

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2013

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)

**36-1115800**  
(I.R.S. Employer Identification No.)

**1303 East Algonquin Road, Schaumburg, Illinois 60196**  
(Address of principal executive offices)

**(847) 576-5000**  
(Registrant's telephone number)

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

Title of Each Class  
**Common Stock, \$.01 Par Value per Share**

Name of Each Exchange on Which Registered  
**New York Stock Exchange  
Chicago Stock Exchange**

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

**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant as of June 28, 2013 (the last business day of the Registrant's most recently completed second quarter) was approximately \$13.6 billion .

The number of shares of the registrant's Common Stock, \$.01 par value per share, outstanding as of January 31, 2014 was 253,865,362 .

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive Proxy Statement to be delivered to stockholders in connection with its Annual Meeting of Stockholders to be held on May 5, 2014 , are incorporated by reference into Part III.

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## PART I

Throughout this 10-K report we “incorporate by reference” certain information in parts of other documents filed with the Securities and Exchange Commission (the “SEC”). The SEC allows us to disclose important information by referring to it in that manner. Please refer to such information.

We are making forward-looking statements in this report. In “Item 1A: Risk Factors” we discuss some of the risk factors that could cause actual results to differ materially from those stated in the forward-looking statements.

“Motorola Solutions” (which may be referred to as the “Company,” “we,” “us,” or “our”) means Motorola Solutions, Inc. or Motorola Solutions, Inc. and its subsidiaries, or one of our segments, as the context requires. MOTOROLA, MOTO, MOTOROLA SOLUTIONS and the Stylized M Logo, as well as iDEN are trademarks or registered trademarks of Motorola Trademark Holdings, LLC and are used under license.

### Item 1: Business

#### General

We design, manufacture, and sell communications infrastructure, devices, system software and applications, and provide services associated with their use. Our products and services are designed to help our government and enterprise customers improve their operations through increased effectiveness and efficiency of their mobile workforce and can be found in a wide range of workplaces, from the retail floor to the warehouse floor, and from the small town police station to the most secure government offices.

We conduct our businesses globally and manage them by product lines. Our broad lines of products are categorized into two segments, which are:

**Government:** The Government segment includes public safety communications systems, professional and commercial two-way communication systems, and the devices, system software and applications that are associated with these products. Service revenues included in the Government segment are primarily those associated with the design, installation, maintenance and optimization of equipment for communication systems, as well as lifecycle management solutions and a portfolio of managed system services.

**Enterprise:** The Enterprise segment includes rugged and enterprise-grade mobile computers and tablets, laser/imaging/radio frequency identification (“RFID”) based data capture products, wireless local area network (“WLAN”) and integrated digital enhanced network (“iDEN”) infrastructure, software and applications that are associated with these products. Enterprise service revenues include maintenance, integration, and device and network management.

We were incorporated under the laws of the State of Delaware as the successor to an Illinois corporation, Motorola, Inc., organized in 1928. We changed our name from Motorola, Inc. to Motorola Solutions, Inc. on January 4, 2011. Our principal executive offices are located at 1303 East Algonquin Road, Schaumburg, Illinois 60196.

#### Government Segment

The Government segment's products and services are sold to a wide range of customers, including government, public safety and first-responder agencies, municipalities and commercial and industrial customers who operate private communications networks and manage a mobile workforce. In 2013, the Government segment's net sales represented approximately 69% of Motorola Solutions' consolidated net sales.

#### Our Industry, Products, and Services

The Government segment has the following principal product lines:

**Public Safety Radio Systems:** We offer an extensive portfolio of network infrastructure, devices, system software and applications, and provide services based on standards, including our “ASTRO” products, which meet the Association of Public-Safety Communications Officials Project 25 (“APCO P25”) standard, and our “Dimetra” products which meet the European Telecommunications Standards Institute (“ETSI”) Terrestrial Trunked Radio (“TETRA”) standard, as well as broadband technologies (Long-Term Evolution (“LTE”) and WiFi). In addition, we offer critical system software and applications and the ability to integrate application platforms in the public safety command center, including voice, computer aided dispatch, and multimedia, including video.

**Professional & Commercial Radio Systems (“PCR”):** We offer an extensive portfolio of radios and communication systems to enhance productivity and safety for mobile and field workers in the hospitality, education, manufacturing, transportation, utilities and retail industries. Our products offer a broad range of price points, functionality and form factors to meet varying customer needs. Our digital line of MOTOTRBO products meet the open Digital Mobile Radio (“DMR”) standard developed by ETSI.

Services: Services in this segment are comprised of integration and customization services, installation, and maintenance services for both public safety and private communications networks. Our lifecycle management services have been expanded to include: (i) offerings which maintain system operations via hardware and software maintenance, (ii) device management, (iii) migration assistance programs to ensure the customer system remains up-to-date on software and hardware, and (iv) full turn-key managed service agreements where we maintain and manage networks on the customers' behalf.

#### *Our Strategy and Focus Areas*

Our strategy in the Government segment is to partner with our customers to enable them to efficiently deliver reliable services through our innovative products and best-in-class services. We have a history of delivering these products and services by focusing on the following areas:

- Building technology that is second nature to the mission-critical user
- Building technology that improves productivity and safety
- Driving innovation and thought leadership
- Ensuring security and resiliency
- Providing ongoing support for customer investments
- Delivering complete solutions, comprised of infrastructure, devices, system software and applications, and services to solve complex communication needs

This focus provides us with the leadership position we have in our core products. We have demonstrated strong and consistent financial results by: (i) leading the ongoing migration to digital products, (ii) managing the public/private convergence of 700MHz public safety systems in the U.S. and digital dividend spectrum worldwide, (iii) continuing to innovate APCO P25, TETRA and DMR standards-based voice and data communication systems around the world, and (iv) enhancing our services offerings through network and application integration, and network and device management.

We believe we have the scale and global presence in the Government segment to continue to maintain a leadership position in our core products. We have over 10,000 systems deployed in over 130 countries around the world. These systems have a multi-year useful life to the customer. We believe many of our government and commercial customers globally have yet to replace aged analog communications networks with next generation digital systems that enable enhanced features and more efficient use of spectrum, providing us opportunities to help customers migrate to these digital systems.

New functionality and new markets continue to emerge in the industry which provide us opportunities for growth by enhancing the value we deliver as a full solutions vendor. Our Government segment pursues a growth strategy which includes: (i) the development of next-generation public safety solutions including devices, public safety LTE systems, and critical command center applications that include voice, data and video, (ii) development of new products for use in vertical market expansion, (iii) geographical penetration, and (iv) on-going refresh of our product portfolio.

Our investment in research and development ("R&D") for next generation public safety broadband networks based on the LTE standard is a reflection of our belief that LTE is an important next generation tool for our public safety and first-responder customers. We believe our expertise in both public and private mission critical and business critical networks makes us well-positioned to provide public safety LTE solutions. We are developing a robust public safety LTE product portfolio and pursuing FirstNet early adopters, as well as customers with access to spectrum. We are pursuing our international funnel of LTE solutions while the United States ("U.S.") completes its LTE implementation plan (see *Regulatory Matters* for further discussion).

We continue to pursue different geographies as part of our growth strategy. Geographical penetration is accelerated by our investments supporting: (i) different regional interfaces, (ii) different languages, (iii) tailored form factors, and (iv) unique feature sets.

Our Government segment growth strategy also includes the development of products and services for core-adjacent markets outside of the public safety and commercial markets we currently serve. A portion of our new product introductions in recent years include specialized products for the hospitality, mining, classified communications, military, transportation, education and utility vertical markets ("verticals").

#### *Our Customers*

We address the communication needs of government agencies, state and local public safety and first-responder agencies, and commercial and industrial customers who operate private communications networks and manage a mobile workforce. Our customers rely on us for the expertise, products and services we provide and trusting our years of innovation. By partnering with customers and observing how our products can help in their specific industries, we are able to enhance our customers' experience. We believe government and commercial customers globally are just beginning to experience the benefits of converged wireless communications, mobility and efficiencies realized through mobile broadband.

Our largest customer is the U.S. government (through multiple contracts with its various branches and agencies, including the armed services), which represented approximately 8% of the segment's net sales and 6% of the Company's net sales in 2013 . The loss of this customer could have a material adverse effect on our revenue and earnings over several quarters, because some of our contracts with the U.S. government are long-term. All contracts with the U.S. government are subject to cancellation at the convenience of the U.S. government.

Net sales in North America continued to comprise a significant portion of the segment's business, accounting for approximately 64% of the segment's net sales in 2013 and approximately 63% in 2012 .

Our sales model includes both direct sales by our in-house sales force, which tends to focus on our largest accounts, and sales through our channel partner program. Our channel partners include distributors, value added resellers and independent software vendors. Resellers and distributors each have their own sales organizations that complement and extend the reach of our sales force. With deep expertise in individual customers' operations, resellers and distributor are very effective in promoting sales of our product portfolio. The independent software vendors in our channel partner program offer customized applications that meet specific needs in the vertical markets we serve.

#### *Our Competition*

The markets in which we operate are highly competitive. Key competitive factors include: product performance, product features, product quality, availability, warranty, price, availability of vendor financing, quality and availability of service, company reputation and financial strength, partner community, and relationships with key customers. Our strong relationships with customers and partners, strong brand, technology leadership, breadth of portfolio, product performance and support position us well for success.

We experience widespread competition from a growing number of existing and new competitors, including large system integrators and manufacturers of private and public wireless network equipment and devices. Competitors include: Alcatel-Lucent, Cassidian, Harris, Hytera, Kenwood, Sepura and Tait.

Large system integrators, such as Northrop Grumman and Raytheon, are seeking to move further into the government customer space. We and our competitors may serve as subcontractors to large system integrators and are selected based on a number of competitive factors and customer requirements. Where favorable, we may partner with large system integrators to make available our portfolio of network infrastructure, devices, system software and applications and services.

Several other competitive factors may have an impact on our Government segment, including: evolving developments in the 700 MHz band, increasing investment by broadband and IP solution providers, and new low-tier vendors. As demand for fully integrated voice, data, and broadband systems continue, we may face additional competition from public telecommunications carriers and telecommunications equipment providers.

#### *Enterprise Segment*

The Enterprise segment's products and services are sold to a wide range of enterprise customers, including those in retail, hospitality, transportation and logistics, manufacturing, warehouse and distribution centers, energy and utilities, education and healthcare. In 2013 , the Enterprise segment's net sales represented approximately 31% of Motorola Solutions' consolidated net sales.

#### *Our Industry, Products and Services*

The Enterprise segment has the following principal product lines:

**Enterprise Mobile Computing**: We design, manufacture, and sell rugged and enterprise-grade mobile computing products in a variety of specialized form factors for specific enterprise applications. These form factors include handheld mobile computers, gun handle mobile computers, tablets, vehicle mounted computers and wearable computers. These specialized computers are used in industrial applications (e.g. inventory management in warehouses and distribution centers), field mobility applications (e.g. field service, post and parcel, and direct store delivery) and customer facing applications (e.g. mobile point of sale and staff communication). Our product lines feature products based on both Microsoft and Android operating systems and support local-area and wide-area voice and/or data communications. Our mobile computing products often include barcode scanning, Global Positioning System ("GPS") and RFID features. We also provide accessories and software applications to complement our mobile computers.

**Data Capture**: We produce a wide array of bar code scanners and RFID products for a variety of verticals. Our bar code scanning portfolio includes fixed, handheld and vehicle-mounted laser scanners and linear and area imagers. These devices can collect and wirelessly decode bar codes and transmit the resulting data to enterprise systems. Our RFID products include fixed, handheld and vehicle-mounted RFID readers. Our RFID product line is focused on passive ultra high frequency ("UHF") technology and complies with the electronic product code global Generation 2 UHF standard and similar standards around the world. We also provide accessories and software to complement our barcode scanners and RFID products.

**WLAN:** We bring wireless broadband capabilities and WLAN primarily to retail, transportation and logistics, and to hospitality enterprises through WLAN switches, controllers, and access points. Our WLAN solution is optimized for these enterprise needs, including an architecture which minimizes the information technology resources required in retail branches, indoor and outdoor access for distribution centers, and access points designed specifically for hospitality guest rooms.

**iDEN:** We design and deliver network infrastructure, software, and services supporting the iDen mobile communication technology. iDEN infrastructure provides integrated trunked radio, cellular telephone, and data services.

**Services:** Our Enterprise service offerings have historically been primarily related to product support. However, we have expanded our services offerings to also include network integration and network and device management, as well as mobility consulting.

#### *Our Strategy*

Our strategy in the Enterprise segment is to deliver technologies to empower the mobile worker, enable real-time asset visibility and engage the smart consumer. We invest in R&D to maintain technology leadership in key product technologies such as scanning and imaging engines. We also continuously invest in refreshing the technology and capabilities of our main product lines and in creating the next generation of category leading products. Our goal is to be able to offer the broadest product portfolios in this segment's verticals to help capture new customers and offer the best product alternatives to current customers in need of new products. We are also a global business and continuously work to increase our presence and position in the largest and fastest growing markets in the world. We believe that long-term growth opportunities exist within the Enterprise segment, as the global workforce continues to become more mobile and enterprise customers continue to focus on improving their workforce efficiency and productivity.

In our Enterprise Mobile Computing product group, we are expanding our devices portfolio to address the needs of an increasingly mobile workforce. We are also helping our customers navigate an industry transition in mobile operating systems by offering products with both Microsoft and Android operating systems. In addition, we offer our RhoMobile Suite, a set of development tools that help businesses write, integrate, deploy and manage applications on enterprise devices that work across platforms, from iOS and Android to Windows Mobile. In our Data Capture product group, we are investing in 2D imaging technology and products in order to be well positioned as the industry transitions from 1D laser based barcodes to 2D barcodes. We are also expanding our devices portfolio to address new markets, including bioptic and linear scanning and imaging. In our WLAN product group, we are investing in application and services to complement our portfolio of wireless infrastructure and device products in order to help our customers achieve their business objectives.

#### *Our Customers*

Our products and services are sold to a wide range of enterprise customers, principally those in retail, transportation and logistics, including warehouse and distribution centers, manufacturing, hospitality, energy and utilities, education and healthcare. These customers operate a large and diverse mobile workforce and are continuously focused on improving their operations through greater employee efficiency, greater asset visibility and superior customer service. Our product and services portfolio delivers attractive return on technology investment for our customers. In addition to serving our existing customers, we believe that we have opportunities to pursue profitable growth by deepening our reach across lesser served vertical markets. For example, our Psion acquisition in 2012 improved our position in industrial manufacturing, shipping yards, and cold chain.

Net sales in North America continued to comprise a significant portion of the segment's business, accounting for approximately 44% of the segment's net sales in 2013 and approximately 47% in 2012 .

Our sales model includes both direct sales by our in-house sales force and sales through our channel partner program. Our channel partners include: distributors, value added resellers and independent software vendors. Resellers and distributors each have their own sales organizations that complement and extend the reach of our sales force. With deep expertise about specific customers' operations, resellers are very effective in promoting sales of our product portfolio. The independent software vendors in our channel partner program offer customized applications that meet specific needs in each vertical market we serve. Our Enterprise segment utilizes our channel partners more extensively than our Government segment, as the products of this segment generally support a broad range of applications.

#### *Our Competition*

The markets in which we operate are highly competitive. Economic pressure, growth of mobile workers worldwide, industry consolidation, business model evolution and technology shifts are creating opportunities for established and new competitors. Key competitive factors include product and services portfolio breadth, product performance, product and service availability and warranty, product and service quality, strength of company relationships with customers and partners, and company reputation. Our strong relationships with customers and partners, strong brand, history of innovation, product portfolio breadth, strong position in data capture technologies, superior product design and performance, and evolving services offerings, which allow our customers to outsource significant portions of their network management needs, position us well for success.

We experience widespread competition from a growing number of existing and new competitors, including present manufacturers of data capture devices, notebook computers and tablets, smart phones, cordless phones, and cellular/WLAN/wired infrastructure equipment. Competitors include: Apple, Aruba, Bluebird, Cisco, Datalogic, HP, Honeywell (which recently acquired Intermec), Panasonic, Ruckus and Samsung.

### **Other Information**

#### *Backlog*

Our backlog includes all product and service orders that have been received and are believed to be firm. As of December 31, 2013 and December 31, 2012 our backlog was as follows:

<i>(In millions)</i>	<i>December 31</i>	
	<i>2013</i>	<i>2012</i>
Government	\$ 5,383	\$ 4,937
Enterprise	833	782
	<b>\$ 6,216</b>	<b>\$ 5,719</b>

Approximately 32% of the Government backlog and 75% of the Enterprise backlog is expected to be recognized as revenue during 2014 . The forward-looking estimate of the firmness of such orders is subject to future events that may cause the amount recognized to change.

#### *Research and Development*

We continue to prioritize investments in R&D to expand and improve our portfolio of products through both new product introductions and continuous enhancements to our existing products. In the Government segment our R&D programs are focused on the development of: (i) new public safety devices and infrastructure, (ii) public safety broadband networks based on the LTE standard, (iii) critical command center applications that include voice, data and video, and (iv) the development of new products for use in vertical expansion. In the Enterprise segment our R&D programs are focused on: (i) the continuous expansion of our devices portfolio including products using both the Microsoft and Android operating systems, (ii) development of 2D imaging technology and products, (iii) expansion of our devices portfolio to address new markets including bioptic and linear scanning and imaging, and (iv) continued expansion of applications to complement our portfolio of wireless infrastructure and devices.

R&D expenditures were \$1.1 billion in 2013 and 2012 and \$1.0 billion in 2011. As of December 31, 2013 , we had approximately 7,000 employees engaged in R&D activities. In addition, we engage in R&D activities with joint development and manufacturing partners and outsource certain activities to engineering firms to further supplement our internal spend.

#### *Payment Terms*

Payment terms vary worldwide, depending on the arrangement. Generally, contract payment terms range from 30 to 45 days from the invoice date within North America and typically do not exceed 90 days from the invoice date in regions outside of North America. A portion of the contracts within our Government segment include implementation milestones, such as delivery, installation and system acceptance, which generally take 30 to 180 days to complete. Invoicing the customer is dependent on completion of the milestone.

We generally do not grant extended payment terms. As required for competitive reasons, we may provide long-term financing in connection with equipment purchases. Financing may cover all or a portion of the purchase price.

## *Regulatory Matters*

The use of wireless voice, data and video communications systems requires radio spectrum, which is regulated by government agencies throughout the world. In the U.S., the Federal Communications Commission (“FCC”) and the National Telecommunications and Information Administration (“NTIA”) regulate spectrum use by non-federal entities and federal entities, respectively. Similarly, countries around the world have one or more regulatory bodies that define and implement the rules for use of the radio spectrum, pursuant to their respective national laws and international coordination under the International Telecommunications Union (“ITU”). We manufacture and market products in spectrum bands already made available by regulatory bodies. These include voice and data infrastructure, mobile radios and portable or hand held devices. Consequently, our results could be positively or negatively affected by the rules and regulations adopted from time to time by the FCC, NTIA or regulatory agencies in other countries. Our products operate both on licensed and unlicensed spectrum. The availability of additional radio spectrum may provide new business opportunities, and consequently, the loss of available radio spectrum may result in the loss of business opportunities. Regulatory changes in current spectrum bands may also provide opportunities or may require modifications to some of our products so they can continue to be manufactured and marketed.

As television transmission and reception technology transitions from analog to more efficient digital modes, various countries around the world are examining, and in some cases already pursuing, the redevelopment of portions of the television spectrum. In the U.S., pursuant to federal legislation, analog television stations ceased operation in the broadcast television spectrum on June 12, 2009. As a result of this transition, 108 MHz of spectrum historically used for broadcast television, known as the 700MHz band, has been redeveloped and deployed for new uses (the so-called “digital dividend” spectrum), including broadband and narrowband wireless communications. The 700 MHz band spectrum is open nationwide and according to FCC records, over 193 public safety agencies throughout over 31 states have been deploying narrowband operations at 700 MHz and others are in the planning stages. These deployments create opportunities for our narrowband ASTRO solutions. For example, in August 2013, the Los Angeles Regional Interoperable Communications System Authority (LA-RICS) selected Motorola Solutions to develop a radio system that will provide mission critical communications for the region’s more than 34,000 law enforcement, fire service and health service professionals and more than 80 public safety agencies.

Thirty-four MHz of spectrum in the 700 MHz band is now allocated to support new public safety narrowband and broadband communications systems. This includes 24 MHz of spectrum previously allocated by the FCC and an additional ten MHz of spectrum (the “D block”) allocated in February 2012. The latter ten MHz allocation is the result of congressional action responding to public safety requests for additional broadband spectrum. The resulting law, Public Law 112-96, also identified up to \$7 billion in funding for the nationwide public safety broadband network with \$2 billion of that available near-term. Pursuant to this law, a governance structure and entity known as the First Responder Network Authority (“FirstNet”) was established in August 2012 to manage deployment and operation of the network. Additional work, currently ongoing in FirstNet, is required to enable deployment of the nationwide public safety broadband network. During 2013, FirstNet released multiple Requests for Information (“RFI’s”) seeking information concerning this initiative. In response, Motorola Solutions has provided input based on its experience in designing and deploying public safety communications systems. FirstNet and the FCC have also enabled the early deployment of broadband systems in several areas so that field experience can be gained regarding the benefits of broadband communications for public safety operations. In September 2012, the State of Texas received a Special Temporary Authorization (“STA”) for deployment of 14 broadband sites in the Harris County area around Houston, and that authorization was extended through 2013 and they are currently in negotiations with Firstnet. The State of Texas and Harris County, with assistance from Motorola Solutions, have deployed broadband equipment and applications and successfully demonstrated the benefits such systems can bring to FirstNet and other officials. FirstNet also entered into a spectrum lease with LA-RICS, the State of New Mexico, the State of New Jersey, and Adams County, Pennsylvania, to enable early deployments of broadband equipment. Such early deployments would help speed interoperable broadband capabilities for first-responders and the experience gained regarding public safety broadband operation should benefit FirstNet in developing and implementing its plan to deploy the nationwide network. The planned implementation of a nationwide public safety network and any additional early deployments may also create opportunities for our broadband solutions.

In March 2012, Canada released a decision to allocate ten MHz of spectrum in the 700 MHz band for public safety broadband. Subsequently, in August 2012, Canada proposed that an additional and adjacent ten MHz also be allocated to public safety for broadband use. A decision on that additional ten MHz of spectrum is expected in 2014. If adopted, this would harmonize Canada's 700 MHz band plan with that in the U.S.

In June 2013, in Mexico, the Constitutional Reform in Telecommunications Law went into effect which requires the federal government to build a nationwide broadband network through a public-private partnership, using 90 MHz from the 700 MHz band. Deployment of this network is expected to start in 2014 and is targeted for completion by the end of 2018. It is anticipated that broadband for public safety will be part of this network. Currently, the government of Mexico is drafting regulations related to the implementation of this law.



Internationally, the ITU World Radio Conference ("WRC") was held in Geneva during the first quarter of 2012. During this conference, leaders from United Nations member countries considered a number of initiatives, including whether to allocate additional spectrum for commercial broadband use as well as whether to allocate spectrum dedicated for public safety broadband. The WRC agreed to consider spectrum for public safety broadband. Studies are underway to assess whether and how much spectrum is needed and to develop recommendations on where in the spectrum range the spectrum should be allocated (taking into account regional and global harmonization to the extent practicable). The issue made it onto the agenda for the next WRC in 2015. The result could be future allocations for dedicated broadband spectrum for public safety which will provide opportunities for us in the future. In addition, certain countries already have spectrum landscapes that would permit country administrations to allocate public safety spectrum today. A WRC initiative can spur individual countries to act sooner, which may also create opportunities for our broadband solutions in the nearer term.

#### *Other Regulatory Matters*

Some of our operations use substances regulated under various federal, state, local and international laws governing the environment and worker health and safety, including those governing the discharge of pollutants into the ground, air and water, the management and disposal of hazardous substances and wastes and the cleanup of contaminated sites. Certain of our products are subject to various federal, state, local and international laws governing chemical substances in electronic products.

#### *Intellectual Property Matters*

Patent protection is important to our operations. We have a U.S. and international portfolio of patents relating to our products, systems and technologies, including research developments in radio frequency technology and circuits, wireless network technologies, over-the-air protocols, mission critical two-way radio communications and advanced data capture. We have filed patent applications in the U.S. Patent and Trademark Office, as well as in foreign patent offices.

We license some of our patents to third-parties, but licensing revenue is not significant. We are also licensed to use certain patents owned by others. Royalty and licensing fees vary from year to year and are subject to the terms of the agreements and sales volumes of the products subject to licenses. In addition, Motorola Solutions has a royalty free license under all of the patents and patent applications assigned to Motorola Mobility at the time of the separation of the two businesses in 2011 and will continue to enjoy the benefit of that license even with the acquisition of Motorola Mobility by Google and following the sale of those patents to Lenovo or others.

We actively participate in the development of standards for interoperable, mission-critical digital two-way radio systems. Our patents are used in various standards including APCO P25, ETSI, TETRA, DMR and digital private mobile radio ("dPMR"). We offer licenses to those patents on fair, reasonable and non-discriminatory terms.

Notwithstanding the transfer of patents to Motorola Mobility, the expiration of certain patents and the potential for increased competition for some of our products in the future, we believe that our patent portfolio will continue to provide us with a competitive advantage in our core product areas as well as provide leverage for future technologies. Furthermore, we believe we are not dependent upon a single patent or a few patents. Our success depends more upon our extensive know-how, innovative culture, technical leadership and marketing abilities. We do not rely primarily on patents or other intellectual property rights to protect or establish our market position; however, we will enforce our intellectual property rights in certain technologies when attempts to negotiate mutually agreeable licenses are not successful.

#### *Patents and Trademarks*

We seek to obtain patents and trademarks to protect our proprietary position whenever possible and practical. As of December 31, 2013, we owned approximately 6,600 patents in the U.S. and in foreign countries. As of December 31, 2013, we had approximately 2,400 U.S. and foreign patent applications pending. Foreign patents and patent applications are mostly counterparts of our U.S. patents. During 2013, we were granted 300 U.S. patents and 400 patents in other countries.

We no longer own certain logos and other trademarks, trade names and service marks, including MOTOROLA, MOTO, MOTOROLA SOLUTIONS and the Stylized M logo and all derivatives thereof ("Motorola Marks") and we license the Motorola Marks from Motorola Mobility, which is currently owned by Google, but under contract to be sold to Lenovo.

#### *Inventory, Raw Materials, Right of Return and Seasonality*

Our practice is to carry reasonable amounts of inventory to meet customers' delivery requirements in a manner consistent with industry standards. We provide custom products which require the stocking of inventories and a large variety of piece parts and replacement parts in order to meet delivery and warranty requirements. To the extent suppliers' product life cycles are shorter than ours, stocking of lifetime buy inventories is required to meet long-term warranty and contractual requirements. In addition, replacement parts are stocked for delivery on customer demand within a short delivery cycle.

Availability of materials and components required is generally dependable; however, fluctuations in supply and market demand could cause selective shortages and affect our results of operations. We currently procure certain materials and components from single-source vendors. A material disruption from a single-source vendor may have a material adverse impact

on our results of operations. If certain single-source suppliers were to become capacity constrained or insolvent, it could result in a reduction or interruption in supplies or an increase in the price of supplies and adversely impact our financial results.

Natural gas, electricity and, to a lesser extent, oil are the primary sources of energy for our manufacturing operations. Each of these resources is currently in adequate supply for our operations. The cost to operate our facilities and freight costs are dependent on world oil prices. Labor is generally available in reasonable proximity to our manufacturing facilities. Difficulties in obtaining any of the aforementioned resources or a significant cost increase could affect our financial results.

Generally, our contracts do not include a right of return, other than for standard warranty provisions; however, certain distributor partners within the commercial enterprise markets do maintain limited stock rotation rights. Due to buying customer patterns in the markets we serve, sales tend to be somewhat higher in the fourth quarter.

#### *Environmental Quality*

During 2013, compliance with U.S. federal, state and local, and foreign laws regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, did not have a material effect on our capital expenditures, earnings or competitive position.

#### *Employees*

At December 31, 2013, we had approximately 21,000 employees, compared to 22,000 employees at December 31, 2012.

#### *Financial Information About Geographic Areas*

The response to this section of Item 1 incorporates by reference Note 11, “Commitments and Contingencies” and Note 12, “Information by Segment and Geographic Region” of Part II, Item 8: Financial Statements and Supplementary Data of this document, the “Results of Operations— 2013 Compared to 2012” and “Results of Operations— 2012 Compared to 2011” sections of Part II, “Item 7: Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Item 1A: Risk Factors” of this document.

#### *Financial Information About Segments*

The response to this section of Item 1 incorporates by reference Note 12, “Information by Segment and Geographic Region,” of Part II, Item 8: Financial Statements and Supplementary Data of this document.

#### *Available Information*

We make available free of charge through our website, [www.motorolasolutions.com/investors](http://www.motorolasolutions.com/investors), our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, other reports filed under the Securities Exchange Act of 1934 (“Exchange Act”) and all amendments to those reports simultaneously or as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. Our reports are also available free of charge on the SEC’s website, [www.sec.gov](http://www.sec.gov). Also available free of charge on our website are the following corporate governance documents:

- Motorola Solutions, Inc. Restated Certificate of Incorporation with Amendments
- Conformed Restated Certificate of Incorporation of Motorola Solutions, Inc. (amended Jan. 4, 2011)
- Certificate of Amendment to the Restated Certificate of Incorporation of Motorola, Inc. (effective Jan. 4, 2011)
- Certificate of Ownership and Merger of Motorola Name Change Corporation into Motorola, Inc. (effective Jan. 4, 2011)
- Motorola Solutions, Inc. Amended and Restated Bylaws
- Board Governance Guidelines
- Director Independence Guidelines
- Principles of Conduct for Members of the Motorola Solutions, Inc. Board of Directors
- Motorola Solutions Code of Business Conduct, which is applicable to all Motorola Solutions employees, including the principal executive officers, the principal financial officer and the controller (principal accounting officer)
- Audit Committee Charter
- Compensation and Leadership Committee Charter
- Governance and Nominating Committee Charter

All of our reports and corporate governance documents may also be obtained without charge by contacting Investor Relations, Motorola Solutions, Inc., Corporate Offices, 1303 East Algonquin Road, Schaumburg, Illinois 60196, E-mail: [investors@motorolasolutions.com](mailto:investors@motorolasolutions.com). Our Annual Report on Form 10-K and Definitive Proxy Statement may also be requested in

hardcopy by clicking on “Printed Materials” at [www.motorolasolutions.com/investors](http://www.motorolasolutions.com/investors). Our Internet website and the information contained therein or incorporated therein are not intended to be incorporated into this Annual Report on Form 10-K.

## Item 1A: Risk Factors

*We wish to caution the reader that the following important risk factors, and those risk factors described elsewhere in this report or in our other Securities and Exchange Commission filings, could cause our actual results to differ materially from those stated in forward-looking statements contained in this document and elsewhere. These risks are not presented in order of importance or probability of occurrence.*

*We continue to face a number of risks related to current global economic conditions, including low economic growth, relatively high levels of unemployment, risk of sovereign defaults, and unstable political conditions that have and could continue to unfavorably impact our business.*

Global economic conditions continue to be challenging for government and enterprise communications markets, as economic growth in the U.S. and many other countries has remained low, unemployment rates have remained high, credit markets have remained tight for certain of our counterparties and corporate capital spending has been reduced. In addition, conflicts in the Middle East and elsewhere have created many economic and political uncertainties that have impacted worldwide markets. The length of time these adverse economic and political conditions may persist is unknown. These global economic and political conditions have impacted and could continue to impact our business in a number of ways, including:

- *Requests by Customers for Vendor Financing by Motorola Solutions* : Certain of our customers, particularly, but not limited to, those who purchase large infrastructure systems, request that their suppliers provide financing in connection with equipment purchases and/or the provision of solutions and services, particularly as the size and length of these types of contracts increases and as we increase our business in developing countries. Requests for vendor financing continue to increase in volume and scope, including in response to reduced tax revenue at the state and local government level and ongoing tightening of credit for certain enterprise customers. Motorola Solutions has continued to provide vendor financing to both our government and enterprise customers. We have been faced with and expect to continue to be faced with choosing between further increasing our level of vendor financing or potentially losing sales, as some of our competitors, particularly those in Asia, have been more willing to provide vendor financing to customers around the world, particularly customers in Africa and Latin America. To the extent we are unable to sell these receivables on terms acceptable to us we may retain exposure to the credit quality of our customers who we finance.
- *Customers' Inability to Obtain Financing to Make Purchases from Motorola Solutions and/or Maintain Their Business* : Some of our customers require substantial financing, including public financing or government grants, in order to fund their operations and make purchases from us. The inability of these customers to obtain sufficient credit or other funds to finance purchases of our products and services and/or to meet their payment obligations to us could have, and in some cases has had, a negative impact on our financial results. This risk will increase as the size and length of our contracts increases. In addition, if global economic conditions result in insolvencies for our customers, it will negatively impact our financial results.
- *Challenges in Budgeting and Forecasting* : It is difficult to estimate changes in various parts of the U.S. and world economy, including the markets in which we participate. Components of our budgeting and forecasting are dependent upon estimates of demand for our products, the prevailing economic uncertainties render estimates of future income and expenditures challenging.
- *Potential Deferment or Cancellation of Purchases and Orders by Customers* : Uncertainty about current and future global economic conditions may cause, and in some cases has caused businesses and in some cases governments to defer or cancel purchases in response to tighter credit and decreased cash availability and declining consumer confidence. If future demand for our products declines due to economic conditions, it will negatively impact our financial results.

*Our success depends in part on our timely introduction of new products and technologies and our results can be impacted by the effectiveness of our significant investments in new products and technologies.*

The markets for certain of our products are characterized by rapidly changing technologies and evolving industry standards. In addition, new technologies and new competitors continue to enter our markets at a faster pace than we have experienced in the past, resulting in increased competition from non-traditional suppliers, including manufacturers of consumer grade products for our enterprise business and public carriers for our government business. New products are expensive to develop and bring to market and additional complexities are added when this process is outsourced as we have done in many cases. Our success depends, in substantial part, on the timely and successful introduction of new products and upgrades of current products to comply with emerging industry standards, laws and regulations, and to address competing technological and product developments carried out by our competitors. The research and development of new, technologically-advanced products is a complex and uncertain process requiring high levels of innovation and investment, as well as the accurate anticipation of technology and market trends. Many of our products and systems are complex and we may experience delays in

completing development and introducing new products or technologies in the future. We may focus our resources on technologies that do not become widely accepted or are not commercially viable or involve compliance obligations with additional areas of regulatory requirements.

Our results are subject to risks related to our significant investment in developing and introducing new products. These risks include among others: (i) difficulties and delays in the development, production, testing and marketing of products, particularly when such activities are done through the use of third-party joint developers; (ii) customer acceptance of products; (iii) the development of, approval of, and compliance with industry standards and regulatory requirements; (iv) the significant amount of resources we must devote to the development of new technologies; and (v) the ability to differentiate our products and compete with other companies in the same markets.

