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Motorola Solutions Executive Participants

Chris Kutsor – Director of Investor Relations
Greg Brown – Chairman & Chief Executive Officer
Gino Bonanotte – Executive Vice President & Chief Financial Officer
Bruce Brda – Executive Vice President, Products & Services
Jack Molloy – Executive Vice President, Worldwide Sales

Other Participants

Tavis C. McCourt – Analyst, Raymond James & Associates, Inc.
Pierre C. Ferragu – Analyst, Sanford C. Bernstein & Co. LLC
Kulbinder S. Garcha – Analyst, Credit Suisse Securities (USA) LLC (Broker)
Matthew Cabral – Analyst, Goldman Sachs & Co.
Keith Housum – Analyst, Northcoast Research Partners LLC
Timothy Patrick Long – Analyst, BMO Capital Markets (United States)
George C. Notter – Analyst, Jefferies LLC
Vijay Bhagavath – Analyst, Deutsche Bank Securities, Inc.
Andrew DeGasperi – Analyst, Macquarie Capital (USA), Inc.
Stanley Kovler – Analyst, Citi Research
Fahad Najam – Associate Analyst, Cowen & Co. LLC
Andrew C. Spinola – Analyst, Wells Fargo Securities LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, and thank you for holding. Welcome to the Motorola Solutions Third Quarter 2016 Earnings Conference Call. Today’s call is being recorded. If you have any objections, please disconnect at this time.

The presentation material and additional financial tables are currently posted on the Motorola Solutions Investor Relations website. In addition, a replay of this call will be available approximately three hours after the conclusion of this call over the Internet. The website address is www.motorolasolutions.com/investor. At this time, all participants have been placed in a listen-only mode and the line will be opened for your questions following the presentation.

I would now like to introduce Mr. Chris Kutsor, Director of Investor Relations. Mr. Kutsor, you may begin your conference.

Chris Kutsor, Director of Investor Relations

Thank you. Good afternoon. Welcome to our 2016 Third Quarter Earnings Call. With me today are Greg Brown, Chairman and CEO; Gino Bonanotte, Executive Vice President and CFO; Bruce Brda, Executive Vice President, Products and Services; and Jack Molloy, Executive Vice President, Worldwide Sales. Greg and Gino will review our results along with commentary, and Bruce and Jack will join for Q&A.
We have posted an earnings presentation and news release at motorolasolutions.com/investor. These materials include GAAP to non-GAAP reconciliations for your reference.

A number of forward-looking statements will be made during this presentation and during the Q&A portion of the call. These statements are based on current expectations and assumptions that are subject to a variety of risks and uncertainty. Actual results could differ materially from these forward-looking statements. Information about factors that could cause such differences can be found in today’s earnings news release and the comments made during this conference call in the risk factors section of our 2015 annual report on Form 10-K and in our other reports and filings with the SEC. We do not undertake any duty to update any forward-looking statement.

I’ll now turn it over to Greg.

**Greg Brown, Chairman & Chief Executive Officer**

Thanks, Chris. Good afternoon, and thanks for joining us today. We’re particularly excited to be delivering this call from our new corporate headquarters in Chicago and home of the World Champion Chicago Cubs. Pretty special. Having said that, I’d like to share a few thoughts about the overall business before Gino takes us through the results and outlook.

First, Q3 was an excellent quarter. Our operational execution and solid financial results were anchored by strength in North America and our growing Managed and Support Services business. We grew revenue 8% along with significant growth in earnings and $348 million of operating cash flow. Second, we continue to invest in developing our software and services portfolio, including the recently announced Spillman Technologies acquisition. Spillman’s command center software is an important complementary addition to our existing software portfolio.

And finally, I’m pleased to announce that we’re raising our full-year guidance for earnings and also raising the dividend by 15%. And as I look to next year, we remain committed to growing revenue and cash flow with an efficient cost structure while driving even more innovation.

So at this point, I’ll turn the call over to Gino to provide additional details on Q3 and outlook before returning to provide some closing thoughts.

