throughout the world, including the United States. Grantee authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Grantee's participation in the LRIP and/or the Omnibus Plan, including any requisite transfer of such Data as may be required for the administration of the LRIP and/or the Omnibus Plan and/or the subsequent holding of shares of stock on the Grantee's behalf to a broker or other third party with whom the Grantee may elect to deposit any shares of stock acquired pursuant to the LRIP and/or the Omnibus Plan. Grantee may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting Motorola Solutions; however, withdrawing consent may affect the Grantee's ability to participate in the LRIP and the Omnibus Plan.
18. **Remedies for Breach.** Grantee hereby acknowledges that the harm caused to the Company by the breach or anticipated breach of Section 2(b) above will be irreparable and further agrees the Company may obtain injunctive relief against the Grantee in addition to and cumulative with any other legal or equitable rights and remedies the Company may have pursuant to this agreement, any other agreements between the Grantee and the Company for the protection of the Company's Confidential Information (as defined in Section 20) or law, including the recovery of liquidated damages. Grantee agrees that any interim or final equitable relief entered by a court of competent jurisdiction, as specified in Section 19 below, will, at the request of the Company, be entered on consent and enforced by any such court having jurisdiction over the Grantee. This relief would occur without prejudice to any rights either party may have to appeal from the proceedings that resulted in any grant of such relief.

19. **Governing Law.** All questions concerning the construction, validity and interpretation of this Award shall be governed by and construed according to the law of the State of Illinois without regard to any state's conflicts of law principles. Any disputes regarding this Award or agreement shall be brought only in the state or federal courts of Illinois.
20. **Definitions.** Any capitalized terms used herein that are not otherwise defined below or elsewhere in this agreement shall have the same meaning provided under the LRIP and the Omnibus Plan.
- a. **"Confidential Information"** means information concerning the Company and its business that is not generally known outside the Company, and includes (i) trade secrets; (ii) intellectual property; (iii) the Company's methods of operation and Company processes; (iv) information regarding the Company's present and/or future products, developments, processes and systems, including invention disclosures and patent applications; (v) information on customers or potential customers, including customers' names, sales records, prices, and other terms of sales and Company cost information; (vi) Company personnel data; (vii) Company business plans, marketing plans, financial data and projections; and (viii) information received in confidence by the Company from third parties. Information regarding products, services or technological innovations in development, in test marketing or being marketed or promoted in a discrete geographic region, which information the Company or one of its affiliates is considering for broader use, shall be deemed not generally known until such broader use is actually commercially implemented.
- b. **"Fair Market Value"** shall be the closing price for a share of Common Stock on the date on which any PSUs earned pursuant to this Award are paid in accordance with Section 4 above (such date, the **"Payment Date"**), as reported for the New York Stock Exchange-Composite Transactions in the Wall Street Journal at www.online.wsj.com. In the event the New York Stock Exchange is not open for trading on the Payment Date, or if the Common Stock does not trade on such day, Fair Market Value for this purpose shall be the closing price of the Common Stock on the last trading day prior to the Payment Date.
21. **409A Compliance Applicable Only to Grantees Subject to U.S. Tax.** Notwithstanding any provision in this Award to the contrary, if the Grantee is a "specified employee" (certain officers of Motorola Solutions within the meaning of Treasury Regulation Section 1.409A-1(i) and using the identification methodology selected by Motorola Solutions from time to time) on the date of the Grantee's termination of employment, any payment which would be considered "nonqualified deferred compensation" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the **"Code"**), that the Grantee is entitled to receive upon termination of employment and which otherwise would be paid or delivered during the six month period immediately following the date of the Grantee's termination of employment will instead be paid or delivered on the earlier of (a) the first day of the seventh month following the date of the Grantee's termination of employment and (b) death. For purposes of determining the time of payment or delivery of any payment the Grantee is entitled to receive upon termination of employment, the determination of whether the Grantee has experienced a termination of employment will be determined by Motorola Solutions in a manner consistent with the definition of "separation from service" under the default rules of Section 409A of the Code.
22. **Plan Documents** The Omnibus Plan and the Prospectus for the Omnibus Plan are available on the Motorola Solutions website at <https://converge.motorolasolutions.com/community/hr/rewards/stock-programs> and the LRIP is available at <https://converge.motorolasolutions.com/groups/executive-rewards>. If Grantee does not have access to the website, Grantee must contact

Global Rewards Equity Administration, Motorola Solutions, Inc., 500 W. Monroe Street, Chicago, Illinois 60661 U.S.A. to request LRIP and/or Omnibus Plan documents.

APPENDIX A

Relative TSR Payout Scale*	
MSI 3-Year TSR Percentile Rank	Payout Factor**
90 th – 100 th Percentile	250%
80 th – 89.99 th Percentile	200%
70 th – 79.99 th Percentile	175%
60 th – 69.99 th Percentile	150%
55 th – 59.99 th Percentile	110%
50 th – 54.99 th Percentile	90%
45 th – 49.99 th Percentile	80%
35 th – 44.99 th Percentile	50%
30 th – 34.99 th Percentile	30%
< 30.00 th Percentile	0%

*“*Relative TSR*” means the Company’s total stockholder return performance (*i.e.*, (Ending Stock Price – Beginning Stock Price) divided by Beginning Stock Price) relative to the companies listed in the S&P 500 at the beginning of the Performance Period.

“*Beginning Stock Price*” means the daily average stock price during the three months immediately preceding the first day of Performance Period.