*We are exposed to risks under large, multi-year system and solutions and services contracts that may negatively impact our business.*

We enter into large, multi-year system and solutions and services contracts with large municipal, state, nation-wide government and enterprise customers. This exposes us to risks, including among others: (i) the technological risks, especially when the contracts involve new technology; (ii) financial risks, including the estimates inherent in projecting costs associated with large, long term contracts and the related impact on operating results; (iii) cyber security risk, especially in managed services contracts with enterprise and public safety customers that process personal data; and (iv) political risk, especially related to the contracts with government customers. In addition, multi-year awards from governmental customers may often only receive partial funding initially and may typically be cancelable on short notice with limited penalties. Recovery of front loaded capital expenditures in long-term managed services contracts with government and enterprise customers is dependent on the continued viability of such customers. The termination of funding for a government program or insolvency of managed services enterprise customers could result in a loss of anticipated future revenue attributable to that program, which could have an adverse impact on our profitability.

*The expansion of our global solutions and services business creates new competitors and new and increased areas of risk that we have not been exposed to in the past and that we may not be able to properly assess or mitigate.*

We plan to continue to expand our global solutions and services business by offering additional and expanded managed services for existing and new types of customers, such as designing, building, operating, managing and in some cases owning a public-safety system or other enterprise system. The offering of managed services involves the integration of multiple services, multiple vendors and multiple technologies, requiring that we partner with other solutions and services providers, often on multi-year projects. In some cases we must compete with a company in some business areas and cooperate with the same company in other business areas. From time to time such projects may require that we form a joint venture with our partners. Risks associated with expanding our managed services offerings include:

- We may be unable to recognize revenue from the sale of equipment in connection with managed services contracts for a period of time, which may be several years.
- We may be required to agree to specific performance metrics that meet the customer's requirement for network security, availability, reliability, maintenance and support and, in some cases, if these performance metrics are not met we may not be paid.
- The managed services business is one characterized by large subcontracting arrangements and we may not be able to obtain favorable contract terms or adequate indemnities or other protections from our subcontractors to adequately mitigate our risk to our customers.
- We are facing increasing competition from traditional system integrators and the defense industry as solutions and services contracts become larger and more complicated.
- Expansion will bring us into contact with new regulatory requirements and restrictions with which we will have to comply and may increase the costs and delay or limit the range of new solutions and services which we will be able to offer.

*A portion of our business is dependent upon U.S. government contracts and grants, which are highly regulated and subject to oversight audits by U.S. government representatives and subject to cancellations. Such audits could result in adverse findings and negatively impact our business.*

Our government business is subject to specific procurement regulations with numerous compliance requirements. These requirements, although customary in U.S. government contracting, increase our performance and compliance costs. These costs may increase in the future, thereby reducing our margins, which could have an adverse effect on our financial condition. Failure to comply with these regulations could lead to suspension or debarment from U.S. government contracting or subcontracting for a period of time, and the inability to receive future grants. Among the causes for debarment are violations of various laws, including those related to procurement integrity, export control, U.S. government security regulations, employment practices, protection of the environment, accuracy of records, proper recording of costs, foreign corruption and the False Claims Act.

Generally, U.S. government contracts and grants are subject to oversight audits by U.S. government representatives. Such audits could result in adjustments to our contracts or grants. Any costs found to be improperly allocated to a specific contract or grant may not be allowed, and such costs already reimbursed may have to be refunded. Future audits and adjustments, if required, may materially reduce our revenues or profits upon completion and final negotiation of audits. Negative audit findings could also result in investigations, termination of a contract or grant, forfeiture of profits or reimbursements, suspension of payments, fines and suspension or prohibition from doing business with the U.S. government. All contracts with the U.S. government are subject to cancellation at the convenience of the U.S. government.

In addition, contacts with government officials and participation in political activities are areas that are tightly controlled by federal, state and local laws. Failure to comply with these laws could cost us opportunities to seek certain government sales opportunities or even result in fines, prosecution, or debarment.

*Government regulation of radio frequencies may limit the growth of public safety broadband systems or reduce barriers to entry for new competitors.*

Radio frequencies are required to provide wireless services. The allocation of frequencies is regulated in the U.S. and other countries and limited spectrum space is allocated to wireless services and specifically to public safety users. The growth of public safety broadband communications systems may be affected: (i) by regulations relating to the access to allocated spectrum for public safety users, (ii) if adequate frequencies are not allocated, or (iii) if new technologies are not developed to better utilize the frequencies currently allocated for such use. Industry growth may also be affected by new licensing fees required to use frequencies.

The U.S. leads the world in allocating spectrum to enable wireless communications such as wireless local area network systems, such as WiFi, mesh technologies and wide area network systems, such as WiMAX and LTE. Other countries have also allocated spectrum to allow deployment of these and other technologies. This changing landscape may introduce new competition and new opportunities for us.

The Middle Class Tax Relief and Job Creation Act of 2012 (the "Legislation") authorized an additional ten MHz of broadband spectrum for public safety use for a total of 20 MHz of contiguous broadband spectrum for public safety. In addition, public safety retained 14 MHz of the 700 MHz narrowband spectrum, subject to the FCC's authority to determine whether such spectrum should be authorized for future broadband use. The Legislation further provides for the establishment of a centralized governance model through an independent authority within NTIA designated as the "First Responder Network Authority" or "FirstNet" but allows for states to opt out of the plan to develop a nationwide public safety network and perform their own competitive procurements if certain criteria are met. States that opt out would still be eligible for funding and would also be allowed to generate revenue through leases to secondary users.

Although the Legislation has been enacted, the implementation of a nationwide public safety network under FirstNet has been delayed and could be reduced significantly in scope due to: (i) complexities in the acquisition of a nationwide network, which involves regulatory requirements, (ii) writing of the specifications and statement of work, (iii) decision making on the system architecture or (iv) potential political opposition from certain states. Any such delays or changes in scope of the FirstNet initiative could negatively impact our ability to further develop and expand our public safety LTE business in the U.S. For example, FirstNet may define specifications for the nationwide network which make it impossible or impractical for commercial LTE infrastructure and equipment vendors to compete for contracts to build out the network. Furthermore, states may seek alternative means to deploy public safety LTE networks if a centralized architecture inhibits states' ability to operationally control its first-responder agencies.

*We derive a portion of our revenue from government customers who award business through competitive bidding which can involve significant upfront costs and risks. This effort may not result in awards of business or we may fail to accurately estimate the costs to fulfill contracts awarded to us, which could have adverse consequences on our future profitability.*

Many government customers, including most U.S. government customers, award business through a competitive bidding process, which results in greater competition and increased pricing pressure. The competitive bidding process involves significant cost and managerial time to prepare bids for contracts that may not be awarded to us. Even if we are awarded contracts, we may fail to accurately estimate the resources and costs required to fulfill a contract, or to solve problems with our subcontractors or suppliers, which could negatively impact the profitability of any contract award to us. In addition, following a contract award, we have experienced and may continue to experience significant expense or delay, contract modification or contract rescission as a result of customer delay or our competitors protesting or challenging contracts awarded to us in competitive bidding.

*We enter into fixed-price contracts that could subject us to losses in the event we fail to properly estimate our costs.*

We enter into a number of firm fixed-price contracts. If our initial cost estimates are incorrect, we can lose money on these contracts. Because many of these contracts involve new technologies and applications, require us to engage subcontractors and can last multiple years, unforeseen events, such as technological difficulties, fluctuations in the price of raw

materials, problems with our subcontractors or suppliers and other cost overruns, can result in the contract pricing becoming less favorable or even unprofitable to us and have an adverse impact on our financial results. In addition, a significant increase in inflation rates could have an adverse impact on the profitability of longer-term contracts.

*Over the last several years we have outsourced portions of certain business operations like IT, HR information systems, repair, distribution and engineering services and may outsource additional business operations which limits our control over these business operations and exposes us to additional risk as a result of the actions of our outsource partners.*

As we outsource more of our business operations we are not able to directly control these activities. Our outsource partners may not prioritize our business over that of their other customers and they may not meet our desired level of service, cost reductions or other metrics. In some cases their actions may result in our being found to be in violation of laws or regulations like import or export regulations. As many of our outsource partners operate outside of the U.S., our outsourcing activity exposes us to information security vulnerabilities and increases our global risks. In addition, we are exposed to the financial viability of our outsource partners. Once a business activity is outsourced we may be contractually prohibited from or may not practically be able to bring such activity back within the Company or move it to another outsource partner. The actions of our outsource partners could result in reputational damage to us and could negatively impact our financial results.

*We utilize the services of subcontractors to perform under many of our contracts and the inability of our subcontractors to perform in a timely and compliant manner could negatively impact our performance obligations as the prime contractor.*

We engage subcontractors on many of our contracts and as we expand our global solutions and services business our use of subcontractors has and will continue to increase. Our subcontractors may further subcontract performance and may supply third-party products and software. We may have disputes with our subcontractors, including disputes regarding the quality and timeliness of work performed by the subcontractor or its subcontractors and the functionality, warranty and indemnities of products, software and services supplied by our subcontractor. We are not always successful in passing down customer requirements to our subcontractors, and thus in some cases may be required to absorb contractual risks from our customers without corresponding back-to-back coverage from our subcontractor. Our subcontractors may not be able to acquire or maintain the quality of the materials, components, subsystems and services they supply, or secure preferred warranty and indemnity coverage from their suppliers which might result in greater product returns, service problems, warranty claims and costs and regulatory compliance issues and could harm our business, financial condition and results of operations.

*Many of our components and products, including software, are designed, developed and/or manufactured by third-parties and if such third-parties lack sufficient quality control, change the design of components or if there are significant changes in the financial or business condition of such third-parties, it may have a negative impact on our business.*

We rely on third-parties to design, develop, and/or manufacture many of our components and finished products, as well as provide us with software necessary for the operation of those products and we may increase our reliance in such third-parties in the future. We could have difficulties fulfilling our orders and our sales and profits could decline if: (i) we are not able to engage such third-parties with the capabilities or capacities required by our business, (ii) such third-parties lack sufficient quality control and fail to deliver quality components, products, services or software on time and at reasonable prices or deliver products, services or software that do not meet regulatory or industry standards or requirements, (iii) if there are significant changes in the financial or business condition of such third-parties or (iv) if we have difficulties transitioning operations to such third-parties.

In addition, certain key component suppliers are reducing the expected lifetime of key components, in particular semiconductors, on some of our products which could result in the need for more frequent product redesigns on some products or higher last time buys.

*Our employees, customers, suppliers and outsource partners are located throughout the world and, as a result, we face risks that other companies that are not global may not face.*

Our customers and suppliers are located throughout the world. In 2013, more than 43 percent of our revenue was generated outside the U.S. In addition, we have a number of manufacturing, research and development, administrative and sales facilities outside the U.S. and more than 50% of our employees are employed outside the U.S. Most of our suppliers' operations are outside the U.S. and most of our products are manufactured outside the U.S.

Because we have sizeable sales and operations, including outsourcing and procurement arrangements, outside of the U.S., we have more complexity in our operations and are exposed to a unique set of global risks that could negatively impact sales or profitability, including but not limited to: (i) import/export regulations, tariffs, trade barriers and trade disputes, customs classifications and certifications, including but not limited to changes in classifications or errors or omissions related to such classifications and certifications; (ii) changes in U.S. and non-U.S. rules related to trade, environmental, health and safety, technical standards, consumer and intellectual property and consumer protection; (iii) longer payment cycles; (iv) tax issues, such as tax law changes, variations in tax laws from country to country and as compared to the U.S., obligations under tax incentive agreements, difficulties in repatriating cash generated or held abroad in a tax-efficient manner and difficulties in

securing local country approvals for cash repatriations; (v) currency fluctuations; (vi) changes in foreign exchange regulations; (vii) challenges in collecting accounts receivable; (viii) cultural and language differences; (ix) employment regulations and local labor conditions; (x) difficulties protecting intellectual property in foreign countries; (xi) instability in economic or political conditions, including inflation, recession and actual or anticipated military or political conflicts; (xii) natural disasters; (xiii) public health issues or outbreaks; (xiv) changes in laws or regulations that negatively impact benefits being received by us or that require costly modifications in products sold or operations performed in such countries; and (xv) litigation in foreign court systems and foreign administrative proceedings.

Many of our products that are manufactured by us outside the U.S. are manufactured in Asia (primarily Malaysia) and Latin America (primarily Mexico). If manufacturing in these regions is disrupted, our overall capacity could be significantly reduced and sales or profitability could be negatively impacted.

We have a number of employees in and sell our products and services throughout the Middle East and our operations, as well as demand for our products and services could be negatively impacted by political conflicts and hostilities in this region. The potential for future unrest, terrorist attacks, increased global conflicts and the escalation of existing conflicts has created worldwide uncertainties that have negatively impacted, and may continue to negatively impact, demand for certain of our products.

We also are subject to risks that our operations could be conducted by our employees, contractors, representatives or agents in ways that violate the Foreign Corrupt Practices Act, the U.K. Bribery Act, or other similar anti-corruption laws. While we have policies and procedures to comply with these laws, our employees, contractors, representatives and agents may take actions that violate our policies. Any such violations could have a negative impact on our business. Moreover, we face additional risks that our anti-corruption policies and procedures may be violated by third-party sales representatives or other third-parties that help sell our products or provide other solutions and services, because such representatives or agents are not our employees and it may be more difficult to oversee their conduct.

*We may not continue to have access to the capital markets for financing on acceptable terms and conditions, particularly if our credit ratings are downgraded.*

From time to time we access the capital markets to obtain financing. Our access to the capital markets and the bank credit markets at acceptable terms and conditions are impacted by many factors, including: (i) our credit ratings, (ii) the liquidity of the overall capital markets, (iii) strength and credit availability in the banking markets, and (iv) the current state of the economy. There can be no assurances that we will continue to have access to the capital markets or bank credit markets on terms acceptable to us.

We are rated investment grade by all three national rating agencies. Any downward changes by the rating agencies to our credit rating may negatively impact the value and liquidity of both our debt and equity securities. Under certain circumstances, an increase in the interest rate payable by us under our revolving credit facility could result. In addition, a downgrade in our credit ratings could limit our ability to: access the capital markets or bank credit markets; provide performance bonds, bid bonds, standby letters of credit and surety bonds; hedge foreign exchange risk; fund our foreign affiliates; and sell receivables. A downgrade in our credit rating could also result in less favorable trade terms with suppliers. In addition, any downgrades in our credit ratings may affect our ability to obtain additional financing in the future and may affect the terms of any such financing. Any future disruptions, uncertainty or volatility in the capital markets may result in higher funding costs for us and adversely affect our ability to access funds and other credit related products. In addition, we may avoid taking actions that would otherwise benefit us or our stockholders, such as engaging in certain acquisitions or engaging in stock repurchases, that would negatively impact our credit rating.

*Returns on pension and retirement plan assets and interest rate changes could affect our earnings and cash flow in future periods.*

We have large underfunded pension obligations, in part resulting from the fact that we retained almost all of the U.S. pension liabilities and a major portion of our non-U.S. pension liabilities following our divestitures, including the distribution of Motorola Mobility and the sale of our Networks business. The funding position of our pension plans is affected by the performance of the financial markets, particularly the equity and debt markets, and the interest rates used to calculate our pension obligations for funding and expense purposes. Minimum annual pension contributions are determined by government regulations and calculated based upon our pension funding status, interest rates, and other factors. If the financial markets perform poorly, we have been and could be required to make additional large contributions. The equity and debt markets can be volatile, and therefore our estimate of future contribution requirements can change dramatically in relatively short periods of time. Similarly, changes in interest rates can affect our contribution requirements. In volatile interest rate environments, the likelihood of material changes in the future minimum required contributions increases.

*A significant amount of our international business is transacted in local currency and a large percentage of our cash and cash equivalents are held outside of the United States, which exposes us to risk relating to currency fluctuations, changes in foreign*



*exchange regulations and repatriation delays and costs, which could negatively impact our sales, profitability and financial flexibility.*

We have sizeable sales and operations in our Europe and Africa, Asia and Middle East, and Latin America regions. A significant amount of this business is transacted in local currency. As a result, our financial performance is impacted by currency fluctuations. We are also experiencing increased pressure to agree to established currency conversion rates and cost of living adjustments as a result of foreign currency fluctuations.

A large percentage of our cash and cash equivalents is currently held outside the U.S., while many of our liabilities, such as our public debt, the majority of our pension liabilities and certain other cash payments, such as dividends and share repurchases, are payable in the U.S. While we regularly repatriate funds with minimal adverse financial impact, repatriation of some of the funds has been and could continue to be subject to delay for local country approvals and could have potential adverse tax consequences. In addition, foreign exchange regulations may limit our ability to convert or repatriate foreign currency. As a result of having a lower amount of the cash and cash equivalents in the U.S., our financial flexibility may be reduced.

*Tax matters could have a negative impact on our financial condition and results of operations.*

We are subject to income taxes in the U.S. and numerous foreign tax jurisdictions. Our provision for income taxes and cash tax liability may be negatively impacted by: (i) changes in the mix of earnings taxable in jurisdictions with different statutory tax rates, (ii) changes in tax laws and accounting principles, (iii) changes in the valuation of our deferred tax assets and liabilities, (iv) failure to meet commitments under tax incentive agreements, (v) discovery of new information during the course of tax return preparation, (vi) increases in nondeductible expenses, or (vii) difficulties in repatriating cash held abroad in a tax-efficient manner.

Tax audits may also negatively impact our financial condition and results of operations. We are subject to continued examination of our income tax returns, and tax authorities may disagree with our tax positions and assess additional tax. We regularly evaluate the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that the outcomes from these continuing examinations will not have a negative impact on our future financial condition and operating results.

*Failure of our suppliers, subcontractors, distributors, resellers and representatives to use acceptable legal or ethical business practices and adhere to our Supplier Code of Conduct could negatively impact our business.*

It is our policy to require our suppliers, subcontractors, distributors, resellers, and third-party sales representatives (“TPSRs”) to operate in compliance with applicable laws, rules and regulations regarding working conditions, employment practices, environmental compliance, anti-corruption and trademark and copyright licensing. However, we do not control their labor and other business practices. If one of our suppliers, subcontractors, distributors, resellers, or TPSRs violates labor or other laws or implements labor or other business practices that are regarded as unethical, the shipment of finished products to us could be interrupted, orders could be canceled, relationships could be terminated and our reputation could be damaged. If one of our suppliers or subcontractors fails to procure necessary license rights to trademarks, copyrights or patents, legal action could be taken against us that could impact the salability of our products and expose us to financial obligations to a third-party. Any of these events could have a negative impact on our sales and results of operations.

*We rely on third-party dealers, distributors, and retailers to sell many of our products.*

In addition to our own sales force, we offer our products through a variety of third-party dealers, distributors and retailers. These third-parties may also market other products that compete with our products. Failure of one or more of our dealers, distributors or retailers to effectively promote our products could affect our ability to bring products to market and have a negative impact on our results of operations.

Some of these third-parties are smaller and more likely to be impacted by a significant decrease in available credit that could result from a weakness in the financial markets. If credit pressures or other financial difficulties result in insolvency for third-party dealers, distributors or retailers and we are unable to successfully transition end-customers to purchase our products from other third-parties or from us directly, it may cause, and in some cases has caused, a negative impact on our financial results.

*Our future operating results depend on our ability to purchase a sufficient amount of materials, parts and components, as well as services and software to meet the demands of our customers and any disruption to our suppliers or significant increase in the price of supplies could have a negative impact on our results of operations.*

Our ability to meet customers' demands depends, in part, on our ability to timely obtain an adequate delivery of quality materials, parts and components, as well as services and software from our suppliers. In addition, certain supplies are available only from a single source or limited sources and we may not be able to diversify sources in a timely manner. If demand for our products or services increases from our current expectations or if suppliers are unable to meet our demand for other reasons, including as a result of natural disasters or financial issues, we could experience an interruption in supplies or a significant

increase in the price of supplies that could have a negative impact on our business. We have experienced shortages in the past that have negatively impacted our results of operations and may experience such shortages in the future. In addition, credit constraints at our suppliers could cause us to accelerate payment of accounts payable by us, impacting our cash flow.

We have seen and may continue to see increases in the price of certain supplies as we no longer qualify for certain volume discounts. In addition, our current contractual arrangements with certain suppliers may be cancelled or not extended by such suppliers and, therefore, not afford us with sufficient protection against a reduction or interruption in supplies. Moreover, in the event any of these suppliers breach their contracts with us, our legal remedies associated with such a breach may be insufficient to compensate us for any damages we may suffer.

*If the quality of our products does not meet our customers' expectations or regulatory or industry standards, then our sales and operating earnings, and ultimately our reputation, could be negatively impacted.*

Some of the products we sell may have quality issues resulting from the design or manufacture of the product, or from the software used in the product. Sometimes, these issues may be caused by components we purchase from other manufacturers or suppliers. Often these issues are identified prior to the shipment of the products and may cause delays in shipping products to customers, or even the cancellation of orders by customers. Sometimes, we discover quality issues in the products after they have been shipped to our customers, requiring us to resolve such issues in a timely manner that is the least disruptive to our customers. Such pre-shipment and post-shipment quality issues can have legal and financial ramifications, including: (i) delays in the recognition of revenue, loss of revenue or future orders, (ii) customer-imposed penalties on us for failure to meet contractual requirements, (iii) increased costs associated with repairing or replacing products, and (iv) a negative impact on our goodwill and brand name reputation.

In some cases, if the quality issue affects the product's safety or regulatory compliance, then such a "defective" product may need to be "stop-shipped" or recalled. Depending on the nature of the defect and the number of products in the field, it could cause us to incur substantial recall costs, in addition to the costs associated with the potential loss of future orders and the damage to our goodwill or brand reputation. In addition, we may be required, under certain customer contracts, to pay damages for failed performance that might exceed the revenue that we receive from the contracts. Recalls involving regulatory non-compliance could also result in fines and additional costs. Finally, recalls could result in third-party litigation by persons or companies alleging harm or economic damage as a result of the use of the products.

*We rely on complex and in some cases aging information technology systems and networks to operate our business. Any significant system or network disruption, including as a result of third-party attacks, could have a negative impact on our operations, sales and operating results.*

We rely on the efficient and uninterrupted operation of complex information technology systems and networks, some of which are within the Company and some of which are outsourced. All information technology systems are potentially vulnerable to damage or interruption from a variety of sources, including but not limited to computer viruses, security breach, energy blackouts, natural disasters, terrorism, sabotage, war and telecommunication failures. As a provider of high technology emergency response systems and enterprise systems which process customer data, we face additional risk as a target of sophisticated attacks aimed at compromising our intellectual property and our customer information, referred to as advanced persistent threats. We are continuing to upgrade our information technology systems and plan future releases of our new platform in 2014 which, if defective or improperly installed or implemented may result in a business disruption. In addition, increased dependence on outsourced business processes requires that our IT systems communicate seamlessly with outsourced suppliers' systems. Any disruption to either those outsourced systems, which are not under our direct management, or the communication links between Motorola Solutions and the outsourced supplier, may negatively impact our ability to manufacture, distribute, or repair products. We also currently rely on a number of older legacy information systems that are harder to maintain. A system failure or security breach could negatively impact our operations and financial results. We may incur additional costs to remedy the damages caused by these disruptions or security breaches.

There has been a sharp increase in laws in Europe, the U.S. and elsewhere, including important markets for our Company, like Australia, Malaysia, Singapore, Mexico and Colombia, imposing requirements for the handling of personal data, including data of employees, consumers and business contacts. There is a risk that failures in systems designed to protect private, personal or proprietary data held by us will allow such data to be disclosed to or misused by others, resulting in application of regulatory penalties, enforcement actions, remediation obligations and/or private litigation by parties whose data were improperly disclosed or misused. There is also a risk that our Company (directly or as the result of some third-party service provider we use) could be found to have failed to comply with the laws or regulations of some country regarding the collection, consent, handling, transfer, or disposal of such personal data, and therefore subject us to fines or other sanctions, as well as adverse reputational impact.

*We face many risks relating to intellectual property rights.*

Our business will be harmed if: (i) we, our customers and/or our suppliers are found to have infringed intellectual property rights of third-parties, (ii) the intellectual property indemnities in our supplier agreements are inadequate to cover damages and losses due to infringement of third-party intellectual property rights by supplier products, (iii) we are required to provide broad intellectual property indemnities to our customers, (iv) our intellectual property protection is inadequate to protect against threats of misappropriation from internal or external sources or otherwise inadequate to protect our proprietary rights, or (v) our competitors negotiate significantly more favorable terms for licensed intellectual property. We may be harmed if we are forced to make publicly available, under the relevant open-source licenses, certain internally developed software-related intellectual property as a result of either our use of open-source software code or the use of third-party software that contains open-source code.

Since our products are comprised of complex technology, much of which we acquire from suppliers through the purchase of components or licensing of software, we are often involved in or impacted by assertions, including both requests for licenses and litigation, regarding patent and other intellectual property rights. Third-parties have asserted, and in the future may assert, intellectual property infringement claims against us and against our customers and suppliers. These assertions against us, and our customers and suppliers have been increasing as the complexity of our products has increased. Many of these assertions are brought by non-practicing entities whose principle business model is to secure patent licensing-based revenue from product manufacturing companies. The patent holders often make broad and sweeping claims regarding the applicability of their patents to our products, seeking a percentage of sales as license fees, seeking injunctions to pressure us into taking a license, or a combination thereof. Defending claims may be expensive and divert the time and efforts of our management and employees. Increasingly, third-parties have sought broad injunctive relief which could limit our ability to sell our products in the U.S. or elsewhere with intellectual property subject to the claims. If we do not succeed in any such litigation, we could be required to expend significant resources to pay damages, develop non-infringing products or to obtain licenses to the intellectual property that is the subject of such litigation, each of which could have a negative impact on our financial results. However, we cannot be certain that any such licenses, if available at all, will be available to us on commercially reasonable terms. In some cases, we might be forced to stop delivering certain products if we or our customer or supplier are subject to a final injunction.

We attempt to negotiate favorable intellectual property indemnities with our suppliers for infringement of third-party intellectual property rights. However, there is no assurance that we will be successful in our negotiations or that a supplier's indemnity will cover all damages and losses suffered by us and our customers due to the infringing products or that a supplier will choose to accept a license or modify or replace its products with non-infringing products which would otherwise mitigate such damages and losses. Further, we may not be able to participate in intellectual property litigation involving a supplier and may not be able to influence any ultimate resolution or outcome that may negatively impact our sales if a court enters an injunction that enjoins the supplier's products or if the International Trade Commission issues an exclusionary order that blocks our products from importation into the U.S. Intellectual property disputes involving our suppliers have resulted in our involvement in International Trade Commission proceedings from time to time. These proceedings are costly and entail the risk that we will be subjected to a ban on the importation of our products into the U.S. solely as a result of our use of a supplier's components.

In addition, our customers increasingly demand that we indemnify them broadly from all damages and losses resulting from intellectual property litigation against them. These demands stem from the increasing trend of the non-practicing entities that engage in patent enforcement and litigation targeting the end users of our products. End users are targeted so the non-practicing entities can seek royalties and litigation judgments in proportion to the value of the use of our products, rather than in proportion to the cost of our products. Such demands can amount to many times the selling price of our products.

Our patent and other intellectual property rights are important competitive tools and may generate income under license agreements. We regard our intellectual property as proprietary and attempt to protect it with patents, copyrights, trademarks, trade secret laws, confidentiality agreements and other methods. We also generally restrict access to and distribution of our proprietary information. Despite these precautions, it may be possible for a third-party to obtain and use our proprietary information or develop similar technology independently. In addition, effective patent, copyright, trademark and trade secret protection may be unavailable or limited in certain foreign countries. Unauthorized use of our intellectual property rights by third-parties and the cost of any litigation necessary to enforce our intellectual property rights could have a negative impact on our financial results.

As we expand our business, including through acquisitions, and compete with new competitors in new markets, the breadth and strength of our intellectual property portfolio in those new areas may not be as developed as in our longer-standing businesses. This may expose us to a heightened risk of litigation and other challenges from competitors in these new markets. Further, competitors may be able to negotiate significantly more favorable terms for licensed intellectual property than we are able to, which puts them at a competitive advantage. As our products become more like commercial products, through the adoption of industry-standard technologies, for instance, our intellectual property-related risks may increase.

*We no longer own certain logos and other trademarks, trade names and service marks, including MOTOROLA, MOTO, MOTOROLA SOLUTIONS and the Stylized M logo and all derivatives and formatives thereof (“Motorola Marks”) and we license the Motorola Marks from Motorola Trademark Holdings, LLC (“MTH”), which is currently owned by Motorola Mobility, a subsidiary of Google and is under contract to be sold to Lenovo. Our joint use of the Motorola Marks could result in product and market confusion and negatively impact our ability to expand our business under the Motorola brand. In addition, if we do not comply with the terms of the license agreement we could lose our rights to the Motorola Marks. A change of control of Motorola Mobility, such as the sale to Lenovo, or bankruptcy of Motorola Mobility could result in an incompatible third-party owning the Motorola Marks.*

We have a worldwide, perpetual and royalty-free license from MTH to use the Motorola Marks as part of our corporate name and in connection with the manufacture, sale, and marketing of our current products and services. The license of the Motorola Marks is important to us because of the reputation of the Motorola brand for our products and services. There are risks associated with both Motorola Mobility and the Company using the Motorola Marks and with this loss of ownership. As both Motorola Mobility and the Company will be using the Motorola Marks, confusion could arise in the market, including customer and investor confusion regarding the products offered by and the actions of the two companies. This risk could increase as both Motorola Mobility's and our products continue to converge. This risk could increase under Lenovo's control if they expand their use of the Motorola Marks. Also, any negative publicity associated with either company in the future could adversely affect the public image of the other. In addition because our license of the Motorola Marks will be limited to products and services within our specified fields of use, we will not be permitted to use the Motorola Marks in other fields of use without the approval of Motorola Mobility. We believe such an approval is not likely to be granted by Lenovo. In the event that we desire to expand our business into any other fields of use, we may need to do so with a brand other than the Motorola brand. Developing a brand as well-known and with as much brand equity as Motorola could take considerable time and expense. The risk of needing to develop a second brand increases as Motorola Mobility's and our products continue to converge and as our business expands into other fields of use. In addition, we could lose our rights to use the Motorola Marks if we do not comply with the terms of the license agreement. Such a loss could negatively affect our business, results of operations and financial condition. Furthermore, MTH has the right to license the brand to third-parties and either Motorola Mobility or licensed third-parties may use the brand in ways that make the brand less attractive for customers of Motorola Solutions, creating increased risk that Motorola Solutions may need to develop an alternate or additional brand. Motorola Mobility was acquired by Google in May 2012, which resulted in Google having effective control over the Motorola Marks. Google recently signed a contract to sell Motorola Mobility and the Motorola Marks to Lenovo. In 2013 Motorola Mobility modified certain Motorola Marks used by the Company. Motorola Mobility may require the Company to adopt the use of the modified Motorola Marks, which would result in the Company incurring the costs of rebranding.

Upon the closing of the sale of Motorola Mobility to Lenovo, Lenovo will gain control of the Motorola Marks. In addition, neither Motorola Mobility nor Google are prohibited, and Lenovo will not be prohibited, from selling the Motorola Marks. In the event of a liquidation of Motorola Mobility or the then owner of the Motorola Marks, it is possible that a bankruptcy court would permit the Motorola Marks to be assigned to a third-party. While our right to use the Motorola Marks under our license should continue in our specified field of use in such situations, it is possible that we could be party to a license arrangement with a third-party whose interests are incompatible with ours, thereby potentially making the license arrangement difficult to administer, and increasing the costs and risks associated with sharing the Motorola Marks. In addition, there is a risk that, in the event of a bankruptcy of Motorola Mobility or the then owner of the Motorola Marks, Motorola Mobility, the then owner or its bankruptcy trustee may attempt to reject the license, or a bankruptcy court may refuse to uphold the license or certain of its terms. Such a loss could negatively affect our business, results of operations and financial condition.

*We have completed a number of large divestitures over the last several years and have ongoing potential liability associated with those transactions and the businesses we divested. We may complete future divestitures with similar risks.*

Over the last several years we have spun-off or sold a number of businesses, including Motorola Mobility and our Networks business and we may divest other businesses in the future. In connection with many of our divestitures we remain liable for certain pre-closing liabilities associated with the divested business, such as pension liabilities, taxes, employment, environmental liabilities and litigation. In certain situations, such as our spin-off transactions, we may retain risk for pre-closing liabilities in the event of a liquidation or bankruptcy of the company we spun off, even if they assumed certain liabilities because they were incurred when they were part of the Company and a third-party may not have consented to the assumption. In addition, although we often assign contracts associated with the divested business to a buyer in a divestiture, often that assignment will be subject to the consent of the contractual counterparty, which may not be obtained or may be conditioned, resulting in the company remaining liable under the contract. In addition, in most of our divestitures we make representations and warranties and agree to covenants relating to the business divested. We remain liable for a period of time for breaches of representations, warranties and covenants and we also indemnify buyers in the event of such breaches and for other specific risks. Even though we establish reserves for any expected ongoing liability associated with divested businesses, those reserves may not be sufficient if unexpected liabilities arise and this could negatively impact our financial condition and future results of operations.

*We may continue to make strategic acquisitions of other companies or businesses and these acquisitions introduce significant risks and uncertainties, including risks related to integrating the acquired businesses and achieving benefits from the acquisitions.*

In order to position ourselves to take advantage of growth opportunities or to meet other strategic needs such as product or technology gaps, we have made, and expect to continue to make, strategic acquisitions that involve significant risks and uncertainties. These risks and uncertainties include: (i) the difficulty in integrating newly-acquired businesses and operations in an efficient and effective manner; (ii) the challenges in achieving strategic objectives, cost savings and other benefits from acquisitions; (iii) the risk that our markets do not evolve as anticipated and that the technologies acquired do not prove to be those needed to be successful in those markets; (iv) the potential loss of key employees of the acquired businesses; (v) the risk of diverting the attention of senior management from our operations; (vi) the risks of entering new markets in which we have limited experience; (vii) risks associated with integrating financial reporting and internal control systems; (viii) difficulties in integrating information technology systems and other business processes to accommodate the acquired businesses; and (ix) future impairments of goodwill of an acquired business. In particular, failure to achieve targeted cost and revenue synergies could negatively impact our business performance.

Certain acquisition candidates in the industries in which we participate may carry higher relative valuations (based on revenues, earnings, cash flow, or other relevant multiples) than we do. This is particularly evident in software and services businesses. Acquiring a business that has a higher relative valuation than Motorola Solutions may be dilutive to our earnings. In addition, we may not pursue opportunities that are highly dilutive to near-term earnings.

Key employees of acquired businesses may receive substantial value in connection with a transaction in the form of cash payments for their ownership interest, particularly in the case of founders, change-in-control agreements, acceleration of stock options and the lifting of restrictions on other equity-based compensation rights. To retain such employees and integrate the acquired business, we may offer additional retention incentives, but it may still be difficult to retain certain key employees.

*We may be required to record additional goodwill or other long-lived asset impairment charges, which could result in additional significant charges to earnings.*

Under generally accepted accounting principles, we review our long-lived assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is assessed for impairment at least annually. Factors that may be considered in assessing whether goodwill or intangible assets may not be recoverable include a decline in our stock price or market capitalization, reduced estimates of future cash flows and slower growth rates in our industry. No goodwill or long-lived assets impairment charges were recorded during 2013, 2012 or 2011. Declines in our stock price or reductions in our future cash flow estimates and future operating results may require us to record significant additional goodwill or other long-lived asset impairment charges in our financial statements in future periods, which could negatively impact our financial results.