**Gino Bonanotte, Executive Vice President & Chief Financial Officer**

Thank you, Greg. Q3 results include revenue of $1.5 billion, up 8% versus last year, including Airwave revenue of $131 million. GAAP operating earnings of $341 million. Non-GAAP operating earnings of $396 million or 25.8% of sales, up 530 basis points from the year ago-quarter. GAAP earnings per share from continuing operations were $1.13 compared to $0.63 in the third quarter of 2015. Non-GAAP EPS was $1.37 versus $0.82 in the year-ago quarter, a 67% year-over-year increase.

Ending backlog is up $2.1 billion versus last year, $1.4 billion from Airwave, $600 million from Managed and Support Services, primarily driven by North America, and $62 million from Products. For the remainder of the call, we will reference non-GAAP financial results including those in our outlook unless otherwise noted.

Q3 Product sales were $920 million, down 1% versus last year on solid North America performance, offset by a large P25 project in Africa last year and China softness. Q3 Product segment operating
income was $243 million or 26.4% of sales, up 250 basis points versus last year, driven by lower OpEx. 
Product segment backlog ended the quarter at $1.4 billion, up 5% or $62 million versus last year, driven 
by North America. Sequentially, Product backlog was up $63 million with growth in North America, Latin 
America and EMEA.

Turning to Services, Q3 Services revenue was $612 million, up 23%, including Airwave. Excluding 
Airwave, Managed and Support Services grew 5%. Services operating income was $153 million, up $82 
from the prior year. Operating margins increased from 14.3% to 25% of revenue on Airwave 
contributions and improved gross margin.

Services backlog ended at $6.7 billion, up $2.1 billion versus last year. Of the $2.1 billion increase, 
Airwave was $1.4 billion and organic Managed and Support Services was up over $600 million. 
Sequentially, services backlog is down $136 million due to currency adjustments related to the British 
pound and Airwave backlog conversion to revenue against a fixed contract.

Moving to operating expenses. Total OpEx from continuing operations was $369 million, down $27 million 
or 7% from the year-ago quarter, driven by continued cost reduction activities. Other income and expense 
was $48 million compared to $34 million in the year-ago quarter, driven primarily by higher interest 
expense. The Q3 effective tax rate was 33%.

Q3 operating cash flow was $348 million, an increase of $47 million, driven by higher earnings. Free cash 
flow was $280 million, an increase of $29 million versus last year. We ended Q3 with cash of $1.7 billion 
and a net debt position of $3.4 billion. During the quarter, we repurchased $109 million of stock at an 
average price of $73.11 and we paid dividends of $70 million.

Turning to our outlook. We expect Q4 sales growth of 9% to 10%, including $120 million from Airwave. We 
expect Q4 non-GAAP EPS between $1.82 and a $1.87. For the full-year 2016, we expect revenue 
growth of 5% to 6%, and we now expect non-GAAP EPS of $4.67 to $4.72 versus the prior outlook of 
$4.45 to $4.65. This assumes a weighted average diluted share count of approximately 173 million 
shares.

Full-year operating expenses are expected to be down approximately $120 million versus 2015. We 
expect the full-year 2016 effective tax rate to be approximately 32%.

Operating cash flow is still expected to be approximately $1.1 billion to $1.2 billion and free cash flow of 
approximately $800 million to $900 million. Finally, share repurchases are expected to be in the range of 
$800 million to $900 million.

Looking briefly at 2017, I’d like to make a few points. First, we now expect Airwave to be approximately 
flat given the current foreign exchange rates and we expect iDEN to decline by $50 million next year. That 
said, we continue to expect overall growth in 2017 and will provide a full outlook on our next call.

Moving to regional results. North America had another strong quarter with 4% growth, driven by both 
Products and Services. The pipeline and backlog remained healthy, particularly for multiyear services. 
North America remains on track for low single-digit growth for the full year. As expected, Latin America 
was down $15 million or 17% on continued challenging macroeconomic conditions and a $9 million iDEN 
decline. While this market remains challenged, we do see some signs of stabilization.

