

SUPPLEMENTAL NON-GAAP MEASURES

	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Q1 '17	Q2 '17	Q3 '17	Q4 '17
Net sales	\$1,228	\$1,393	\$1,436	\$1,823	\$1,223	\$1,368	\$1,422	\$1,682	\$1,193	\$1,430	\$1,532	\$1,883	\$1,281	\$1,497	\$1,645	\$1,957
GAAP gross margin	577	656	685	912	548	648	685	838	502	676	762	928	570	690	794	970
Non-GAAP gross margin adjustments:																
Stock-based compensation expense	4	3	2	2	3	2	2	2	2	2	2	3	2	2	2	2
Reorganization of business charges	1	3	7	—	2	3	1	4	16	8	1	18	4	2	2	1
Non-GAAP gross margin	582	662	694	914	553	653	688	844	520	686	765	949	576	694	798	973
GAAP Operating earnings (loss) ("OE")	107	138	207	(1,459)	119	254	231	389	100	224	341	403	176	257	338	511
Non-GAAP OE Adjustments:																
Stock-based compensation expense	25	23	18	18	18	17	16	18	15	16	15	13	15	14	14	15
Reorganization of business charges	9	25	13	15	12	13	14	38	7	19	6	48	15	1	6	11
Intangibles amortization expense	1	1	1	1	2	3	2	2	13	38	31	30	36	37	39	39
Other highlighted items	(21)	8	11	1,906	—	(32)	26	5	13	17	—	26	(24)	15	22	(3)
Non-GAAP OE	\$126	\$201	\$259	\$483	\$156	\$260	\$292	\$458	\$166	\$324	\$396	\$541	\$224	\$328	\$423	\$576

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

SUPPLEMENTAL NON-GAAP MEASURES

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

** Under U.S. GAAP, the accounting for a net loss from continuing operations results in the presentation of dilutive earnings per share equal to basic earnings per share, as any increase in basic shares would be anti-dilutive to earnings per share. As a result of the highlighted items identified during Q4 2017, the Company reported a net loss from continuing operations within our GAAP Consolidated Statement of Operations, while reporting income on a non-GAAP basis. An adjustment is shown to reflect the dilution of 7.2 million dilutive shares outstanding in Q4 2017.

	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Q1 '17	Q2 '17	Q3 '17	Q4 '17
GAAP OE%	8.7 %	9.9 %	14.4 %	(80.0)%	9.7 %	18.6 %	16.2 %	23.1 %	8.4 %	15.7 %	22.3 %	21.4 %	13.7 %	17.2 %	20.5 %	26.1 %
Non-GAAP Adj %	1.5 %	4.5 %	3.6 %	106.5 %	3.1 %	0.4 %	4.3 %	4.1 %	5.5 %	7.0 %	3.5 %	7.3 %	3.8 %	4.7 %	5.2 %	3.3 %
Non-GAAP OE %	10.3 %	14.4 %	18.0 %	26.5 %	12.8 %	19.0 %	20.5 %	27.2 %	13.9 %	22.7 %	25.8 %	28.7 %	17.5 %	21.9 %	25.7 %	29.4 %
GAAP Other income (expense)	(18)	(40)	(56)	(39)	9	(39)	(34)	(12)	(78)	(57)	(48)	(41)	(56)	(52)	(52)	(46)
Non-GAAP Below OE adjustments	—	—	(27)	—	46	—	—	39	(36)	—	—	—	3	(1)	—	—
Non-GAAP Other income (expense)	(18)	(40)	(29)	(39)	(37)	(39)	(34)	(51)	(42)	(57)	(48)	(41)	(59)	(51)	(52)	(46)
GAAP Earnings (loss) from continuing operations*	85	78	66	(926)	87	150	126	277	17	107	192	243	77	131	212	(575)
Non-GAAP OE adjustments	19	63	52	1,942	37	6	61	69	66	100	55	138	48	71	85	65
Non-GAAP below OE adjustments	—	—	27	—	(46)	—	—	(39)	36	—	—	—	(3)	1	—	—
Non-GAAP tax adjustments and effect	(32)	(20)	9	(728)	5	(13)	(21)	(27)	(27)	(27)	(14)	(35)	(2)	(14)	(38)	865
TOTAL Non-GAAP Earnings from continuing operations	\$72	\$121	\$154	\$ 288	\$ 83	\$143	\$166	\$280	\$92	\$180	\$233	\$346	\$120	\$189	\$ 259	\$355
GAAP Continuing operations earnings per share ("EPS")	\$0.33	\$0.30	\$0.27	\$(4.02)	\$0.40	\$0.72	\$0.63	\$1.56	\$0.10	\$ 0.61	\$1.13	\$1.43	\$0.45	\$0.78	\$1.25	\$(3.56)
EPS adjusted for dilution**																\$(3.40)
Non-GAAP Continuing operations EPS adjustments	(0.05)	0.17	0.35	5.27	(0.02)	(0.04)	0.19	0.02	0.42	0.42	0.24	0.60	0.26	0.34	0.28	5.50
Non-GAAP Continuing operations EPS	\$0.28	\$ 0.47	\$0.62	\$1.25	\$0.38	\$0.68	\$0.82	\$1.58	\$0.52	\$ 1.03	\$1.37	\$2.03	\$0.71	\$1.12	\$1.53	\$2.10
Diluted, weighted average shares outstanding	258.3	256.2	248.2	230.5	217.8	209.5	201.3	177.5	177.	174.8	169.6	170.4	169.9	169.0	169.0	168.9