*Our success depends in part upon our ability to attract, retain and prepare succession plans for senior management and key employees.*

The performance of our CEO, senior management and other key employees is critical to our success. If we are unable to retain talented, highly qualified senior management and other key employees or attract them when needed, it could negatively impact us. We rely on the experience of our senior management, who have specific knowledge relating to us and our industry that is difficult to replace and competition for management with experience in the communications industry is intense. A loss of the CEO, a member of senior management or key employee particularly to a competitor could also place us at a competitive disadvantage. Further, if we fail to adequately plan for the succession of our CEO, senior management and other key employees, the Company could be negatively impacted.

*It may be difficult for us to recruit and retain the types of engineers and other highly-skilled employees that are necessary to remain competitive and layoffs of such skilled employees as a result of restructuring activities or cost reductions may benefit our competitors.*

Competition for key technical personnel in high-technology industries is intense. We believe that our future success depends in large part on our continued ability to hire, assimilate, retain and leverage the skills of qualified engineers and other highly-skilled personnel needed to develop successful new products. We may not be as successful as our competitors at recruiting, assimilating, retaining and utilizing these highly-skilled personnel. In addition, as we have restructured our operations we have, in some cases, had to layoff engineers and other highly skilled employees. If these employees were to go to work for our competitors it could have a negative impact on our business.

*The unfavorable outcome of any pending or future litigation, arbitration or administrative action could have a material adverse effect on our financial condition or results of operations.*

From time to time we are made a party to litigation, arbitration or administrative actions. Our financial results and reputation could be negatively impacted by unfavorable outcomes to any pending or future litigation or administrative actions, including those related to the Foreign Corrupt Practices Act and other anti-corruption laws. There can be no assurances as to the favorable outcome of any litigation or administrative proceedings. In addition, it can be very costly to defend litigation or administrative proceedings and these costs could negatively impact our financial results.

*It is important that we are able to obtain many different types of insurance, and if we are not able to obtain insurance or we exhaust our coverage we are forced to retain the risk.*

We have many types of insurance coverage and are also self-insured for some risks and obligations. While the cost and availability of most insurance is stable, there are still certain types and levels of insurance that remain difficult to obtain, such as professional liability insurance, which is expensive to obtain for the amount of coverage often requested by certain customers. As we grow our global solutions and services business we are being asked to obtain higher amounts of professional liability insurance, which could result in higher costs to do business. Natural disasters and certain risks arising from securities claims, professional liability and public liability are potential self-insured events that could negatively impact our financial results. In addition, while we maintain insurance for certain risks, the amount of our insurance coverage may not be adequate to cover all claims or liabilities, and we may be forced to bear substantial costs from an accident, incident or claim. In addition, businesses that Motorola Solutions has sold or spun off may be able to use insurance obtained by us for incidents occurring prior to the sale or spin-off of such business which could reduce the amount of insurance available to us.

*Changes in our operations or sales outside the U.S. markets could result in lost benefits in impacted countries and increase our cost of doing business.*

We have entered into various agreements with non-U.S. governments, agencies or similar organizations under which we receive certain benefits relating to its operations and/or sales in the jurisdiction. If our circumstances change, and operations or sales are not at levels originally anticipated, we may be at risk of having to reimburse benefits already granted, and losing some or all of these benefits and increasing our cost of doing business.

*We are subject to a wide range of product regulatory and safety, consumer, worker safety and environmental laws.*

Our operations and the products we manufacture and/or sell are subject to a wide range of product regulatory and safety, consumer, worker safety and environmental laws. Compliance with such existing or future laws could subject us to future costs or liabilities, impact our production capabilities, constrict our ability to sell, expand or acquire facilities, restrict what products and services we can offer, and generally impact our financial performance. Some of these laws are environmental and relate to the use, disposal, clean up of, and exposure to certain substances. For example, in the U.S., laws often require parties to fund remedial studies or actions regardless of fault and often times in response to action or omissions that were legal at the time they occurred. We continue to incur disposal costs and have ongoing remediation obligations. Changes to environmental laws or our discovery of additional obligations under these laws could have a negative impact on our financial performance.

Laws focused on: the energy efficiency of electronic products and accessories; recycling of both electronic products and packaging; reducing or eliminating certain hazardous substances in electronic products; and the transportation of batteries continue to expand significantly. Laws pertaining to accessibility features of electronic products, standardization of connectors and power supplies, the transportation of lithium-ion batteries and other aspects are also proliferating. There are also demanding and rapidly changing laws around the globe related to issues such as product safety, radio interference, radio frequency radiation exposure, medical related functionality, and consumer and social mandates pertaining to use of wireless or electronic equipment. These laws, and changes to these laws, could have a substantial impact on whether we can offer certain products, solutions and services, on product costs, and on what capabilities and characteristics our products or services can or must include.

These laws impact our products and negatively affect our ability to manufacture and sell products competitively. We expect these trends to continue. In addition, we anticipate that we will see increased demand to meet voluntary criteria related to reduction or elimination of certain constituents from products, increasing energy efficiency, and providing additional accessibility.

*We may be unable to obtain components and parts that are verified to be Democratic Republic of Congo ("DRC") Conflict Free, which could result in a reputational damages if we disclose that our products include minerals that have been identified as "not found to be DRC conflict free" or if we disclose that we are unable to determine whether such minerals are included in our products.*

The Dodd-Frank Wall Street Reform and Consumer Protection Act included disclosure requirements regarding the use of tin, tantalum, tungsten and gold (which are defined as "conflict minerals") in our products and if the origin of these materials were from the DRC or an adjoining country. If the minerals originated from the DRC or an adjoining country then a company

must disclose the measures it has taken to exercise due diligence and chain of custody to prevent the sourcing of such minerals that have been found to be financing conflict in the DRC. The final rules implementing these requirements were released in August 2012. The short implementation time frame may limit the pool of suppliers who can provide us verifiable DRC Conflict Free components and parts, particularly since our supply chain is complex. As a result, we may be required to publicly disclose that we are not currently able to determine if our products are DRC Conflict Free during the two year implementation period. After the end of such two year period, if the industry systems that we are relying on are not mature enough for us to make a definitive Conflict Free determination, we will have to declare our products as “not found to be DRC conflict free” and we may face reputational challenges with our customers, other stockholders and the activist community as a result.

*We contributed a significant portfolio of intellectual property rights, including patents, to Motorola Mobility and we are unable to leverage these intellectual property rights as we did prior to the distribution of Motorola Mobility.*

We contributed approximately 17,200 granted patents and approximately 8,000 pending patent applications worldwide to Motorola Mobility in connection with the distribution. Although we have a perpetual, royalty free license to these patents and other intellectual property rights, which survived the acquisition of Motorola Mobility by Google and will survive the acquisition of Motorola Mobility by Lenovo, we no longer own them. As a result we are unable to leverage these intellectual property rights for purposes of generating licensing revenue or entering into favorable licensing arrangements with third-parties. As a result we may incur increased license fees or litigation costs. Although we cannot predict the extent of such unanticipated costs, it is possible such costs could negatively impact our financial results.

### **Item 1B: Unresolved Staff Comments**

None.

### **Item 2: Properties**

Motorola Solutions' principal executive offices are located at 1303 East Algonquin Road, Schaumburg, Illinois 60196. Motorola Solutions also operates manufacturing facilities and sales offices in other U.S. locations and in many other countries.

As of December 31, 2013, we owned 16 facilities (manufacturing, sales, service and office), 12 of which were located in North America and four of which were located in other countries. As of December 31, 2013, the Company leased 227 facilities, 97 of which were located in North and South America and 130 of which were located in other countries. As of December 31, 2013, we primarily utilized four major facilities for the manufacturing and distribution of our products, and these facilities were located in: Penang, Malaysia; Reynosa, Mexico; Schaumburg, Illinois; and Berlin, Germany.

We generally consider the productive capacity of the plants to be adequate and sufficient for our requirements. The extent of utilization of each manufacturing facility varies throughout the year.

In 2013, a substantial portion of our products were manufactured in facilities in Mexico and Malaysia. Approximately 33% of our manufacturing, based on volume, is done by a small number of non-affiliated electronics manufacturing suppliers and distribution and logistics services providers, most of which are outside the U.S. We rely on these third-party providers in order to enhance our ability to lower costs and deliver products that meet consumer demands. If manufacturing in Mexico, Malaysia, or by third-parties were disrupted, our overall productive capacity could be significantly reduced.

### **Item 3: Legal Proceedings**

We are a defendant in various suits, claims and investigations that arise in the normal course of business. In the opinion of management, the ultimate disposition of our pending legal proceedings will not have a material adverse effect on our consolidated financial position, liquidity or results of operations. However, an unfavorable resolution could have a material adverse effect on our 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 obtained changes management's opinion of the ultimate disposition.

### **Item 4: Mine Safety Disclosures**

Not applicable.

## **Executive Officers of the Registrant**

Following are the persons who were the executive officers of Motorola Solutions, their ages, and their current titles and positions they have held during the last five years with the Company as of February 13, 2014 :

Gregory Q. Brown; age 53; Chairman and Chief Executive Officer, since May 3, 2011; President and Chief Executive Officer from January 2011 to May 2011; Co-Chief Executive Officer, and Chief Executive Officer of Broadband Mobility Solutions business from August 2008 to January 2011.

Gino A. Bonanotte; age 49; Executive Vice President and Chief Financial Officer since November 13, 2013; Corporate Vice President and Acting Chief Financial Officer from August 2013 to November 2013; Corporate Vice President, Finance, Sales and Field Operations, from October 2012 to August 2013; Corporate Vice President, Finance, Product and Business Operations and Americas Field Operations from September 2010 to October 2012; Vice President, Finance, North America & Latin America Field Operations, Enterprise Mobility Solutions business from December 2009 to September 2010; and Vice President, Finance, North America, Government and Public Safety, Enterprise Mobility Solutions business from January 2009 to December 2009.

Michele A. Carlin; age 52; Senior Vice President, Human Resources and Communications since August 14, 2013; Senior Vice President, Human Resources from January 2011 to August 2013; Senior Vice President, Human Resources from November 2009 to January 2011; Corporate Vice President, Human Resources, Global Rewards and HR Shared Services from July 2008 to October 2009.

Eduardo F. Conrado; age 47; Senior Vice President, Marketing and IT since January 6, 2013; Senior Vice President, Chief Marketing Officer from January 2011 to January 2013; Senior Vice President and Chief Marketing Officer, Motorola Solutions business from September 2010 to January 2011; Senior Vice President, Chief Marketing Officer, Enterprise Mobility Solutions business and Home & Networks Mobility business from March 2009 to September 2010; Corporate Vice President, Marketing and Communications, Home and Networks Mobility business from December 2007 to March 2009.

Mark S. Hacker; age 42; Senior Vice President and General Counsel since June 17, 2013; Corporate Vice President, Law, Sales and Product Operations, International and Legal Operations from January 2013 to June 2013; Corporate Vice President, Law, Sales and Field Operations and Legal Operations from January 2012 to January 2013; Vice President, Sales and Field Operations and Legal Operations from November 2011 to January 2012; Vice President, Legal Operations and International Law from April 2011 to November 2011; Vice President, Law from September 2010 to April 2011; Vice President, Enterprise Mobility Solutions and Networks business, from August 2010 to September 2010; Vice President, Law, Networks business from April 2010 to August 2010; Vice President and Lead Counsel, Home and Networks Mobility business from March 2009 to April 2010.

Kelly S. Mark; age 42; Corporate Vice President, Strategy since July 25, 2011; Corporate Vice President, Strategy and Staff Operations, from January 2011 to July 2011; Corporate Vice President, Strategy, Motorola Solutions, from September 2010 to January 2011; Vice President, Chief of Staff, from January 2008 to September 2010.

Mark F. Moon; age 50; Executive Vice President and President, Sales and Product Operations since January 7, 2013; Executive Vice President, Sales and Field Operations from May 2011 to January 2013; Senior Vice President, Sales and Field Operations from January 2011 to May 2011; Senior Vice President, Sales and Field Operations, Motorola Solutions business from August 2010 to January 2011; Senior Vice President, Worldwide Field Operations, Enterprise Mobility Solutions business from April 2009 to August 2010; Senior Vice President, Government and Commercial Markets - Americas, ASTRO Product Management, Enterprise Mobility Solutions business from January 2008 to April 2009.

John K. Wozniak; age 42; Corporate Vice President and Chief Accounting Officer since November 3, 2009; Vice President and Assistant Controller from March 2008 to November 2009.

The above executive officers will serve as executive officers of Motorola Solutions until the regular meeting of the Board of Directors in May 2014 or until their respective successors are elected. There is no family relationship between any of the executive officers listed above.



## PART II

### Item 5: Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Motorola Solutions' common stock is listed on the New York and Chicago Stock Exchanges. The number of stockholders of record of its common stock on January 31, 2014 was 44,962 .

Information regarding securities authorized for issuance under equity compensation plans is incorporated by reference to the information under the caption “Equity Compensation Plan Information” of Motorola Solutions’ Proxy Statement for the 2014 Annual Meeting of Stockholders. The remainder of the response to this Item incorporates by reference Note 16, “Quarterly and Other Financial Data (unaudited)” of the Notes to Consolidated Financial Statements appearing under “Item 8: Financial Statements and Supplementary Data.”

The following table provides information with respect to acquisitions by the Company of shares of its common stock during the quarter ended December 31, 2013 .

#### ISSUER PURCHASES OF EQUITY SECURITIES

<i>Period</i>	<i>(a) Total Number of Shares Purchased</i>	<i>(b) Average Price Paid per Share <sup>(1)</sup></i>	<i>(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Program <sup>(2)</sup></i>	<i>(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Program <sup>(2)</sup></i>
9/29/13 to 10/25/13	224,656	\$ 59.65	224,656	\$ 2,104,836,994
10/26/13 to 11/22/13	2,398,560	\$ 63.37	2,398,560	\$ 1,952,843,005
11/23/13 to 12/31/13	2,992,530	\$ 65.67	2,992,530	\$ 1,756,316,182
<b>Total</b>	<b>5,615,746</b>	<b>\$ 64.45</b>	<b>5,615,746</b>	

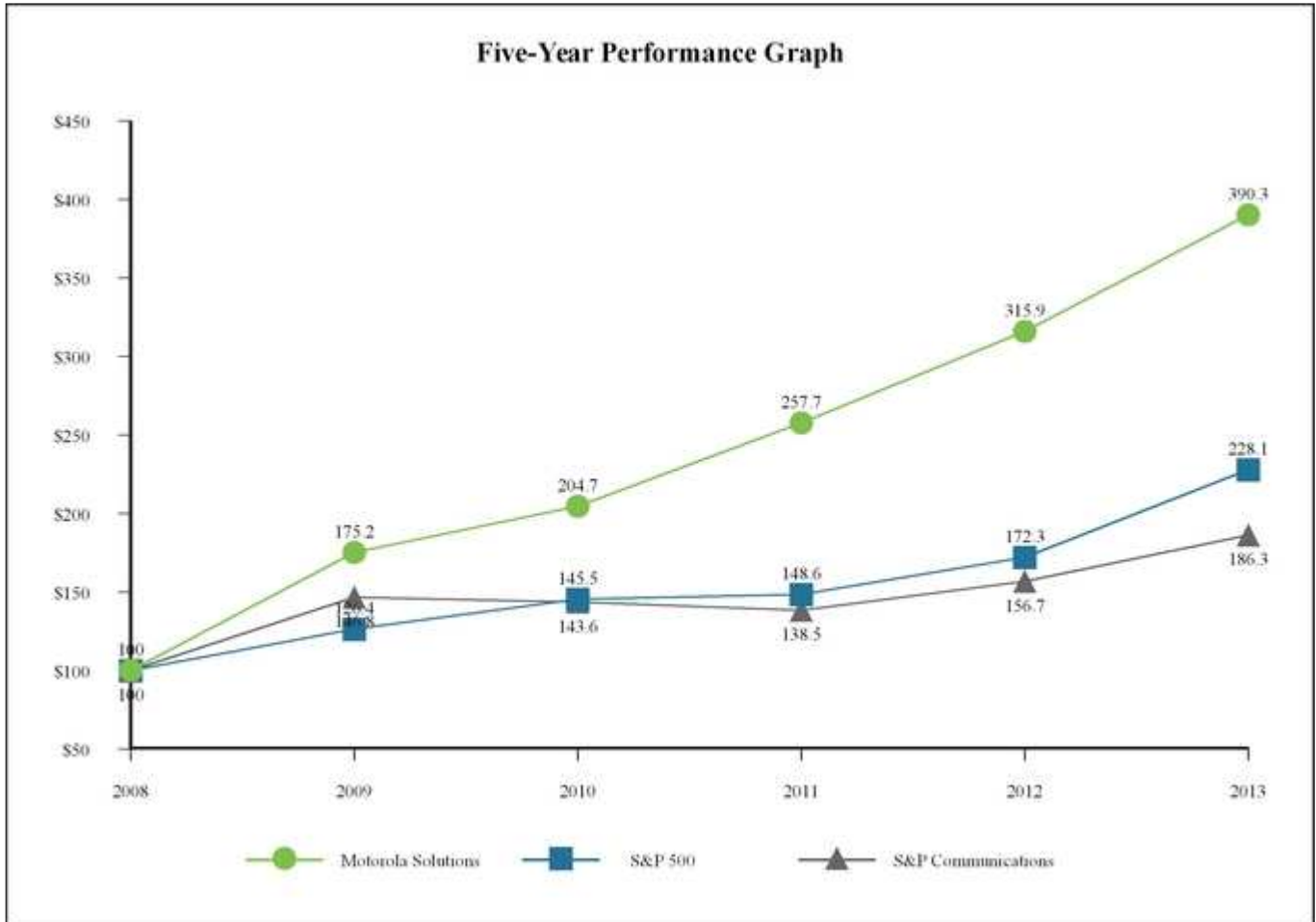
(1) Average price paid per share of common stock repurchased is the execution price, including commissions paid to brokers.

(2) Through actions taken on July 28, 2011, January 30, 2012, July 25, 2012, and July 22, 2013, the Board of Directors has authorized the Company to repurchase an aggregate amount of up to \$7.0 billion of its outstanding shares of common stock (the “share repurchase program”). The share repurchase program does not have an expiration date.

## PERFORMANCE GRAPH

The following graph compares the five-year cumulative total returns of Motorola Solutions, Inc., the S&P 500 Index and the S&P Communications Equipment Index.

This graph assumes \$100 was invested in the stock or the Index on December 31, 2008 and reflects the payment of dividends, including the Company's distribution to its shareholders of one share of Motorola Mobility for every eight shares of its common stock on January 4, 2011. For purposes of this graph, the Motorola Mobility distribution is treated as a dividend of \$26.46 per share (post the 1-for-7 reverse stock split announced on the same day, January 4, 2011) paid at the close of business January 4, 2011.



## Item 6: Selected Financial Data

### Motorola Solutions, Inc. and Subsidiaries Five-Year Financial Summary

Years Ended December 31

(In millions, except per share amounts)

	2013	2012	2011	2010	2009
<b>Operating Results</b>					
Net sales from products	\$ 6,118	\$ 6,363	\$ 6,068	\$ 5,616	\$ 5,026
Net sales from services	2,578	2,335	2,135	2,001	1,921
Net sales	8,696	8,698	8,203	7,617	6,947
Costs of product sales	2,852	2,844	2,723	2,523	2,221
Costs of services sales	1,603	1,506	1,334	1,282	1,249
Costs of sales	4,455	4,350	4,057	3,805	3,470
Gross margin	4,241	4,348	4,146	3,812	3,477
Selling, general and administrative expenses	1,838	1,963	1,912	1,874	1,662
Research and development expenditures	1,055	1,075	1,035	1,037	993
Other charges	133	54	341	150	255
Operating earnings	1,215	1,256	858	751	567
Other income (expense):					
Interest expense, net	(113)	(66)	(74)	(129)	(133)
Gains on sales of investments and businesses, net	40	39	23	49	108
Other	3	(14)	(69)	(7)	91
Total other income (expense)	(70)	(41)	(120)	(87)	66
Earnings from continuing operations before income taxes	1,145	1,215	738	664	633
Income tax expense (benefit)	40	337	(3)	403	188
Earnings from continuing operations	1,105	878	741	261	445
Earnings (loss) from discontinued operations, net of tax	—	3	411	389	(473)
Net earnings (loss)	1,105	881	1,152	650	(28)
Less: Earnings (loss) attributable to noncontrolling interests	6	—	(6)	17	23
Net earnings (loss) attributable to Motorola Solutions, Inc.	\$ 1,099	\$ 881	\$ 1,158	\$ 633	\$ (51)
<i>Amounts attributable to Motorola Solutions, Inc. common stockholders:</i>					
Earnings from continuing operations, net of tax	\$ 1,099	\$ 878	\$ 747	\$ 244	\$ 422
Earnings (loss) from discontinued operations, net of tax	—	3	411	389	(473)
Net earnings (loss)	\$ 1,099	\$ 881	\$ 1,158	\$ 633	\$ (51)
<b>Per Share Data (in dollars)</b>					
Diluted earnings from continuing operations per common share	\$ 4.06	\$ 2.95	\$ 2.20	\$ 0.72	\$ 1.28
Diluted earnings (loss) per common share	4.06	2.96	3.41	1.87	(0.15)
Diluted weighted average common shares outstanding (in millions)	270.5	297.4	339.7	338.1	329.9
Dividends declared per share	\$ 1.14	\$ 0.96	\$ 0.22	\$ —	\$ —
<b>Balance Sheet</b>					
Total assets	\$ 11,851	\$ 12,679	\$ 13,929	\$ 25,577	\$ 25,603
Long-term debt	2,457	1,859	1,130	2,098	3,258
Total debt	2,461	1,863	1,535	2,703	3,794
Total stockholders' equity	3,689	3,290	5,274	10,987	9,883
<b>Other Data</b>					
Capital expenditures	\$ 191	\$ 187	\$ 186	\$ 192	\$ 136
% of sales	2.2%	2.1%	2.3%	2.5%	2.0%
Research and development expenditures	\$ 1,055	\$ 1,075	\$ 1,035	\$ 1,037	\$ 993
% of sales	12.1%	12.4%	12.6%	13.6%	14.3%
Year-end employment (in thousands)	21	22	23	51	53



## Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion and analysis of our financial position and results of operations for each of the three years in the period ended December 31, 2013. This commentary should be read in conjunction with our consolidated financial statements and the notes thereto appearing under "Item 8: Financial Statements and Supplementary Data."

### Executive Overview

#### What businesses are we in?

We conduct our businesses globally and manage them by product lines. Our broad lines of products are categorized into two segments, which are:

**Government:** The Government segment includes public safety communications systems, professional and commercial two-way communication systems, and the devices, system software and applications that are associated with these products. Service revenues included in the Government segment are primarily those associated with the design, installation, maintenance and optimization of equipment for communication systems, as well as lifecycle management solutions and a portfolio of managed system services.

**Enterprise:** The Enterprise segment includes rugged and enterprise-grade mobile computers and tablets, laser/imaging/radio frequency identification ("RFID") based data capture products, wireless local area network ("WLAN") and integrated digital enhanced network ("iDEN") infrastructure, software and applications that are associated with these products. Enterprise service revenues include maintenance, integration, and device and network management.

#### Change in Presentation

As of January 1, 2013, we restructured our regions by aligning the Middle East go-to-market team with Asia Pacific. Accordingly, we now report net sales for the following four geographic regions: North America; Latin America; Europe and Africa ("EA"); and Asia Pacific and Middle East ("APME"). We have updated all periods presented to reflect this change in presentation.

#### What were our 2013 financial results?

- Net sales were \$8.7 billion in both 2013 and 2012.
- Operating earnings were \$1.2 billion in 2013, compared to \$1.3 billion in 2012. Operating margin was 14.0% of net sales in 2013, compared to 14.4% of net sales in 2012.
- Earnings from continuing operations were \$1.1 billion, or \$4.06 per diluted common share, including a \$1.25 tax benefit, in 2013, compared to \$878 million, or \$2.95 per diluted common share, in 2012.
- Cash from operating activities was \$944 million in 2013, compared to \$1.1 billion in 2012.
- We provided \$1.7 billion in cash to shareholders through share repurchases and \$292 million in cash dividends during 2013.
- We issued \$600 million of 3.50% senior notes due 2023 in the first quarter of 2013.

#### What were the financial results for our two segments in 2013?

- *In the Government segment:* Net sales were \$6.0 billion in 2013, an increase of \$41 million, or 1%, compared to \$6.0 billion in 2012. On a geographic basis, net sales increased in North America, Latin America and EA and declined in APME compared to 2012. Operating earnings were \$979 million in 2013, compared to \$965 million in 2012. Operating margin improved in 2013 to 16.2% from 16.1% in 2012.
- *In the Enterprise segment:* Net sales were \$2.7 billion in 2013, a decrease of \$43 million, or 2%, compared to \$2.7 billion in 2012. On a geographic basis, net sales declined in North America and Latin America and increased in EA and APME, compared to 2012. Operating earnings were \$236 million in 2013, compared to \$291 million in 2012. Operating margin decreased in 2013 to 8.9% from 10.7% in 2012.

#### What were our major accomplishments in 2013?

- *In our Government segment:* Sales, operating earnings, and operating margins increased as compared to 2012. We saw strong growth in infrastructure and services in both our ASTRO and TETRA product lines, driven by one of our best "large deal" years in our history with anticipated deployments leading to long-term revenue streams over multiple-year rollouts. One of these large deals was our first public safety LTE contract with a country outside the U.S.

While our PCR product line revenues declined in 2013, coming off a record year driven by narrowbanding in 2012, we've expanded the portfolio to include several digital radio platforms, complete with multi-site coverage. We also

acquired Twisted Pair Solutions during the fourth quarter, which further extends our MOTOTRBO radio to commercial smartphone device users as well. One of the key long-term growth drivers for the PCR market is the majority of the 40 million radios deployed in the global market that are still analog technology. We are leading that transition to digital with the most comprehensive portfolio in the PCR market.

In 2013, we made progress expanding our services business and, in particular, lifecycle management contracts. These agreements provide customers with the ability to stay current on the latest software versions with routine upgrades. We have signed almost 200 of these agreements over the past three years. These contracts tend to be long in duration, with approximately 40% of the new ASTRO agreements we signed this year to be completed over at least ten years.

We had one of our best years in TETRA in EA, driven by the continued expansion of our infrastructure footprint with this mission-critical standard. We signed a number of large deals including: (i) a multi-year support contract for Airwave's Critical Communications Network, one of the largest TETRA networks in the world, delivering voice and data services to the UK's emergency services and (ii) a \$187 million public safety contract with Libya to provide country-wide coverage.

- *In our Enterprise segment:* The core product lines stabilized and returned to growth over the second half of the year as we grew backlog and saw increased spending in the industry. Our focus this year has been on improving the business operationally and financially, with a stronger portfolio with investments in the Android operating platform and new devices. As Android has emerged, we are well positioned with a truly enterprise-grade portfolio, complete with our own Motorola Extensions product to enhance, integrate and secure the Android operating system. We have four new models running on the current version of Android and our MC67 is available on both Windows and Android.

We began to see traction at the end of the year within our expansion portfolio, including the MC40, SB1 and MP6000 as deals move from trial to adoption. In addition, we continue to launch innovative products in our core verticals such as the DS4800 in retail and the VC70 for manufacturing and warehouse operations. We have also made progress in building out our managed services capabilities with mobility lifecycle management, as we help customers streamline deployment, optimize performance and manage their environment.

## Looking Forward

In the Government segment, we feel we are well positioned for 2014 with strong backlog and solid demand from state and local governments and many international markets. We believe that while regulatory mandates to improve spectrum efficiency have encouraged some of our U.S. customers to upgrade, our new product introductions and expanded solutions portfolio will continue to be a driver for growth across our U.S. and international markets, as customers will continue to invest in our next-generation systems with the assurance that new radios with enhanced features remain interoperable and backward-compatible.

In addition to our investment in our radio communication systems, we have been investing in R&D for next generation public safety. Private public safety broadband networks based on the LTE standard are an important next generation tool for our first-responder customers, and we believe our expertise in both public and private networks makes us uniquely qualified to provide LTE solutions. During 2013, we experienced delays in public safety LTE opportunities and the deployment of LTE networks due to the finalization of standards. We now expect to see an increase in public safety LTE revenues beginning in 2015 and beyond, led initially by international deployments.

We're driving growth in verticals beyond public safety. We've secured contracts with energy and utility customers and expect this trend to continue in 2014. We continue to make tailored investments for vertical expansion. For example, new features within the ASTRO product portfolio include special alerts for the mining market and enhanced data for meter reading capabilities to serve the utilities market.

Our government customer base is composed of thousands of customers, predominantly at the U.S. state and local level with various funding sources. These customers are at different stages of network evolution and aging in a long cycle business. We believe the fundamentals for our business and customer base provide a significant degree of resiliency for this segment as we continue to see strength within the international government market and U.S. state and local governments.

While we saw declines for full year 2013 in the Enterprise segment due to delayed spend by our customers as they continued to address a challenging macroeconomic environment, prioritized funding for cloud and ERP maintenance, and encountered some uncertainty around operating system roadmaps, we saw increased spending and growth in the second half of 2013. We have experienced strong customer engagements that lead us to believe customers will continue to invest in our mobile computing, data capture, and WLAN technologies, which yield high return on investment and enable real-time information to their workforce. In addition, we believe IT hardware spending trends will be more favorable during 2014.

We believe we are well positioned to provide our customers with choices when it comes to operating systems. Our investments in software enable enables our partners and customers to write and port applications to multiple operating systems. This applies to various enterprise environments, including devices on Microsoft with Windows Embedded 8, Android, and at the web-browser level, HTML5. Outside of our investment in mobile computing, we continue to invest in new products across the Enterprise portfolio that serve many existing customers, but address market opportunities that are new to us.

For our iDEN business, as our existing contractual service arrangements wind down, we expect to see a continued step-down in revenues over the next three years, with the most significant decline expected in 2014.

We remain committed to employing disciplined financial policies, achieving our financial plan, and optimizing our capital structure in a way that is reflective of our ability to generate solid operating cash flow and prioritize targeted investments in the business. In 2014, we expect to continue the quarterly dividends that were initiated in 2011 and intend to continue to invest organically in capital expenditures. We will also evaluate our acquisition opportunities along with the opportunities to return capital to shareholders via share repurchases. As of December 31, 2013, we had approximately \$1.8 billion of authority available for repurchases.

## Results of Operations

<i>(Dollars in millions, except per share amounts)</i>	<i>Years ended December 31</i>					
	<b>2013</b>	<b>% of Sales **</b>	2012	% of Sales **	2011	% of Sales **
Net sales from products	\$ 6,118		\$ 6,363		\$ 6,068	
Net sales from services	2,578		2,335		2,135	
Net sales	<b>8,696</b>		8,698		8,203	
Costs of product sales	2,852	46.6 %	2,844	44.7 %	2,723	44.9 %
Costs of services sales	1,603	62.2 %	1,506	64.5 %	1,334	62.5 %
Costs of sales	<b>4,455</b>	<b>51.2 %</b>	4,350	50.0 %	4,057	49.5 %
Gross margin	<b>4,241</b>	<b>48.8 %</b>	4,348	50.0 %	4,146	50.5 %
Selling, general and administrative expenses	1,838	21.1 %	1,963	22.6 %	1,912	23.3 %
Research and development expenditures	1,055	12.1 %	1,075	12.4 %	1,035	12.6 %
Other charges	133	1.5 %	54	0.6 %	341	4.2 %
Operating earnings	<b>1,215</b>	<b>14.0 %</b>	1,256	14.4 %	858	10.5 %
Other income (expense):						
Interest expense, net	(113)	(1.3)%	(66)	(0.8)%	(74)	(0.9)%
Gains on sales of investments and businesses, net	40	0.5 %	39	0.4 %	23	0.3 %
Other	3	— %	(14)	(0.2)%	(69)	(0.8)%
Total other expense	<b>(70)</b>	<b>(0.8)%</b>	(41)	(0.5)%	(120)	(1.5)%
Earnings from continuing operations before income taxes	<b>1,145</b>	<b>13.2 %</b>	1,215	14.0 %	738	9.0 %
Income tax expense (benefit)	40	0.5 %	337	3.9 %	(3)	— %
Earnings from continuing operations	<b>1,105</b>	<b>12.7 %</b>	878	10.1 %	741	9.0 %
Less: Earnings (loss) attributable to noncontrolling interests	6	0.1 %	—	— %	(6)	(0.1)%
Earnings from continuing operations*	<b>1,099</b>	<b>12.6 %</b>	878	10.1 %	747	9.1 %
Earnings from discontinued operations, net of tax	—	— %	3	— %	411	5.0 %
Net earnings*	<b>\$ 1,099</b>	<b>12.6 %</b>	\$ 881	10.1 %	\$ 1,158	14.1 %
Earnings per common share:						
Continuing operations	\$ 4.06		\$ 2.95		\$ 2.20	
Discontinued operations	—		0.01		1.21	
	<b>\$ 4.06</b>		\$ 2.96		\$ 3.41	

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

\*\* Percentages may not add due to rounding.



Geographic market sales measured by the locale of the end customer as a percent of total net sales for 2013 , 2012 and 2011 are as follows:

### Geographic Market Sales by Locale of End Customer

	2013	2012	2011
North America	57%	58%	57%
Latin America	8%	8%	9%
EA	21%	20%	20%
APME	14%	14%	14%
	<b>100%</b>	<b>100%</b>	<b>100%</b>

#### Results of Operations— 2013 Compared to 2012

##### *Net Sales*

Net sales were \$8.7 billion in both 2013 and 2012 . The flat net sales reflect: (i) a \$41 million , or 1% increase in net sales in the Government segment driven by growth in our infrastructure and deployment services, and (ii) a \$43 million , or 2% decrease in net sales in the Enterprise segment driven by the anticipated decline in iDEN infrastructure sales, partially offset by incremental net sales due to the acquisition of Psion.

##### *Gross Margin*

Gross margin was \$4.2 billion , or 48.8% of net sales in 2013 , compared to \$4.3 billion , or 50.0% of net sales, in 2012 . The decrease in gross margin percentage was driven primarily by: (i) a mix change in the Government segment where infrastructure and deployment services growth was offset by radio declines, (ii) lower iDEN sales, which typically have higher margins, and (iii) higher Psion sales in its first full year since being acquired in the fourth quarter of 2012, which typically have lower margins than other core product lines in the Enterprise segment.

##### *Selling, General and Administrative Expenses*

Selling, general and administrative (“SG&A”) expenses decreased 6% to \$1.8 billion , or 21.1% of net sales in 2013 , compared to \$2.0 billion , or 22.6% of net sales in 2012 . The decrease in SG&A is primarily driven by: (i) a number of structural cost improvements, (ii) decrease in variable compensation expenses, and (iii) a decrease in defined benefit expenses, partially offset by incremental expenses related to the Psion acquisition.

##### *Research and Development Expenditures*

R&D expenditures decreased 2% to \$1.1 billion , or 12.1% of net sales in 2013 , compared to \$1.1 billion , or 12.4% of net sales in 2012 . The decrease in R&D expenditures is primarily due to: (i) reduced compensation expenses and (ii) reduced iDEN expenses within the Enterprise segment, partially offset by incremental expenses relating to the Psion acquisition.