EMEA was up 34% including Airwave. Excluding Airwave, EMEA was down 20%, as expected, driven by 
difficult comps, including the Norway installation completion and a large P25 order last year. Asia Pac 
grew 2%, led by services growth, which was partially offset by continued softness in China.
Finally, I’d like to end with some notable segment highlights. In our Products segment, we announced several new products, including the APX 8500 P25 all-band mobile radio. This device provides unlimited interoperability across Public Safety LMR networks as well as the ability to interface with 4G LTE carrier networks and over secure Wi-Fi networks. We also won several notable deals that include a $37 million award to expand a nationwide TETRA network in Africa, $34 million for two P25 contracts with the U.S. federal government, and a $20 million award for a P25 network with a large U.S. utility customer.

In our Services segment, we opened a new Network Operations Center in Penang to deliver mission-critical support services to customers in the Asia Pacific region. We also have been demonstrating our vision for the command center of the future using a combination of virtual reality and eye-interaction technologies to immerse a public safety command center supervisor in an incident scene. This focus on the command center underlines the recent Spillman Technologies acquisition, which adds important software solutions to our command center software offerings.

We expect these investments and market traction to continue, as exemplified by our recent $12 million award from the Los Angeles Police Department for a command center upgrade.

I’d now like to turn the call back over to Greg.

**Greg Brown, Chairman & Chief Executive Officer**

Thanks, Gino. Let me just close with a few thoughts. First, I was pleased with our performance in Q3. We grew revenue and improved earnings and cash flow. We made investments and performed well in a number of key areas, including continued growth in our Managed and Support Services business and strong results in North America. Additionally, the $600 million of organic backlog growth in Managed and Support Services I think is a strong indication of the confidence expressed by our customers in the ongoing criticality and longevity of LMR into the future.

And finally, looking to 2017, I like our path and our momentum towards continued revenue growth, earnings expansion, and strong cash flow generation. And now I’ll turn it back over to Chris.

**Chris Kutsor, Director of Investor Relations**

Thank you, Greg. Before we begin taking questions, I’d like to remind callers to limit themselves to one question and one follow-up to accommodate as many participants as possible.

Operator, would you please remind callers on the line how to ask a question?
QUESTION AND ANSWER SECTION


<Q – Tavis McCourt – Raymond James & Associates, Inc.>: Hey, guys. Thanks for taking my question and congratulations on the Cubs. So my question is related to gross margin, Gino, it’s very good on a consolidated basis. I haven’t checked to see if that came from Services or Products or both. But obviously, it’s been kind of accelerating but all over the board this year after years of having a relatively stable trend. So, I guess, first of all, what’s the run rate right number for gross margin? And then secondly, what caused it to be reasonably volatile this year?

<A – Gino Bonanotte – Motorola Solutions, Inc.>: Sure.

<Q – Tavis McCourt – Raymond James & Associates, Inc.>: And then, Greg, if I could ask a quick follow-up on a Product announcement this month. I think you announced or Southern Linc announced an LTE Push-to-Talk deployment. Is that the first LTE Push-to-Talk that you guys have done? Or have you done any prior to that? Thanks.

<A – Gino Bonanotte – Motorola Solutions, Inc.>: Tavis, this is Gino. I’ll take the gross margin question to begin with. As far as gross margins for going into Q4, Q4 we expect gross margins comparable with the prior year. And for 2017, early we’ll give further guidance on our next call, but the expectation should be high 40%s. The margins have moved, as you indicated. There’s a couple things driving it. We’ll start with Services. Within Services, clearly, Airwave margin has impacted our gross margins as well as the Norway project roll-off. Remember, over the past several quarters, we’ve talked about margins returning for Services in the mid-30%s after the roll-off of Systems Integration. So those were two primary drivers on the Services side. On the Products side, comparable to the prior year in Q3 and mix to North America drove the margin profile in Q3.

