FINANCIAL OVERVIEW

ED FITZPATRICK
EXECUTIVE VICE PRESIDENT & CFO
AGENDA

FINANCIAL PROFILE

BALANCE SHEET DYNAMICS

CAPITAL ALLOCATION

TAX OVERVIEW

OUTLOOK
### 2012 FINANCIALS*

<table>
<thead>
<tr>
<th>($Ms)</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>8,203</td>
<td>8,698</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>4,172</td>
<td>4,382</td>
</tr>
<tr>
<td>GM%</td>
<td>50.9%</td>
<td>50.4%</td>
</tr>
<tr>
<td>Below Gross Margin</td>
<td>2,799</td>
<td>2,879</td>
</tr>
<tr>
<td>BGM%</td>
<td>34.1%</td>
<td>33.1%</td>
</tr>
<tr>
<td>Operating Earnings</td>
<td>1,373</td>
<td>1,503</td>
</tr>
<tr>
<td>OE%</td>
<td>16.7%</td>
<td>17.3%</td>
</tr>
</tbody>
</table>

* Non-GAAP measures

6% increase in Net Sales from 2011 to 2012
0.5pts decrease in GM% from 2011 to 2012
1.0pts increase in BGM% from 2011 to 2012
9.5% increase in Operating Earnings from 2011 to 2012
0.6pts increase in OE% from 2011 to 2012
## 2012 SEGMENTS*

($ Ms)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GOVERNMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SALES</td>
<td>$5,358</td>
<td>$5,989</td>
<td></td>
<td>12%</td>
</tr>
<tr>
<td>OPERATING EARNINGS</td>
<td>833</td>
<td>1,108</td>
<td></td>
<td>33%</td>
</tr>
<tr>
<td>OPERATING MARGIN</td>
<td>15.5%</td>
<td>18.5%</td>
<td>3 pts</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ENTERPRISE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SALES</td>
<td>$2,845</td>
<td>$2,709</td>
<td></td>
<td>5%</td>
</tr>
<tr>
<td>OPERATING EARNINGS</td>
<td>540</td>
<td>395</td>
<td></td>
<td>27%</td>
</tr>
<tr>
<td>OPERATING MARGIN</td>
<td>19.0%</td>
<td>14.6%</td>
<td>4.4 pts</td>
<td></td>
</tr>
</tbody>
</table>

* Non-GAAP measures
### FINANCIAL PROFILE

**DRIVING SUSTAINABLE SHAREHOLDER VALUE**

| REVENUE | • Government low to mid-single digits in 2013  
|         | • Enterprise low to mid-single digits in 2013  
|         | • Expansion: LTE, managed services, product adjacencies |
| OPERATING LEVERAGE* | • Improved op margin from 14.0% - 17.3% since 2010; expect ~18% in 2013  
|         | • Focus on lowering R&D and SG&A as a % of revenue  
|         | • Drive operating earnings growth faster than top line |
| BALANCE SHEET & CASH FLOW | • Generated a total of $1.9B in OCF and $1.5B in FCF in 2011 & 2012  
|         | • Significant gap between cash and effective tax rate through 2017  
|         | • EBITDA based debt leverage; solid investment grade rating |
| CAPITAL RETURN | • $3.9B in return of capital to shareholders in 2011 & 2012  
|         | • Balanced capital allocation plan |

* Non-GAAP measures
MSI GROWTH & LEVERAGE *

SALES

($B$s)

2010  2011  2012
$7.6  $8.2  $8.7

OPERATING EARNINGS $ AND %

($Ms)

2010  2011  2012
$1,064  $1,373  $1,503

14.0%  16.7%  17.3%

* Non-GAAP measures
FOCUS ON CONTINUOUS IMPROVEMENT

- G&A efficiencies & continued shared service center leverage
- Improving sales coverage & efficiency in larger geographies
- Real estate consolidation & footprint reduction
- Transformation and outsourcing of non-core activities

* Non-GAAP measures
### Balance Sheet: Significant Progress on Cash Balance

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Cash** Jan 4, 2011</td>
<td>$5.7</td>
</tr>
<tr>
<td>Sale of Business Proceeds</td>
<td>$1.1</td>
</tr>
<tr>
<td>*Free Cash Flow</td>
<td>$1.5</td>
</tr>
<tr>
<td>Net Change in Debt</td>
<td>$0.9</td>
</tr>
<tr>
<td>Return of Capital</td>
<td>$3.9</td>
</tr>
<tr>
<td>Acquisition &amp; Other</td>
<td>$0.1</td>
</tr>
<tr>
<td>Ending Cash** Q4'12</td>
<td>$3.6</td>
</tr>
</tbody>
</table>

**Free cash flow = Net cash provided by operating activities – capital expenditures
**Cash equals cash plus Sigma Fund

![Bar Chart](chart.png)

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*CASTING VERSE*

**CASTING VERSE**

CASTING VERSE: [verses]

[Music Credit]

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CASH FLOW DYNAMICS

- Operating cash flow expected to grow generally in line with net income
- Capex spend of ~20% of operating cash flow – focused on “success-based” projects
- Expecting ~$250M in annual pension contributions

* Non-GAAP measures
** Free cash flow = Net cash provided by operating activities – capital expenditures
WORKING CAPITAL