##### *Other Charges*

We recorded net charges of \$133 million in Other charges in 2013 , compared to net charges of \$54 million in 2012 . The charges in 2013 included: (i) \$107 million of net reorganization of business charges and (ii) \$26 million of charges relating to amortization of intangibles. The charges in 2012 included: (i) \$41 million of charges relating to reorganization of business charges and (ii) \$29 million of charges relating to amortization of intangibles, partially offset by \$16 million of income related to a legal matter. The net reorganization of business charges are discussed in further detail in the “Reorganization of Businesses” section.

##### *Net Interest Expense*

Net interest expense was \$113 million in 2013 , compared to net interest expense of \$66 million in 2012 . Net interest expense in 2013 included interest expense of \$132 million , partially offset by interest income of \$19 million . Net interest expense in 2012 included interest expense of \$108 million , partially offset by interest income of \$42 million . The increase in net interest expense in 2013 compared to 2012 is primarily attributable to: (i) higher interest expense driven by an increase in average debt outstanding and (ii) a decrease in interest income due to lower average cash and cash equivalents during 2013 compared to 2012 .

### *Gains on Sales of Investments and Businesses*

Gains on sales of investments and businesses were \$40 million in 2013 , compared to \$39 million in 2012 . These gains consist of gains on the sale of multiple equity investments in both 2013 and 2012 .

### *Other*

Net Other income was \$3 million in 2013 , compared to net Other expense of \$14 million in 2012 . The net Other income in 2013 was primarily comprised of: (i) \$10 million of equity method investment earnings and (ii) \$11 million of other non-operating gains, partially offset by: (i) a \$12 million loss on foreign currency and (ii) investment impairments of \$6 million . The net Other expense in 2012 was primarily comprised of: (i) a \$13 million loss on foreign currency, (ii) investment impairments of \$8 million , and (iii) a \$6 million loss from the extinguishment of debt, partially offset by \$13 million of other net investment earnings.

### *Effective Tax Rate*

We recorded \$40 million of net tax expense in 2013 , resulting in an effective tax rate of 3% , compared to \$337 million of net tax expense in 2012 , resulting in an effective tax rate of 28% . Our effective tax rate in 2013 was favorably impacted by: (i) \$337 million of net tax benefit, or \$1.25 of diluted earnings per share, associated with excess foreign tax credits realized upon repatriation of foreign earnings, (ii) a \$25 million reduction in our deferred tax liability for undistributed foreign earnings primarily due to our assertion that certain earnings are now permanently reinvested, and (iii) a \$14 million tax benefit for prior year R&D tax credits. Our effective tax rate in 2013 was unfavorably impacted by a \$20 million tax charge associated with the liquidation of the Sigma Fund, as discussed within "Liquidity and Capital Resources."

The tax benefit for excess foreign tax credits relates to the repatriation of foreign earnings of certain non-U.S. subsidiaries reorganized under our recently implemented holding company structure.

Our effective tax rate in 2012 was lower than the U.S. statutory tax rate of 35% primarily due to: (i) a \$60 million tax benefit related to the reversal of a significant portion of the valuation allowance established on certain foreign deferred tax assets and (ii) a \$13 million reduction in unrecognized tax benefits for facts that then indicated the extent to which certain tax positions were more-likely-than-not of being sustained.

Our effective tax rate will change from period to period based on non-recurring events, such as the settlement of income tax audits, changes in valuation allowances and the tax impact of significant unusual or extraordinary items, as well as recurring factors including changes in the geographic mix of income and effects of various global income tax strategies.

### *Earnings from Continuing Operations*

After taxes, we had net earnings from continuing operations of \$1.1 billion , or \$4.06 per diluted share, in 2013 , compared to net earnings from continuing operations of \$878 million , or \$2.95 per diluted share, in 2012 .

The increase in net earnings from continuing operations in 2013 , as compared to 2012 , was primarily driven by: (i) a lower effective tax rate due to the \$337 million of net tax benefit associated with foreign tax credits realized upon repatriation of foreign earnings and (ii) decreased defined benefit expenses of over \$100 million, partially offset by: (i) a \$107 million decrease in gross margin, (ii) a \$83 million increase in reorganization charges, and (iii) a \$47 million increase in net interest expense. The increase in earnings per diluted share was driven by higher net earnings and the reduction in shares outstanding as a result of our share repurchase program.

### *Earnings from Discontinued Operations*

In 2013 , we had no earnings from discontinued operations, compared to \$3 million of earnings from discontinued operations, or \$0.01 per diluted share, in 2012 . The earnings from discontinued operations in 2012 were primarily driven by a purchase price adjustment of a previously disposed business, offset by a loss related to the exit of the amateur, marine and airband business.

## **Results of Operations— 2012 Compared to 2011**

### *Net Sales*

Net sales were \$8.7 billion in 2012, a 6% increase compared to net sales of \$8.2 billion in 2011. The increase in net sales reflects: (i) a \$631 million, or 12% increase in net sales in the Government segment driven by broad based growth across the product portfolio and (ii) a \$136 million, or 5% decrease in net sales in the Enterprise segment driven by the anticipated decline in iDEN sales, reduced information technology spending driven by macroeconomic uncertainty, and unfavorable foreign currency fluctuations.

### *Gross Margin*

Gross margin was \$4.3 billion, or 50.0% of net sales in 2012, compared to \$4.1 billion, or 50.5% of net sales, in 2011. The gross margin increase was driven by the 12% increase in net sales in our Government segment, offset by lower gross margin in our Enterprise segment, primarily related to a decline in volume, including the decline in iDEN sales, and unfavorable foreign currency fluctuations. The decrease in gross margin as a percent of sales reflects higher gross margin percent from product sales and lower gross margin percent from service sales. The decline in gross margin percentage from service sales primarily relates to: (i) the expansion of managed services, which generally have lower gross margin than our traditional service contracts and (ii) unfavorable foreign currency fluctuations.

### *Selling, General and Administrative Expenses*

Selling, general and administrative (“SG&A”) expenses increased 3% to \$2.0 billion, or 22.6% of net sales in 2012, compared to \$1.9 billion, or 23.2% of net sales in 2011. The increase in SG&A expenses is driven by an increase in pension and employee benefit-related expenses, as well as the Psion acquisition that closed in the fourth quarter of 2012.

### *Research and Development Expenditures*

R&D expenditures increased 4% to \$1.1 billion, or 12.4% of net sales in 2012, compared to \$1.0 billion, or 12.6% of net sales in 2011. The increase in R&D expenditures reflects higher R&D expenditures in both segments, primarily due to: (i) an increase in employee benefit-related expenses, and (ii) increased investment in next-generation technology, including strategic acquisitions.

### *Other Charges*

We recorded net charges of \$54 million in Other charges in 2012, compared to net charges of \$341 million in 2011. The charges in 2012 included: (i) \$41 million of net reorganization of business charges and (ii) \$29 million of charges relating to amortization of intangibles, partially offset by \$16 million of income related to a legal matter. The charges in 2011 included: (i) \$200 million of charges relating to the amortization of intangibles, (ii) \$88 million of net charges relating to legal matters, (iii) \$52 million of net reorganization of business charges, and (iv) \$10 million related to a long term financing receivable reserve, partially offset by \$9 million in gains related to pension plan adjustments. The net reorganization of business charges are discussed in further detail in the “Reorganization of Businesses” section.

### *Net Interest Expense*

Net interest expense was \$66 million in 2012, compared to net interest expense of \$74 million in 2011. Net interest expense in 2012 included interest expense of \$108 million, partially offset by interest income of \$42 million. Net interest expense in 2011 includes interest expense of \$132 million, partially offset by interest income of \$58 million. The decrease in net interest expense in 2012 compared to 2011 is primarily attributable to lower interest expense driven by lower average debt outstanding, partially offset by a decrease in interest income due to lower average cash and cash equivalents during 2012 compared to 2011.

### *Gains on Sales of Investments and Businesses*

Gains on sales of investments and businesses were \$39 million in 2012, compared to \$23 million in 2011. In 2012 and 2011, the net gains were primarily comprised of gains related to sales of certain of our equity investments.

### *Other*

Net Other expense was \$14 million in 2012, compared to net Other expense of \$69 million in 2011. The net Other expense in 2012 was primarily comprised of: (i) a \$13 million loss on foreign currency, (ii) a \$6 million loss from the extinguishment of debt, and (iii) investment impairments of \$8 million, partially offset by \$13 million of other net investment earnings. The net Other expense in 2011 was primarily comprised of an \$81 million loss from the extinguishment of a portion of our outstanding long-term debt, partially offset by an \$8 million foreign currency gain.

### *Effective Tax Rate*

We recorded \$337 million of net tax expense in 2012, resulting in an effective tax rate of 28%, compared to a \$3 million net tax benefit in 2011, resulting in a negative effective tax rate. Our effective tax rate in 2012 was lower than the U.S. statutory tax rate of 35% primarily due to: (i) a \$60 million tax benefit related to the reversal of a significant portion of the valuation allowance established on certain foreign deferred tax assets and (ii) a \$13 million reduction in unrecognized tax benefits for facts that then indicated the extent to which certain tax positions were more-likely-than-not of being sustained. Our negative effective tax rate in 2011 was primarily due to: (i) a \$274 million tax benefit related to the reversal of a significant portion of the valuation allowance established on U.S. deferred tax assets and (ii) reductions in unrecognized tax benefits for facts that then indicated the extent to which certain tax positions were more-likely-than-not of being sustained, partially offset by an increase in the U.S. federal income tax accrual for undistributed foreign earnings.

### Earnings from Continuing Operations

After taxes, and excluding earnings attributable to noncontrolling interests, we had net earnings from continuing operations of \$878 million, or \$2.95 per diluted share, in 2012, compared to \$747 million, or \$2.20 per diluted share, in 2011. The increase in earnings from continuing operations in 2012 compared to 2011 was primarily attributable to: (i) \$287 million decrease in other charges related to lower intangible asset amortization, (ii) net income from legal matters of \$16 million compared to charges of \$88 million, and (iii) \$202 million increase in gross margin, partially offset by the \$274 million benefit for the valuation allowance reversal recorded during 2011. The increase in earnings per diluted share was primarily due to the increase in earnings from continuing operations and the reduction in shares outstanding as a result of our share repurchase program.

### Earnings from Discontinued Operations

After taxes, we had earnings from discontinued operations of \$3 million, or \$0.01 per diluted share, in 2012, compared to earnings from discontinued operations of \$411 million, or \$1.21 per diluted share, in 2011. The earnings from discontinued operations in 2011 were primarily from the operations of and the gain on the sale of the Networks business.

## Segment Information

The following commentary should be read in conjunction with the financial results of each operating business segment as detailed in Note 12, "Information by Segment and Geographic Region," to our consolidated financial statements. Net sales and operating results for our two segments for 2013, 2012, and 2011 are presented below.

### Government Segment

In 2013, the Government segment's net sales represented 69% of our consolidated net sales, compared to 69% in 2012, and 65% in 2011.

<i>(Dollars in millions)</i>	<i>Years ended December 31</i>			<i>Percent Change</i>	
	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2013—2012</i>	<i>2012—2011</i>
Segment net sales	\$ 6,030	\$ 5,989	\$ 5,358	1%	12%
Operating earnings	979	965	616	1%	57%

### Segment Results— 2013 Compared to 2012

In 2013, the segment's net sales were \$6.0 billion, a 1% increase compared to 2012. The 1% increase in net sales in the Government segment primarily reflects an increase in sales of infrastructure and deployment services. On a geographic basis, net sales declined in APME, were flat in North America and Latin America, and increased in EA, compared to 2012. Net sales in North America continued to comprise a significant portion of the segment's business, accounting for approximately 64% of the segment's net sales in 2013 and approximately 63% in 2012. North America showed continued strength in sales to state and local governments; however, federal sales declined partially due to sequestration and the government shutdown in October 2013. EA showed strong growth driven by infrastructure and deployment services. Our sales of PCR declined coming off of a record sales year in 2012. The segment's backlog was \$5.4 billion at December 31, 2013 and \$4.9 billion at December 31, 2012.

The segment had operating earnings of \$979 million in 2013, compared to operating earnings of \$965 million in 2012. As a percentage of net sales in 2013 as compared to 2012, gross margin was down 1%, SG&A expenditures decreased, and R&D expenditures decreased. The increase in operating earnings was primarily due to a decrease in SG&A expenses, driven by a decrease in variable compensation expenses and reduced defined benefit plan expenses, partially offset by a mix change where infrastructure and deployment services growth was offset by radio declines.

### Segment Results— 2012 Compared to 2011

In 2012, the segment's net sales were \$6.0 billion, a 12% increase compared to net sales of \$5.4 billion in 2011. The 12% increase in net sales in the Government segment reflects broad based growth across the portfolio and in all regions. Net sales in North America continued to comprise a significant portion of the segment's business, accounting for approximately 63% of the segment's net sales in both 2012 and 2011. The segment's backlog was \$4.9 billion at December 31, 2012 and \$4.4 billion at December 31, 2011.

The segment had operating earnings of \$965 million in 2012, compared to operating earnings of \$616 million in 2011. The increase in operating earnings was primarily due to: (i) an increase in gross margin, driven by the 12% increase in net sales and (ii) a decline in Other charges, driven by net income from legal matters that occurred in 2011, partially offset by an increase in SG&A expenses and R&D expenditures. The increase in SG&A expenses was due to increases in pension and employee benefit related expenses, and the increase in R&D expenditures was driven by higher employee benefit related expenses and

increased investment in next-generation technologies. As a percentage of net sales in 2012 as compared to 2011, gross margin increased slightly due to favorable mix, and operating leverage increased primarily due to the 12% increase in net sales while improving the segment's fixed cost structure.

### Enterprise Segment

In 2013, the Enterprise segment's net sales represented 31% of our consolidated net sales, compared to 31% in 2012, and 35% in 2011.

<i>(Dollars in millions)</i>	<i>Years ended December 31</i>			<i>Percent Change</i>	
	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2013—2012</i>	<i>2012—2011</i>
Segment net sales	\$ 2,666	\$ 2,709	\$ 2,845	(2)%	(5)%
Operating earnings	236	291	242	(19)%	20%

### Segment Results— 2013 Compared to 2012

In 2013, the segment's net sales were \$2.7 billion, a 2% decrease compared to 2012. The 2% decrease in net sales in the Enterprise segment was due to delayed spend by our customers as they continued to address a challenging macroeconomic environment, prioritized funding for cloud and ERP maintenance, and encountered some uncertainty around operating system roadmaps. This decline reflects a decrease in sales of: (i) iDEN, (ii) Data Capture, and (iii) WLAN, partially offset by an increase in Enterprise Mobile Computing sales due to the Psion acquisition. The decrease in net sales for the segment reflects a decline in North America and Latin America, offset by an increase in EA and APME, compared to 2012. The decline in North America was driven by lower sales in the Data Capture and WLAN product groups, while the decline in Latin America was driven by the anticipated decline in iDEN. The increases in EA and APME were primarily driven by Enterprise Mobile Computing sales, with EA net sales increasing due to the Psion acquisition. Data Capture and WLAN product groups grew in the fourth quarter of 2013 as compared to the fourth quarter of 2012 as we saw an increase in customer spending. Net sales in North America continued to comprise a significant portion of the segment's business, accounting for approximately 44% of the segment's net sales in 2013, and approximately 47% in 2012. The segment's backlog was \$833 million at December 31, 2013, compared to \$782 million at December 31, 2012.

The segment had operating earnings of \$236 million in 2013, compared to operating earnings of \$291 million in 2012. As a percentage of net sales in 2013 as compared to 2012, gross margin was 2% lower, SG&A expenditures decreased, and R&D expenditures decreased. The decrease in operating earnings was primarily due to: (i) a decline in gross margin primarily attributable to the anticipated decline in iDEN sales, which typically have higher margins, (ii) an increase in Psion sales with lower margins, and (iii) an unfavorable product and service mix. The decrease in SG&A expenses was driven by a decrease in variable compensation expenses and reduced defined benefit expenses, partially offset by incremental expenses relating to the Psion acquisition.

### Segment Results— 2012 Compared to 2011

In 2012, the segment's net sales were \$2.7 billion, a 5% decrease compared to net sales of \$2.8 billion in 2011. The 5% decrease in net sales in the Enterprise segment reflects a decrease in sales of: (i) iDEN, (ii) Enterprise Mobile Computing, and (iii) WLAN, partially offset by an increase in Data Capture equipment sales. The decrease in net sales for the segment reflects a decline in North America, Latin America, and EA, and an increase in APME. Net sales in North America continued to comprise a significant portion of the segment's business, accounting for approximately 47% of the segment's net sales in 2012, and approximately 46% in 2011. The segment's backlog was \$782 million at December 31, 2012, compared to \$875 million at December 31, 2011. The decline in backlog is primarily related to the anticipated decline in iDEN and reduced information technology spending driven by macroeconomic uncertainty.

The segment had operating earnings of \$291 million in 2012, compared to operating earnings of \$242 million in 2011. The increase in operating earnings was primarily due to a decrease in Other charges as a result of a reduction in intangibles amortization as certain intangible assets are fully amortized, as well as a decline from net legal matters that occurred in 2011. The decrease in Other charges was partially offset by: (i) a decrease in gross margin, primarily attributable to a decline in volume, and unfavorable foreign currency fluctuations, (ii) increased SG&A expenses due to increases in pension and employee benefit related expenses and the acquisition of Psion, and (iii) an increase in R&D expenditures, driven by higher employee benefit expenses and increased investment in next-generation technologies, including the acquisition of Psion. As a percentage of net sales in 2012 as compared to 2011, gross margin decreased primarily related to unfavorable foreign currency fluctuations and product mix, and operating leverage decreased due to the 5% decline in net sales.

### Reorganization of Businesses

During 2013 , we implemented various productivity improvement plans aimed at continuing operating margin improvements by driving efficiencies and reducing operating costs. In 2013 , we recorded net reorganization of business charges of \$133 million relating to the separation of 2,200 employees, of which 1,400 were indirect employees and 800 were direct employees. These charges included \$26 million recorded to Costs of sales and \$107 million of charges within Other charges in our consolidated statements of operations. Included in the aggregate \$133 million are charges of: (i) \$146 million for employee separation costs and (ii) \$3 million for exit costs, partially offset by \$16 million of reversals for accruals no longer needed.

We realized cost-saving benefits of approximately \$27 million in 2013 from the plans that were initiated during 2013 , primarily in operating expenses. Beyond 2013 , we expect the reorganization plans initiated during 2013 to provide annualized cost savings of approximately \$159 million , consisting of \$29 million of savings in Cost of sales, and \$130 million of savings in operating expenses. These cost savings may be payroll or other operating expenses; however, as we continue to outsource manufacturing and other functions, these cost savings may not be realizable as variable outsourced manufacturing and other activities increase.

During 2012 , we recorded net reorganization of business charges of \$50 million , including: (i) \$54 million for employee separation costs, and (ii) \$7 million for building impairments, partially offset by \$11 million for reversals of accruals no longer needed. During 2011 , we recorded net reorganization of business charges of \$58 million , including: (i) \$41 million for employee separation costs and (ii) \$19 million for exit costs, partially offset by \$2 million of reversals for accruals no longer needed.

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

<i>Years ended December 31</i>	<i>2013</i>		<i>2012</i>		<i>2011</i>	
Government	\$	86	\$	33	\$	40
Enterprise		47		17		18
	\$	133	\$	50	\$	58

Cash payments for exit costs and employee separations in connection with these reorganization plans were \$59 million in 2013 , as compared to \$55 million in 2012 , and \$81 million in 2011 . The \$109 million reorganization of businesses accrual remaining at December 31, 2013 , includes: (i) \$103 million relating to employee separation costs that are expected to be paid primarily in 2014 and (ii) \$6 million relating to lease termination obligations that are expected to be paid over a number of years.

## Liquidity and Capital Resources

We decreased our total cash and cash equivalent balances, Sigma Fund, and short-term investments by \$376 million from \$3.6 billion as of December 31, 2012 to \$3.2 billion as of December 31, 2013 . This decrease was primarily due to the return of \$2.0 billion of capital to shareholders through share repurchases and dividends paid during 2013 , partially offset by: (i) \$944 million of operating cash flow and (ii) \$593 million of net proceeds from the issuance of debt.

### *Cash and Cash Equivalents*

At December 31, 2013 , our cash and cash equivalents (which are highly-liquid investments purchased with an original maturity of three months or less) were \$3.2 billion , an increase of \$1.8 billion compared to \$1.5 billion at December 31, 2012 . The increase in cash and cash equivalents is primarily due to the liquidation of the Sigma Fund which had a balance of \$2.1 billion at December 31, 2012 . At December 31, 2013 , \$1.8 billion of the \$3.2 billion cash and cash equivalents balance was held in the U.S. and \$1.4 billion was held in other countries (including \$732 million in the United Kingdom). At both December 31, 2013 and December 31, 2012 , restricted cash was \$63 million .

We continue to analyze and review various repatriation strategies to efficiently repatriate cash. In 2013 , we repatriated approximately \$777 million in cash to the U.S. from international jurisdictions. At December 31, 2013 , we had approximately \$500 million of foreign earnings that are not permanently reinvested and may be repatriated without an additional tax charge to our consolidated statements of operations, given the U.S. federal and foreign income tax accrued on the undistributed earnings and the utilization of available foreign tax credits. Undistributed earnings that we intend to reinvest indefinitely, and for which no income taxes have been provided, aggregate to \$1.4 billion , \$1.0 billion and \$1.0 billion at December 31, 2013 , 2012 and 2011 , respectively. We currently have no plans to repatriate the foreign earnings permanently reinvested. If circumstances change and it becomes apparent that some or all of the permanently reinvested earnings will be remitted to the U.S. in the foreseeable future, an additional income tax charge may be necessary. In the third quarter of 2013, we made a \$150 million cash tax payment, comprised of \$87 million for withholding taxes associated with an intercompany foreign dividend and \$63 million for previously accrued non-U.S. income taxes associated with the settlement of an income tax

audit. Where appropriate, we may also pursue capital reduction activities; however, such activities can be involved and lengthy. While we regularly repatriate funds, and a portion of offshore funds can be repatriated with minimal adverse financial impact, repatriation of some of these funds may be subject to delay for local country approvals and could have potential adverse cash tax consequences.

On January 4, 2011, the distribution of Motorola Mobility from Motorola Solutions was completed. As part of the distribution, we contributed \$3.2 billion of cash and cash equivalents to Motorola Mobility. We had an obligation to fund an additional \$300 million, upon receipt of cash distributions as a result of future capital reductions of an overseas subsidiary, of which \$225 million was paid during 2011 and \$73 million was paid during 2012. These contributions are reflected as financing activities in our consolidated statements of cash flows for the years ended December 31, 2012 and 2011.

### **Operating Activities**

Cash provided by operating activities from continuing operations in 2013 was \$944 million, compared to \$1.1 billion in 2012 and \$848 million in 2011. Operating cash flows in 2013, as compared to 2012, were negatively impacted by: (i) higher cash tax payments, including Indian tax deposits of \$43 million, and (ii) lower collections and sales of long-term receivables, including receivables related to the Networks divestiture that were retained after the sale and sold or collected in 2012, partially offset by: (i) approximately \$190 million of lower defined benefit plan contributions and (ii) improvements in accounts payable metrics. Operating cash flows in 2012, as compared to 2011, were positively impacted by: (i) increased sales and the expansion of operating margins, (ii) a \$156 million decrease in contributions to our pension plans, and (iii) improvements in our working capital management, including approximately \$100 million of sold or collected long-term receivables related to the Networks divestiture that were retained after the sale.

In the first quarter of 2013, the Indian rupee equivalent of \$43 million was seized by the Indian tax authorities from our Indian subsidiary related to Indian income tax and interest assessments currently under review by the Indian and U.S. Competent Authorities. As a result of our appeals, the Supreme Court of India directed the Indian tax authorities to refund the full amount of cash seized and such refund was received by our Indian subsidiary on January 17, 2014.

We contributed \$150 million, \$340 million, and \$489 million to our U.S. pension plans during 2013, 2012, and 2011 respectively. In addition, we contributed \$32 million, \$31 million, and \$38 million to our non-U.S. pension plans during 2013, 2012, and 2011 respectively.

Our pension deficit is impacted by the volatility of corporate bond rates which are used to determine the plan discount rate as well as returns on the pension plan asset portfolio. The discount rate used to measure the U.S. liability at the end of 2013 was 5.15%, compared to 4.35% in the prior year. As a result of the increase in the discount rate, net of contributions and other factors, our total underfunded U.S. pensions at year end decreased to approximately \$1.2 billion. As of December 31, 2013, changing the U.S. pension plans discount rate by one percentage point would change the U.S. pension plans net periodic pension cost in 2014 as follows:

	<i>1% Point Increase</i>	<i>1% Point Decrease</i>
Increase (decrease) in:		
U.S. pension plan net periodic pension costs	\$ (11)	\$ 9

### **Investing Activities**

Net cash provided by investing activities from continuing operations was \$2.0 billion in 2013, compared to \$797 million in 2012 and \$2.4 billion in 2011. The \$1.2 billion increase in net cash provided by investing activities from 2012 to 2013 was primarily due to a \$1.1 billion increase in cash received from sales of Sigma Fund investments, which we exited in the fourth quarter of 2013. The \$1.6 billion decrease in net cash provided by investing activities from 2011 to 2012 was primarily due to: (i) a \$1.2 billion decrease in cash received from sales of investments and businesses relating to the sale of the Networks business and (ii) a \$433 million decrease in cash received from net sales of Sigma Fund investments.

*Sigma Fund:* Prior to December 2013, we invested most of our U.S. dollar-denominated cash in a fund (the "Sigma Fund") that was managed by independent investment management firms under specific investment guidelines restricting the type of investments held and their time to maturity. In December 2013, we completed the liquidation of the Sigma Fund and migrated the international U.S. dollar-denominated cash to a U.S. dollar cash pool invested in U.S. dollar prime money market funds. The creation of the international cash pool enhances our flexibility to fund global operations. These money market funds are classified as Cash and cash equivalents within the consolidated balance sheets as of December 31, 2013. We had net proceeds of \$2.1 billion from sales of Sigma Fund investments in 2013, compared to \$1.1 billion in net proceeds from sales of Sigma Fund investments in 2012 and \$1.5 billion from sales of Sigma Fund investments in 2011.

As of December 31, 2012, we had investments in the Sigma Fund of \$2.1 billion (including \$1.0 billion held outside the U.S.) which was invested in cash and U.S. government, agency, and government-sponsored enterprise obligations.

*Acquisitions and Investments:* We used cash of \$65 million for acquisitions and new investment activities in 2013, compared to \$109 million in 2012 and \$32 million in 2011. The cash used in 2013 was for the acquisition of Twisted Pair, a communications software provider in push-to-talk-over-broadband applications for a purchase price, net of cash acquired, of \$36 million, and other small strategic investments. The cash used in 2012 was primarily for the acquisition of Psion plc, a U.K. based leader in mobile computing solutions, for approximately \$200 million, primarily utilizing foreign cash, partially offset by net proceeds received related to the agreement with NSN to take over responsibility to implement Norway's TETRA public safety network. The cash used in 2011 was for small strategic investments.

*Capital Expenditures:* Capital expenditures were \$191 million in 2013, compared to \$187 million in 2012 and \$186 million in 2011. Capital spending in 2013 was primarily driven by updating our information technology infrastructure, facility renovations, and building out factory lines for new product introductions.

*Sales of Investments and Businesses:* We received \$67 million of proceeds in 2013 compared to disbursements of \$38 million in 2012 and proceeds received of \$1.1 billion in 2011. The \$67 million of proceeds received in 2013 were primarily comprised of proceeds from sales of equity investments. The \$38 million of disbursements in 2012 were primarily comprised of payments to NSN related to the purchase price adjustment from the sale of the Networks business completed in 2011, partially offset by proceeds from sales of certain of our equity investments. The \$1.1 billion in proceeds in 2011 were primarily comprised of net proceeds received in connection with sales of: (i) the Networks business, (ii) the Wireless Broadband business, (iii) certain of our equity investments, and (iv) the Israel-based module business.

### ***Financing Activities***

Net cash used for financing activities was \$1.2 billion in 2013 compared to \$2.3 billion in 2012 and \$5.5 billion in 2011. Cash used for financing activities in 2013 was primarily comprised of: (i) \$1.7 billion used for purchases of our common stock under our share repurchase program and (ii) \$292 million of cash used for the payment of dividends, partially offset by: (i) \$593 million of net proceeds from the issuance of debt and (ii) \$165 million of net proceeds from the issuance of common stock in connection with our employee stock option and employee stock purchase plans.

Cash used for financing activities in 2012 was primarily comprised of: (i) \$2.4 billion used for purchases of our common stock under our share repurchase program, (ii) \$413 million of cash used for the repayment of debt, and (iii) \$270 million of cash used for the payment of dividends, partially offset by: (i) \$747 million of net proceeds from the issuance of debt and (ii) \$133 million of net cash received from the issuance of common stock in connection with our employee stock option and employee stock purchase plans.

Cash used for financing activities in 2011 was primarily comprised of: (i) \$3.4 billion of contributions to Motorola Mobility, (ii) \$1.2 billion used for repayment of long-term debt, (iii) \$1.1 billion of cash used for purchases of common stock under our share repurchase program, and (iv) \$72 million of cash used for payment of dividends, partially offset by \$192 million of net cash received from the issuance of common stock in connection with our employee stock option and employee stock purchase plans.

*Current and Long-Term Debt:* At both December 31, 2013 and December 31, 2012, our current portion of long-term debt was \$4 million. We had outstanding long-term debt of \$2.5 billion and \$1.9 billion at December 31, 2013 and December 31, 2012 respectively.

During 2013, we issued an aggregate face principal amount of \$600 million of 3.50% Senior Notes due March 1, 2023, recognizing net proceeds of \$588 million, after debt discount and issuance costs.

During 2012, we issued an aggregate face principal amount of \$750 million of 3.75% Senior Notes due May 15, 2022 (the "2022 Senior Notes"). We also redeemed \$400 million aggregate principal amount outstanding of our 5.375% Senior Notes due November 2012 (the "2012 Senior Notes"). All of the 2012 Senior Notes were redeemed for an aggregate purchase price of approximately \$408 million. This debt was repurchased with a portion of the proceeds from the issuance of the 2022 Senior Notes.

During 2011, we repurchased \$540 million of our outstanding long-term debt for a purchase price of \$615 million, excluding approximately \$6 million of accrued interest. In addition, we repaid the entire \$600 million aggregate principal amount due on notes which had reached maturity. The \$540 million of long-term debt repurchased included principal amounts of: (i) \$196 million of the \$314 million then outstanding of the 6.50% Debentures due 2025, (ii) \$174 million of the \$210 million then outstanding of the 6.50% Debentures due 2028, and (iii) \$170 million of the \$225 million then outstanding of the 6.625% Senior Notes due 2037. After accelerating the amortization of debt issuance costs and debt discounts, we recognized a loss of approximately \$81 million related to this debt tender in Other within Other income (expense) in the consolidated statements of operations.

The three largest U.S. national ratings agencies rate our senior unsecured long-term debt investment grade. We believe that we will be able to maintain sufficient access to the capital markets at our current ratings. Any future disruptions,



uncertainty or volatility in the capital markets may result in higher funding costs for us and adversely affect our ability to access funds.

We may, from time to time, seek to retire certain of our outstanding debt through open market cash purchases, privately-negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors.

*Share Repurchase Program:* Through actions taken on July 28, 2011, January 30, 2012, July 25, 2012, and July 22, 2013, the Board of Directors has authorized an aggregate share repurchase amount of up to \$7.0 billion of our outstanding shares of common stock (the “share repurchase program”). The share repurchase program does not have an expiration date. As of December 31, 2013, we have used approximately \$5.2 billion of the share repurchase authority, including transaction costs, to repurchase shares, leaving approximately \$1.8 billion of authority available for future repurchases.

We paid an aggregate of \$1.7 billion during 2013, including transaction costs, to repurchase approximately 28.6 million shares at an average price of \$59.30 per share. All repurchased shares have been retired.

*Payment of Dividends:* We paid cash dividends to holders of our common stock of \$292 million in 2013, \$270 million in 2012, and \$72 million in 2011.

During 2011, we also paid \$8 million of dividends to minority shareholders in connection with subsidiary common stock.

### **Credit Facilities**

As of December 31, 2013, we had a \$1.5 billion unsecured syndicated revolving credit facility (the “2011 Motorola Solutions Credit Agreement”) that is scheduled to expire on June 30, 2014. We must comply with certain customary covenants, including maintaining maximum leverage and minimum interest coverage ratios as defined in the 2011 Motorola Solutions Credit Agreement. We were in compliance with our financial covenants as of December 31, 2013. As of and during the year ended December 31, 2013, we did not borrow under the 2011 Motorola Solutions Credit Agreement.

### **Contractual Obligations and Other Purchase Commitments**

Summarized in the table below are our obligations and commitments to make future payments under long-term debt obligations, lease obligations, purchase obligations and tax obligations as of December 31, 2013.

(in millions)	Payments Due by Period							
	Total	2014	2015	2016	2017	2018	Uncertain Timeframe	Thereafter
Long-term debt obligations	\$ 2,457	\$ 20	\$ 5	\$ 6	\$ 406	\$ 6	\$ —	\$ 2,014
Lease obligations	491	99	71	56	44	34	—	187
Purchase obligations*	56	49	5	2	—	—	—	—
Tax obligations	156	25	—	—	—	—	131	—
<b>Total contractual obligations</b>	<b>\$ 3,160</b>	<b>\$ 193</b>	<b>\$ 81</b>	<b>\$ 64</b>	<b>\$ 450</b>	<b>\$ 40</b>	<b>\$ 131</b>	<b>\$ 2,201</b>

\*Amounts included represent firm, non-cancelable commitments.

*Lease Obligations:* We lease certain office, factory and warehouse space, land, information technology and other equipment, principally under non-cancelable operating leases. Our future minimum lease obligations, net of minimum sublease rentals, totaled \$491 million. Rental expense, net of sublease income, was \$66 million in 2013, \$65 million in 2012, and \$92 million in 2011.

*Purchase Obligations:* During the normal course of business, in order to manage manufacturing lead times and help ensure adequate component supply, we enter into agreements with contract manufacturers and suppliers that either allow them to procure inventory based upon criteria as defined by us or establish the parameters defining our requirements. In addition, we have entered into software license agreements which are firm commitments and are not cancelable. As of December 31, 2013, we had entered into firm, noncancelable, and unconditional commitments under such arrangements through 2016. The total payments expected to be made under these agreements are \$56 million, of which \$53 million relate to take or pay obligations from arrangements with suppliers for the sourcing of inventory supplies and materials and \$3 million relate to software contracts supporting engineering. We do not anticipate the cancellation of any of our take or pay agreements in the future and estimate that purchases from these suppliers will exceed the minimum obligations during the agreement periods.

*Tax Obligations:* We have approximately \$156 million of unrecognized income tax benefits relating to multiple tax jurisdictions and tax years. Based on the potential outcome of our global tax examinations, or the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that the unrecognized tax benefits will change within the next twelve months. The associated net tax impact on the effective tax rate, exclusive of valuation allowance changes, is estimated to be in the range of a \$50 million tax charge to a \$75 million tax benefit, with cash payments not expected to exceed \$25 million.