<A – Greg Brown – Motorola Solutions, Inc.>: Tavis, in regards to WAVE 7000, we’re very pleased with the award from Southern Linc. WAVE 7000 is a result of a product reflected in the acquisition we made probably 18 months to two years ago with Twisted Pair. It’s one of the early sales of WAVE. It’s a high-end, high-performance Push-to-Talk solution. But we worked with that opportunity for several months and we’re pleased we got the nod.


Operator: Thank you. Our next question comes from Pierre Ferragu with Bernstein. Please go ahead.

<Q – Pierre Ferragu – Sanford C. Bernstein & Co. LLC>: Hi. Thank you for taking my question. Looking into 2017, so it’s great to hear you are seeing already confidence about growth despite still some iDEN headwind. I was wondering what gives you that confidence. So if I look at North America organically, it’s up low-single digit today. Do you expect continued growth there? Or do you have confidence in growth in 2017 because you think you will see the beginning of a rebound in market that has been badly hurt this year, like South America, China and Europe, are difficult comps?

And then, of course, a quick follow-up. If you could give us a couple of comments on the Spillman acquisition, how much you think it contributes to growth next year and what’s the business mix, and how do you see the integration of the business in MSI in particular? It feels like a fairly mature business. Is that the right way to think about, it’s a mature business with which you’re going to generate synergies, or is that a business you can grow?
So let me take the second one first on Spillman Technologies. We're not going to dimensionalize yet, Pierre, the revenue until the deal closes, which we would expect to be sometime between now and the end of the year. The way to think about it is it's right in the sweet spot of what we talked around deploying capital in command center software. So we have a high-end CAD offering, a Tier 1 offering, if you will, for large cities in CAD that we've been selling for several years. Spillman complements that nicely with Tier 2 and Tier 3, so it rounds out the portfolio around CAD, and consistent with the software in command centers that we said was critical to marry with the incident management and situational awareness of our radio communications offerings.

We'll be able to dimensionalize it more specifically after it closes. I would, though, just say I think I would describe it as a small tuck-in, so I wouldn’t want you to think of significant materiality in changing our expectations for 2017.

As it relates to 2017, as Gino talked about, the way to think about it is Airwave being flat. I have to say Airwave’s performed absolutely consistent to our expectations. The contract is unchanged. Obviously, we've had pressure from the pound from the time that we acquired it. But year-over-year expect Airwave to be flat at about $460 million.

iDEN, as expected and pretty much almost done, winds down another $50 million in 2017. But even with those ingredients, we still expect growth overall and assuming that overall growth is, obviously, organic growth overall. But beyond that, we would then finish Q4 and specify the actual numbers on the next call.

Excellent. Thank you very much.

Sure, Pierre.

Thank you. Our next question comes from Kulbinder Garcha with Credit Suisse. Please go ahead.

Thank you. With respect to Airwave, I would’ve thought one thing, Greg, that were you guys upselling additional services and contracts into that customer. Is that not helping? I understand the translation impact of the currency, that's relatively straightforward. But why isn't that helping you a little bit? And then on the overall business growing, the confidence around that, is that order book based? Is that contracts you have in discussion? Just any points around visibility would be helpful. Thanks.

Sure. So I’ll start with the Airwave contract. As Greg mentioned, Airwave is performing exactly as we expected and from a sterling perspective, has not changed. It’s simply a matter of FX year-over-year being flat. There’s no change to the contract, and we expect full-year 2017 revenue at about $460 million. Kulbinder, the integration is underway on Airwave and really we’ll update you further on 2017 on our next call.
Okay.

Operator: Thank you. Our next question comes from Matt Cabral with Goldman Sachs. Please go ahead.

Yeah, thank you. On the Managed and Support business, I guess, first of all, can you just help us understand how the 5% organic growth broke down by region? And then it sounded like North America was a meaningful contributor. So, just more broadly, can you talk about the opportunity for that business internationally as well as within the U.S. going forward?

I think – go ahead, Bruce, if you want to?

Yeah. So the growth has really been across all regions for Managed and Support Services. North America is the largest contributor, but we’ve seen growth I believe in every region every quarter for the last three years at this point for Managed and Support Services. So you can think of that as global in terms of the impact.