“*Ending Stock Price*” means the daily average stock price during the three months immediately preceding the last day of the Performance Period, with all dividends deemed reinvested.

**The Compensation Committee reserves the right to reduce the payout, in its discretion, if the Company’s TSR performance during the Performance Period is negative.

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Section 3: EX-10.2 (EXHIBIT 10.2)

Exhibit 10.2

PERFORMANCE STOCK UNIT AWARD AGREEMENT

This Performance Stock Unit Award (“*Award*”) is awarded on «Grant_date» (“*Date of Grant*”), by Motorola Solutions, Inc. (the “*Company*” or “*Motorola Solutions*”) to Gregory Q. Brown (the “*Grantee*”).

WHEREAS, Grantee is receiving the Award (as a type of Restricted Stock Unit) under Section 8 of the Motorola Solutions Omnibus Incentive Plan of 2015, as amended (the “*Omnibus Plan*”);

WHEREAS, Grantee and Motorola, Inc. entered into an employment agreement (the “*Employment Agreement*”), dated as of the 27th day of August 2008, as amended from time to time; and

WHEREAS, the Award is being made by the Compensation and Leadership Committee (the “*Compensation Committee*”) of the Board of Directors as provided in the Motorola Solutions Long Range Incentive Plan, as Amended and Restated May 13, 2019 (the “*LRIP*”).

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the Company hereby awards Performance Stock Units to Grantee on the following terms and conditions:

1. **Award of Performance Stock Units.** The Company hereby grants to Grantee a target number of «Txt_Nbr_of_Shares» Motorola Solutions Performance Stock Units (the “*PSUs*”) subject to the terms and conditions set forth below and the applicable terms of the Employment Agreement and subject to adjustment as provided in the LRIP and the Omnibus Plan, which provides an opportunity to earn up to a maximum number of shares of Motorola Solutions Common Stock (“*Common Stock*”) equal to 250% of such target number. No PSU shall be paid unless earned in accordance with this agreement. All Awards shall be paid in whole shares of Common Stock; no fractional shares shall be credited or delivered to Grantee. The PSUs are granted pursuant to the Omnibus Plan and are subject to all of the terms and conditions of the Omnibus Plan and the Employment Agreement, and shall only be subject to the LRIP as specifically referenced in this Award.
2. **Restrictions.** The PSUs are being awarded to Grantee subject to the transfer and forfeiture conditions set forth below (the “*Restrictions*”):
 - a. **No Assignment.** The PSUs may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution.
 - b. **Restricted Conduct.** Sections 7(a), (b) and (c) (together, the “*Restrictive Covenants*”) of the Employment Agreement are hereby incorporated by reference into this Award and shall apply as if fully set forth herein mutatis mutandis, and any capitalized terms used in such Sections 7(a), (b) and (c) shall have the meanings ascribed to such terms in the Employment Agreement. If Grantee breaches the Restrictive Covenants, in addition to all remedies in law and/or equity available to the Company or any Subsidiary (as defined in the LRIP), Grantee shall forfeit all PSUs under this Award.
 - c. **Recoupment Policy.** The PSUs are subject to the terms and conditions of the Company’s Policy Regarding Recoupment of Incentive Payments upon Financial Restatement, as such

policy is in effect on the Date of Grant (such policy, being the “*Recoupment Policy*”), as set forth in more detail in the LRIP.

Notwithstanding the foregoing, nothing in this Section 2 is intended to or shall limit, prevent, impede or interfere with Grantee’s non-waivable right, without prior notice to the Company, to provide information to the government, participate in investigations, testify in proceedings regarding the Company or any Subsidiary’s past or future conduct, engage in any activities protected under whistleblower statutes, or to receive and fully retain a monetary award from a government-administered whistleblower award program for providing information directly to a government agency. Grantee does not need prior authorization from the Company to make any such reports or disclosures and is not required to notify the Company that Grantee has made such reports or disclosures.

3. **Earning.** Subject to the remaining terms and conditions of this Award, and provided the PSUs have not been forfeited as described in Section 2 above, the PSUs will be earned as follows:

a. **Performance Period.** The PSUs will be earned and payable, if at all, based on the Company’s performance from January 1, 2019 until December 31, 2021 (the “*Performance Period*”) to the extent provided in the following schedule, to be determined following the Compensation Committee’s certification of the achievement of the applicable performance criteria set forth in Appendix A (such date, the “*Performance Certification Date*”), which certification shall occur in no event later than March 15 of the year following the end of the Performance Period for which the PSUs may be earned:

(A) PSUs Eligible to be Earned	(B) Payout Factor	(C) Number of PSUs Earned
100% of Target PSU Award	See Appendix A for Payout Factors	Target PSU Award (Column A) times Payout Factor (Column B)

Any PSUs that fail to be earned pursuant to Section 3(a) shall be forfeited, subject to the special provisions set forth in Sections 3(b), (c), (d), and (e). Any unearned PSUs shall be automatically forfeited upon the Grantee’s termination of employment with Motorola Solutions prior to the last day of the Performance Period for any reason other than as specifically set forth in Sections 3(b), (c), (d), and (e) below. The Company will not be obligated to pay Grantee any consideration whatsoever for forfeited PSUs. For the avoidance of doubt, Grantee must remain employed on the last day of the Performance Period in order to earn any PSUs pursuant to this Award, except as explicitly set forth in this Award; provided, however, that if Grantee takes a Leave of Absence (as defined in the LRIP) from Motorola Solutions or a Subsidiary, such period shall constitute continued employment for purposes of this Award; provided, further, that, in such circumstances, the total number of PSUs that may become earned and payable to Grantee shall be pro-rated in accordance with the terms and conditions set forth in the LRIP.

b. **Disability or Death.** Upon the occurrence of Grantee’s termination of employment with Motorola Solutions and its Subsidiaries due to Grantee’s death or Disability (as defined in the Employment Agreement), in each case prior to the last day of the Performance Period, the treatment of PSUs shall be governed by Sections 5(d) and (e) of the Employment Agreement, respectively.