*Commitments Under Other Long-Term Agreements:* We have entered into certain long-term agreements to purchase software, components, supplies and materials from suppliers which are not "take or pay" in nature. Most of the agreements extend for periods of one to three years (three to five years for software). Generally, these agreements do not obligate us to make any purchases, and many permit us to terminate the agreement with advance notice (usually ranging from 60 to 180 days). If we were to terminate these agreements, we generally would be liable for certain termination charges, typically based on work performed and supplier on-hand inventory and raw materials attributable to canceled orders. Our liability would only arise in the event we terminate the agreements for reasons other than "cause."

We outsource certain corporate functions, such as benefit administration and information technology-related services. These contracts are expected to expire in 2017. Our remaining payments under these contracts are approximately \$485 million over the remaining life of the contracts; however, these contracts can be terminated. Termination would result in a penalty substantially less than the remaining annual contract payments. We would also be required to find another source for these services, including the possibility of performing them in-house.

As is customary in bidding for and completing certain projects and pursuant to a practice we have followed for many years, we have a number of performance/bid bonds, standby letters of credit and surety bonds outstanding (collectively, referred to as "Performance Bonds"), primarily relating to projects of the Government segment. These Performance Bonds normally have maturities of multiple years and are standard in the industry as a way to give customers a convenient mechanism to seek resolution if a contractor does not satisfy certain requirements under a contract. Typically, a customer can draw on the Performance Bond only if we do not fulfill all terms of a project contract. If such an occasion occurred, we would be obligated to reimburse the institution that issued the Performance Bond for the amounts paid. In our long history, it has been rare for us to have a Performance Bond drawn upon. At December 31, 2013, outstanding Performance Bonds totaled approximately \$809 million, compared to \$891 million at December 31, 2012. Any future disruptions, uncertainty, or volatility in bank, insurance or capital markets, or a change in our credit ratings could adversely affect our ability to obtain Performance Bonds and may result in higher funding costs.

*Off-Balance Sheet Arrangements:* Under the definition contained in Item 303(a)(4)(ii) of Regulation S-K, we do not have any off-balance sheet arrangements.

### **Long-term Customer Financing Commitments**

*Outstanding Commitments:* Certain purchasers of our products and services may request that we provide long-term financing (defined as financing with a term of greater than one year) in connection with the sale of equipment. These requests may include all or a portion of the purchase price of the products and services. Our obligation to provide long-term financing may be conditioned on the issuance of a letter of credit in favor of us by a reputable bank to support the purchaser's credit or a pre-existing commitment from a reputable bank to purchase the long-term receivables from us. We had outstanding commitments to provide long-term financing to third-parties totaling \$120 million at December 31, 2013, compared to \$84 million at December 31, 2012.

*Outstanding Long-Term Receivables:* We had net non-current long-term receivables of \$6 million at December 31, 2013, compared to net non-current long-term receivables of \$60 million (net of allowances for losses of \$10 million) at December 31, 2012. These long-term receivables are generally interest bearing, with interest rates ranging from 2% to 13%.

### **Sales of Receivables**

From time to time, we sell accounts receivable and long-term receivables to third-parties under one-time arrangements while others have been sold to third-parties under committed facilities that involve contractual commitments. We may or may not retain the obligation to service the sold accounts receivable and long-term receivables. We had no significant committed facilities for the sale of long-term receivables at December 31, 2013 or at December 31, 2012.

The following table summarizes the proceeds received from sales of accounts receivable and long-term receivables for the years ended December 31, 2013, 2012, and 2011:

<i>Years ended December 31</i>	<b>2013</b>	2012	2011
Cumulative annual proceeds received from sales:			
Accounts receivable sales proceeds	\$ 14	\$ 12	\$ 8
Long-term receivables sales proceeds	<b>151</b>	178	224
Total proceeds from receivable sales	<b>\$ 165</b>	\$ 190	\$ 232

At December 31, 2013, the Company had retained servicing obligations for \$434 million of long-term receivables, compared to \$375 million of long-term receivables at December 31, 2012. Servicing obligations are limited to collection activities of the sales of accounts receivables and long-term receivables.

### ***Adequate Internal Funding Resources***

We believe that we have adequate internal resources available to fund expected working capital and capital expenditure requirements for the next twelve months as supported by the level of cash, cash equivalents and short-term investments in the U.S. and the ability to repatriate funds from foreign jurisdictions.

### ***Other Contingencies***

*Potential Contractual Damage Claims in Excess of Underlying Contract Value:* In certain circumstances, our businesses may enter into contracts with customers pursuant to which the damages that could be claimed by the other party for failed performance might exceed the revenue we receive from the contract. Contracts with these types of uncapped damage provisions are fairly rare, but individual contracts could still represent meaningful risk. There is a possibility that a damage claim by a counterparty to one of these contracts could result in expenses to us that are far in excess of the revenue received from the counterparty in connection with the contract.

*Indemnification Provisions:* In addition, we may provide indemnifications for losses that result from the breach of general warranties contained in certain commercial, intellectual property and divestiture agreements. Historically, we have not made significant payments under these agreements, nor have there been significant claims asserted against us. However, there is an increasing risk in relation to intellectual property indemnities given the current legal climate. In indemnification cases, payment by us is conditioned on the other party making a claim pursuant to the procedures specified in the particular contract, which procedures typically allow us to challenge the other party's claims. In some instances we may have recourse against third-parties for certain payments made by us. Further, our obligations under divestiture agreements for indemnification based on breach of representations and warranties are generally limited in terms of duration, typically not more than 24 months, and for amounts not in excess of a percentage of the contract value.

*Legal Matters:* We are 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 our consolidated financial position, liquidity or results of operations. However, an unfavorable resolution could have a material adverse effect on our consolidated financial position, liquidity or results of operations in the periods in which the matters are ultimately resolved.

## **Significant Accounting Policies**

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period.

Management bases its estimates and judgments on historical experience, current economic and industry conditions and on various other factors that are believed to be reasonable under the circumstances. This forms the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Management believes the following significant accounting policies require significant judgment and estimates:

- Revenue recognition
- Inventory valuation
- Income taxes
- Restructuring activities
- Retirement benefits
- Valuation and recoverability of goodwill

### ***Revenue Recognition***

Net sales consist of a wide range of activities including the delivery of stand-alone equipment or services, custom design and installation over a period of time, and bundled sales of equipment, software and services. We enter into revenue arrangements that may consist of multiple deliverables of our products and services due to the needs of our customers. We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collectability of the sales price is reasonably assured. We recognize revenue from the sale of equipment, equipment containing both software and nonsoftware components that function together to deliver the equipment's essential functionality, and services in accordance with general revenue recognition accounting principles. We recognize revenue in

accordance with software accounting guidance for the following types of sales transactions: (i) standalone sales of software products or software upgrades, (ii) standalone sales of software maintenance agreements, and (iii) sales of software bundled with equipment where the software is not essential to the functionality of that equipment.

### *Products*

For equipment sales, in addition to the criteria mentioned above, revenue recognition occurs when title and risk of loss has transferred to the customer, objective evidence exists that customer acceptance provisions have been met, no significant obligations remain and allowances for discounts, price protection, returns and customer incentives can be reliably estimated. Recorded revenues are reduced by these allowances. We base our estimates of these allowances on historical experience taking into consideration the type of products sold, the type of customer, and the specific type of transaction in each arrangement. Where customer incentives cannot be reliably estimated, we defer revenue until the incentive has been finalized with the customer. We include shipping charges billed to customers in net revenue, and include the related shipping costs in cost of sales.

We sell software and equipment obtained from other companies. We establish our own pricing and retain related inventory risk, are the primary obligor in sales transactions with customers, and assume the credit risk for amounts billed to customers. Accordingly, we generally recognize revenue for the sale of products obtained from other companies based on the gross amount billed.

Within the Enterprise segment, products are often sold through distributors to value-added resellers. In addition to cooperative marketing and other incentive programs, we have arrangements with some distributors which allow for price protection and limited rights of return, generally through stock rotation programs. Under the price protection programs, we give distributors credits for the difference between the original price paid and our then current price. Under the stock rotation programs, distributors are able to exchange certain products based on the number of qualified purchases made during the period. When we are unable to reliably estimate the final sales price due to the price protection and stock rotation programs revenue is not recognized until the products are resold by distributors to value-added resellers using information provided by these distributors.

### *Long-Term Contracts*

For long-term contracts that involve customization of equipment and/or software, we generally recognize revenue using the percentage of completion method based on the percentage of costs incurred to date compared to the total estimated costs to complete the contract (“Estimated Costs at Completion”). The components of estimated costs to complete a contract and management’s process for reviewing Estimated Costs at Completion and progress toward completion is discussed further below. Contracts may be combined or segmented in accordance with the applicable criteria under contract accounting principles. In certain instances, when revenues or costs associated with long-term contracts cannot be reliably estimated or the contract contains other inherent uncertainties, revenues and costs are deferred until the project is complete and customer acceptance is obtained.

Total Estimated Costs at Completion include direct labor, material and subcontracting costs. Due to the nature of the work required to be performed under many of our long-term contracts, Estimated Costs at Completion is complex and subject to many variables. We have a standard and disciplined quarterly Estimated Costs at Completion process in which management reviews the progress and performance of open contracts. As part of this process, management reviews information including, but not limited to, any outstanding key contract matters, progress towards completion, the project schedule, identified risks and opportunities, and the related changes in estimates of revenues and costs. The risks and opportunities include management's judgment about the ability and cost to achieve the project schedule, technical requirements, and other contract requirements. Management must make assumptions and estimates regarding labor productivity and availability, the complexity of the work to be performed, the availability of materials, and performance by subcontractors, among other variables. Based on this analysis, any quarterly adjustments to net sales, cost of sales, and the related impact to operating income are recorded as necessary in the period they become known. These adjustments may result from positive project performance, and may result in an increase in operating income during the performance of individual contracts. Likewise, these adjustments may result in a decrease in operating income if Estimated Costs at Completion increase. Changes in estimates of net sales or cost of sales could affect the profitability of one or more of our contracts. The impact on Operating earnings as a result of changes in Estimated Costs at Completion was not significant for the years 2013, 2012, and 2011. When estimates of total costs to be incurred on a contract exceed total estimates of revenue to be earned, a provision for the entire loss on the contract is recorded in the period the loss is determined.

### *Hardware and Software Services Support*

Revenue under equipment and software support and maintenance agreements, which do not contain specified future software upgrades, is recognized ratably over the contract term as services are performed.

### *Software and Licenses*

Revenue from pre-paid perpetual licenses is recognized at the inception of the arrangement, presuming all other relevant revenue recognition criteria are met. Revenue from non-perpetual licenses or term licenses is recognized ratably over the period that the licensee uses the license. Revenues from software maintenance, technical support and unspecified upgrades are recognized over the period that these services are delivered.

#### *Multiple-Element Arrangements*

Arrangements with customers may include multiple deliverables, including any combination of products, services and software. These multiple element arrangements could also include an element accounted for as a long-term contract coupled with other products, services and software. For multiple-element arrangements that include products containing software that functions together with the equipment to deliver its essential functionality, undelivered software elements that relate to the product's essential software, and undelivered non-software services, deliverables are separated into more than one unit of accounting when: (i) the delivered element(s) have value to the customer on a stand-alone basis and (ii) delivery of the undelivered element(s) is probable and substantially in our control.

In these arrangements, we allocate revenue to all deliverables based on their relative selling prices. We use the following hierarchy to determine the selling price to be used for allocating revenue to deliverables: (i) vendor-specific objective evidence of fair value ("VSOE"), (ii) third-party evidence of selling price ("TPE"), and (iii) best estimate of selling price ("ESP").

We determine VSOE based on our normal pricing and discounting practices for the specific product or service when that same product or service is sold separately. In determining VSOE, we require that a substantial majority of the selling prices for a product or service fall within a reasonably narrow pricing range, generally evidenced by the pricing rates of approximately 80% of such historical stand-alone transactions falling within plus or minus 15% of the median rate.

When VSOE does not exist, we attempt to determine TPE based on competitor prices for similar deliverables when sold separately. Generally, our go-to-market strategy for many of our products differs from that of our competitors and our offerings contain a significant level of customization and differentiation such that the comparable pricing of products with similar functionality sold by other companies cannot be obtained. Furthermore, we are unable to reliably determine what similar competitor products' selling prices are on a stand-alone basis. Therefore, we typically are not able to determine TPE.

When both VSOE and TPE are unavailable, we use ESP. We determine ESP by: (i) collecting all reasonably available data points including sales, cost and margin analysis of the product, and other inputs based on our normal pricing and discounting practices, (ii) making any reasonably required adjustments to the data based on market and Company-specific factors, and (iii) stratifying the data points, when appropriate, based on customer, magnitude of the transaction and sales volume.

We also consider the geographies in which the products or services are sold, major product and service groups, customer classification, and other environmental or marketing variables in determining VSOE, TPE, and ESP.

Once elements of an arrangement are separated into more than one unit of accounting, revenue is recognized for each separate unit of accounting based on the nature of the revenue as described above.

Our arrangements with multiple deliverables may also contain one or more software deliverables that are subject to software revenue recognition guidance. The revenue for these multiple-element arrangements is allocated to the software deliverable(s) and the non-software deliverable(s) based on the relative selling prices of all of the deliverables in the arrangement using the fair value hierarchy outlined above. In circumstances where we cannot determine VSOE or TPE for any of the deliverables in the arrangement, ESP is used for the purpose of allocating the arrangement consideration between software and non-software deliverables.

We account for multiple-element arrangements that consist entirely of software or software-related products, including the sale of software upgrades or software support agreements to previously sold software, in accordance with software accounting guidance. For such arrangements, revenue is allocated to the deliverables based on the relative fair value of each element, and fair value is determined using VSOE. Where VSOE does not exist for the undelivered software element, revenue is deferred until either the undelivered element is delivered or VSOE is established, whichever occurs first. When the final undelivered software element is post contract support, service revenue is recognized on a ratable basis over the remaining service period. When VSOE of a delivered element has not been established, but VSOE exists for the undelivered elements, we use the residual method to recognize revenue when the fair value of all undelivered elements is determinable. Under the residual method, the fair value of the undelivered elements is deferred and the remaining portion of the arrangement consideration is allocated to the delivered elements and is recognized as revenue.

### ***Inventory Valuation***

We record valuation reserves on our inventory for estimated excess or obsolescence. The amount of the reserve is equal to the difference between the cost of the inventory and the estimated market value based upon assumptions about future demand and market conditions. On a quarterly basis, management performs an analysis based on future demand requirement estimates of the underlying inventory to identify reserves needed for excess and obsolescence. We use our best judgment to estimate appropriate reserves based on this analysis. In addition, we adjust the carrying value of inventory if the current market value of that inventory is below our cost.

At December 31, 2013 and 2012, Inventories consisted of the following:

<i>December 31</i>	<b>2013</b>	2012
Finished goods	\$ 232	\$ 244
Work-in-process and production materials	468	432
	<b>700</b>	676
Less inventory reserves	<b>(178)</b>	(163)
	<b>\$ 522</b>	\$ 513

We balance the need to maintain strategic inventory levels to ensure competitive delivery performance to our customers against the risk of inventory obsolescence due to rapidly changing technology and customer requirements. As reflected above, our inventory reserves represented 25% of the gross inventory balance at December 31, 2013, compared to 24% of the gross inventory balance at December 31, 2012. We have inventory reserves for excess inventory, pending cancellations of product lines due to technology changes, long-life cycle products, lifetime buys at the end of supplier production runs, business exits, and a shift of production to outsourced manufacturing.

If future demand or market conditions are less favorable than those projected by management, additional inventory writedowns may be required.

### ***Income Taxes***

Our effective tax rate is based on pre-tax income and the tax rates applicable to such income in the various jurisdictions in which we operate. An estimated effective tax rate for the year is applied to our quarterly operating results. In the event that there is a significant unusual or discrete item recognized, or expected to be recognized, in our quarterly operating results, the tax attributable to that item is separately calculated and recorded at the same time as the unusual or discrete item. We consider the resolution of prior year tax matters to be such items. Significant judgment is required in determining our effective tax rate and in evaluating our tax positions. We adjust reserves for unrecognized income tax benefits in light of changing facts and circumstances. We recognize the tax benefit of a tax position only if it is more-likely-than-not to be sustained.

Tax regulations may require items of income and expense to be included in a tax return in different periods than the items are reflected in the consolidated financial statements. As a result, the effective tax rate reflected in the consolidated financial statements may be different than the tax rate reported in the income tax return. Some of these differences are permanent, such as expenses that are not deductible on the tax return, and some are temporary differences, such as depreciation expense. Temporary differences create deferred tax assets and liabilities. Deferred tax assets generally represent items that can be used as a tax deduction or credit in the tax return in future years for which we have already recorded the tax benefit in the consolidated financial statements. Deferred tax liabilities generally represent tax expense recognized in the consolidated financial statements for which the tax payment has been deferred or expense for which we have already taken a deduction on an income tax return, but has not yet been recognized in the consolidated financial statements.

We account for income taxes by recognizing deferred tax assets and liabilities using enacted tax rates for the effect of the temporary differences between the book and tax basis of recorded assets and liabilities. We make estimates and judgments with regard to the calculation of certain income tax assets and liabilities. Deferred tax assets are reduced by valuation allowances if, based on the consideration of all available evidence, it is more-likely-than-not that all or some portion of the deferred tax asset will not be realized. Significant weight is given to evidence that can be objectively verified.

We evaluate deferred income taxes on a quarterly basis to determine if valuation allowances are required by considering available evidence, including historical and projected taxable income and tax planning strategies that are both prudent and feasible.

During 2013, our deferred tax valuation allowances were adjusted primarily for current year movement in deferred taxes and expiration of carryforwards. During 2012, we recorded \$60 million of tax benefit related to the reversal of a significant portion of the valuation allowance established on certain foreign deferred tax assets. During 2011, we reassessed our valuation allowance requirements taking into consideration the distribution of Motorola Mobility. We evaluated all available evidence in our analysis, including the historical and projected pre-tax profits generated by our U.S. operations. We also considered tax

planning strategies that are prudent and can be reasonably implemented. Based on our assessment, we recorded \$274 million of tax benefit related to the reversal of a valuation allowance established on U.S. deferred tax assets in 2011. The U.S. valuation allowance as of December 31, 2013 relates to state tax carryforwards that we expect to expire unutilized.

We have a total deferred tax asset valuation allowance of approximately \$256 million against gross deferred tax assets of approximately \$4.1 billion as of December 31, 2013, compared to total deferred tax asset valuation allowance of approximately \$308 million against net deferred tax assets of approximately \$4.7 billion as of December 31, 2012.

### ***Restructuring Activities***

We maintain a formal Involuntary Severance Plan (the “Severance Plan”), which permits us to offer eligible employees severance benefits based on years of service and employment grade level in the event that employment is involuntarily terminated as a result of a reduction-in-force or restructuring. The Severance Plan includes defined formulas to calculate employees’ termination benefits. In addition to the Involuntary Severance Plan, during the year ended December 31, 2013, we accepted voluntary applications to our Severance Plan from a defined subset of employees within the United States. Voluntary applicants received termination benefits based on the formulas defined in the Severance Plan; however, termination benefits, which are normally capped at six months of salary, were capped at a full year’s salary.

We recognize termination benefits based on formulas per the Severance Plan at the point in time that future settlement is probable and can be reasonably estimated based on estimates prepared at the time a restructuring plan is approved by management. Exit costs consist of future minimum lease payments on vacated facilities and other contractual terminations. At each reporting date, we evaluate our accruals for employee separation and exit costs to ensure the accruals are still appropriate. In certain circumstances, accruals are no longer needed because of efficiencies in carrying out the plans or because employees previously identified for separation resigned from the Company and did not receive severance, or were redeployed due to circumstances not foreseen when the original plans were approved. In these cases, we reverse accruals through the consolidated statements of operations where the original charges were recorded when it is determined they are no longer needed.

### ***Retirement Benefits***

Our noncontributory pension plan (the “Regular Pension Plan”) covers U.S. employees who became eligible after one year of service. The benefit formula is dependent upon employee earnings and years of service. Effective January 1, 2005, newly-hired employees are not eligible to participate in the Regular Pension Plan. We also provide defined benefit plans which cover non-U.S. employees in certain jurisdictions, principally the United Kingdom, Germany and Japan (the “Non-U.S. Plans”). Other pension plans outside of the U.S. are not material to us either individually or in the aggregate.

We also had a noncontributory supplemental retirement benefit plan (the “Officers’ Plan”) for our elected officers. The Officers’ Plan contained provisions for vesting and funding the participants’ expected retirement benefits when the participants met the minimum age and years of service requirements. During 2013, the Officers’ Plan was settled and terminated.

We have an additional noncontributory supplemental retirement benefit plan, the Motorola Supplemental Pension Plan (“MSPP”), which provides supplemental benefits to individuals by replacing the Regular Pension Plan benefits that are lost by such individuals under the retirement formula due to application of the limitations imposed by the Internal Revenue Code. However, elected officers who were covered under the Officers’ Plan were not eligible to participate in the MSPP. Effective January 1, 2007, eligible compensation was capped at the IRS limit plus \$175,000 (the “Cap”) or, for those already in excess of the Cap as of January 1, 2007, the eligible compensation used to compute such employee’s MSPP benefit for all future years is the greater of: (i) such employee’s eligible compensation as of January 1, 2007 (frozen at that amount) or (ii) the relevant Cap for the given year. Additionally, effective January 1, 2009, the MSPP was frozen to new participants unless such participation was required under a prior contractual entitlement.

In February 2007, we amended the Regular Pension Plan and the MSPP, modifying the definition of average earnings. For years ended prior to December 31, 2007, benefits were calculated using the rolling average of the highest annual earnings in any five years within the previous ten calendar year period. Beginning in January 2008, the benefit calculation was based on the set of the five highest years of earnings within the ten calendar years prior to December 31, 2007, averaged with earnings from each year after 2007. Also effective January 2008, we amended the Regular Pension Plan, modifying the vesting period from five years to three years.

In December 2008, we amended the Regular Pension Plan, the Officers’ Plan and the MSPP (collectively, the “U.S. Pension Benefit Plans”) such that, effective March 1, 2009: (i) no participant shall accrue any benefit or additional benefit on or after March 1, 2009, and (ii) no compensation increases earned by a participant on or after March 1, 2009 shall be used to compute any accrued benefit.

Certain health care benefits are available to eligible domestic employees meeting certain age and service requirements upon termination of employment (the “Postretirement Health Care Benefits Plan”). For eligible employees hired prior to January 1, 2002, we offset a portion of the postretirement medical costs to the retired participant. Employees hired on or after

January 1, 2002 are eligible to access postretirement medical benefits under this plan; however, these employees receive no subsidy and pay full cost for their benefits. As of January 1, 2005, the Postretirement Health Care Benefits Plan was closed to new participants.

During the year ended December 31, 2012, we announced an amendment to the Postretirement Health Care Benefits Plan. Starting January 1, 2013, benefits under the plan to participants over age 65 are paid to a retiree health reimbursement account instead of directly providing health insurance coverage to the participants. Covered retirees are able to use the annual subsidy they receive through this account toward the purchase of their own health care coverage from private insurance companies and for reimbursement of eligible health care expenses. The amendment to the Postretirement Health Care Benefits Plan effective January 1, 2013 resulted in a remeasurement of the plan generating an \$87 million decrease in accumulated other comprehensive loss, net of taxes. The majority of that \$87 million decrease will be recognized over approximately three years, or the period in which the remaining employees eligible for the plan will qualify for benefits under the plan. During the year ended December 31, 2013, \$43 million of prior service cost credit was recognized, including the amount associated with the 2012 amendment resulting in a net credit for periodic cost in 2013.

Accounting methodologies use an attribution approach that generally spreads the effects of individual events over the service lives of the participants in the plan, or estimated average lifetime when almost all of the plan participants are considered "inactive." Examples of "events" are plan amendments and changes in actuarial assumptions such as discount rate, expected long-term rate of return on plan assets, and rate of compensation increases.

There are various assumptions used in calculating the net periodic benefit expense and related benefit obligations. One of these assumptions is the expected long-term rate of return on plan assets. The required use of the expected long-term rate of return on plan assets may result in recognized pension income that is greater or less than the actual returns of those plan assets in any given year. Over time, however, the expected long-term returns are designed to approximate the actual long-term returns. We use a five-year, market-related asset value method of recognizing asset related gains and losses.

We use long-term historical actual return experience with consideration of the expected investment mix of the plans' assets, as well as future estimates of long-term investment returns, to develop our expected rate of return assumption used in calculating the net periodic pension cost and the net retirement healthcare expense. Our investment return assumption for the U.S. Pension Benefit Plans and Postretirement Healthcare Benefits Plan was 7.00% in 2013 and 8.25% in 2012. At December 31, 2013, the pension plans and the Postretirement Health Care Benefits Plan investment portfolios were comprised of approximately 55 percent and 58 percent equity investments, respectively.

A second key assumption is the discount rate. The discount rate assumptions used for pension benefits and postretirement health care benefits reflect, at December 31 of each year, the prevailing market rates for high-quality, fixed-income debt instruments that, if the obligation was settled at the measurement date, would provide the necessary future cash flows to pay the benefit obligation when due. Our discount rates for measuring our U.S. pension obligations were 5.15% and 4.35% at December 2013 and 2012, respectively. Our discount rates for measuring the Postretirement Health Care Benefits Plan obligation were 4.65% and 3.80% at December 31, 2013 and 2012, respectively.

A final set of assumptions involves the cost drivers of the underlying benefits. The rate of compensation increase is a key assumption used in the actuarial model for pension accounting and is determined by us based upon our long-term plans for such increases. Our 2013 and 2012 rate for future compensation increase for the U.S. Pension Benefit Plans was 0%, as the salaries to be utilized for calculation of benefits under these plans have been frozen. For the Postretirement Health Care Benefits Plan, we review external data and our own historical trends for health care costs to determine the health care cost trend rates. The health care cost trend rate used to determine the December 31, 2013, accumulated postretirement benefit obligation was 8.50% for 2013, then grading down to a rate of 5% in 2020. The health care cost trend rate used to determine the December 31, 2012 accumulated postretirement benefit obligation was 7.25% for 2013, remaining flat at 7.25% through 2015, then grading down to a rate of 5% in 2019.

Prior to 2013, unrecognized gains and losses were amortized over periods ranging from three to thirteen years. At the close of fiscal 2012, we determined that the majority of the plan participants in our Regular and United Kingdom pension plans were no longer actively employed due to significant employee exits as a result of our recent divestitures. Under relevant accounting rules, when almost all of the plan participants are considered inactive, the amortization period for certain unrecognized losses changes from the average remaining service period to the average remaining lifetime of the participant. As such, beginning in 2013, and depending on the specific plan, we began amortizing gains and losses over periods ranging from five to twenty-eight years. Prior service costs are being amortized over periods ranging from ten to twelve years. Benefits under all pension plans are valued based on the projected unit credit cost method.

For the year ended December 31, 2013, we recognized net periodic pension expense of \$118 million related to our U.S. Pension Benefit Plans, compared to \$188 million for the year ended December 31, 2012. Cash contributions of \$150 million were made to the U.S. Pension Benefit Plans during 2013 as compared to \$340 million in 2012.



We recognized net postretirement health care benefit of \$26 million and expense of \$3 million for the years ended December 31, 2013 and 2012, respectively. No cash contributions were made to this plan in 2013. We do not expect to make cash contributions to the Postretirement Health Care Benefits Plan in 2014.

The measurement date of all of our retirement plans assets and obligations is December 31.

### ***Valuation and Recoverability of Goodwill***

We assess the recorded amount of goodwill for recovery on an annual basis in the fourth quarter of each fiscal year. Goodwill is assessed more frequently if an event occurs or circumstances change that would indicate it is more-likely-than-not that the fair value of a reporting unit is below its carrying amount. We continually assess whether any such events and circumstances have occurred, which requires a significant amount of judgment. Such events and circumstances may include: adverse changes in macroeconomic conditions, adverse changes in the entity's industry or market, changes in cost factors negatively impacting earnings and cash flows, negative or declining overall financial performance, events affecting the carrying value or composition of a reporting unit, or a sustained decrease in share price, among others. Any such adverse event or change in circumstances could have a significant impact on the recoverability of goodwill and could have a material impact on our consolidated financial statements.

The goodwill impairment assessment is performed at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment (referred to as a "component"). A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that component. When two or more components of an operating segment have similar economic characteristics, the components are aggregated and deemed a single reporting unit. An operating segment is deemed to be a reporting unit if all of its components are similar, if none of its components is a reporting unit, or if the segment comprises only a single component. Based on this guidance, we have determined that our Government and Enterprise segments each meet the definition of a reporting unit.

#### **2013**

The goodwill impairment test for fiscal 2013 was performed using the two step goodwill impairment analysis. In step one, the fair value of each reporting unit is compared to its book value. Fair value is determined using a combination of present value techniques and quoted market prices of comparable businesses. If the fair value of the reporting unit exceeds its book value, goodwill is not deemed to be impaired for that reporting unit, and no further testing would be necessary. If the fair value of the reporting unit is less than its book value, step two is required. Step two uses the calculated fair value of the reporting unit to perform a hypothetical purchase price allocation to the fair value of the assets and liabilities of the reporting unit. The difference between the fair value of the reporting unit calculated in step one and the fair value of the underlying assets and liabilities of the reporting unit is the implied fair value of the reporting unit's goodwill. A charge is recorded in the financial statements if the carrying value of the reporting unit's goodwill is greater than its implied fair value.

The following describes the valuation methodologies used to derive the fair value of the reporting units:

- ***Income Approach:*** To determine fair value, we discounted the expected future cash flows of the reporting units. The discount rate used represented the estimated weighted average cost of capital, which reflects the overall level of inherent risk involved in our operations and the rate of return a market participant would expect to earn. To estimate cash flows beyond the final year of our model, we used a terminal value approach. Under this approach, we used estimated operating income before interest, taxes, depreciation and amortization in the final year of the model, adjusted to estimate a normalized cash flow, applied a perpetuity growth assumption and discounted it by a perpetuity discount factor to determine the terminal value. We incorporated the present value of the resulting terminal value into the estimate of fair value.
- ***Market-Based Approach:*** In addition, we estimated the fair value of our reporting units using several market-based approaches, including the value that is derived based on Motorola Solutions' consolidated stock price. We also used the guideline company method, which focuses on comparing our risk profile and growth prospects to select guideline publicly traded companies.

The determination of fair value of the reporting units and assets and liabilities within the reporting units requires us to make significant estimates and assumptions. These estimates and assumptions primarily included the discount rate, terminal growth rates, earnings before depreciation and amortization, and capital expenditures forecasts.

We evaluated the merits of each significant assumption, both individually and in the aggregate, used to determine the fair value of each reporting unit, as well as the fair values of the corresponding assets and liabilities within the reporting unit, and concluded they are reasonable. We weighted the fair value of our reporting units determined by the valuation methodologies at 50% based on the income approach and 50% based on the market-based approach. We believe that this weighting is appropriate because it is our view that value indications under the selected methods are equally reliable and reflective of the value of the reporting units.

The accounting principles regarding goodwill acknowledge that the observed market prices of individual trades of a company's stock (and thus its computed market capitalization) may not be representative of the fair value of the company as a whole. Additional value may arise from the ability to take advantage of synergies and other benefits that flow from control over another entity. Consequently, measuring the fair value of a collection of assets and liabilities that operate together in a controlled entity is different from measuring the fair value of that entity's individual common stock. In most industries, including ours, an acquiring entity typically is willing to pay more for equity securities that give it a controlling interest than an investor would pay for equity securities representing less than a controlling interest, referred to as a "control premium."

For the purpose of determining the implied control premium in the overall goodwill analysis, we applied assumptions for determining the fair value of corporate assets. Corporate assets primarily consisted of cash and cash equivalents, Sigma Fund balances, short-term investments, investments, and tax-related deposits and refunds receivable. Judgments about the fair value of corporate assets include, among others, an assumption that a significant portion of the corporate assets are required to pay off debt. The results of our impairment analysis resulted in an implied control premium within the range of historical transactions observed in our industry. For fiscal year 2013, we concluded that the fair value of each reporting unit is substantially in excess of its carrying value.

## 2012

We performed a qualitative assessment to determine whether it was more-likely-than-not that the fair value of each reporting unit was less than its carrying amount for fiscal year 2012. In performing this qualitative assessment, we assessed relevant events and circumstances including macroeconomic conditions, industry and market conditions, cost factors, overall financial performance, changes in share price, and entity-specific events. In addition, we considered the fair value derived for each reporting unit in conjunction with the 2010 goodwill impairment test, which included a full step one fair value analysis similar to the valuation discussed above. We compared this prior fair value against the current carrying value of each reporting unit noting fair value significantly exceeded carrying value for both reporting units. We performed a sensitivity analysis on the fair value determined for each reporting unit in conjunction with the 2010 goodwill impairment test for changes in significant assumptions including the weighted average cost of capital used in the income approach and changes in expected cash flows. For fiscal year 2012, these changes in assumptions and estimated cash flows resulted in an increase in fair value for the Government reporting unit and a slight decrease in fair value for the Enterprise reporting unit. In spite of this small decrease in estimated fair value of the Enterprise reporting unit, the reporting unit's fair value continued to significantly exceed its carrying value. As such, for 2012, we concluded it was more-likely-than-not that the fair value of each reporting unit exceeded its carrying value. Therefore, the two-step goodwill impairment test was not required.

Differences in our actual future cash flows, operating results, growth rates, capital expenditures, cost of capital and discount rates as compared to the estimates utilized for the purpose of calculating the fair value of each reporting unit, as well as a decline in macroeconomic conditions, the industry, the market, overall financial performance or our stock price and related market capitalization, could affect the results of our annual goodwill assessment and, accordingly, potentially lead to future goodwill impairment charges.

## **Recent Accounting Pronouncements**

In February 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-04, "*Obligations Resulting from Joint and Several Liability Arrangements for which the Total Amount of the Obligation Is Fixed at the Reporting Date.*" The standard addresses the recognition, measurement, and disclosure of certain obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date, including debt arrangements, other contractual obligations, and settled litigation and judicial rulings. U.S. Generally Accepted Accounting Principles ("GAAP") does not currently include specific guidance on accounting for such obligations with joint and several liability which has resulted in diversity in practice. The ASU requires an entity to measure these obligations as the sum of the amount the reporting entity agreed to pay on the basis of the arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The ASU also requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. The ASU is to be applied retrospectively to all prior periods presented for those obligations resulting from joint and several liability arrangements that exist within our statement of financial position at the beginning of the year of adoption. This guidance will be effective for us beginning January 1, 2014. We anticipate that the adoption of this standard will not have a material impact on our consolidated financial statements and footnote disclosures.

In July 2013, the FASB issued ASU No. 2013-11, "*Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or Tax Credit Carryforward Exists.*" The ASU requires entities to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward when: (i) settlement in this manner is available under the tax law and (ii) the company intends to use the deferred tax asset for that purpose. This guidance will be effective for us beginning January 1, 2014. We anticipate that the adoption of this standard will not have a material impact on our consolidated financial statements and footnote disclosures.