Got it. And then as a follow-up, for EMEA as a region, just looking at the 20% decline overall backing out Airwave. First of all, can you just remind us how big of a headwind it was for Norway in the quarter? And then just taking a step back, just help us understand what’s been weighing on organic performance within EMEA in particular and what you see is the biggest hurdle – what are the biggest things that you have to do to return that geography to growth going forward?

Matt, good evening. It’s Jack. A couple comments. So Norway in particular was a $30 million headwind. In the quarter, part of our 20% down excluding Airwave is also a large ASTRO Project 25 deal in North Africa. So we have two pretty chunky headwinds there. When you think about it moving forward, we do expect low organic growth in Q4 in EMEA. So we are seeing some things improve. Without getting into a great level of detail, in Q3, we’ve seen some things start to stabilize in Eastern Europe. But in general, the business is getting healthier as we kind of get through these big comps with Norway and North Africa, as I mentioned.

Matt, good evening. It’s Jack. A couple comments. So Norway in particular was a $30 million headwind. In the quarter, part of our 20% down excluding Airwave is also a large ASTRO Project 25 deal in North Africa. So we have two pretty chunky headwinds there. When you think about it moving forward, we do expect low organic growth in Q4 in EMEA. So we are seeing some things improve. Without getting into a great level of detail, in Q3, we’ve seen some things start to stabilize in Eastern Europe. But in general, the business is getting healthier as we kind of get through these big comps with Norway and North Africa, as I mentioned.

And just to follow up really, Kulbinder, on the second question you had, Kulbinder, with respect to 2017 – and obviously, we’ll give you far more color on 2017 in our next call. But really the view of 2017 does start with aged backlog currently in 2017 versus the prior year. So, our position through the end of Q3 in backlog aged in 2017 and, as Jack said, some comparable or some favorable comps in a couple of regions.

Thank you. Our next question comes from Keith Housum with Northcoast Research. Please go ahead.

Good afternoon, gentlemen. Thanks for taking my question. Greg, first question regarding FirstNet and with the involvement or now the exclusion of pdvWireless from the contract negotiations. Are you guys still involved in the FirstNet bidding process?

We are. We’re fully engaged and committed to FirstNet. I think we expect an announcement soon this month or next month. That’s kind of what we’re thinking about. And I think we’re well-positioned. Remember that we believe it is additive to land mobile radio. I think the best example of that is what we talked about earlier, a few minutes ago about the $600 million of organic backlog growth in Managed and Support Services. But we’ve worked very closely on it, had an
extensive team on it. And I think we are well-positioned, given the domain expertise in Public Safety, our
go-to-market sales force, and some of the uniqueness we also bring in the interoperability in existing LMR
that'll interconnect to LTE networks.

<Q – Keith Housum – Northcoast Research Partners LLC>: Okay. And if I can follow-up to that. With
the ESN over in the UK being delayed, is that adding to your backlog with the Airwave extension?

<A – Greg Brown – Motorola Solutions, Inc.>: No, it's not. And I'll let the UK Home Office speak about
their own requirements. What I would say on ESN is we, particularly Bruce Brda's team, are closely
engaged with the customer. I think the deliverables that we're responsible for are progressing well. In fact,
I was just in London last week. We stay closely aligned with that customer, and we will continue to work
closely with them on whatever they decide ultimately the rollout schedule will be.


Operator: Thank you. Our next question comes from Tim Long with BMO Capital Markets. Please go
ahead.

<Q – Tim Long – BMO Capital Markets (United States)>: Thank you, and congrats, guys, on the
backend-loaded World Series win there. One question and a clarification. Greg, could you talk a little bit –
you mentioned FirstNet – could you talk a little bit about pipeline for other large public service LTE
networks as well as other strategic wins? That sounds like you announced a lot in the September quarter.
So if you could add on the pipeline there. And then just two verticals if we could hit on, I think China was
highlighted as a little bit weak. If you could just touch on what happened there. And also how is the U.S.
Federal vertical in the September quarter? Thank you.