- c. Qualifying Termination Outside of the Change of Control Protection Period. Upon the occurrence of Grantee's termination of employment with Motorola Solutions and its Subsidiaries by the Company (other than (i) for Cause (as defined in the Employment Agreement), (ii) death, or (iii) Disability), or by Grantee for Good Reason (as defined in the Employment Agreement) (each of the foregoing events hereinafter referred to as a "**Qualifying Termination**") prior to the last day of the Performance Period (other than during the Change of Control Protection Period (as defined in the Employment Agreement)), and if the PSUs have not been forfeited as described in Section 2 above, then such PSUs shall be governed by Section 5(a) of the Employment Agreement.
- d. Qualifying Termination During the Change of Control Protection Period. Upon the occurrence of a Qualifying Termination that occurs prior to the last day of the Performance Period but during the Change of Control Protection Period (as defined in the Employment Agreement), and if the PSUs have not been forfeited as described in Section 2 above, then the target number of PSUs for the Performance Period during which such Qualifying Termination occurs shall become fully earned, assuming achievement of the applicable performance criteria at the target performance level.
- e. Other Certain Terminations of Employment. Upon the occurrence of (i) Grantee's termination of employment with Motorola Solutions and its Subsidiaries due to a Divestiture (which shall mean if Grantee accepts employment with another company in direct connection with the sale, lease, outsourcing arrangement or any other type of asset transfer or transfer of any portion of a facility or any portion of a discrete organizational unit of Motorola Solutions or a Subsidiary, or if Grantee remains employed by a Subsidiary that is sold) that occurs during the final calendar year of the Performance Period, or (ii) Grantee becoming eligible for Retirement (which shall mean Grantee's voluntary termination of employment prior to the end of the Performance Period (A) at or after age 55 with at least 10 years of service, (B) at or after age 60 with at least 5 years of service, or (C) at or after age 65), in each case, prior to the last day of the Performance Period, and if the PSUs have not been forfeited as described in Section 2 above, then a number of PSUs for the Performance Period shall remain subject to performance through the end of the Performance Period and shall become earned based upon actual achievement of the applicable performance criteria set forth in Appendix A for the Performance Period on a pro rata basis in an amount equal to (x) the number of PSUs under this Award that become earned based on actual performance as described in this Section 3(e), multiplied by (y) a fraction, the numerator of which is the number of completed full months of service by the Grantee from the Date of Grant to the employee's date of termination and the denominator of which is the number of months in the Performance Period.

4. **Payment and Settlement of Earned PSUs.**

- a. General. Upon the earning of the PSUs described in Section 3 above, the Company shall, at its election, either: (i) establish a brokerage account for the Grantee and credit to that account the number of shares of Common Stock of the Company equal to the number of PSUs that have been earned; or (ii) deliver to the Grantee a certificate representing a number of shares of Common Stock equal to the number of PSUs that have been earned. Such earned PSUs shall be paid and settled as soon as practicable following the Performance Certification Date, but in no event later than March 15 of the year following the end of the Performance Period for which the PSUs were earned.

- b. Disability or Death. Upon the occurrence of Grantee's termination of employment with Motorola Solutions and its Subsidiaries due to Disability or death prior to the last day of the Performance Period (as described in Section 3(b) above), the PSUs that become earned pursuant to the Employment Agreement shall be settled within 30 days of Grantee's termination of employment due to Grantee's Disability or death.
 - c. Qualifying Termination Outside of the Change of Control Protection Period. Upon the occurrence of Grantee's Qualifying Termination that occurs outside of the Change of Control Protection Period as described in Section 3(c) above, the PSUs that become earned PSUs in accordance with Section 3(c) will be payable as soon as practicable following the Performance Certification Date, based on the applicable performance criteria set forth in Appendix A, but in no event later than March 15 of the year following the end of the Performance Period for which the PSUs were earned; provided, however, that in the event that such Qualifying Termination occurs prior to the end of the Performance Period and a Change of Control (as defined in the Employment Agreement) subsequently occurs after such Qualifying Termination but prior to the end of the Performance Period, the PSUs that become earned PSUs in accordance with Section 3(c) shall be paid within 30 days of the consummation of such Change of Control.
 - d. Qualifying Termination During the Change of Control Protection Period. Upon the occurrence of Grantee's Qualifying Termination that occurs the Change of Control Protection Period as described in Section 3(d) above, the payment of PSUs that become earned PSUs in accordance with Section 3(d) will be paid on the sixtieth (60th) day after the Qualifying Termination, subject to the terms and conditions set forth in Section 5(b) of the Employment Agreement, including, but not limited to, the execution and non-revocation of a release, as described in more detail therein.
 - e. Other Certain Terminations of Employment. Upon the occurrence of (i) Grantee's termination of employment with Motorola Solutions and its Subsidiaries due to a Divestiture that occurs during the final calendar year of the Performance Period, or (ii) Grantee becoming eligible for Retirement (each as described in Section 3(e) above), the PSUs that become earned PSUs in accordance with Section 3(e) will be payable as soon as practicable following the Performance Certification Date, based on the applicable performance criteria set forth in Appendix A, but in no event later than March 15 of the year following the end of the Performance Period for which the PSUs were earned; provided, however, that in the event that any of the events described in clauses (i) or (ii) above occurs prior to the end of the Performance Period and a Change of Control (as defined in the Employment Agreement) subsequently occurs after such event but prior to the end of the Performance Period, the PSUs that become earned PSUs in accordance with Section 3(e) shall be paid within 30 days of the consummation of such Change of Control.
5. **Whole Shares**. All Awards shall be paid in whole shares of Common Stock; no fractional shares shall be credited or delivered to Grantee.
 6. **Adjustments**. The PSUs shall be subject to adjustment as provided in Section 16 of the Omnibus Plan.
 7. **Dividends**. No dividends (or dividend equivalents) shall be paid with respect to unearned PSUs credited to the Grantee's account.