In January 2014, the FASB issued ASU No. 2014-05, “*Service Concession Arrangements*.” The ASU clarifies that an operating entity should not account for a services concession arrangement with a public-sector grantor as a lease if: (i) the grantor controls or has the ability to modify or approve the services the operating entity must provide, to whom it must provide them, and at what price and (ii) the grantor controls any residual interest in the infrastructure at the end of the arrangement. In addition, the infrastructure used in a service concession arrangement would not be recognized as property, plant and equipment of the operating entity. The ASU is to be applied on a modified retrospective basis to service concession arrangements outstanding upon adoption and will be effective for us beginning January 1, 2015. We are currently assessing the impact of this standard on our consolidated financial statements and footnote disclosures.

### ***Forward-Looking Statements***

Except for historical matters, the matters discussed in this Form 10-K are forward-looking statements that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements under the following headings: (1) “Business,” about: (a) industry growth and demand, including opportunities resulting from such growth, (b) customer spending, (c) the impact of each segment's strategy, (d) the impact from the loss of key customers, (e) competitive position, (f) increased competition, (g) the impact of regulatory matters, (h) the impact from the allocation and regulation of spectrum, (i) the availability of materials and components, energy supplies and labor, (j) the seasonality of the business, (k) the firmness of each segment's backlog, (l) the competitiveness of the patent portfolio, and (m) the impact of research and development; (2) “Properties,” about the consequences of a disruption in manufacturing; (3) “Legal Proceedings,” about the ultimate disposition of pending legal matters and timing; (4) “Management's Discussion and Analysis,” about: (a) market growth/contraction, demand, spending and resulting opportunities, (b) the increase in public safety LTE revenues in 2015, (c) the decline in iDEN, (d) the return of capital to shareholders through dividends and/or repurchasing shares, (e) the success of our business strategy and portfolio, (f) future payments, charges, use of accruals and expected cost-saving and profitability benefits associated with our reorganization of business programs and employee separation costs, (g) our ability and cost to repatriate funds, (h) the impact of the timing and level of sales and the geographic location of such sales, (i) the impact of maintaining inventory, (j) future cash contributions to pension plans or retiree health benefit plans, (k) the liquidity of our investments, (l) our ability and cost to access the capital markets, (m) our ability to borrow and the amount available under our credit facilities, (n) our ability to retire outstanding debt, (o) our ability and cost to obtain performance related bonds, (p) adequacy of resources to fund expected working capital and capital expenditure measurements, (q) expected payments pursuant to commitments under long-term agreements, (r) the ability to meet minimum purchase obligations, (s) our ability to sell accounts receivable and the terms and amounts of such sales, (t) the outcome and effect of ongoing and future legal proceedings, (u) the impact of recent accounting pronouncements on our financial statements, (v) the impact of the loss of key customers, and (w) the expected effective tax rate and deductibility of certain items; and (5) “Quantitative and Qualitative Disclosures about Market Risk,” about: (a) the impact of foreign currency exchange risks, (b) future hedging activity and expectations of the Company, and (c) the ability of counterparties to financial instruments to perform their obligations.

*Some of the risk factors that affect the Company's business and financial results are discussed in “Item 1A: Risk Factors.” We wish to caution the reader that the risk factors discussed in “Item 1A: Risk Factors,” and those described elsewhere in this report or 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 7A. Quantitative and Qualitative Disclosures About Market Risk**

### ***Interest Rate Risk***

As of December 31, 2013, we have \$2.5 billion of long-term debt, including the current portion of long-term debt, which is primarily priced at long-term, fixed interest rates. Of this total long-term debt amount, a \$36 million Euro-denominated variable interest loan has a hedge that changes the interest rate characteristics from variable to fixed-rate. A hypothetical unfavorable movement of 10% in the interest rates would have an immaterial impact on the hedge's fair value.

### ***Foreign Currency Risk***

We use financial instruments to reduce our overall exposure to the effects of currency fluctuations on cash flows. Our policy prohibits speculation in financial instruments for profit on exchange rate price fluctuations, trading in currencies for which there are no underlying exposures, or entering into transactions for any currency to intentionally increase the underlying exposure. Instruments that are designated as part of a hedging relationship must be effective at reducing the risk associated with the exposure being hedged and are designated as part of a hedging relationship at the inception of the contract. Accordingly, changes in the market values of hedge instruments must be highly correlated with changes in market values of the underlying hedged items both at the inception of the hedge and over the life of the hedge contract.

Our strategy related to foreign exchange exposure management is to offset the gains or losses on the financial instruments against losses or gains on the underlying operational cash flows or investments based on our assessment of risk. We enter into

derivative contracts for some of our non-functional currency cash, receivables, and payables, which are primarily denominated in major currencies that can be traded on open markets. We typically use forward contracts and options to hedge these currency exposures. In addition, we enter into derivative contracts for some forecasted transactions, which are designated as part of a hedging relationship if it is determined that the transaction qualifies for hedge accounting under the provisions of the authoritative accounting guidance for derivative instruments and hedging activities. A portion of our exposure is from currencies that are not traded in liquid markets and these are addressed, to the extent reasonably possible, by managing net asset positions, product pricing and component sourcing.

At December 31, 2013 , we had outstanding foreign exchange contracts totaling \$837 million , compared to \$523 million outstanding at December 31, 2012 . 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 losses and gains on the underlying assets, liabilities and transactions, except for the ineffective portion of the instruments, which is charged to Other within Other income (expense) in our consolidated statements of operations.

The following table shows the five largest net notional amounts of the positions to buy or sell foreign currency as of December 31, 2013 and the corresponding positions as of December 31, 2012 :

<i>Net Buy (Sell) by Currency</i>	<i>Notional Amount</i>	
	<b>2013</b>	2012
British Pound	\$ <b>257</b>	\$ 225
Chinese Renminbi	<b>(181)</b>	(99)
Euro	<b>(132)</b>	(9)
Norwegian Krone	<b>(95)</b>	(48)
Brazilian Real	<b>(44)</b>	3

Foreign exchange financial instruments that are subject to the effects of currency fluctuations, which may affect reported earnings, include derivative financial instruments and other monetary assets and liabilities denominated in a currency other than the functional currency of the legal entity holding the instrument. Derivative financial instruments consist primarily of currency forward contracts and options. Other monetary assets and liabilities denominated in a currency other than the functional currency of the legal entity consist primarily of cash, cash equivalents, short-term investments, as well as accounts payable and receivable. Accounts payable and receivable are reflected at fair value in the financial statements. Assuming the amounts of the outstanding foreign exchange contracts represent our underlying foreign exchange risk related to monetary assets and liabilities, a hypothetical unfavorable 10% movement in the foreign exchange rates, from current levels, would reduce the value of those monetary assets and liabilities by approximately \$82 million . Our market risk calculation represents an estimate of reasonably possible net losses that would be recognized assuming hypothetical 10% movements in future currency market pricing and is not necessarily indicative of actual results, which may or may not occur. It does not represent the maximum possible loss or any expected loss that may occur, since actual future gains and losses will differ from those estimated, based upon, among other things, actual fluctuation in market rates, operating exposures, and the timing thereof. We believe, however, that any such loss incurred would be offset by the effects of market rate movements on the respective underlying derivative financial instruments transactions. The foreign exchange financial instruments are held for purposes other than trading.

At December 31, 2013 , the maximum term of derivative instruments that hedge forecasted transactions was seven months. The weighted average duration of our derivative instruments that hedge forecasted transactions was three months.

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## Item 8: Financial Statements and Supplementary Data

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

Motorola Solutions, Inc.:

We have audited the accompanying consolidated balance sheets of Motorola Solutions, Inc. and Subsidiaries (the Company) as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Motorola Solutions, Inc. and Subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Motorola Solutions, Inc.'s internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 13, 2014 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

The image shows a handwritten signature in black ink that reads "KPMG LLP". The letters are bold and slightly slanted, with a clear, professional appearance.

Chicago, Illinois  
February 13, 2014

## Motorola Solutions, Inc. and Subsidiaries

### Consolidated Statements of Operations

<i>(In millions, except per share amounts)</i>	<i>Years ended December 31</i>		
	2013	2012	2011
Net sales from products	\$ 6,118	\$ 6,363	\$ 6,068
Net sales from services	2,578	2,335	2,135
Net sales	8,696	8,698	8,203
Costs of product sales	2,852	2,844	2,723
Costs of services sales	1,603	1,506	1,334
Costs of sales	4,455	4,350	4,057
Gross margin	4,241	4,348	4,146
Selling, general and administrative expenses	1,838	1,963	1,912
Research and development expenditures	1,055	1,075	1,035
Other charges	133	54	341
Operating earnings	1,215	1,256	858
Other income (expense):			
Interest expense, net	(113)	(66)	(74)
Gains on sales of investments and businesses, net	40	39	23
Other	3	(14)	(69)
Total other expense	(70)	(41)	(120)
Earnings from continuing operations before income taxes	1,145	1,215	738
Income tax expense (benefit)	40	337	(3)
Earnings from continuing operations	1,105	878	741
Earnings from discontinued operations, net of tax	—	3	411
Net earnings	1,105	881	1,152
Less: Earnings (loss) attributable to noncontrolling interests	6	—	(6)
Net earnings attributable to Motorola Solutions, Inc.	\$ 1,099	\$ 881	\$ 1,158
<i>Amounts attributable to Motorola Solutions, Inc. common stockholders:</i>			
Earnings from continuing operations, net of tax	\$ 1,099	\$ 878	\$ 747
Earnings from discontinued operations, net of tax	—	3	411
Net earnings	\$ 1,099	\$ 881	\$ 1,158
<i>Earnings per common share:</i>			
Basic:			
Continuing operations	\$ 4.13	\$ 3.01	\$ 2.24
Discontinued operations	—	—	1.23
	\$ 4.13	\$ 3.01	\$ 3.47
Diluted:			
Continuing operations	\$ 4.06	\$ 2.95	\$ 2.20
Discontinued operations	—	0.01	1.21
	\$ 4.06	\$ 2.96	\$ 3.41
<i>Weighted average common shares outstanding:</i>			
Basic	266.0	292.1	333.8
Diluted	270.5	297.4	339.7
Dividends declared per share	\$ 1.14	\$ 0.96	\$ 0.22

See accompanying notes to consolidated financial statements.

**Motorola Solutions, Inc. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**

<i>(In millions)</i>	<i>Years ended December 31</i>		
	<b>2013</b>	2012	2011
Net earnings	<b>\$ 1,105</b>	\$ 881	\$ 1,152
Other comprehensive income (loss):			
Amortization of retirement benefit adjustments, net of tax of \$40, \$99, and \$73	<b>70</b>	177	132
Mid-year remeasurement of retirement benefit adjustments and other amendment, net of tax of \$-, \$52, and \$9	—	87	(77)
Remeasurement of retirement benefit adjustments, net of tax of \$571, \$(419), and \$(332)	<b>953</b>	(707)	(723)
Foreign currency translation adjustment, net of tax of \$(7), \$(4), and \$(8)	<b>(4)</b>	14	19
Net gain (loss) on derivative hedging instruments, net of tax of \$1, \$(1), and \$0	<b>(2)</b>	4	(3)
Net unrealized gain (loss) on securities, net of tax of \$1, \$1, and \$(1)	<b>(4)</b>	1	(2)
Total other comprehensive income (loss)	<b>1,013</b>	(424)	(654)
Comprehensive income	<b>2,118</b>	457	498
Less: Earnings (loss) attributable to noncontrolling interest	<b>6</b>	—	(6)
Comprehensive income attributable to Motorola Solutions, Inc. common shareholders	<b>\$ 2,112</b>	\$ 457	\$ 504

*See accompanying notes to consolidated financial statements.*



## Motorola Solutions, Inc. and Subsidiaries

### Consolidated Balance Sheets

<i>(In millions, except par value)</i>	<i>December 31</i>	
	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,225	\$ 1,468
Sigma Fund and short-term investments	2	2,135
Accounts receivable, net	1,920	1,881
Inventories, net	522	513
Deferred income taxes	584	604
Other current assets	767	800
Total current assets	7,020	7,401
Property, plant and equipment, net	810	839
Investments	251	240
Deferred income taxes	2,076	2,416
Goodwill	1,509	1,510
Other assets	185	273
Total assets	\$ 11,851	\$ 12,679
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current portion of long-term debt	\$ 4	\$ 4
Accounts payable	814	705
Accrued liabilities	2,402	2,626
Total current liabilities	3,220	3,335
Long-term debt	2,457	1,859
Other liabilities	2,485	4,195
<i>Stockholders' Equity</i>		
Preferred stock, \$100 par value	—	—
Common stock, \$.01 par value:	3	3
Authorized shares: 600.0		
Issued shares: 12/31/13—255.5; 12/31/12—277.3		
Outstanding shares: 12/31/13—254.5; 12/31/12—276.1		
Additional paid-in capital	3,518	4,937
Retained earnings	2,425	1,625
Accumulated other comprehensive loss	(2,287)	(3,300)
Total Motorola Solutions, Inc. stockholders' equity	3,659	3,265
Noncontrolling interests	30	25
Total stockholders' equity	3,689	3,290
Total liabilities and stockholders' equity	\$ 11,851	\$ 12,679

*See accompanying notes to consolidated financial statements.*

**Motorola Solutions, Inc. and Subsidiaries**  
**Consolidated Statements of Stockholders' Equity**

<i>(In millions, except per share amounts)</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>
<b>Balance as of January 1, 2011</b>	<b>337.2</b>	<b>\$ 8,647</b>	<b>\$ (2,222)</b>	<b>\$ 4,460</b>	<b>\$ 102</b>
Net earnings (loss)				1,158	(6)
Net unrealized loss on securities, net of tax of \$(1)			(2)		
Foreign currency translation adjustments, net of tax of \$(8)			19		
Amortization of retirement benefit adjustments, net of tax of \$73			132		
Mid-year remeasurement of retirement benefits, net of tax of \$9			(77)		
Year-end and other retirement adjustments, net of tax of \$(332)			(723)		
Issuance of common stock and stock options exercised	9.4	152			
Share repurchase program	(26.6)	(1,110)			
Excess tax benefit from share-based compensation		42			
Share-based compensation expense		181			
Net loss on derivative hedging instruments, net of tax of \$(0)			(3)		
Distribution of Motorola Mobility		(836)		(4,460)	
Dividends paid to noncontrolling interest on subsidiary common stock					(8)
Sale of noncontrolling interest in subsidiary common stock					(27)
Purchase of noncontrolling interest in subsidiary					(1)
Reclassification of share-based awards from liability to equity		(2)			
Dividends declared				(142)	
<b>Balance as of December 31, 2011</b>	<b>320</b>	<b>\$ 7,074</b>	<b>\$ (2,876)</b>	<b>\$ 1,016</b>	<b>\$ 60</b>
Net earnings				881	—
Net unrealized gain on securities, net of tax of \$1			1		
Foreign currency translation adjustments, net of tax benefit of \$(4)			14		
Amortization of retirement benefit adjustments, net of tax of \$99			177		
Remeasurement of retirement benefits, net of tax of \$52			87		
Year-end and other retirement adjustments, net of tax of \$(419)			(707)		
Issuance of common stock and stock options exercised	6.9	80			
Share repurchase program	(49.6)	(2,438)			
Excess tax benefit from share-based compensation		20			
Share-based compensation expense		184			
Net gain on derivative hedging instruments, net of tax of \$(1)			4		
Acquisition of noncontrolling interest from Japanese subsidiary	20				(35)
Dividends declared				(272)	
<b>Balance as of December 31, 2012</b>	<b>277.3</b>	<b>\$ 4,940</b>	<b>\$ (3,300)</b>	<b>\$ 1,625</b>	<b>\$ 25</b>
Net earnings				1,099	6
Net unrealized loss on securities, net of tax of \$1			(4)		
Foreign currency translation adjustments, net of tax of \$(7)			(4)		
Amortization of retirement benefit adjustments, net of tax of \$40			70		
Year-end and other retirement adjustments, net of tax of \$571			953		
Issuance of common stock and stock options exercised	6.8	100			
Share repurchase program	(28.6)	(1,694)			
Excess tax benefit from share-based compensation		25			
Share-based compensation expense		153			
Net loss on derivative hedging instruments, net of tax of \$1			(2)		
Purchase of noncontrolling interest in subsidiary		(3)			(1)
Dividends declared				(299)	
<b>Balance as of December 31, 2013</b>	<b>255.5</b>	<b>\$ 3,521</b>	<b>\$ (2,287)</b>	<b>\$ 2,425</b>	<b>\$ 30</b>

See accompanying notes to consolidated financial statements.

# Motorola Solutions, Inc. and Subsidiaries

## Consolidated Statements of Cash Flows

<i>(In millions)</i>	<i>Years ended December 31</i>		
	2013	2012	2011
<b>Operating</b>			
Net earnings attributable to Motorola Solutions, Inc.	\$ 1,099	\$ 881	\$ 1,158
Earnings attributable to noncontrolling interests	6	—	(6)
Net earnings	1,105	881	1,152
Earnings from discontinued operations, net of tax	—	3	411
Earnings from continuing operations, net of tax	1,105	878	741
Adjustments to reconcile earnings from continuing operations to net cash provided by operating activities:			
Depreciation and amortization	228	208	366
Non-cash other charges (income)	(12)	11	34
Share-based compensation expense	153	184	168
Gains on sales of investments and businesses, net	(40)	(39)	(23)
Loss from the extinguishment of long term debt	—	6	81
Deferred income taxes	(231)	242	63
Changes in assets and liabilities, net of effects of acquisitions and dispositions:			
Accounts receivable	(66)	81	(250)
Inventories	(10)	(3)	(14)
Other current assets	51	(118)	61
Accounts payable and accrued liabilities	(201)	(162)	(191)
Other assets and liabilities	(33)	(220)	(188)
Net cash provided by operating activities from continuing operations	944	1,068	848
<b>Investing</b>			
Acquisitions and investments, net	(65)	(109)	(32)
Proceeds from (used for) sales of investments and businesses, net	67	(38)	1,124
Capital expenditures	(191)	(187)	(186)
Proceeds from sales of property, plant and equipment	66	56	6
Proceeds from sales of Sigma Fund investments, net	2,133	1,075	1,508
Proceeds from sales of short-term investments, net	—	—	6
Net cash provided by investing activities from continuing operations	2,010	797	2,426
<b>Financing</b>			
Repayment of debt	(4)	(413)	(1,219)
Net proceeds from issuance of debt	593	747	—
Contributions to Motorola Mobility	—	(73)	(3,425)
Issuance of common stock	165	133	192
Purchase of common stock	(1,694)	(2,438)	(1,110)
Excess tax benefit from share-based compensation	25	20	42
Payment of dividends	(292)	(270)	(72)
Distributions to discontinued operations	—	(11)	64
Net cash used for financing activities from continuing operations	(1,207)	(2,305)	(5,528)
Net cash provided by operating activities from discontinued operations	—	2	26
Net cash provided by investing activities from discontinued operations	—	—	(8)
Net cash provided by financing activities from discontinued operations	—	11	(64)
Effect of exchange rate changes on cash and cash equivalents from discontinued operations	—	(13)	46
Net cash provided by discontinued operations	—	—	—
Effect of exchange rate changes on cash and cash equivalents from continuing operations	10	27	(73)
Net increase (decrease) in cash and cash equivalents	1,757	(413)	(2,327)

Cash and cash equivalents, beginning of period		<b>1,468</b>		1,881		4,208
Cash and cash equivalents, end of period	\$	<b>3,225</b>	\$	1,468	\$	1,881
<i>Supplemental Cash Flow Information</i>						
<b>Cash paid during the period for:</b>						
Interest, net	\$	<b>122</b>	\$	109	\$	166
Income and withholding taxes, net of refunds		<b>246</b>		127		107

*See accompanying notes to consolidated financial statements.*

**Motorola Solutions, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
(Dollars in millions, except as noted)

**1. Summary of Significant Accounting Policies**

**Principles of Consolidation:** The consolidated financial statements include the accounts of Motorola Solutions, Inc. (the “Company” or “Motorola Solutions”) and all controlled subsidiaries. All intercompany transactions and balances have been eliminated.

The consolidated financial statements as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011, include, in the opinion of management, all adjustments (consisting of normal recurring adjustments and reclassifications) necessary to present fairly the Company's consolidated financial position, results of operations, statements of comprehensive income, statement of stockholder's equity, and cash flows for all periods presented.

The preparation of financial statements in conformity with United States (“U.S.”) Generally Accepted Accounting Principles (“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.

**Revenue Recognition:** Net sales consist of a wide range of activities including the delivery of stand-alone equipment or services, custom design and installation over a period of time, and bundled sales of equipment, software and services. The Company enters into revenue arrangements that may consist of multiple deliverables of its products and services due to the needs of its customers. The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collectability of the sales price is reasonably assured. The Company recognizes revenue from the sale of equipment, equipment containing both software and nonsoftware components that function together to deliver the equipment’s essential functionality, and services in accordance with general revenue recognition accounting principles. The Company recognizes revenue in accordance with software accounting guidance for the following types of sales transactions: (i) standalone sales of software products or software upgrades, (ii) standalone sales of software maintenance agreements, and (iii) sales of software bundled with hardware where the software is not essential to the functionality of that equipment.

*Products*

For equipment sales, in addition to the criteria mentioned above, revenue recognition occurs when title and risk of loss has transferred to the customer, objective evidence exists that customer acceptance provisions have been met, no significant obligations remain and allowances for discounts, price protection, returns and customer incentives can be reliably estimated. Recorded revenues are reduced by these allowances. The Company bases its estimates of these allowances on historical experience taking into consideration the type of products sold, the type of customer, and the specific type of transaction in each arrangement. Where customer incentives cannot be reliably estimated, the Company defers revenue until the incentive has been finalized with the customer. The Company includes shipping charges billed to customers in net revenue, and includes the related shipping costs in cost of sales.

The Company sells software and equipment obtained from other companies. The Company establishes its own pricing and retains related inventory risk, is the primary obligor in sales transactions with customers, and assumes the credit risk for amounts billed to customers. Accordingly, the Company generally recognizes revenue for the sale of products obtained from other companies based on the gross amount billed.

Within the Enterprise segment, products are often sold through distributors to value-added resellers. In addition to cooperative marketing and other incentive programs, the Company has arrangements with some distributors which allow for price protection and limited rights of return, generally through stock rotation programs. Under the price protection programs, the Company gives distributors credits for the difference between the original price paid and the Company’s then current price. Under the stock rotation programs, distributors are able to exchange certain products based on the number of qualified purchases made during the period. Where the Company is unable to reliably estimate the final sales price due to the price protection and stock rotation programs revenue is not recognized until the products are resold by distributors to value-added resellers using information provided by these distributors.

*Long-Term Contracts*

For long-term contracts that involve customization of equipment and/or software, the Company generally recognizes revenue using the percentage of completion method based on the percentage of costs incurred to date compared to the total estimated costs to complete the contract (“Estimated Costs at Completion”). The components of estimated costs to complete a contract and management’s process for reviewing Estimated Costs at Completion and progress toward completion is discussed

further below. Contracts may be combined or segmented in accordance with the applicable criteria under contract accounting principles. In certain instances, when revenues or costs associated with long-term contracts cannot be reliably estimated or the contract contains other inherent uncertainties, revenues and costs are deferred until the project is complete and customer acceptance is obtained.

Total Estimated Costs at Completion include direct labor, material and subcontracting costs. Due to the nature of the work required to be performed under many of the Company's long-term contracts, Estimated Costs at Completion is complex and subject to many variables. The Company has a standard and disciplined quarterly Estimated Costs at Completion process in which management reviews the progress and performance of open contracts. As part of this process, management reviews information including, but not limited to, any outstanding key contract matters, progress towards completion, the project schedule, identified risks and opportunities, and the related changes in estimates of revenues and costs. The risks and opportunities include management's judgment about the ability and cost to achieve the project schedule, technical requirements, and other contract requirements. Management must make assumptions and estimates regarding labor productivity and availability, the complexity of the work to be performed, the availability of materials, and performance by subcontractors, among other variables. Based on this analysis, any quarterly adjustments to net sales, cost of sales, and the related impact to operating income are recorded as necessary in the period they become known. These adjustments may result from positive project performance, and may result in an increase in operating income during the performance of individual contracts. Likewise, these adjustments may result in a decrease in operating income if Estimated Costs at Completion increase. Changes in estimates of net sales or cost of sales could affect the profitability of one or more of our contracts. The impact on Operating earnings as a result of changes in Estimated Costs at Completion was not significant for the years 2013, 2012, and 2011. When estimates of total costs to be incurred on a contract exceed total estimates of revenue to be earned, a provision for the entire loss on the contract is recorded in the period the loss is determined.

#### *Hardware and Software Services Support*

Revenue under equipment and software maintenance agreements, which do not contain specified future software upgrades, is recognized ratably over the contract term as services are performed.

#### *Software and Licenses*

Revenue from pre-paid perpetual licenses is recognized at the inception of the arrangement, presuming all other relevant revenue recognition criteria are met. Revenue from non-perpetual licenses or term licenses is recognized ratably over the period that the licensee uses the license.

#### *Multiple-Element Arrangements*

Arrangements with customers may include multiple deliverables, including any combination of products, services and software. These multiple element arrangements could also include an element accounted for as a long-term contract coupled with other products, services and software. For multiple-element arrangements that include products containing software that functions together with the equipment to deliver its essential functionality, undelivered software elements that relate to the product's essential software, and undelivered non-software services deliverables are separated into more than one unit of accounting when: (i) the delivered element(s) have value to the customer on a stand-alone basis and (ii) delivery of the undelivered element(s) is probable and substantially in the control of the Company.

In these arrangements, the Company allocates revenue to all deliverables based on their relative selling prices. The Company uses the following hierarchy to determine the selling price to be used for allocating revenue to deliverables: (i) vendor-specific objective evidence of fair value ("VSOE"), (ii) third-party evidence of selling price ("TPE"), and (iii) best estimate of selling price ("ESP").

The Company determines VSOE based on its normal pricing and discounting practices for the specific product or service when that same product or service is sold separately. In determining VSOE, the Company requires that a substantial majority of the selling prices for a product or service fall within a reasonably narrow pricing range, generally evidenced by the pricing rates of approximately 80% of such historical stand-alone transactions falling within plus or minus 15% of the median rate.

When VSOE does not exist, the Company attempts to determine TPE based on competitor prices for similar deliverables when sold separately. Generally, the Company's go-to-market strategy for many of its products differs from that of its competitors and its offerings contain a significant level of customization and differentiation such that the comparable pricing of products with similar functionality sold by other companies cannot be obtained. Furthermore, the Company is unable to reliably determine what similar competitor products' selling prices are on a stand-alone basis. Therefore, the Company is typically not able to determine TPE.

When both VSOE and TPE are unavailable, the Company uses ESP. The Company determines ESP by: (i) collecting all reasonably available data points including sales, cost and margin analysis of the product, and other inputs based on its normal pricing and discounting practices, (ii) making any reasonably required adjustments to the data based on market and Company-

specific factors, and (iii) stratifying the data points, when appropriate, based on customer, magnitude of the transaction and sales volume.

The Company also considers the geographies in which the products or services are sold, major product and service groups, customer classification, and other environmental or marketing variables in determining VSOE, TPE, and ESP.

Once elements of an arrangement are separated into more than one unit of accounting, revenue is recognized for each separate unit of accounting based on the nature of the revenue as described above.

The Company's arrangements with multiple deliverables may also contain one or more software deliverables that are subject to software revenue recognition guidance. The revenue for these multiple-element arrangements is allocated to the software deliverable(s) and the non-software deliverable(s) based on the relative selling prices of all of the deliverables in the arrangement using the fair value hierarchy outlined above. In circumstances where the Company cannot determine VSOE or TPE of the selling price for any of the deliverables in the arrangement, ESP is used for the purpose of allocating the arrangement consideration between software and non software deliverables.

The Company accounts for multiple-element arrangements that consist entirely of software or software-related products, including the sale of software upgrades or software support agreements to previously sold software, in accordance with software accounting guidance. For such arrangements, revenue is allocated to the deliverables based on the relative fair value of each element, and fair value is determined using VSOE. Where VSOE does not exist for the undelivered software element, revenue is deferred until either the undelivered element is delivered or VSOE is established, whichever occurs first. When the final undelivered software element is post contract support, service revenue is recognized on a ratable basis over the remaining service period. When VSOE of a delivered element has not been established, but VSOE exists for the undelivered elements, the Company uses the residual method to recognize revenue when the fair value of all undelivered elements is determinable. Under the residual method, the fair value of the undelivered elements is deferred and the remaining portion of the arrangement consideration is allocated to the delivered elements and is recognized as revenue.

**Cash Equivalents:** The Company considers all highly-liquid investments purchased with an original maturity of three months or less to be cash equivalents. Restricted cash was \$63 million at December 31, 2013 and \$63 million at December 31, 2012 .

**Sigma Fund:** Prior to December 2013, the Company invested a most of its U.S. dollar-denominated cash in a fund (the "Sigma Fund") which was managed by independent investment management firms under specific investment guidelines restricting the type of investments held and their time to maturity. In December 2013, the Company completed the liquidation of the Sigma Fund and migrated the international U.S. dollar denominated cash to a U.S. dollar cash pool invested in U.S. dollar prime money market funds. These money market funds are classified as Cash and cash equivalents within the Consolidated balance sheet as of December 31, 2013.

Prior to the liquidation of the Sigma Fund, investments in the Sigma Fund were carried at fair value primarily based on valuation pricing models and broker quotes. These pricing models utilized observable inputs including, but not limited to: market quotations, yields, maturities, call features, and the security's terms and conditions. The fair value measurements of the Sigma Fund were deemed Level 2 fair value measures as of December 31, 2012.

**Investments:** Investments in equity and debt securities classified as available-for-sale are carried at fair value. When applicable, debt securities classified as held-to-maturity are carried at amortized cost. Equity securities that are restricted for more than one year or that are not publicly traded are carried at cost. Certain investments are accounted for using the equity method if the Company has significant influence over the issuing entity.

The Company assesses declines in the fair value of investments to determine whether such declines are other-than-temporary. This assessment is made considering all available evidence, including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the fair value has been less than cost, the financial condition and the near-term prospects of the entity issuing the security, and the Company's ability and intent to hold the investment until recovery. Other-than-temporary impairments of investments are recorded to Other within Other income (expense) in the Company's consolidated statements of operations in the period in which they become impaired.

**Inventories:** Inventories are valued at the lower of average cost (which approximates cost on a first-in, first-out basis) or market (net realizable value or replacement cost).

**Property, Plant and Equipment:** Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is recorded on a straight-line basis, based on the estimated useful lives of the assets (buildings and building equipment, five to forty years; machinery and equipment, two to ten years) and commences once the assets are ready for their intended use.

**Goodwill and Intangible Assets:** Goodwill is assessed for impairment at least annually at the reporting unit level. The Company performs its annual assessment of goodwill for impairment in the fourth quarter of each year. The annual assessment



is performed using the two-step goodwill test which may also include the optional qualitative assessment to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount prior to performing the two-step goodwill impairment test. If this is the case, the two-step goodwill impairment test is required. If it is more-likely-than-not that the fair value of a reporting unit is greater than its carrying amount, the two-step goodwill impairment test is not required.

If the two-step goodwill impairment test is performed, first, the fair value of each reporting unit is compared to its book value. If the fair value of the reporting unit is less than its book value, the Company performs a hypothetical purchase price allocation based on the reporting unit's fair value to determine the fair value of the reporting unit's goodwill. Fair value is determined using a combination of present value techniques and market prices of comparable businesses.

Intangible assets are amortized on a straight line basis over their respective estimated useful lives ranging from one to ten years. The Company has no intangible assets with indefinite useful lives.

**Impairment of Long-Lived Assets:** Long-lived assets, which include intangible assets, held and used by the Company, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. The Company evaluates recoverability of assets to be held and used by comparing the carrying amount of an asset (group) to future net undiscounted cash flows to be generated by the asset (group). If an asset (group) is considered to be impaired, the impairment to be recognized is equal to the amount by which the carrying amount of the asset (group) exceeds the asset's (group's) fair value calculated using a discounted future cash flows analysis or market comparables. Assets held for sale, if any, are reported at the lower of the carrying amount or fair value less cost to sell.

**Income Taxes:** Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in the period that includes the enactment date.

Deferred tax assets are reduced by valuation allowances if, based on the consideration of all available evidence, it is more-likely-than-not that all or some portion of the deferred tax asset will not be realized. Significant weight is given to evidence that can be objectively verified. The Company evaluates deferred tax assets on a quarterly basis to determine if valuation allowances are required by considering available evidence. Deferred tax assets are realized by having sufficient future taxable income to allow the related tax benefits to reduce taxes otherwise payable. The sources of taxable income that may be available to realize the benefit of deferred tax assets are future reversals of existing taxable temporary differences, future taxable income, exclusive of reversing temporary differences and carryforwards, taxable income in carry-back years and tax planning strategies that are both prudent and feasible.

The Company recognizes the effect of income tax positions only if sustaining those positions is more-likely-than-not. Changes in recognition or measurement are reflected in the period in which a change in judgment occurs. The Company records interest related to unrecognized tax benefits in Interest expense and penalties in Selling, general and administrative expenses in the Company's consolidated statements of operations.

**Sales and Use Taxes:** The Company records taxes imposed on revenue-producing transactions, including sales, use, value added and excise taxes, on a net basis with such taxes excluded from revenue.

**Long-term Receivables:** Long-term receivables include trade receivables where contractual terms of the note agreement are greater than one year. Long-term receivables are considered impaired when management determines collection of all amounts due according to the contractual terms of the note agreement, including principal and interest, is no longer probable. Impaired long-term receivables are valued based on the present value of expected future cash flows discounted at the receivable's effective interest rate, or the fair value of the collateral if the receivable is collateral dependent. Interest income and late fees on impaired long-term receivables are recognized only when payments are received. Previously impaired long-term receivables are no longer considered impaired and are reclassified to performing when they have performed under a workout or restructuring for four consecutive quarters.

**Foreign Currency:** Certain of the Company's non-U.S. operations use their respective local currency as their functional currency. Those operations that do not have the U.S. dollar as their functional currency translate assets and liabilities at current rates of exchange in effect at the balance sheet date and revenues and expenses using rates that approximate those in effect during the period. The resulting translation adjustments are included as a component of Accumulated other comprehensive loss in the Company's consolidated balance sheets. For those operations that have the U.S. dollar as their functional currency, transactions denominated in the local currency are measured in U.S. dollars using the current rates of exchange for monetary assets and liabilities and historical rates of exchange for nonmonetary assets. Gains and losses from remeasurement of monetary assets and liabilities are included in Other within Other income (expense) within the Company's consolidated statements of operations.

**Derivative Instruments:** Gains and losses on hedges of existing assets or liabilities are marked-to-market and the result is included in Other within Other income (expense) within the Company's consolidated statements of operations. Certain financial instruments are used to hedge firm future commitments or forecasted transactions. Gains and losses pertaining to those instruments that qualify for hedge accounting are deferred until such time as the underlying transactions are recognized and subsequently recognized in the same line within the consolidated statements of operations as the hedged item. Gains and losses pertaining to those instruments that do not qualify for hedge accounting are recorded immediately in Other income (expense) within the consolidated statements of operations.