<A – Greg Brown – Motorola Solutions, Inc.>: Sure. So, let's talk about kind of the Public Safety LTE
opportunity. Remember, as we think about it, I think – forget FirstNet for a minute. Outside of FirstNet and
the four big awards that we've had, I would describe it globally as slow and fluid. Now, we're thrilled that
we won the four largest awards to-date. We were one of those being ESN, of course, we're working
actively on all four of those engagements and, as I mentioned earlier, we've been very active in
participating in a response for FirstNet.

I think that from a revenue expectation standpoint, I talked previously about approximately $130 million of
Public Safety LTE revenue this year. As we think about it, even though we're not guiding for 2017, in
terms of that area of opportunity, I would say it's comparable to maybe slightly up. But again, even with
FirstNet, we're not anticipating any meaningful revenue at all on FirstNet for 2017.

So, obviously, we've invested in a leading-edge portfolio over the last several years. We really like our
position globally and here domestically. And we'll see what unfolds here with FirstNet between now and
the end of the year.

<A – Jack Molloy – Motorola Solutions, Inc.>: Tim, hey, it's Jack. So, I guess, two different questions.
First of all, China. China is approximately or probably a little less than 3% of our overall revenue. We're
coming off a strong 2015. I think the biggest challenge we have as it relates to China is its preference to
some of the indigenous manufacturers there. So, as we see China moving forward, there's continued
uncertainty. I would kind of counter that and the fact that Asia Pacific as a region still grew 2% in Q3 and
we expect kind of comparable kind of growth in Q4, despite the Chinese pressure.
Pivot it to the federal market, extremely proud, as Gino and Greg alluded to earlier of not only North America, but I think in particular the federal team. We had a very strong close to the fiscal close, which was at the end of September, which you’re aware of. It’s a $500 million approximately business for us. We expect comparable kind of growth rate this year that we had in 2015. I would highlight that there is strength in pipeline both on the DoD side of the business as well as with the civil law enforcement administration side of things there. So, again, we’re proud of what’s happening in the federal space now.

<Q – Tim Long – BMO Capital Markets (United States)>: Okay. Thank you very much.

Operator: Thank you. Our next question comes from George Notter with Jefferies. Please go ahead.

<Q – George Notter – Jefferies LLC>: Hi, guys. Thanks very much. I guess I wanted to kind of go back to one of the potential growth avenues for the company. You guys obviously have used inorganic opportunities or M&A quite well historically. But I was just kind of wondering if there is anything new on the horizon in terms of new opportunities inorganically. Maybe you can just talk more about what you’re looking at from an M&A perspective. Thanks.

<A – Greg Brown – Motorola Solutions, Inc.>: I think our expectations along those lines are unchanged, but more specifically, we will continue to pursue and evaluate acquisitions. Think of them in three buckets: the command center software, which we announced with Spillman, look to close that between now and the end of the year. The Managed Services business, we obviously closed Airwave in February, and there are a few opportunities of what I would characterize as mini Airwaves, a lot more mini Airwaves, nothing of that size.

But if there’s opportunities where we could get a healthy return on invested capital by taking over the management of a Public Safety network either domestically or internationally, we’ll evaluate it and consider it. And lastly, just areas that reinforce our durability in the Public Safety platform business, we’ll give consideration as well. But it’s consistent with what we’ve talked about, primarily with a focus around software and services.

Operator: Thank you. Our next question comes from Vijay Bhagavath with Deutsche Bank. Please go ahead.


<A – Greg Brown – Motorola Solutions, Inc.>: How are you?

<Q – Vijay Bhagavath – Deutsche Bank Securities, Inc.>: Hi. I’d like to hear a snapshot on order trends that your sales teams are seeing here in the U.S. and also in Europe and APAC as we head into the new year. And has the strong dollar delayed or downscaled any overseas purchase orders? And then, Gino, quickly, is there conservatism built into your fourth quarter guidance given the third quarter beat? Thanks.