8. **Withholding Taxes.** The Company is entitled to withhold applicable taxes for the respective tax jurisdiction attributable to this Award or any payment made in connection with the PSUs. Grantee may satisfy any minimum statutory withholding obligation, in whole or in part, by electing to have the Company withhold a sufficient number of shares of Common Stock otherwise deliverable in connection with the applicable PSUs that are earned, the Fair Market Value of which shall be determined on the Payment Date (as defined in Section 19 below) in accordance with Section 19 below, to satisfy such Grantee's minimum statutory tax withholding obligation.
9. **Voting and Other Rights.**
 - a. Grantee shall have no rights as a stockholder of the Company in respect of the PSUs, including the right to vote and to receive cash dividends and other distributions until delivery of certificate or equivalent representing shares of Common Stock in satisfaction of the PSUs.
 - b. The grant of PSUs does not confer upon Grantee any right to continue in the employ of the Company or a Subsidiary or to interfere with the right of the Company or a Subsidiary, to terminate Grantee's employment at any time.
10. **Funding.** No assets or shares of Common Stock shall be segregated or earmarked by the Company in respect of any PSUs awarded hereunder. The grant of PSUs hereunder shall not constitute a trust and shall be solely for the purpose of recording an unsecured contractual obligation of the Company.
11. **Nature of Award.** By accepting this agreement, the Grantee acknowledges his understanding that the grant of PSUs under this agreement is completely at the discretion of Motorola Solutions, and that Motorola Solutions' decision to make this Award in no way implies that similar awards may be granted in the future or that Grantee has any guarantee of future employment. Nor shall this or any such grant interfere with Grantee's right or the Company's right to terminate such employment relationship at any time, with or without cause, to the extent permitted by applicable laws and any enforceable agreement between Grantee and the Company. Grantee's acceptance of this Award is voluntary. The Award is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments, notwithstanding any provision of any compensation, insurance agreement or benefit plan to the contrary.
12. **Acknowledgements.** With respect to the PSUs, this agreement (and any provisions of the Employment Agreement incorporated into this Agreement) is the entire agreement with the Company. No waiver of any breach of any provision of this agreement by the Company shall be construed to be a waiver of any succeeding breach or as a modification of such provision. The provisions of this agreement shall be severable and in the event that any provision of this agreement shall be found by any court as specified in Section 18 below to be unenforceable, in whole or in part, the remainder of this agreement shall nevertheless be enforceable and binding on the parties. Grantee hereby agrees that the court may modify any invalid, overbroad or unenforceable term of this agreement so that such term, as modified, is valid and enforceable under applicable law. Further, by accepting any Award under this agreement, Grantee affirmatively states that she or he has not, will not and cannot rely on any representations not expressly made herein.
13. **Motorola Solutions Assignment Rights.** Motorola Solutions shall have the right to assign this agreement, which shall not affect the validity or enforceability of this agreement. This agreement shall inure to the benefit of assigns and successors of Motorola Solutions.