**Earnings Per Share:** The Company calculates its basic earnings per share based on the weighted-average effect of all common shares issued and outstanding. Net earnings attributable to Motorola Solutions, Inc. is divided by the weighted average common shares outstanding during the period to arrive at the basic earnings per share. Diluted earnings per share is calculated by dividing net earnings attributable to Motorola Solutions, Inc. by the sum of the weighted average number of common shares used in the basic earnings per share calculation and the weighted average number of common shares that would be issued assuming exercise or conversion of all potentially dilutive securities, excluding those securities that would be anti-dilutive to the earnings per share calculation. Both basic and diluted earnings per share amounts are calculated for earnings from continuing operations and net earnings attributable to Motorola Solutions, Inc. for all periods presented. All earnings per share information presented gives effect to the distribution of Motorola Mobility and a reverse stock split, which occurred on January 4, 2011 (see further discussion in Note 3).

**Share-Based Compensation Costs:** The Company has incentive plans that reward employees with stock options, stock appreciation rights, restricted stock and restricted stock units, as well as an employee stock purchase plan. The amount of compensation cost for these share-based awards is generally measured based on the fair value of the awards as of the date that the share-based awards are issued and adjusted to the estimated number of awards that are expected to vest. The fair values of stock options and stock appreciation rights are generally determined using a Black-Scholes option pricing model which incorporates assumptions about expected volatility, risk free rate, dividend yield, and expected life. Compensation cost for share-based awards is recognized on a straight-line basis over the vesting period.

**Retirement Benefits:** The Company records annual expenses relating to its pension benefit and postretirement plans based on calculations which include various actuarial assumptions, including discount rates, assumed asset rates of return, compensation increases, turnover rates and health care cost trend rates. The Company reviews its actuarial assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends. The effects of the gains, losses, and prior service costs and credits are amortized either over the average service life or over the average remaining lifetime of the participants, depending on the number of active employees in the plan. The funded status, or projected benefit obligation less plan assets, for each plan, is reflected in the Company's consolidated balance sheets using a December 31 measurement date.

**Advertising Expense:** Advertising expenses, which are the external costs of marketing the Company's products, are expensed as incurred. Advertising expenses were \$95 million, \$95 million and \$98 million for the years ended December 31, 2013, 2012 and 2011, respectively.

**Use of Estimates:** The preparation of the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Such estimates include the valuation of accounts receivable and long term receivables, inventories, investments, goodwill, intangible and other long-lived assets, legal contingencies, guarantee obligations, indemnifications, and assumptions used in the calculation of income taxes, retirement and other post-employment benefits and allowances for discounts, price protection, product returns, and customer incentives, among others. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Illiquid credit markets, volatile equity, foreign currency, and energy markets together with declines in consumer spending have increased the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

#### **Recent Accounting Pronouncements:**

In February 2013, the Financing Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-04, "*Obligations Resulting from Joint and Several Liability Arrangements for which the Total Amount of the Obligation Is Fixed at the Reporting Date.*" The standard addresses the recognition, measurement, and disclosure of certain obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date, including debt arrangements, other contractual obligations, and settled litigation and judicial rulings. U.S. GAAP does not currently include specific guidance on accounting for such obligations with joint and several liability which has

resulted in diversity in practice. The ASU requires an entity to measure these obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The ASU also requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. The ASU is to be applied retrospectively to all prior periods presented for those obligations resulting from joint and several liability arrangements within the scope of updates that exist within the Company's statement of financial position at the beginning of the year of adoption. This guidance will be effective for the Company beginning January 1, 2014. The Company anticipates that the adoption of this standard will not have a material impact on its consolidated financial statements or footnote disclosures.

In January 2014, the FASB issued ASU No. 2014-05, “*Service Concession Arrangements*.” The ASU clarifies that an operating entity should not account for a services concession arrangement with a public-sector grantor as a lease if: (i) the grantor controls or has the ability to modify or approve the services the operating entity must provide, to whom it must provide them, and at what price and (ii) the grantor controls any residual interest in the infrastructure at the end of the arrangement. In addition, the infrastructure used in a service concession arrangement would not be recognized as property, plant and equipment of the operating entity. The ASU is to be applied on a modified retrospective basis to service concession arrangements outstanding upon adoption and will be effective for the Company beginning January 1, 2015. The Company is currently assessing the impact of this standard on its consolidated financial statements and footnote disclosures.

## 2. Discontinued Operations

On January 1, 2012, the Company completed a series of transactions which resulted in exiting the amateur, marine and airband radio businesses. The operating results of the amateur, marine and airband radio businesses, formerly included as part of the Government segment, are reported as discontinued operations in the consolidated statements of operations for all periods presented.

On October 28, 2011, the Company completed the sale of its wireless broadband businesses. During the year ended December 31, 2011, the Company recorded a pre-tax gain related to the sale of the wireless broadband businesses of \$40 million, net of closing costs, in its results from discontinued operations. The operating results of the wireless broadband businesses, formerly included as part of the Enterprise segment, are reported as discontinued operations in the statements of operations for all periods presented.

On April 29, 2011, the Company completed the sale of certain assets and liabilities of its Networks business to Nokia Siemens Networks (“NSN”). The results of operations of the portions of the Networks business sold are reported as discontinued operations for all periods presented. Based on the terms and conditions of the Networks business divestiture, the sale was subject to a purchase price adjustment that was contingent upon the review of final assets and liabilities transferred to NSN and was based on the change in net assets from the original agreed upon sale date. During the year ended December 31, 2011, the Company received approximately \$1.0 billion of net proceeds and recorded a pre-tax gain related to the completion of this sale of \$434 million, net of closing costs, and an agreed upon purchase price adjustment of \$120 million in its results from discontinued operations.

On January 4, 2011, the distribution of Motorola Mobility was completed. The stockholders of record as of the close of business on December 21, 2010 received one (1) share of Motorola Mobility common stock for each eight (8) shares of the Company’s common stock held as of the record date. Immediately following the distribution, the Company changed its name to Motorola Solutions, Inc. The distribution was structured to be tax-free to Motorola Solutions and its stockholders for U.S. tax purposes (other than with respect to any cash received in lieu of fractional shares). The historical financial results of Motorola Mobility are reflected in the Company’s consolidated financial statements and footnotes as discontinued operations for all periods presented.

The following table displays summarized activity in the Company’s consolidated statements of operations for discontinued operations during the years ended December 31, 2012 and 2011.

<i>Years ended December 31</i>	2012		2011	
Net sales	\$	—	\$	1,346
Operating earnings		11		201
Gains (loss) on sales of investments and businesses, net		(7)		474
Earnings before income taxes		8		667
Income tax expense		5		256
Earnings from discontinued operations, net of tax		3		411

### 3. Other Financial Data

#### Statement of Operations Information

##### Other Charges

Other charges included in Operating earnings consist of the following:

<i>Years ended December 31</i>	<b>2013</b>	2012	2011
<b>Other charges:</b>			
Intangibles amortization	\$ <b>26</b>	\$ 29	\$ 200
Reorganization of businesses	<b>107</b>	41	52
Legal and related insurance matters, net	—	(16)	88
Other	—	—	1
	<u>\$ <b>133</b></u>	<u>\$ 54</u>	<u>\$ 341</u>

During 2012, the Company recorded a \$16 million gain in connection with the settlement of a legal matter involving the legacy paging business.

During 2011, the Company recorded \$88 million of net charges for legal matters. These charges primarily relate to litigation settlement and legal matters related to the legacy paging business.

##### Other Income (Expense)

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

<i>Years ended December 31</i>	<b>2013</b>	2012	2011
<b>Interest income (expense), net:</b>			
Interest expense	\$ <b>(132)</b>	\$ (108)	\$ (132)
Interest income	<b>19</b>	42	58
	<u>\$ <b>(113)</b></u>	<u>\$ (66)</u>	<u>\$ (74)</u>
<b>Other:</b>			
Loss from the extinguishment of long-term debt	\$ —	\$ (6)	\$ (81)
Investment impairments	<b>(6)</b>	(8)	(4)
Foreign currency gain (loss)	<b>(12)</b>	(13)	8
Gains on equity method investments	<b>10</b>	3	12
Other	<b>11</b>	10	(4)
	<u>\$ <b>3</b></u>	<u>\$ (14)</u>	<u>\$ (69)</u>

### *Earnings Per Common Share*

Basic and diluted earnings per common share from both continuing operations and net earnings attributable to Motorola Solutions, Inc., including discontinued operations, is computed as follows:

<i>Years ended December 31</i>	<i>Earnings from Continuing Operations</i>			<i>Net Earnings</i>		
	<b>2013</b>	2012	2011	<b>2013</b>	2012	2011
<b>Basic earnings per common share:</b>						
Earnings	\$ <b>1,099</b>	\$ 878	\$ 747	\$ <b>1,099</b>	\$ 881	\$ 1,158
Weighted average common shares outstanding	<b>266.0</b>	292.1	333.8	<b>266.0</b>	292.1	333.8
Per share amount	\$ <b>4.13</b>	\$ 3.01	\$ 2.24	\$ <b>4.13</b>	\$ 3.01	\$ 3.47
<b>Diluted earnings per common share:</b>						
Earnings	\$ <b>1,099</b>	\$ 878	\$ 747	\$ <b>1,099</b>	\$ 881	\$ 1,158
Weighted average common shares outstanding	<b>266.0</b>	292.1	333.8	<b>266.0</b>	292.1	333.8
Add effect of dilutive securities:						
Share-based awards	<b>4.5</b>	5.3	5.9	<b>4.5</b>	5.3	5.9
Diluted weighted average common shares outstanding	<b>270.5</b>	297.4	339.7	<b>270.5</b>	297.4	339.7
Per share amount	\$ <b>4.06</b>	\$ 2.95	\$ 2.20	\$ <b>4.06</b>	\$ 2.96	\$ 3.41

In the computation of diluted earnings per common share from both continuing operations and on a net earnings basis for the years ended December 31, 2013 and December 31, 2012, the assumed exercise of 5.6 million and 5.9 million stock options, respectively, were excluded because their inclusion would have been antidilutive. For the year ended December 31, 2011, the assumed exercise of 8.6 million stock options and vesting of 0.2 million restricted stock units were excluded because their inclusion would have been antidilutive.

## Balance Sheet Information

### *Sigma Fund*

During the fourth quarter of 2013, the Company exited the Sigma Fund. The balance of Sigma Fund as December 31, 2012 consisted of the following:

Cash	\$	149
Government, agency, and government-sponsored enterprise obligations		1,984
	\$	2,133

### *Investments*

Investments consist of the following:

<i>December 31, 2013</i>	<i>Recorded Value</i>		<i>Less</i>	<i>Cost Basis</i>
	<i>Short-term Investments</i>	<i>Investments</i>	<i>Unrealized Gains</i>	
<i>Available-for-sale securities:</i>				
Government, agency, and government-sponsored enterprise obligations	\$	—	\$	15
Corporate bonds		2	7	9
Mutual funds		—	11	11
Common stock and equivalents		—	2	2
		2	35	37
Other investments, at cost		—	201	201
Equity method investments		—	15	15
	\$	2	\$	253

<i>December 31, 2012</i>	<i>Recorded Value</i>		<i>Less</i>	<i>Cost Basis</i>
	<i>Short-term Investments</i>	<i>Investments</i>	<i>Unrealized Gains</i>	
<i>Available-for-sale securities:</i>				
Government, agency, and government-sponsored enterprise obligations	\$	—	\$	15
Corporate bonds		2	11	13
Mortgage-backed securities		—	2	2
Common stock and equivalents		—	10	7
		2	38	37
Other investments, at cost		—	189	189
Equity method investments		—	13	13
	\$	2	\$	239

The Company reclassified \$96 million of cash surrender values of its split-dollar value life insurance plans as of December 31, 2012, from Other assets to Investments, to conform to the balance sheet presentation as of December 31, 2013.

During the years ended December 31, 2013, 2012 and 2011, the Company recorded investment impairment charges of \$6 million, \$8 million and \$4 million, respectively, representing other-than-temporary declines in the value of the Company's equity investment portfolio. Investment impairment charges are included in Other within Other income (expense) in the Company's consolidated statements of operations.

Gains on sales of investments and businesses, net, consists of the following:

<i>Years ended December 31</i>	<b>2013</b>	2012	2011
Gains on sales of investments, net	\$ 40	\$ 39	\$ 17
Gains on sales of businesses, net	—	—	6
	<u>\$ 40</u>	<u>\$ 39</u>	<u>\$ 23</u>

***Accounts Receivable, Net***

Accounts receivable, net, consist of the following:

<i>December 31</i>	<b>2013</b>	2012
Accounts receivable	\$ 1,976	\$ 1,932
Less allowance for doubtful accounts	(56)	(51)
	<u>\$ 1,920</u>	<u>\$ 1,881</u>

***Inventories, Net***

Inventories, net, consist of the following:

<i>December 31</i>	<b>2013</b>	2012
Finished goods	\$ 232	\$ 244
Work-in-process and production materials	468	432
	<u>700</u>	<u>676</u>
Less inventory reserves	(178)	(163)
	<u>\$ 522</u>	<u>\$ 513</u>

***Other Current Assets***

Other current assets consist of the following:

<i>December 31</i>	<b>2013</b>	2012
Costs and earnings in excess of billings	\$ 390	\$ 416
Contract-related deferred costs	105	141
Tax-related deposits and refunds receivable	113	95
Other	159	148
	<u>\$ 767</u>	<u>\$ 800</u>

***Property, Plant and Equipment, Net***

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

<i>December 31</i>	<b>2013</b>	2012
Land	\$ 36	\$ 38
Building	649	739
Machinery and equipment	1,938	1,932
	<u>2,623</u>	<u>2,709</u>
Less accumulated depreciation	(1,813)	(1,870)
	<u>\$ 810</u>	<u>\$ 839</u>

Depreciation expense for the years ended December 31, 2013, 2012 and 2011 was \$202 million, \$179 million and \$165 million, respectively.

### **Other Assets**

Other assets consist of the following:

<i>December 31</i>	<b>2013</b>	2012
Intangible assets	\$ 87	\$ 109
Long-term receivables	6	60
Other	92	104
	<u>\$ 185</u>	<u>\$ 273</u>

### **Accrued Liabilities**

Accrued liabilities consist of the following:

<i>December 31</i>	<b>2013</b>	2012
Deferred revenue	\$ 778	\$ 820
Compensation	334	424
Billings in excess of costs and earnings	295	387
Tax liabilities	95	95
Customer reserves	146	144
Dividend payable	79	72
Other	675	684
	<u>\$ 2,402</u>	<u>\$ 2,626</u>

### **Other Liabilities**

Other liabilities consist of the following:

<i>December 31</i>	<b>2013</b>	2012
Defined benefit plans, including split dollar life insurance arrangements	\$ 1,759	\$ 3,389
Postretirement health care benefit plan	117	167
Deferred revenue	302	304
Unrecognized tax benefits	102	98
Other	205	237
	<u>\$ 2,485</u>	<u>\$ 4,195</u>

### **Stockholders' Equity Information**

*Share Repurchase Program:* During 2013, the Company paid an aggregate of \$1.7 billion, including transaction costs, to repurchase 28.6 million shares at an average price of \$59.30 per share. During 2012, the Company paid an aggregate of \$2.4 billion, including transaction costs, to repurchase 49.6 million shares at an average price of \$49.14. During 2011, the Company paid an aggregate of \$1.1 billion, including transaction costs, to repurchase 26.6 million shares at an average price of \$41.77.

On July 24, 2013, the Company announced that its Board of Directors authorized up to \$2.0 billion in additional funds for share repurchases, bringing the aggregate amount of the share repurchase program to \$7.0 billion. As of December 31, 2013, the Company had used approximately \$5.2 billion of the share repurchase authority, including transaction costs, to repurchase shares, leaving \$1.8 billion of authority available for future repurchases.

*Payment of Dividends:* On July 24, 2013, the Company announced that its Board of Directors approved an increase in the quarterly cash dividend from \$0.26 per share to \$0.31 per share of common stock. During the years ended December 31, 2013, 2012, and 2011 the Company paid \$292 million, \$270 million, and \$72 million respectively, in cash dividends to holders of its common stock. During 2011, the Company paid \$8 million of dividends to minority shareholders in connection with subsidiary common stock.

*Motorola Mobility Distribution:* On January 4, 2011, the distribution of Motorola Mobility from Motorola Solutions was completed. On January 4, 2011, the stockholders of record as of the close of business on December 21, 2010 (the "Record Date") received one (1) share of Motorola Mobility common stock for each eight (8) shares of the Company's common stock held as of the Record Date. The distribution was completed pursuant to an Amended and Restated Master Separation and Distribution Agreement, effective as of July 31, 2010, among the Company, Motorola Mobility and Motorola Mobility, Inc.



*Reverse Stock Split:* On January 4, 2011, immediately following the distribution of Motorola Mobility common stock, the Company completed a reverse stock split. All consolidated per share information presented gives effect to the distribution of Motorola Mobility and the reverse stock split.

**Accumulated Other Comprehensive Loss**

The following table displays the changes in Accumulated other comprehensive loss, net of tax, by component from January 1, 2013 to December 31, 2013 :

	<i>Gains and Losses on Cash Flow Hedges</i>	<i>Unrealized Gains and Losses on Available-for- Sale Securities</i>	<i>Retirement Benefit Items</i>	<i>Foreign Currency Translation Adjustments</i>	<i>Total</i>
<b>Balance as of December 31, 2012</b>	\$ 1	\$ 2	\$ (3,211)	\$ (92)	\$ (3,300)
Other comprehensive income (loss) before reclassifications	(1)	(1)	953	(4)	947
Amounts reclassified from accumulated other comprehensive income (loss)	(1)	(3)	70	—	66
Net current-period other comprehensive income (loss)	(2)	(4)	1,023	(4)	1,013
<b>Balance as of December 31, 2013</b>	\$ (1)	\$ (2)	\$ (2,188)	\$ (96)	\$ (2,287)

The following table displays the amounts reclassified from Accumulated other comprehensive loss and the affected line item in the consolidated statements of operations during 2013 :

<i>Year ended December 31</i>	<b>2013</b>	
<b>Gains on cash flow hedges:</b>		
Foreign exchange contracts	\$ (1)	Cost of sales
	\$ (1)	Net of tax
<b>Unrealized Gains and Losses on Available-for-Sale Securities:</b>		
Realized loss (gain)	\$ (4)	Gains on sales of investments and businesses, net
	1	Tax expense
	\$ (3)	Net of tax
<b>Amortization of Retirement Benefit Items:</b>		
Prior-service costs	\$ (49)	Selling, general, and administrative expenses
Actuarial net losses	159	Selling, general, and administrative expenses
	110	Total before tax
	(40)	Tax benefit
	\$ 70	Net of tax
<b>Total reclassifications for the period, net of tax</b>	<b>\$ 66</b>	

## 4. Debt and Credit Facilities

### Long-Term Debt

<i>December 31</i>	2013	2012
6.0% senior notes due 2017	399	399
3.75% senior notes due 2022	747	747
3.5% senior notes due 2023	593	—
6.5% debentures due 2025	118	118
7.5% debentures due 2025	346	346
6.5% debentures due 2028	36	36
6.625% senior notes due 2037	54	54
5.22% debentures due 2097	89	89
Other long-term debt	58	45
	<b>2,440</b>	1,834
Adjustments, primarily unamortized gains on interest rate swap terminations	21	29
Less: current portion	(4)	(4)
Long-term debt	<b>\$ 2,457</b>	<b>\$ 1,859</b>

During the year ended December 31, 2013, the Company issued an aggregate face principal amount of \$600 million of 3.50% Senior Notes due March 1, 2023, recognizing net proceeds of \$588 million, after debt issuance costs and debt discounts.

During the year ended December 31, 2012, the Company issued an aggregate face principal amount of \$750 million of 3.75% Senior Notes due 2022 (the “2022 Senior Notes”). The Company also redeemed \$400 million aggregate principal amount outstanding of its 5.375% Senior Notes due November 2012 for an aggregate purchase price of approximately \$408 million. After accelerating the amortization of debt issuance costs and debt discounts, the Company recognized a loss of approximately \$6 million related to this redemption within Other income (expense) in the consolidated statements of operations. This debt was repurchased with a portion of the proceeds from the issuance of the 2022 Senior Notes.

Aggregate requirements for long-term debt maturities during the next five years are as follows: 2014 — \$20 million; 2015 — \$5 million; 2016 — \$6 million; 2017 — \$406 million; and 2018 — \$6 million.

### *Credit Facilities*

As of December 31, 2013, the Company had a \$1.5 billion unsecured syndicated revolving credit facility (the “2011 Motorola Solutions Credit Agreement”) that is scheduled to expire on June 30, 2014. The Company must comply with certain customary covenants, including maintaining maximum leverage and minimum interest coverage ratios as defined in the 2011 Motorola Solutions Credit Agreement. The Company was in compliance with its financial covenants as of December 31, 2013. The Company has never borrowed under the 2011 Motorola Solutions Credit Agreement. At December 31, 2013, the commitment fee assessed against the daily average unused amount was 25 basis points.

## 5. Risk Management

### Derivative Financial Instruments

#### *Foreign Currency Risk*

The Company uses financial instruments to reduce its overall exposure to the effects of currency fluctuations on cash flows. The Company’s policy prohibits speculation in financial instruments for profit on exchange rate price fluctuations, trading in currencies for which there are no underlying exposures, or entering into transactions for any currency to intentionally increase the underlying exposure. Instruments that are designated as part of a hedging relationship must be effective at reducing the risk associated with the exposure being hedged and are designated as part of a hedging relationship at the inception of the contract. Accordingly, changes in the market values of hedge instruments must be highly correlated with changes in market values of the underlying hedged items both at the inception of the hedge and over the life of the hedge contract.

The Company’s strategy related to foreign exchange exposure management is to offset the gains or losses on the financial instruments against losses or gains on the underlying operational cash flows or investments based on the Company’s assessment of risk. The Company enters into derivative contracts for some of its non-functional currency cash, receivables, and payables, which are primarily denominated in major currencies that can be traded on open markets. The Company typically

uses forward contracts and options to hedge these currency exposures. In addition, the Company enters into derivative contracts for some forecasted transactions, which are designated as part of a hedging relationship if it is determined that the transaction qualifies for hedge accounting under the provisions of the authoritative accounting guidance for derivative instruments and hedging activities. A portion of the Company's exposure is from currencies that are not traded in liquid markets and these are addressed, to the extent reasonably possible, by managing net asset positions, product pricing and component sourcing.

At December 31, 2013, the Company had outstanding foreign exchange contracts totaling \$837 million, compared to \$523 million outstanding at December 31, 2012. Management believes that these financial instruments should not subject the Company to undue risk due to foreign exchange movements because gains and losses on these contracts should generally offset losses and gains on the underlying assets, liabilities and transactions, except for the ineffective portion of the instruments, which is charged to Other within Other income (expense) in the Company's consolidated statements of operations.

The following table shows the five largest net notional amounts of the positions to buy or sell foreign currency as of December 31, 2013 and the corresponding positions as of December 31, 2012:

<i>Net Buy (Sell) by Currency</i>	<i>Notional Amount</i>	
	<b>2013</b>	2012
British Pound	\$ 257	\$ 225
Chinese Renminbi	(181)	(99)
Euro	(132)	(9)
Norwegian Krone	(95)	(48)
Brazilian Real	(44)	3

At December 31, 2013, the maximum term of derivative instruments that hedge forecasted transactions was seven months. The weighted average duration of the Company's derivative instruments that hedge forecasted transactions was three months.

#### ***Interest Rate Risk***

As part of its liability management program, one of the Company's European subsidiaries has outstanding interest rate agreements ("Interest Agreements") relating to Euro-denominated loans. The interest on the Euro-denominated loans is variable. The Interest Agreements change the characteristics of interest rate payments from variable to maximum fixed-rate payments. The Interest Agreements are not accounted for as a part of a hedging relationship and, accordingly, the changes in the fair value of the Interest Agreements are included in Other income (expense) in the Company's consolidated statements of operations. The weighted average fixed rate payment on the Interest Agreements for the year ended December 31, 2013 was 4.44%. The fair value of the Interest Agreements resulted in a liability position of \$3 million at December 31, 2013, compared to a liability position of \$4 million at December 31, 2012.

#### ***Counterparty Risk***

The use of derivative financial instruments exposes the Company to counterparty credit risk in the event of nonperformance 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. At present time, all of the counterparties have investment grade credit ratings. The Company is not exposed to material credit risk with any single counterparty. As of December 31, 2013, the Company was exposed to an aggregate credit risk of approximately \$4 million with all counterparties.

The following tables summarize the fair values and location in the consolidated balance sheets of all derivative financial instruments held by the Company at December 31, 2013 and 2012 :

	<i>Fair Values of Derivative Instruments</i>			
	<i>Assets</i>		<i>Liabilities</i>	
	<i>Fair Value</i>	<i>Balance Sheet Location</i>	<i>Fair Value</i>	<i>Balance Sheet Location</i>
December 31, 2013				
Derivatives designated as hedging instruments:				
Foreign exchange contracts	\$ —	Other assets	\$ 1	Other liabilities
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	4	Other assets	1	Other liabilities
Interest agreements	—	Other assets	3	Other liabilities
Total derivatives not designated as hedging instruments	4		4	
Total derivatives	\$ 4		\$ 5	

	<i>Fair Values of Derivative Instruments</i>			
	<i>Assets</i>		<i>Liabilities</i>	
	<i>Fair Value</i>	<i>Balance Sheet Location</i>	<i>Fair Value</i>	<i>Balance Sheet Location</i>
December 31, 2012				
Derivatives designated as hedging instruments:				
Foreign exchange contracts	\$ 1	Other assets	\$ —	Other liabilities
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	2	Other assets	3	Other liabilities
Interest agreements	—	Other assets	4	Other liabilities
Total derivatives not designated as hedging instruments	2		7	
Total derivatives	\$ 3		\$ 7	

The following table summarizes the effect of derivative instruments in the Company's consolidated statements of operations, including immaterial amounts related to discontinued operations, for the years ended December 31, 2013, 2012 and 2011 :

<i>Gain (Loss) on Derivative Instruments</i>	<i>December 31,</i>			<i>Statement of Operations Location</i>
	<b>2013</b>	2012	2011	
Derivatives not designated as hedging instruments:				
Interest rate contracts	\$ 2	\$ (1)	\$ (1)	Other income (expense)
Foreign exchange contracts	6	(13)	(17)	Other income (expense)
Total derivatives not designated as hedging instruments	\$ 8	\$ (14)	\$ (18)	

The following table summarizes the gains and losses recognized in the consolidated financial statements, including immaterial amounts related to discontinued operations, for the years ended December 31, 2013, 2012 and 2011 :

<i>Foreign Exchange Contracts</i>	<i>December 31,</i>			<i>Financial Statement Location</i>
	<b>2013</b>	2012	2011	
<b>Derivatives in cash flow hedging relationships</b>				
Other comprehensive gains (losses) before reclassifications	\$ (1)	\$ 3	\$ (1)	Accumulated other comprehensive loss
Gains (losses) reclassified from Accumulated other comprehensive loss into Net earnings	<b>1</b>	(1)	2	Cost of sales
Gain recognized in Net earnings on derivative (ineffective portion and amount excluded from effectiveness testing)	—	—	1	Other income (expense)

### *Stockholders' Equity*

Derivative instruments activity, net of tax, included in Accumulated other comprehensive loss within the consolidated statements of stockholders' equity for the years ended December 31, 2013, 2012 and 2011 were as follows:

	<b>2013</b>	2012	2011
Balance at January 1	\$ 1	\$ (3)	\$ —
Increase (decrease) in fair value	(1)	3	(1)
Reclassifications to earnings, net of tax	(1)	1	(2)
Balance at December 31	\$ (1)	\$ 1	\$ (3)

## **6. Income Taxes**

Components of earnings from continuing operations before income taxes are as follows:

<i>Years ended December 31</i>	<b>2013</b>	2012	2011
United States	\$ 850	\$ 851	\$ 462
Other nations	<b>295</b>	364	276
	\$ <b>1,145</b>	\$ 1,215	\$ 738

Components of income tax expense (benefit) are as follows:

<i>Years ended December 31</i>	<b>2013</b>	2012	2011
United States	\$ 29	\$ 5	\$ 2
Other nations	<b>230</b>	89	30
States (U.S.)	<b>12</b>	1	3
Current income tax expense	<b>271</b>	95	35
United States	(283)	296	(118)
Other nations	<b>40</b>	(12)	111
States (U.S.)	<b>12</b>	(42)	(31)
Deferred income tax expense (benefit)	(231)	242	(38)
Total income tax expense (benefit)	\$ <b>40</b>	\$ 337	\$ (3)

Deferred tax charges that were recorded within Accumulated other comprehensive loss in the Company's consolidated balance sheets resulted from retirement benefit adjustments, currency translation adjustments, net gains (losses) on derivative instruments and fair value adjustments to available-for-sale securities. The adjustments were \$606 million, \$(272) million and \$(259) million for the years ended December 31, 2013, 2012 and 2011, respectively.

The Company evaluates its permanent reinvestment assertions with respect to foreign earnings at each reporting period and, except for certain earnings that the Company intends to reinvest indefinitely due to the capital requirements of the foreign subsidiaries or due to local country restrictions, accrues for the U.S. federal and foreign income tax applicable to the earnings. During the first quarter of 2013, the Company reassessed its unremitted earnings position and concluded that certain of its non-



U.S. subsidiaries' earnings were permanently invested overseas. The Company intends to utilize the offshore earnings to fund foreign investments, such as potential acquisitions and capital expenditures. In the first quarter of 2013, the Company recorded a net tax benefit of \$25 million related to reversals of deferred tax liabilities for undistributed foreign earnings due to the change in permanent reinvestment assertion.

Undistributed earnings that the Company intends to reinvest indefinitely, and for which no income taxes have been provided, aggregate to \$1.4 billion, \$1.0 billion and \$1.0 billion at December 31, 2013, 2012 and 2011, respectively. The Company currently has no plans to repatriate the foreign earnings permanently reinvested and therefore, the time and manner of repatriation is uncertain. If circumstances change and it becomes apparent that some or all of the permanently reinvested earnings will be remitted to the U.S. in the foreseeable future, an additional income tax charge may be necessary; however, given the uncertain repatriation time and manner at December 31, 2013, it is not practicable to estimate the amount of any additional income tax charge on permanently reinvested earnings. On a cash basis, these repatriations from the Company's non-U.S. subsidiaries could require the payment of additional taxes. The portion of earnings not reinvested indefinitely may be distributed without an additional charge given the U.S. federal and foreign income tax accrued on undistributed earnings and the utilization of available foreign tax credits.

At December 31, 2013, the Company has approximately \$500 million of foreign earnings not considered permanently reinvested and which may be repatriated without an additional tax charge, given the U.S. federal and foreign income tax accrued on the undistributed earnings and the utilization of available foreign tax credits. During 2013, the Company made an \$87 million withholding tax payment associated with an intercompany foreign dividend, for which we expect to realize a foreign tax credit.

The Company recently reorganized certain of its non-U.S. subsidiaries under a holding company structure in order to facilitate the efficient movement of non-U.S. cash and provide a platform to fund foreign investments, such as potential acquisitions and capital expenditures. During 2013, repatriations from certain entities in the holding company structure resulted in the realization of excess foreign tax credits associated with the repatriation of foreign earnings, which favorably impacted the effective tax rate by \$337 million.

Differences between income tax expense computed at the U.S. federal statutory tax rate of 35% and income tax expense (benefit) as reflected in the consolidated statements of operations are as follows:

<i>Years ended December 31</i>	<b>2013</b>	2012	2011
Income tax expense at statutory rate	\$ 401	\$ 425	\$ 258
Tax on non-U.S. earnings	20	(10)	(23)
State income taxes	17	(27)	(2)
Tax law changes	6	—	—
Other provisions	(1)	(7)	(17)
Valuation allowances	(3)	(60)	(237)
Section 199 deduction	(14)	(14)	(22)
Tax on undistributed non-U.S. earnings	(22)	30	51
Research credits	(27)	—	(11)
Tax benefit of repatriated non-U.S. earnings	(337)	—	—
	<u>\$ 40</u>	<u>\$ 337</u>	<u>\$ (3)</u>

Gross deferred tax assets were \$4.1 billion and \$4.7 billion at December 31, 2013 and 2012, respectively. Deferred tax assets, net of valuation allowances, were \$3.8 billion and \$4.4 billion at December 31, 2013 and 2012, respectively. Gross deferred tax liabilities were \$1.2 billion and \$1.4 billion at December 31, 2013 and 2012, respectively.

Significant components of deferred tax assets (liabilities) are as follows:

<i>December 31</i>	<b>2013</b>	2012
Inventory	\$ 51	\$ 1
Accrued liabilities and allowances	135	134
Employee benefits	825	1,544
Capitalized items	179	254
Tax basis differences on investments	20	28
Depreciation tax basis differences on fixed assets	16	19
Undistributed non-U.S. earnings	(9)	(150)
Tax carryforwards	1,382	1,155
Business reorganization	39	12
Warranty and customer reserves	39	45
Deferred revenue and costs	263	310
Valuation allowances	(256)	(308)
Deferred charges	38	36
Other	(62)	(60)
	<u>\$ 2,660</u>	<u>\$ 3,020</u>

At December 31, 2013 and 2012, the Company had valuation allowances of \$256 million and \$308 million, respectively, against its deferred tax assets, including \$233 million and \$272 million, respectively, relating to deferred tax assets for non-U.S. subsidiaries. The Company's valuation allowances for its non-U.S. subsidiaries had a net decrease of \$39 million and \$64 million during 2013 and 2012, respectively. The decrease in the valuation allowance relating to deferred tax assets of non-U.S. subsidiaries reflects current year deferred tax movements, expiration of loss carryforwards and exchange rate variances.

During 2012, we recorded \$60 million of tax benefit related to the reversal of a significant portion of the valuation allowance established on certain foreign deferred tax assets. In the first quarter of 2011, the Company reassessed its valuation allowance requirements taking into consideration the distribution of Motorola Mobility. The Company evaluated all available evidence in its analysis, including the historical and projected pre-tax profits generated by the Company's U.S. operations. The Company also considered tax planning strategies that are prudent and can be reasonably implemented. During 2011, the Company recorded \$274 million of tax benefits related to the reversal of a significant portion of the valuation allowance established on U.S. deferred tax assets.

The U.S. valuation allowance as of December 31, 2013 relates to state tax carryforwards. The Company believes that the remaining deferred tax assets are more-likely-than-not to be realizable based on estimates of future taxable income and the implementation of tax planning strategies.



Tax carryforwards are as follows:

<i>December 31, 2013</i>	<i>Gross Tax Loss</i>	<i>Tax Effected</i>	<i>Expiration Period</i>
<b>United States:</b>			
U.S. tax losses	64	\$ 22	2018-2031
Foreign tax credits	—	670	2018-2023
General business credits	—	225	2025-2033
Minimum tax credits	—	104	Unlimited
State tax losses	1,991	50	2014-2031
State tax credits	—	27	2018-2026
<b>Non-U.S. Subsidiaries:</b>			
Canada tax losses	74	20	Unlimited
China tax losses	226	56	2014-2016
Japan tax losses	100	36	2017-2021
United Kingdom tax losses	182	36	Unlimited
Germany tax losses	150	44	Unlimited
Singapore tax losses	58	10	Unlimited
Other subsidiaries tax losses	73	18	Various
Canada tax credits	—	28	2019-2033
Spain tax credits	—	31	2017-2021
Other subsidiaries tax credits	—	5	Various
		<b>\$ 1,382</b>	

The Company had unrecognized tax benefits of \$156 million and \$161 million at December 31, 2013 and December 31, 2012, respectively, of which approximately \$131 million and \$138 million, respectively, if recognized, would affect the effective tax rate, net of resulting changes to valuation allowances.