<A – Greg Brown – Motorola Solutions, Inc.>: Yeah. So, Vijay, what I would say, our outlook for Q4 grounded in 9% to 10% top-line growth includes a few things. Number one, the core business returns to organic growth in Q4. Really important. We stated that is our intention and we anticipate fulfilling that. So that’s obviously a significant key component. Second, Product backlog has grown both sequentially and year-on-year. Also important as we are almost midway through Q4 from a momentum standpoint.

Third, overall backlog growth is up in North America, EMEA and Latin America. And as Gino referenced a few minutes ago, aged backlog overall is up year-on-year as well. So those are nice trends to run through
the tape through Q3 and positions us very well I think both for performance that’s incorporated into the way we’ve thought about the guidance for Q4.


Operator: Thank you. Our next question comes from Andrew DeGasperi with Macquarie. Please go ahead.

<Q – Andrew DeGasperi – Macquarie Capital (USA), Inc.>: Thanks. As a follow-up on the M&A question, I was wondering if you could maybe give us some color as far as what states or localities do you think you would need a bigger presence in?

<A – Greg Brown – Motorola Solutions, Inc.>: I don’t think we need a bigger presence in any of them in terms of acquisitions, per se. Now, Molloy has done a good job increasing our presence from a go-to-market standpoint. We’ve added some sales coverage in some of the commercial markets, non-public safety. We’ve added some go-to-market sales coverage in EMEA. But I don’t think as we look across the global landscape that we’re lacking in any one particular region.

Now having said that, if there are opportunities that we think are convenient and provide a nice return on invested capital in one theater or another, we’ll consider it and we’ll pursue it accordingly.

<Q – Andrew DeGasperi – Macquarie Capital (USA), Inc.>: Thanks. And one last question. The sequential increase in revenues, it sounds like from a midpoint standpoint, it’s like about $300 million. Is there any particular region that we should be seeing most of this growth coming from?

<A – Greg Brown – Motorola Solutions, Inc.>: Well, as I mentioned – I mean, in Q4, I think we’re anticipating growth in all regions. And so the backlog has been up in virtually all of the regions. So I think, as always, 65% of our company is North America. So from a dollar standpoint, you can think about it and dimensionalize it with that being larger than the other regions. But I think Molloy and team have done a nice balanced job to give us what we need to for forward-looking momentum.

<Q – Andrew DeGasperi – Macquarie Capital (USA), Inc.>: Thanks.

Operator: Thank you. We’ll go next to Stanley Kovler with Citi Research. Please go ahead.

<Q – Stan Kovler – Citi Research>: Yeah. Thanks for taking my question. I just wanted to clarify one thing about the fourth quarter or full-year 2016 guidance. If you can just help us understand how much of that outlook for next quarter is impacted by currency headwinds? And then I have a follow-up.

<A – Gino Bonanotte – Motorola Solutions, Inc.>: From a currency headwind perspective, it’s de minimis. It’s not a driver and it’s not really much of a headwind year-over-year.

<Q – Stan Kovler – Citi Research>: Understood. And my larger question is just if you can help us with 2017. I know you don’t want to get too far ahead of yourselves in terms of guiding. But if we’re looking at the different moving parts between Products and Services, it feels like Product revenue growth would be up for the first time in four years heading into 2017. How should we think about that?

And as part of that, can you also discuss just the general trends in some of your businesses related to software command and control? How quickly are those areas ramping of segments that you previously called Next-Generation Public Safety – or if I got the terminology wrong, but I think that was close enough there. Thank you very much.
I think it’s TBD, too early to talk about Product-specific segment for 2017. It has been up in backlog for a number of quarters consecutively and we’re pleased with the trends on that, but wouldn’t get out yet talking about that segment for 2017.

I think on the kind of Next Generation Public Safety area, software and services, if you want to describe it that way, I’m pretty pleased with it. I think we’re measured in our investments. It’s not large, as you know, but it’s important. If you think about Services as an example, 40% of our revenue – 40% of the company’s revenue is Services and 25% of the company’s revenue is recurring. So, as we build traction and expand multi-year services backlog, that’s a great thing. And again, it represents the confidence our customers have in the efficacy and the performance of LMR and the longevity of it.