14. **Waiver.** The failure of the Company to enforce at any time any provision of this agreement shall in no way be construed to be a waiver of such provision or any other provision hereof.
15. **Actions by the Compensation Committee.** The Compensation Committee may delegate its authority to administer this agreement consistent with applicable law. The actions and determinations of the Compensation Committee or its delegate shall be binding upon the parties.
16. **Consent to Transfer Personal Data.** By accepting this award, Grantee voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this Section. Grantee is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect Grantee's ability to participate in the LRIP and the Omnibus Plan. Motorola Solutions, its Subsidiaries and Grantee's employer hold certain personal information about the Grantee, that may include his/her name, home address and telephone number, date of birth, social security number or other employee identification number, salary grade, hire data, salary, nationality, job title, any shares of stock held in Motorola Solutions, or details of all PSUs or any other entitlement to shares of stock awarded, canceled, purchased, vested, or unvested, for the purpose of managing and administering the LRIP and/or the Omnibus Plan ("**Data**"). Motorola Solutions and/or its Subsidiaries will transfer Data among themselves as necessary for the purpose of implementation, administration and management of Grantee's participation in the LRIP and the Omnibus Plan, and Motorola Solutions and/or any of its Subsidiaries may each further transfer Data to any third parties assisting Motorola Solutions in the implementation, administration and management of the LRIP and/or the Omnibus Plan. These recipients may be located throughout the world, including the United States. Grantee authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Grantee's participation in the LRIP and/or the Omnibus Plan, including any requisite transfer of such Data as may be required for the administration of the LRIP and/or the Omnibus Plan and/or the subsequent holding of shares of stock on the Grantee's behalf to a broker or other third party with whom the Grantee may elect to deposit any shares of stock acquired pursuant to the LRIP and/or the Omnibus Plan. Grantee may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting Motorola Solutions; however, withdrawing consent may affect the Grantee's ability to participate in the LRIP and the Omnibus Plan.
17. **Remedies for Breach.** Grantee hereby acknowledges that the harm caused to the Company by the breach or anticipated breach of the Restrictive Covenants will be irreparable and further agrees the Company may obtain injunctive relief against the Grantee in addition to and cumulative with any other legal or equitable rights and remedies the Company may have pursuant to this agreement, any other agreements between the Grantee and the Company for the protection of the Company's Confidential Information (as defined in the Employment Agreement) or law, including the recovery of liquidated damages. Grantee agrees that any interim or final equitable relief entered by a court of competent jurisdiction, as specified in Section 18 below, will, at the request of the Company, be entered on consent and enforced by any such court having jurisdiction over the Grantee. This relief would occur without prejudice to any rights either party may have to appeal from the proceedings that resulted in any grant of such relief.
18. **Governing Law.** All questions concerning the construction, validity and interpretation of this Award shall be governed by and construed according to the law of the State of Illinois without regard to any state's conflicts of law principles. Any disputes regarding this Award or agreement shall be brought only in the state or federal courts of Illinois.

19. **Definitions.** Any capitalized terms used herein that are not otherwise defined below or elsewhere in this agreement shall have the same meaning provided under the LRIP and the Omnibus Plan.
- a. **“Fair Market Value”** shall be the closing price for a share of Common Stock on the date on which any PSUs earned pursuant to this Award are paid in accordance with Section 4 above (such date, the **“Payment Date”**), as reported for the New York Stock Exchange-Composite Transactions in the Wall Street Journal at www.online.wsj.com. In the event the New York Stock Exchange is not open for trading on the Payment Date, or if the Common Stock does not trade on such day, Fair Market Value for this purpose shall be the closing price of the Common Stock on the last trading day prior to the Payment Date.
20. **409A Compliance.** Notwithstanding any provision in this Award to the contrary, if the Grantee is a “specified employee” (certain officers of Motorola Solutions within the meaning of Treasury Regulation Section 1.409A-1(i) and using the identification methodology selected by Motorola Solutions from time to time) on the date of the Grantee’s termination of employment, any payment which would be considered “nonqualified deferred compensation” within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the **“Code”**), that the Grantee is entitled to receive upon termination of employment and which otherwise would be paid or delivered during the six month period immediately following the date of the Grantee’s termination of employment will instead be paid or delivered on the earlier of (a) the first day of the seventh month following the date of the Grantee’s termination of employment and (b) death. For purposes of determining the time of payment or delivery of any payment the Grantee is entitled to receive upon termination of employment, the determination of whether the Grantee has experienced a termination of employment will be determined by Motorola Solutions in a manner consistent with the definition of “separation from service” under the default rules of Section 409A of the Code.
21. **Plan Documents.** The Omnibus Plan and the Prospectus for the Omnibus Plan are available on the Motorola Solutions website at <https://converge.motorolasolutions.com/community/hr/rewards/stock-programs> and the LRIP is available at <https://converge.motorolasolutions.com/groups/executive-rewards>. If Grantee does not have access to the website, Grantee must contact Global Rewards Equity Administration, Motorola Solutions, Inc., 500 W. Monroe Street, Chicago, Illinois 60661 U.S.A. to request LRIP and/or Omnibus Plan documents.
22. **Miscellaneous.** The PSUs shall be subject to Section 5 of the Employment Agreement.

APPENDIX A

Relative TSR Payout Scale*	
MSI 3-Year TSR Percentile Rank	Payout Factor**
90 th – 100 th Percentile	250%
80 th – 89.99 th Percentile	200%
70 th – 79.99 th Percentile	175%
60 th – 69.99 th Percentile	150%
55 th – 59.99 th Percentile	110%
50 th – 54.99 th Percentile	90%
45 th – 49.99 th Percentile	80%
35 th – 44.99 th Percentile	50%
30 th – 34.99 th Percentile	30%
< 30.00 th Percentile	0%

*“*Relative TSR*” means the Company’s total stockholder return performance (*i.e.*, (Ending Stock Price – Beginning Stock Price) divided by Beginning Stock Price) relative to the companies listed in the S&P 500 at the beginning of the Performance Period.

“*Beginning Stock Price*” means the daily average stock price during the three months immediately preceding the first day of Performance Period.

“*Ending Stock Price*” means the daily average stock price during the three months immediately preceding the last day of the Performance Period, with all dividends deemed reinvested.

**The Compensation Committee reserves the right to reduce the payout, in its discretion, if the Company’s TSR performance during the Performance Period is negative.

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Section 4: EX-10.3 (EXHIBIT 10.3)

Exhibit 10.3

Motorola Solutions Long Range Incentive Plan (LRIP), as Amended and Restated May 13, 2019

OVERVIEW

The Plan is being implemented pursuant to the terms and conditions of the Omnibus Plan, and as most recently amended and restated shall apply to performance cycles beginning on and after January 1, 2019.