STRONG INVENTORY MANAGEMENT

BETTER BALANCE BETWEEN PAYABLES & RECEIVABLES DAYS OUTSTANDING

SHARED SERVICES TEAMS WORKING TO DRIVE IMPROVED COLLECTION PROCESS

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

STREAMLINING FACILITY & MANUFACTURING FOOTPRINT

I.T. SPEND WILL YIELD FUTURE OPEX SAVINGS
CAPITAL ALLOCATION
BALANCING INVESTMENTS & RETURN TO SHAREHOLDERS

RETURN CAPITAL TO SHAREHOLDERS

MAINTAIN & GROW DIVIDEND

FUND CAPEX TO DRIVE FUTURE AND RECURRING REVENUES

TARGETED ACQUISITIONS

CONTINUE OPPORTUNISTIC SHARE REPURCHASE

OPERATING CASH FLOW ALLOCATION

50% SHARE REPURCHASE / ACQUISITIONS

30% DIVIDEND

20% CAPEX
### ACQUISITIONS BUILT OFF STRONG CORE

#### CRITERIA
- Core... or close to core
- Easy to integrate
- Extend current customer base
- Strong ROIC threshold
- Cultural fit

#### EXAMPLES

**Acquisitions**
- PSION
- RHOMOBILE
- Concept 2 Solution

**Investments**
- SHOTSPOTTER
- BRIEFCAM
- TRX
### Balance Sheet Transformation

**Expecting Net Debt in 2014**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013F</th>
<th>2014F</th>
<th>2015F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Cash</td>
<td>$1.5</td>
<td>$1.9</td>
<td>$2.5</td>
<td>$3.6</td>
<td>$5.1</td>
</tr>
<tr>
<td>Debt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension (net of tax) &amp; other liabilities**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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<th>2012</th>
<th>2013F</th>
<th>2014F</th>
<th>2015F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt*</td>
<td>$1.5</td>
<td>$1.9</td>
<td>$2.5</td>
<td>$3.6</td>
<td></td>
</tr>
</tbody>
</table>

* Debt represents total long-term debt, including current portion
** Pension (net of tax) & other liabilities represents unfunded global pension & retiree healthcare obligations tax effected as well as operating lease & securitization balance adjustments; U.S. pension assumes 4.6% discount rate on liability & 7.00% asset return

- Continue to rebalance domestic & foreign cash
- Opportunistic share repurchases
- Debt levels based on EBITDA growth
- Continue pension funding
- Maintain solid investment grade rating
U.S. PENSION STATUS

CONTRIBUTED $340M IN 2012; EXPENSE OF $185M

EXPECTING CONTRIBUTION OF ~$250M IN 2013; EXPENSE OF ~$120M*

FUTURE CASH CONTRIBUTION EXPECTATIONS OF ~$250M/YEAR

* Based On 12/31/12 Discount Rates; U.S. pension assumes 4.35% discount rate on liability & 7.00% asset return; future contributions are annual estimates
REDUCTION IN CASH TAX RATE
IMPLEMENTING TAX PLANNING STRATEGY DRIVES $300M BENEFIT

SIGNIFICANT EFFECTIVE TAX RATE* DECLINE IN 2013 TO ~10-15%**

EXPECT CASH TAX RATE ~20% IN 2013; RATE DECLINES TO ~15% AVERAGE 2014 - 2017

EXPECT 32-33% ON-GOING EFFECTIVE TAX RATE*

EXPLORE STRATEGIES TO LOWER EFFECTIVE TAX RATE WHILE PRESERVING U.S. LIQUIDITY

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* Non-GAAP measures
** Based on completion of the implementation of a holding company structure for certain non-U.S. subsidiaries
## FINANCIAL OUTLOOK*

### Q2 2013

<table>
<thead>
<tr>
<th></th>
<th>OUTLOOK 04.24.13</th>
<th>UPDATE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SALES</strong></td>
<td>FLAT TO DOWN 2%</td>
<td>NO CHANGE</td>
</tr>
<tr>
<td><strong>NON-GAAP EPS</strong></td>
<td>$0.66 - $0.71</td>
<td>$1.01 - $1.06 *</td>
</tr>
</tbody>
</table>

### FY 2013

<table>
<thead>
<tr>
<th></th>
<th>OUTLOOK 04.24.13</th>
<th>UPDATE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SALES</strong></td>
<td>~3 – 4% GROWTH</td>
<td>NO CHANGE</td>
</tr>
<tr>
<td><strong>OPERATING MARGIN</strong></td>
<td>~18%</td>
<td>NO CHANGE</td>
</tr>
<tr>
<td><strong>EFFECTIVE TAX RATE</strong></td>
<td>32% – 33%</td>
<td>10% - 15% *</td>
</tr>
</tbody>
</table>

### 2014

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING MARGIN</strong></td>
<td>~19%</td>
</tr>
</tbody>
</table>

* Updates to outlook based entirely on tax changes  
** Non-GAAP measures
LONG TERM FINANCIAL PROFILE

DRIVE OPERATING EARNINGS GROWTH FASTER THAN TOPLINE

FOCUS ON CASH FLOW

EXECUTE CAPITAL ALLOCATION PLAN

• DIVIDEND GROWTH
• DISCIPLINED INVESTMENTS
• OPPORTUNISTIC SHARE REPURCHASE
• EBITDA BASED LEVERAGE