And then we layer on additional applications, intelligent middleware, command center software, analytics and other things that we think could position us well with value-added services and software in the command center that are on top of our typical infrastructure or mission-critical communications product business. So I’m pleased with it.

I think there’ll continue to be some opportunities for inorganic as well within the envelope of the capital allocation model that we’ve talked about on a normalized basis. So we’ve always talked 50/30/20. 50% of our operating cash flow would be used for share repurchase or M&A, 30% for CapEx, and 20% for dividend. And I think we’ll continue to operate in that envelope – 30% actually dividend, 20% CapEx. I always am dyslexic on that, sorry. But I think we have a good balance sheet and a good position to be able to pursue these.

Thanks for the detail.

Sure.

Thank you. Our next question comes from Fahad Najam with Cowen & Company. Please go ahead.

Hi. Thank you for taking my call. Can you hear me?

Yep.

So if I look at your OpEx to revenue ratio, I think this is the first time where your OpEx to revenue ratio is actually a little bit below the Street expectations. Should we expect going forward the tailwinds that you’re enjoying on OpEx are largely now behind us?

Yeah. We reduced OpEx $27 million in Q3. I think the team has done a fantastic job of making our cost structure more competitive and lowering the fixed cost profile of the business so that as volume grows, we have variable cost that attaches to it. Look, I think the heavy lifting is behind us on the OpEx and as we think about it going forward, we think about it, the overall OpEx is roughly flat to slightly down, but flattish in 2017.

Got it. And then just going back to the questions that you’ve been asked on growth opportunities, can you give us some quantification as to – if I think growth opportunities outside of public LTE thinking of video analytics, smart call center, contact center solutions that you guys have announced, roughly what percent of your revenue today are – you said it’s small, but help us understand in terms of percentage what it is and how fast it’s growing for you.
Again, I think the software piece of it is a few hundred million. It’s relatively small. The Services business, as I talked about, is much larger. I think as we think about it, we believe that software and services should be able to perform at a multiple in terms of growth rate of the core business. So whatever that may be, but it’s 2x or 3x perhaps as a multiple of top line revenue growth that would be contributory from software and services.

Got it. Thank you so much.

Sure.

Thank you. And our final question will come from Andrew Spinola with Wells Fargo. Please go ahead.

Thank you. Did I hear that correct that you expect OpEx to be roughly flat in 2017? Is that what you just said?

I think that our current thinking is flattish to maybe slightly down, but flattish would be probably more prudent at this point.

Understood. I’m just wondering, is there anything that’s known, like pension expense that goes up next year? Because you’ve clearly taken down expenses pretty significantly this year, so I would assume there was maybe more room in 2017.

Well, as our team knows, there’s always more room. But I think from a planning standpoint, we’ve taken a ton out. If I look over the last five years or so, it’s almost a third of actual below gross margin operating expense that’s come out. To your point, there’s always good guys and bad guys, but managing the mix of that as well as foreign exchange, I think our current thinking is generally flattish.

Fair enough. And then on Airwave in 2016, you commented that that business has performed in line. Did it also perform in line on the bottom line? Did it contribute the $0.50 that you were expecting, or was it potentially better than that?

It performed as expected both top and bottom line.

So $0.50 to the bottom line?

Yes. $0.50 to the bottom line, I think that was a very – an early estimate we gave. And you think about it in terms of $0.50 on a GAAP basis and better than that on a non-GAAP basis, approximately $0.80.

$0.80. Okay. Thank you very much.

Thank you. I will now turn the floor back over to Mr. Chris Kutsor, Director of Investor Relations, for any additional or closing remarks.

I just want to thank everybody for joining us today and look forward to updating you on our next call.
Operator: Ladies and gentlemen, this does conclude today’s teleconference. A replay of this call will be available over the Internet in approximately three hours. The website address is www.motorolasolutions.com/investor. We thank you for your participation and ask that you please disconnect your lines at this time.