ELIGIBILITY

Effective January 4, 2011, Officers of Motorola Solutions, Inc. (“Motorola Solutions” or the “Company”) shall be eligible to participate in the Plan. The Chief Executive Officer is also eligible to participate as approved by the Compensation Committee. No employee who is not an Officer shall be eligible to participate in the Plan.

PARTICIPATION

Generally, Officers who become eligible to participate during the first three months of a multi-year performance cycle will participate in the full performance cycle. Officers who become eligible to participate after the first three months of a performance cycle will participate in the performance cycle on a pro rata basis, except that Officers who first become eligible to participate during the last three months of a performance cycle will not be eligible to participate in the performance cycle.

Participants who lose their eligibility to participate due to a lapse of status as an Officer after the first three months of a performance cycle will participate in the performance cycle on a pro rata basis if they continue to be employed with the Company through the last day of the performance cycle or if their employment terminates earlier under any of the conditions outlined in this Plan permitting pro rata payments. Participants who lose their eligibility to participate in the first three months of a performance cycle will not be eligible to participate in the performance cycle.

Pro rata awards will be determined on the basis of the number of completed months of employment as an Officer during which the participant is actively working within the performance cycle.

PERFORMANCE CYCLE

The Plan is based upon multi-year performance cycles selected by the Compensation Committee.

PERFORMANCE CRITERIA

Performance criteria for each cycle will be determined by the Compensation Committee based on one or more of the Performance Criteria set forth in Section 14 of the Omnibus Plan.

Performance criteria may apply to performance in each year in the performance cycle, to cumulative performance during multiple years in the performance cycle or the entire performance cycle, or a combination of any of the foregoing.

PARTICIPANTS' TARGET & MAXIMUM AWARD

A participant's target award is established at the commencement of a performance cycle. Target awards for all Officers who are not Covered Employees or Covered Persons or Officers designated as members of the Executive Committee shall be determined by the LRIP Committee.

A participant's maximum earned award will be determined by the Compensation Committee, but in no event will it exceed two and one half times his/her target award.

The Compensation Committee specifically reserves to itself the authority to set the target and maximum awards for all Covered Employees, Covered Persons and all members of the Executive Committee.

AWARD AND PAYOUT PROCESS

- All awards will be made as follows:
 - Any award(s) made to the Chief Executive Officer of the Company under the LRIP shall be made in the form of a stock-settled equity-based award granted under the Omnibus Plan;
 - Any award(s) made to any member of the Executive Committee under the LRIP shall be in the form(s) of a stock-settled equity-based award and/or an award hereunder payable in cash, with such allocation as determined by the Compensation Committee in its discretion;
 - All equity-based awards granted under the LRIP shall exclusively be governed by the terms of the applicable award agreement and the Omnibus Plan and shall only be subject to the terms of the LRIP to the extent specifically referenced in such award agreement; and
 - Any award(s) earned by all other LRIP participants (other than the Chief Executive Officer of the Company and the members of the Executive Committee) shall be paid in cash or Company stock, as determined by the Compensation Committee in its discretion. To the extent such awards are paid in Company stock, the number of shares of stock earned by a participant shall be determined by dividing the amount of the award earned during the performance cycle by the Certification Date Value. The shares will be issued

under, and subject to the limitations of, the Omnibus Plan or such other shareholder-approved Company equity-based incentive plan as designated by the Compensation Committee.

- The Compensation Committee may reduce the amount of the payment to be made pursuant to this Plan to any participant who is or may be a Covered Employee at any time prior to payment as a result of the participant's performance during the performance cycle. The Chief Executive Officer may adjust the amount of the payment to be made pursuant to this Plan to any participant at any time prior to payment as a result of the participant's performance during the performance cycle; provided, however, that no upward adjustment may result in a payment to the participant in excess of the participant's maximum award under the Plan. Any adjustment to a payment to a member of the Executive Committee, a Covered Employee or a Covered Person will be subject to the approval of the Compensation Committee.
- If management or the Compensation Committee determines, in their sole discretion, prior to the payment of an award, that a participant has engaged in Serious Misconduct or has violated any agreement or restrictive covenants between the participant and the Company related to protection of the Company's trade secrets and/or confidential and proprietary information, the participant will forfeit any unpaid award, in addition to being subject to other remedies that may be available to the Company.
- The Company shall have the right to satisfy all federal, state and/or local withholding tax requirements with respect to the award earned by reducing either: (1) the cash paid (in the event of a cash payment) by the amount of withholding required or (2) the number of earned shares (in the event of a stock payment) by the number of shares determined by dividing the amount of withholding required by the Certification Date Value.
- Payments will be made during the calendar year immediately following the last calendar year in the performance cycle (unless a participant makes an irrevocable election under any deferred compensation arrangement subject to Section 409A of the Internal Revenue Code of 1986, as amended, to defer payment of a portion of the participant's award, in which case such payment, if any, shall be made in accordance with such election). A participant has no right to any award until that award is paid.

SITUATIONS AFFECTING THE PLAN

Change in Employment

- Generally, a participant will be eligible for payment of an earned award only if employment continues through the last day of the performance cycle.
- Because employee retention is an important objective of this Plan and awards do not bear a precise relationship to time worked within the calendar year or length of service with the Company, participants who separate from employment prior to the end of the performance

cycle (except as expressly provided in this Plan) shall not receive any award attributable to that performance cycle.