SUPPLEMENTAL NON-GAAP MEASURES

(\$ in millions)	FY 2014	FY 2015	FY 2016	FY 2017
Netsales	\$5,881	\$5,695	\$6,038	\$6,380
Net income attributable to MSI	1,299	610	560	(155)
Loss (earnings) from discontinued operations	(1,996)	30	-	-
Earnings attributable to noncontrolling interests	1	3	2	4
Income tax expense (benefit)	(465)	274	282	1,227
Interest expense	126	173	205	201
Other expenses (income)	29	(96)	18	5
GAAP operating earnings ("OE")	(\$1,006)	\$994	\$1,067	\$1,282
Above-OE non-GAAP adjustments:				
Share-based compensation expense	94	78	68	66
Reorganization of business charges	73	87	123	42
Intangibles amortization expense	4	8	113	151
Other highlighted items	1,904	(1)	56	11
Total above-OE non-GAAP adjustments	2,075	172	360	270
Non-GAAP Operating earnings	\$1,069	\$1,166	\$1,427	\$1,552
Depreciation and amortization ¹	169	142	182	192
Adjusted EBITDA	\$1,238	\$1,308	\$1,609	\$1,744
GAAP operating earnings as a percentage of net sales	(17.1)%	17.5%	17.7%	20.1%
Non-GAAP operating earnings as a percentage of net sales	18.2%	20.5%	23.6%	24.3%
Adjusted EBITDA as a percentage of net sales	21.1%	23.0%	26.6%	27.3%
GAAP operating expenses	\$3,837	\$1,725	\$1,802	\$1,742
Operating expenses non-GAAP adjustments:				
Share-based compensation expense	84	69	59	57
Reorganization of business charges	62	77	80	33
Intangibles amortization expense	4	8	113	151
Other highlighted items	1,904	(1)	56	11
Total operating expenses non-GAAP adjustments	2,054	153	308	252
Non-GAAP operating expenses	\$1,783	\$1,572	\$1,494	\$1,490
GAAP operating expenses as a percentage of net sales	65.2%	30.3%	29.8%	27.3%
Non-GAAP operating expenses as a percentage of net sales	30.3%	27.6%	24.7%	23.4%
GAAP operating cash flow	(\$637)	\$1,021	\$1,165	\$1,346
Contribution and restructuring of the pension plan	1,300	-	-	-
Non-GAAP operating cash flow	\$663	\$1,021	\$1,165	\$1,346
Capital expenditure	(181)	(175)	(271)	(227)
Free cash flow	\$482	\$846	\$894	\$1,119