- In the event a participant’s employment terminates due to the participant’s death or Total and Permanent Disability, the participant shall receive the target award attributable to a performance cycle, which shall be paid at the time of the termination.
- Pro rata awards may be possible, depending upon the type of employment termination or change in status. In the event a participant: (i) remains on payroll as an active employee at the end of a performance cycle, but is not actively working, whether or not on a Leave of Absence, (ii) Retires, or, (iii) in the final year of a performance cycle, a Divestiture occurs or the participant is involuntarily terminated for a reason other than Serious Misconduct prior to the end of the performance cycle while actively employed or on a Leave of Absence, the participant will be entitled to a pro rata award based on the number of completed months of employment within the performance cycle in which the participant was actively working as an Officer, provided that the participant is otherwise eligible for an award.
- The table below summarizes the treatment of awards in the event a participant separates employment before the end of a performance cycle:

If employment terminates due to...	The earned award will be...
Death	Accelerated
Total and Permanent Disability	Accelerated
Retirement (in all countries other than member states or acceding countries of the European Union)	Pro rated
Involuntary Termination of Employment for a Reason Other than Serious Misconduct in the final year of the performance cycle	Pro rated
Divestiture in the final year of the performance cycle	Pro rated
Termination of Employment For Any Other Reason than Described Above (including but not limited to voluntary resignation)	Forfeited

A pro rated payout will be based on final performance results and paid in the same manner and at the same time as other awards, as described above in “Payout Process,” to the extent that such payment complies with Section 409A of the Internal Revenue Code of 1986, as amended.

- In the event a participant (other than a Covered Employee) is reclassified from a higher Officer level to a lower Officer level or vice versa (*e.g.*, from Executive Vice President to either Senior Vice President or Corporate Vice President or from Corporate Vice President to Senior or Executive Vice President), the participant’s target award will be recalculated to reflect: (a) the lower target award level for the actual number of months completed within the performance cycle while employed in the lower Officer level and (b) the higher target award

for the actual number of remaining months within the performance cycle while employed in the higher Officer level.

Change in Control

If the Company undergoes a Change in Control as defined in the Omnibus Plan, the treatment of outstanding awards under this Plan shall be determined by the terms of the Omnibus Plan in effect at the time of the commencement of the performance cycle; provided, however, that payment will be made in the manner set forth under “Payout Process” unless payment under the Omnibus Plan is due upon a Change in Control and such Change in Control would be a permissible distribution event, as defined in Section 409A(a)(2) of the Internal Revenue Code of 1986, as amended, in which case payment shall be made at the time and in the manner required by Section 409A of the Internal Revenue Code of 1986, as amended.

RESERVATION AND RETENTION OF COMPANY RIGHTS

- The selection of any Officer for participation in the Plan will not give that participant any right to be retained in the employ of the Company.
- The Compensation Committee’s decision to make an award in no way implies that similar awards may be granted in the future.
- Anyone claiming a benefit under the Plan will not have any right to or interest in any awards unless and until all terms, conditions, and provisions of the Plan that affect that person have been fulfilled as specified herein.
- No Officer will at any time have a right to be selected for participation in a future performance period for any fiscal year, despite having been selected for participation in a previous performance period.

ADMINISTRATION

Except as otherwise provided herein, it is expressly understood that the Compensation Committee has the discretionary authority to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan, all of which will be binding upon the participant.

GENERAL PROVISIONS

- Award opportunities may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution.
- To the extent permitted by law, amounts paid under the Plan will not be considered to be compensation for purposes of any other compensation or benefit plan or program maintained by the Company.

- All obligations of the Company under the Plan with respect to payout of awards, and the corresponding rights granted thereunder, will be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or other acquisition of all or substantially all of the business and/or assets of the Company.
- All awards to Covered Persons are subject to the terms and conditions of the Recoupment Policy, as it may be amended from time to time, including as it may be amended to comply with Section 10D of the Exchange Act, the “Recoupment Policy”). The Recoupment Policy provides that, in the event of certain accounting restatements (a “Policy Restatement”), the Company’s independent directors may require, among other things, reimbursement of all or a portion of the gross amount of any bonus or incentive compensation paid to the Covered Person hereunder on or after January 1, 2008, if and to the extent the conditions set forth in the Recoupment Policy apply. Any determinations made by the independent directors in accordance with the Recoupment Policy shall be binding upon the Covered Person. The Recoupment Policy is in addition to any other remedies which may be otherwise available to the Company at law, in equity or under contract, or otherwise required by law, including under Section 10D of the Exchange Act.
- In the event that any provision of the Plan will be held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provision had not been included.
- No participant or beneficiary will have any interest whatsoever in any specific asset of the Company. To the extent that any person acquires a right to receive payments under the Plan, such right will be no greater than the right of any unsecured general creditor of the Company.
- This Plan constitutes a legal document which governs all matters involved with its interpretation and administration and supersedes any writing or representation inconsistent with its terms.

DEFINITIONS

Certification Date Value: the closing price of one share of Company common stock on the New York Stock Exchange on the date on which the Compensation Committee certifies the amount of the award earned.

Company: Motorola Solutions, Inc. and its Subsidiaries.

Compensation Committee: the Compensation and Leadership Committee of the Board of Directors.

Covered Employee: a covered employee within the meaning of Section 162(m)(3) of the Internal Revenue Code.

Covered Person(s): officer(s) (as such term is defined in Rule 16a-1(f) under the Securities Exchange Act of 1934) of the Company.

Divestiture: the sale, lease, outsourcing arrangement, spin-off, or similar transaction wherein a Subsidiary is sold or whose shares are distributed to the Motorola Solutions stockholders, or any other type of asset transfer or transfer of any portion of a facility or any portion of a discrete organizational unit of Company or a Subsidiary.

Executive Committee: the group of Officers that report to the Chief Executive Officer, and referred to as management's Executive Committee.

Leave of Absence: an approved leave of absence.

LRIP Committee: the committee to which the Compensation Committee may delegate certain powers and duties as described above. Unless otherwise determined, the LRIP Committee will consist of the Senior Human Resources Officer, a senior Compensation Officer and a senior Finance Officer. The LRIP Committee may establish self-governance procedures such as by-laws, and shall keep minutes regarding all actions taken by the LRIP Committee.

Omnibus Plan: the Motorola Solutions Omnibus Incentive Plan of 2006, as Amended and Restated January 4, 2011, or any subsequent amendment and restatement or any successor plan.

Officers: Corporate, Senior and Executive Vice Presidents, Chief Operating Officer, and Chief Executive Officer of the Company.

Plan: the Motorola Solutions, Inc. Long Range Incentive Plan (LRIP).

Policy Restatement: a restatement of the Company's financial results.

Recoupment Policy: the Company's "Policy Regarding Recoupment of Incentive Payments upon Financial Restatement", as it may be amended from time to time.

Retire or Retirement: shall only apply in countries other than member states or acceding countries of the European Union and shall mean voluntary or involuntary termination from Motorola Solutions or a Subsidiary (other than a termination because of Serious Misconduct) as follows:

- (i) at or after age 55 with 10 years of service;
- (ii) at or after age 60 with 5 years of service;
- (iii) at or after age 65, without regard to years of service; or
- (iv) with any other combination of age and service, at the discretion of the Compensation Committee.

Years of service will be based on the participant's Continuous Service Date.

Continuous Service Date: accumulated years and months of service with the Company, including time worked before a prior separation from employment that was less than five years in duration.

Subsidiary: an entity of which Motorola Solutions, Inc. owns directly or indirectly at least 50% and that Motorola Solutions consolidates for financial reporting purposes.

Serious Misconduct: any misconduct that is a ground for termination under the Motorola Solutions Code of Business Conduct, human resources policies, or other written policies or procedures.

Total and Permanent Disability: for U.S. employees, entitlement to long-term disability benefits under the Motorola Solutions Disability Income Plan, as amended and any successor plan; for non-U.S. employees, as established by applicable Motorola Solutions policy or as required by local regulations.

If a term is used but not defined, it has the meaning given such term in the Omnibus Plan.

AMENDMENT, MODIFICATION, AND TERMINATION

Except as expressly provided by law, this Plan is provided at the Company's sole discretion and the Compensation Committee may modify or terminate it at any time, prospectively or retroactively, without notice or obligation for any reason; provided, however, that no such action may adversely affect a participant's rights under the Plan subsequent to such time as negotiations or discussions which ultimately lead to a Change in Control have commenced. In addition, there is no obligation to extend the Plan or establish a replacement plan or performance cycle(s) in subsequent years.

APPLICABLE LAW

To the extent not preempted by federal law, or otherwise provided by local law, the Plan will be construed in accordance with, and governed by, the laws of the state of Illinois without regard to any state's conflicts of laws principles. Any legal action related to this Plan shall be brought only in a federal or state court located in Illinois.

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Section 5: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

CERTIFICATION

I, Gregory Q. Brown, Chairman and Chief Executive Officer, Motorola Solutions, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Motorola Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2019

/s/ GREGORY Q. BROWN

Gregory Q. Brown
Chairman and Chief Executive Officer
Motorola Solutions, Inc.

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Section 6: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

CERTIFICATION

I, Gino A. Bonanotte, Executive Vice President and Chief Financial Officer, Motorola Solutions, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Motorola Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under

our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2019

/s/ GINO A. BONANOTTE

Gino A. Bonanotte

Executive Vice President and Chief Financial Officer

Motorola Solutions, Inc.

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Section 7: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

CERTIFICATION

I, Gregory Q. Brown, Chairman and Chief Executive Officer, Motorola Solutions, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that, to my knowledge:

- (1) the quarterly report on Form 10-Q for the period ended June 29, 2019 (the "Quarterly Report"), which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of Motorola Solutions, Inc.

This certificate is being furnished solely for purposes of Section 906.

Dated: August 1, 2019

/s/ GREGORY Q. BROWN

Gregory Q. Brown
Chairman and Chief Executive Officer
Motorola Solutions, Inc.

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Section 8: EX-32.2 (EXHIBIT 32.2)

Exhibit 32.2

CERTIFICATION

I, Gino A. Bonanotte, Executive Vice President and Chief Financial Officer, Motorola Solutions, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (“Section 906”), that, to my knowledge:

- (1) the quarterly report on Form 10-Q for the period ended June 29, 2019 (the “Quarterly Report”), which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of Motorola Solutions, Inc.

This certificate is being furnished solely for purposes of Section 906.

Dated: August 1, 2019

/s/ GINO A. BONANOTTE

Gino A. Bonanotte
Executive Vice President and Chief Financial Officer
Motorola Solutions, Inc.

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