A roll-forward of unrecognized tax benefits is as follows:

	<b>2013</b>	2012
Balance at January 1	<b>\$ 161</b>	\$ 191
Additions based on tax positions related to current year	<b>16</b>	11
Additions for tax positions of prior years	<b>72</b>	11
Reductions for tax positions of prior years	<b>(10)</b>	(24)
Settlements and agreements	<b>(82)</b>	(24)
Lapse of statute of limitations	<b>(1)</b>	(4)
Balance at December 31	<b>\$ 156</b>	\$ 161

During 2013, the Company recorded a net increase in unrecognized tax benefits related to prior year tax positions of \$72 million, of which \$63 million related to previously accrued non-U.S. income taxes. The Company recorded a net reduction in unrecognized tax benefits of \$82 million for settlements with tax authorities, of which \$63 million resulted in a cash tax payment and the remainder of which resulted in a reduction to tax carryforwards and prepaid tax assets.

The IRS is currently examining the Company's 2010 and 2011 tax years. The Company also has several state and non-U.S. audits pending. A summary of open tax years by major jurisdiction is presented below:

<i>Jurisdiction</i>	<i>Tax Years</i>
United States	2008-2013
China	2002-2013
France	2009-2013
Germany	2008-2013
India	1997-2013
Israel	2012-2013
Japan	2009-2013
Malaysia	2008-2013
Singapore	2009-2013
United Kingdom	2007-2013

Although the final resolution of the Company's global tax disputes is uncertain, based on current information, in the opinion of the Company's management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position, liquidity or results of operations. However, an unfavorable resolution of the Company's global tax disputes could have a material adverse effect on the Company's consolidated financial position, liquidity or results of operations in the periods in which the matters are ultimately resolved.

Based on the potential outcome of the Company's global tax examinations, the expiration of the statute of limitations for specific jurisdictions, or the continued ability to satisfy tax incentive obligations, it is reasonably possible that the unrecognized tax benefits will change within the next twelve months. The associated net tax impact on the effective tax rate, exclusive of valuation allowance changes, is estimated to be in the range of a \$50 million tax charge to a \$75 million tax benefit, with cash payments not to exceed \$25 million.

At December 31, 2013, the Company had \$26 million and \$29 million accrued for interest and penalties, respectively, on unrecognized tax benefits. At December 31, 2012, the Company had \$24 million and \$31 million accrued for interest and penalties, respectively, on unrecognized tax benefits.

## **7. Retirement Benefits**

### **Pension and Postretirement Health Care Benefits Plans**

The Company's noncontributory pension plan (the "Regular Pension Plan") covers U.S. employees hired prior to January 1, 2005, who became eligible after one year of service. The benefit formula is dependent upon employee earnings and years of service. The Company also provides defined benefit plans which cover non-U.S. employees in certain jurisdictions, principally the United Kingdom, Germany, and Japan (the "Non U.S. Pension Benefit Plans"). Other pension plans outside of the U.S. are not material to the Company either individually or in the aggregate.

The Company had a noncontributory supplemental retirement benefit plan (the "Officers' Plan") for its officers elected prior to December 31, 1999. The Officers' Plan contained provisions for vesting and funding the participants' expected retirement benefits when the participants met the minimum age and years of service requirements. Elected officers who were not yet vested in the Officers' Plan as of December 31, 1999 had the option to remain in the Officers' Plan or elect to have their benefit bought out in restricted stock units. Effective December 31, 1999, newly elected officers were not eligible to participate in the Officers' Plan. Effective June 30, 2005, salaries were frozen for this plan. During 2013, the Company settled and terminated the Officers' Plan.

The Company has an additional noncontributory supplemental retirement benefit plan, the Motorola Supplemental Pension Plan ("MSPP"), which provides supplemental benefits to individuals by replacing the Regular Pension Plan benefits that are lost by such individuals under the retirement formula due to application of the limitations imposed by the Internal Revenue Code. However, elected officers who were covered under the Officers' Plan were not eligible to participate in the MSPP. Effective January 1, 2007, eligible compensation was capped at the IRS limit plus \$175,000 (the "Cap") or, for those already in excess of the Cap as of January 1, 2007, the eligible compensation used to compute such employee's MSPP benefit for all future years is the greater of: (i) such employee's eligible compensation as of January 1, 2007 (frozen at that amount) or (ii) the relevant Cap for the given year. Effective January 1, 2009, the MSPP was closed to new participants unless such participation was required under a prior contractual entitlement.

In February 2007, the Company amended the Regular Pension Plan and the MSPP, modifying the definition of average earnings. For the years ended prior to December 31, 2007, benefits were calculated using the rolling average of the highest annual earnings in any five years within the previous ten calendar year period. Beginning in January 2008, the benefit calculation was based on the set of the five highest years of earnings within the ten calendar years prior to December 31, 2007, averaged with earnings from each year after 2007. In addition, effective January 2008, the Company amended the Regular Pension Plan, modifying the vesting period from five years to three years.

In December 2008, the Company amended the Regular Pension Plan, the Officers' Plan and the MSPP (collectively, the "U.S. Pension Benefit Plans") such that, effective March 1, 2009: (i) no participant shall accrue any benefit or additional benefit on or after March 1, 2009, and (ii) no compensation increases earned by a participant on or after March 1, 2009 shall be used to compute any accrued benefit.

Certain health care benefits are available to eligible domestic employees meeting certain age and service requirements upon termination of employment (the "Postretirement Health Care Benefits Plan"). For eligible employees hired prior to January 1, 2002, the Company offsets a portion of the postretirement medical costs to the retired participant. As of January 1, 2005, the Postretirement Health Care Benefits Plan was closed to new participants. During 2012, the Postretirement Health Care Benefits Plan was amended. As of January 1, 2013, benefits under the Postretirement Health Care Benefits Plan, are paid to a retiree health reimbursement account instead of directly providing health insurance coverage to the participants. Covered retirees are now able to use the annual subsidy they receive through this account toward the purchase of their own health care coverage from private insurance companies and for reimbursement of eligible health care expenses.

### Net Periodic Cost

The net periodic costs (benefit) for pension and Postretirement Health Care Benefits plans were as follows:

Years ended December 31	U.S. Pension Benefit Plans			Non U.S. Pension Benefit Plans			Postretirement Health Care Benefits Plan		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Service cost	\$ —	\$ —	\$ —	\$ 11	\$ 10	\$ 17	\$ 2	\$ 3	\$ 4
Interest cost	352	349	344	70	75	72	11	16	22
Expected return on plan assets	(364)	(421)	(390)	(79)	(78)	(77)	(10)	(12)	(16)
Amortization of:									
Unrecognized net loss	130	260	189	15	22	17	14	12	10
Unrecognized prior service benefit	—	—	—	(6)	(3)	(9)	(43)	(16)	—
Settlement/curtailment loss (gain)	—	—	8	—	—	(9)	—	—	—
Net periodic pension cost (benefit)	\$ 118	\$ 188	\$ 151	\$ 11	\$ 26	\$ 11	\$ (26)	\$ 3	\$ 20

The amendment to the Postretirement Health Care Benefits Plan effective January 1, 2013 resulted in a remeasurement of the plan generating an \$87 million decrease in accumulated other comprehensive loss, net of taxes. The majority of that \$87 million decrease will be recognized over approximately three years, or the period in which the remaining employees eligible for the plan will qualify for benefits under the plan. During the year ended December 31, 2013, \$43 million of prior service cost credit was recognized, including the amount associated with the 2012 amendment resulting in a net credit for periodic cost in 2013.

The status of the Company's plans are as follows:

	<i>U.S. Pension Benefit Plans</i>		<i>Non U.S. Pension Benefit Plans</i>		<i>Postretirement Health Care Benefits Plan</i>	
	2013	2012	2013	2012	2013	2012
<b>Change in benefit obligation:</b>						
Benefit obligation at January 1	\$ 8,288	\$ 6,986	\$ 1,787	\$ 1,588	\$ 322	\$ 450
Service cost	—	—	12	10	2	3
Interest cost	352	349	70	75	11	16
Plan amendments	—	—	—	—	—	(151)
Actuarial loss (gain)	(1,012)	1,277	95	103	(37)	24
Foreign exchange valuation adjustment	—	—	30	48	—	—
Employee contributions	—	—	2	2	—	—
Benefit payments	(311)	(324)	(41)	(39)	(20)	(20)
Benefit obligation at December 31	<u>7,317</u>	<u>8,288</u>	<u>1,955</u>	<u>1,787</u>	<u>278</u>	<u>322</u>
<b>Change in plan assets:</b>						
Fair value at January 1	5,426	4,747	1,362	1,219	155	155
Return on plan assets	806	660	199	111	22	20
Company contributions	150	340	32	31	—	—
Employee contributions	—	—	2	2	—	—
Foreign exchange valuation adjustment	—	—	14	38	—	—
Benefit payments from plan assets	(311)	(321)	(41)	(39)	(16)	(20)
Fair value at December 31	<u>6,071</u>	<u>5,426</u>	<u>1,568</u>	<u>1,362</u>	<u>161</u>	<u>155</u>
Funded status of the plan	(1,246)	(2,862)	(387)	(425)	(117)	(167)
Unrecognized net loss	2,732	4,313	492	520	143	206
Unrecognized prior service benefit	—	—	(44)	(51)	(92)	(135)
Prepaid (accrued) pension cost	\$ 1,486	\$ 1,451	\$ 61	\$ 44	\$ (66)	\$ (96)
<b>Components of prepaid (accrued) pension cost:</b>						
Non-current benefit liability	\$ (1,246)	\$ (2,862)	\$ (387)	\$ (425)	\$ (117)	\$ (167)
Deferred income taxes	1,002	1,592	33	41	19	26
Accumulated other comprehensive loss	1,730	2,721	415	428	32	45
Prepaid (accrued) pension cost	\$ 1,486	\$ 1,451	\$ 61	\$ 44	\$ (66)	\$ (96)

The benefit obligation and plan assets for the Company's plans are measured as of December 31, 2013. The Company utilizes a five-year, market-related asset value method of recognizing asset related gains and losses.

Prior to 2013, unrecognized gains and losses were amortized over periods ranging from three to thirteen years. At the close of fiscal 2012, the Company determined that the majority of the Company's plan participants in its Regular and United Kingdom pension plans were no longer actively employed by the Company due to significant employee exits as a result of the Company's recent divestitures. Under relevant accounting rules, when almost all of the plan participants are considered inactive, the amortization period for certain unrecognized losses changes from the average remaining service period to the average remaining lifetime of the participant. As such, beginning in 2013, and depending on the specific plan, the Company began amortizing gains and losses over periods ranging from five to twenty-eight years. Prior service costs are being amortized over periods ranging from ten to twelve years. Benefits under all pension plans are valued based on the projected unit credit cost method.

The net periodic cost for 2014 will include amortization of the unrecognized net loss and prior service costs for the U.S. Pension Benefit Plans and Non U.S. Pension Benefit Plans, currently included in Accumulated other comprehensive loss, of \$91 million and \$5 million, respectively. It is estimated that the 2014 net periodic expense for the Postretirement Health Care Benefits Plan will include amortization of a net credit of \$31 million, comprised of the unrecognized prior service gain and unrecognized actuarial loss, currently included in Accumulated other comprehensive loss.

### Actuarial Assumptions

Certain actuarial assumptions such as the discount rate and the long-term rate of return on plan assets have a significant effect on the amounts reported for net periodic cost and benefit obligation. The assumed discount rates reflect the prevailing market rates of a universe of high-quality, non-callable, corporate bonds currently available that, if the obligation were settled at the measurement date, would provide the necessary future cash flows to pay the benefit obligation when due. The long-term rates of return on plan assets represent an estimate of long-term returns on an investment portfolio consisting of a mixture of equities, fixed income, cash and other investments similar to the actual investment mix. In determining the long-term return on plan assets, the Company considers long-term rates of return on the asset classes (both historical and forecasted) in which the Company expects the plan funds to be invested.

Weighted average actuarial assumptions used to determine costs for the plans were as follows:

	<i>U.S. Pension Benefit Plans</i>		<i>Non U.S. Pension Benefit Plans</i>		<i>Postretirement Health Care Benefits Plan</i>	
	<b>2013</b>	2012	<b>2013</b>	2012	<b>2013</b>	2012
<i>December 31</i>						
Discount rate	<b>4.35%</b>	5.10%	<b>4.16%</b>	4.61%	<b>3.80%</b>	4.75%
Investment return assumption	<b>7.00%</b>	8.25%	<b>6.05%</b>	6.24%	<b>7.00%</b>	8.25%

Weighted average actuarial assumptions used to determine benefit obligations for the plans were as follows:

	<i>U.S. Pension Benefit Plans</i>		<i>Non U.S. Pension Benefit Plans</i>		<i>Postretirement Health Care Benefits Plan</i>	
	<b>2013</b>	2012	<b>2013</b>	2012	<b>2013</b>	2012
<i>December 31</i>						
Discount rate	<b>5.15%</b>	4.35%	<b>4.14%</b>	4.11%	<b>4.65%</b>	3.80%
Future compensation increase rate	<b>n/a</b>	n/a	<b>2.57%</b>	2.58%	<b>n/a</b>	n/a

The accumulated benefit obligations for the plans were as follows:

	<i>U.S. Pension Benefit Plans</i>		<i>Non U.S. Pension Benefit Plans</i>	
	<b>2013</b>	2012	<b>2013</b>	2012
<i>December 31</i>				
Accumulated benefit obligation	<b>\$ 7,317</b>	\$ 8,288	<b>\$ 1,950</b>	\$ 1,770

The health care cost trend rate used to determine the December 31, 2013 accumulated postretirement benefit obligation for the Postretirement Health Care Benefits Plan was 8.50% for 2013, grading down to a rate of 5% in 2020. The health care cost trend rate used to determine the December 31, 2012 accumulated postretirement benefit obligation was 7.25% for 2013, remaining flat at 7.25% through 2015, then grading down to a rate of 5% in 2019.

Changing the health care trend rate by one percentage point would change the accumulated postretirement benefit obligation and the net Postretirement Health Care Benefits Plan benefits as follows:

	<i>1% Point Increase</i>	<i>1% Point Decrease</i>
Increase (decrease) in:		
Accumulated postretirement benefit obligation	\$ 1	\$ (1)
Net Postretirement Health Care Benefit Plan benefit	—	—

The Company maintains a lifetime cap on postretirement health care costs, which reduces the liability duration of the plan. A result of this lower duration is a decreased sensitivity to a change in the discount rate trend assumption with respect to the liability and related expense.

### Investment Policy

The Company has adopted an investment policy designed to meet or exceed the expected rate of return on plan assets assumption. To achieve this, the plans retain professional investment managers that invest plan assets in equity, fixed income securities, and cash equivalents. In addition, some plans invest in insurance contracts. The Company uses long-term historical actual return experience with consideration of the expected investment mix of the plans' assets, as well as future estimates of long-term investment returns, to develop its expected rate of return assumption used in calculating the net periodic cost. The Company has target mixes for these asset classes for all plans, which are readjusted periodically when an asset class weighting deviates from the target mix, with the goal of achieving the required return at a reasonable risk level.

The weighted-average asset allocations by asset categories for all pension and the Postretirement Health Care Benefits Plans were as follows:

December 31	All Pension Benefit Plans		Postretirement Health Care Benefits Plan	
	2013	2012	2013	2012
<b>Target Mix:</b>				
Equity securities	55%	64%	57%	65%
Fixed income securities	43%	35%	42%	34%
Cash and other investments	2%	1%	1%	1%
<b>Actual Mix:</b>				
Equity securities	55%	64%	58%	64%
Fixed income securities	42%	34%	40%	32%
Cash and other investments	3%	2%	2%	4%

Within the equity securities asset class, the investment policy provides for investments in a broad range of publicly-traded securities including both domestic and foreign equities. Within the fixed income securities asset class, the investment policy provides for investments in a broad range of publicly-traded debt securities including U.S. Treasury issues, corporate debt securities, mortgage and asset-backed securities, as well as foreign debt securities. In the cash and other investments asset class, investments may be in cash, cash equivalents or insurance contracts.

### Cash Funding

The Company contributed \$150 million to its U.S. Pension Benefit Plans during 2013, compared to \$340 million contributed in 2012. The Company expects to make cash contributions of approximately \$300 million to its U.S. Pension Benefit Plans and approximately \$35 million to its Non-U.S. Pension Benefit Plans in 2014. The Company does not expect to make cash contributions to the Postretirement Health Care Benefits Plan in 2014.

### Expected Future Benefit Payments

The following benefit payments are expected to be paid:

Year	U.S. Pension Benefit Plans	Non U.S. Pension Benefit Plans	Postretirement Health Care Benefits Plan
2014	\$ 286	\$ 41	\$ 25
2015	298	42	24
2016	312	43	23
2017	328	44	22
2018	347	46	21
2019-2023	2,097	245	96

### Other Benefit Plans

#### Split-Dollar Life Insurance Arrangements

The Company maintains a number of endorsement split-dollar life insurance policies that were taken out on now-retired officers under a plan that was frozen prior to December 31, 2004. The Company had purchased the life insurance policies to insure the lives of employees and then entered into a separate agreement with the employees that split the policy benefits between the Company and the employee. Motorola Solutions owns the policies, controls all rights of ownership, and may terminate the insurance policies. To effect the split-dollar arrangement, Motorola Solutions endorsed a portion of the death benefits to the employee and upon the death of the employee, the employee's beneficiary typically receives the designated

portion of the death benefits directly from the insurance company and the Company receives the remainder of the death benefits. It is currently expected that minimal cash payments will be required to fund these policies.

The net periodic pension cost for these split-dollar life insurance arrangements was \$5 million for the years ended December 31, 2013 , 2012 and 2011 . The Company has recorded a liability representing the actuarial present value of the future death benefits as of the employees' expected retirement date of \$51 million and \$58 million as of December 31, 2013 and December 31, 2012 , respectively.

#### ***Deferred Compensation Plan***

The Company amended and reinstated its deferred compensation plan ("the Plan") effective June 1, 2013 to reopen the Plan to certain participants. Under the Plan, participating executives may elect to defer base salary and cash incentive compensation in excess of 401(k) plan limitations. Participants under the Plan may choose to invest their deferred amounts in the same investment alternatives available under the Company's 401(k) plan. The Plan also allows for Company matching contributions for the following: (i) the first 4% of compensation deferred under the Plan, subject to a maximum of \$50,000 for board officers, (ii) lost matching amounts that would have been made under the 401(k) plan if participants had not participated in the Plan, and (iii) discretionary amounts as approved by the Compensation and Leadership Committee of the Board of Directors.

#### ***Defined Contribution Plan***

The Company and certain subsidiaries have various defined contribution plans, in which all eligible employees may participate. In the U.S., the 401(k) plan is a contributory plan. Matching contributions are based upon the amount of the employees' contributions. The Company's expenses for material defined contribution plans for the years ended December 31, 2013 , 2012 and 2011 were \$44 million , \$42 million and \$48 million , respectively.

Beginning January 1, 2012, the Company may make an additional discretionary 401(k) plan matching contribution to eligible employees. For the years ended December 31, 2013 and 2012 , the Company made no discretionary matching contributions.

## **8. Share-Based Compensation Plans and Other Incentive Plans**

#### ***Stock Options, Stock Appreciation Rights and Employee Stock Purchase Plan***

The Company grants options to acquire shares of common stock to certain employees and to existing option holders of acquired companies in connection with the merging of option plans following an acquisition. Each option granted and stock appreciation right has an exercise price of no less than 100% of the fair market value of the common stock on the date of the grant. The awards have a contractual life of five to fifteen years and vest over two to four years. Stock options and stock appreciation rights assumed or replaced with comparable stock options or stock appreciation rights in conjunction with a change in control of the Company only become exercisable if the holder is also involuntarily terminated (for a reason other than cause) or quits for good reason within 24 months of a change in control.

The employee stock purchase plan allows eligible participants to purchase shares of the Company's common stock through payroll deductions of up to 20% of eligible compensation on an after-tax basis. Plan participants cannot purchase more than \$25,000 of stock in any calendar year. The price an employee pays per share is 85% of the lower of the fair market value of the Company's stock on the close of the first trading day or last trading day of the purchase period. The plan has two purchase periods, the first from October 1 through March 31 and the second from April 1 through September 30. For the years ended December 31, 2013 , 2012 and 2011 , employees purchased 1.5 million , 1.4 million and 2.2 million shares, respectively, at purchase prices of \$43.02 and \$50.47 , \$34.52 and \$42.96 , and \$30.56 and \$35.61 , respectively.

The Company calculates the value of each employee stock option, estimated on the date of grant, using the Black-Scholes option pricing model. The weighted-average estimated fair value of employee stock options granted during 2013 , 2012 and 2011 was \$9.52 , \$9.60 and \$13.25 , respectively, using the following weighted-average assumptions:

	<b>2013</b>	2012	2011
Expected volatility	<b>22.1%</b>	24.0%	28.8%
Risk-free interest rate	<b>0.9%</b>	0.8%	2.1%
Dividend yield	<b>2.4%</b>	2.2%	0.0%
Expected life (years)	<b>5.9</b>	6.1	6.0

The Company uses the implied volatility for traded options on the Company's stock as the expected volatility assumption required in the Black-Scholes model. The selection of the implied volatility approach was based upon the availability of

actively traded options on the Company's stock and the Company's assessment that implied volatility is more representative of future stock price trends than historical volatility.

The risk-free interest rate assumption is based upon the average daily closing rates during the year for U.S. Treasury notes that have a life which approximates the expected life of the option. The dividend yield assumption is based on the Company's future expectation of dividend payouts. The expected life of employee stock options represents the average of the contractual term of the options and the weighted-average vesting period for all option tranches.

The Company has applied forfeiture rates, estimated based on historical data, of 10% - 50% to the option fair values calculated by the Black-Scholes option pricing model. These estimated forfeiture rates are applied to grants based on their remaining vesting term and may be revised in subsequent periods if actual forfeitures differ from these estimates.

Stock option activity was as follows (in thousands, except exercise price and employee data):

<i>Years ended December 31</i>	2013		2012		2011	
	<i>Shares Subject to Options</i>	<i>Wtd. Avg. Exercise Price</i>	<i>Shares Subject to Options</i>	<i>Wtd. Avg. Exercise Price</i>	<i>Shares Subject to Options</i>	<i>Wtd. Avg. Exercise Price</i>
Options outstanding at January 1	13,132	\$ 70	15,729	\$ 63	19,614	\$ 81
Options granted	1,652	57	1,286	51	3,155	39
Options exercised	(2,950)	31	(2,831)	29	(4,475)	27
Adjustments to options outstanding to reflect Mobility spin-off	—	—	—	—	7,756	39
Options terminated, cancelled or expired	(897)	65	(1,052)	60	(10,321)	59
Options outstanding at December 31	10,937	79	13,132	70	15,729	63
Options exercisable at December 31	7,628	91	9,242	81	11,184	74
Approx. number of employees granted options	123		115		270	

At December 31, 2013, the Company had \$23 million of total unrecognized compensation expense, net of estimated forfeitures, related to stock option plans and the employee stock purchase plan that will be recognized over the weighted average period of approximately two years. Cash received from stock option exercises and the employee stock purchase plan was \$165 million, \$133 million and \$192 million for the years ended December 31, 2013, 2012 and 2011, respectively. The total intrinsic value of options exercised during the years ended December 31, 2013, 2012 and 2011 was \$85 million, \$59 million and \$73 million, respectively. The aggregate intrinsic value for options outstanding and exercisable as of December 31, 2013 was \$170 million and \$116 million, respectively, based on a December 31, 2013 stock price of \$67.50 per share.

The following table summarizes information about stock options outstanding and exercisable at December 31, 2013 (in thousands, except exercise price and years):

<i>Exercise price range</i>	<i>Options Outstanding</i>			<i>Options Exercisable</i>	
	<i>No. of options</i>	<i>Wtd. avg. Exercise Price</i>	<i>Wtd. avg. contractual life (in yrs.)</i>	<i>No. of options</i>	<i>Wtd. avg. Exercise Price</i>
Under \$30	1,416	\$ 27	6	1,416	\$ 27
\$30-\$40	2,515	39	6	1,828	39
\$41-\$50	401	45	7	188	45
\$51-\$60	2,467	54	9	173	52
\$61-\$70	783	67	2	668	67
\$71-\$80	219	74	3	219	74
\$81 and over	3,136	161	1	3,136	161
	10,937			7,628	

As of December 31, 2013, the weighted average contractual life for options outstanding and exercisable was five and four years, respectively.



### Restricted Stock and Restricted Stock Units

Restricted stock (“RS”) and restricted stock unit (“RSU”) grants consist of shares or the rights to shares of the Company’s common stock which are awarded to employees and non-employee directors. The grants are restricted such that they are subject to substantial risk of forfeiture and to restrictions on their sale or other transfer by the employee. Shares of RS and RSUs assumed or replaced with comparable shares of RS or RSUs in conjunction with a change in control will only have the restrictions lapse if the holder is also involuntarily terminated (for a reason other than cause) or quits for good reason within 24 months of a change in control.

Restricted stock and restricted stock unit activity was as follows (in thousands, except fair value and employee data):

Years ended December 31	2013		2012		2011	
	RS and RSU	Wtd. Avg. Grant Date Fair Value	RS and RSU	Wtd Avg. Grant Date Fair Value	RS and RSU	Wtd Avg. Grant Date Fair Value
RS and RSU outstanding at January 1	6,299	\$ 41	8,990	\$ 40	9,559	\$ 51
Granted	1,558	54	1,657	49	5,150	44
Adjustments to RSUs outstanding to reflect Mobility spin-off	—	—	—	—	3,638	20
Vested	(3,610)	38	(3,845)	41	(3,230)	31
Terminated, canceled or expired	(519)	45	(503)	33	(6,127)	44
RS and RSU outstanding at December 31	3,728	49	6,299	41	8,990	40
Approx. number of employees granted RSUs	2,295		2,355		12,351	

At December 31, 2013, the Company had unrecognized compensation expense related to RS and RSUs of \$107 million, net of estimated forfeitures, expected to be recognized over the weighted average period of approximately two years. The total fair value of RS and RSU shares vested during the years ended December 31, 2013, 2012 and 2011 was \$138 million, \$144 million and \$146 million, respectively. The aggregate fair value of outstanding RS and RSUs as of December 31, 2013 was \$252 million. Pursuant to the completion of the distribution of Motorola Mobility on January 4, 2011, approximately 3.8 million unvested RSUs held by the employees of Motorola Mobility were cancelled. Upon the completed divestiture of the Networks business on April 29, 2011, approximately 1.4 million unvested RSUs were cancelled.

### Total Share-Based Compensation Expense

Compensation expense for the Company’s employee stock options, stock appreciation rights, employee stock purchase plans, RS and RSUs was as follows:

Years ended December 31	2013		2012		2011	
Share-based compensation expense included in:						
Costs of sales	\$	20	\$	25	\$	20
Selling, general and administrative expenses		93		112		112
Research and development expenditures		40		47		36
Share-based compensation expense included in Operating earnings		153		184		168
Tax benefit		47		62		51
Share-based compensation expense, net of tax	\$	106	\$	122	\$	117
Decrease in basic earnings per share	\$	(0.40)	\$	(0.42)	\$	(0.34)
Decrease in diluted earnings per share	\$	(0.39)	\$	(0.41)	\$	(0.34)
Share-based compensation expense in discontinued operations	\$	—	\$	—	\$	13

At December 31, 2013 and 2012, 20.4 million shares and 22.2 million shares, respectively, were available for future share-based award grants under the current share-based compensation plan, covering all equity awards to employees and non-employee directors.

### **Motorola Solutions Incentive Plans**

The Company's incentive plans provide eligible employees with an annual payment, calculated as a percentage of an employee's eligible earnings, in the year after the close of the current calendar year if specified business goals and individual performance targets are met. The expense for awards under these incentive plans for the years ended December 31, 2013, 2012 and 2011 was \$121 million, \$201 million and \$203 million, respectively.

### **Long-Range Incentive Plan**

The Long-Range Incentive Plan ("LRIP") rewards participating elected officers for the Company's achievement of specified business goals during the period, based on a single performance objective measured over a three year period. The expense for LRIP for the years ended December 31, 2013, 2012 and 2011 was \$6 million, \$12 million and \$3 million, respectively.

## **9. 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 on a recurring basis. 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. Fair value is measured using the fair value hierarchy and related valuation methodologies as defined in the authoritative literature. This guidance specifies a hierarchy of 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.

### **Sigma Fund, Investments, and Derivatives**

The fair values of the Company's financial assets and liabilities by level in the fair value hierarchy as of December 31, 2013 and 2012 were as follows:

<i>December 31, 2013</i>	<i>Level 1</i>		<i>Level 2</i>		<i>Total</i>
<b>Assets:</b>					
Foreign exchange derivative contracts	\$	—	\$	4	\$ 4
<b>Available-for-sale securities:</b>					
Government, agency, and government-sponsored enterprise obligations		—		15	15
Corporate bonds		—		9	9
Mutual funds		—		11	11
Common stock and equivalents		2		—	2
<b>Liabilities:</b>					
Foreign exchange derivative contracts	\$	—	\$	2	\$ 2
Interest agreement derivative contracts		—		3	3

<i>December 31, 2012</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
<b>Assets:</b>			
Sigma Fund securities:			
Government, agency, and government-sponsored enterprise obligations	\$ —	\$ 1,984	\$ 1,984
Foreign exchange derivative contracts	—	3	3
Available-for-sale securities:			
Government, agency, and government-sponsored enterprise obligations	—	15	15
Corporate bonds	—	13	13
Mortgage-backed securities	—	2	2
Common stock and equivalents	3	7	10
<b>Liabilities:</b>			
Foreign exchange derivative contracts	\$ —	\$ 3	\$ 3
Interest agreement derivative contracts	—	4	4

There were no significant transfers between Level 1 and Level 2 during 2013 or 2012 .

#### ***Pension and Postretirement Health Care Benefits Plan Assets***

The fair values of the various pension and postretirement health care benefits plans' assets by level in the fair value hierarchy as of December 31, 2013 and 2012 were as follows:

#### **U.S. Pension Benefit Plans**

<i>December 31, 2013</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Common stock and equivalents	\$ 1,424	\$ —	\$ 1,424
Commingled equity funds	—	2,045	2,045
Preferred stock	6	—	6
Government, agency and government-sponsored enterprise obligations	—	238	238
Other government bonds	—	42	42
Corporate bonds	—	336	336
Mortgage-backed bonds	—	15	15
Commingled bond funds	—	1,862	1,862
Commingled short-term investment funds	—	96	96
Total investment securities	\$ 1,430	\$ 4,634	\$ 6,064
Accrued income receivable			7
Fair value plan assets			\$ 6,071

The table above includes securities on loan as part of a securities lending arrangement of \$125 million of common stock and equivalents, \$199 million of government, agency, and government-sponsored enterprise obligations, and \$19 million of corporate bonds. All securities on loan are fully cash collateralized.

<i>December 31, 2012</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Common stock and equivalents	\$ 1,592	\$ 3	\$ 1,595
Commingled equity funds	—	1,965	1,965
Preferred stock	9	—	9
Government, agency, and government-sponsored enterprise obligations	—	317	317
Other government bonds	—	49	49
Corporate bonds	—	327	327
Mortgage-backed bonds	—	14	14
Commingled bond funds	—	1,082	1,082
Commingled short-term investment funds	—	58	58
Invested cash	—	—	—
Total investment securities	\$ 1,601	\$ 3,815	\$ 5,416
Accrued income receivable			10
Fair value plan assets			\$ 5,426

The table above includes securities on loan as part of a securities lending arrangement of \$117 million of common stock and equivalents, \$260 million of government, agency, and government-sponsored enterprise obligations, and \$17 million of corporate bonds. All securities on loan are fully cash collateralized.

There were no significant transfers between Level 1 and Level 2 during 2013 or 2012 .

#### **Non-U.S. Pension Benefit Plans**

<i>December 31, 2013</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Common stock and equivalents	\$ 208	\$ —	\$ —	\$ 208
Commingled equity funds	—	558	—	558
Government, agency, and government-sponsored enterprise obligations	—	21	3	24
Corporate bonds	—	308	23	331
Commingled bond funds	—	361	—	361
Commingled short-term investment funds	—	11	—	11
Total investment securities	\$ 208	\$ 1,259	\$ 26	\$ 1,493
Accrued income receivable				61
Insurance contracts*				14
Fair value plan assets				\$ 1,568

\* Comprised of annuity contracts issued by life insurance companies for one of the Company's non-U.S. pension plans

The table above includes securities on loan as part of a securities lending arrangement of \$8 million of common stock and equivalents and \$13 million of corporate bonds. All securities on loan are fully collateralized.

The following table summarizes the changes in fair value of the Level 3 assets:

	2013
Balance at January 1	\$ —
Transfers from Level 2	14
Transfers to Level 2	(2)
Loss on assets held	(2)
Payments received for securities sold	(4)
Purchases	21
Other	(1)
Balance at December 31	\$ 26

The fair values of the Company's financial assets and liabilities by level in the fair value hierarchy as of December 31, 2012 were as follows:

<i>December 31, 2012</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Common stock and equivalents	\$ 346	\$ —	\$ 346
Commingled equity funds	—	434	434
Corporate bonds	—	18	18
Government, agency, and government-sponsored enterprise obligations	—	233	233
Commingled bond funds	—	257	257
Commingled short-term investment funds	—	7	7
Total investment securities	\$ 346	\$ 949	\$ 1,295
Cash			8
Accrued income receivable			—
Insurance contracts*			59
Fair value plan assets			\$ 1,362

\* Comprised of annuity contracts issued by life insurance companies for one of the Company's non-U.S. pension plans

The table above includes securities on loan as part of a securities lending arrangement of \$29 million of common stock and equivalents, \$2 million of government, agency, and government-sponsored enterprise obligations, and \$27 million of corporate bonds. All securities on loan are fully collateralized.

There were no significant transfers between Level 1 and Level 2 during 2013 or 2012 .

#### **Postretirement Health Care Benefits Plan**

<i>December 31, 2013</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Common stock and equivalents	\$ 38	\$ —	\$ 38
Commingled equity funds	—	55	55
Government, agency, and government-sponsored enterprise obligations	—	6	6
Other government bonds	—	1	1
Corporate bonds	—	9	9
Commingled bond funds	—	49	49
Commingled short-term investment funds	—	3	3
Fair value plan assets	\$ 38	\$ 123	\$ 161

The table above includes securities on loan as part of a securities lending arrangement of \$3 million of common stock and equivalents, \$5 million of government, agency, and government-sponsored enterprise obligations, and \$1 million of corporate bonds. All securities on loan are fully cash collateralized.

<i>December 31, 2012</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Common stock and equivalents	\$ 44	\$ —	\$ 44
Commingled equity funds	—	56	56
Government, agency, and government-sponsored enterprise obligations	—	9	9
Corporate bonds	—	9	9
Mortgage-backed bonds	—	1	1
Commingled bond funds	—	30	30
Commingled short-term investment funds	—	6	6
Fair value plan assets	\$ 44	\$ 111	\$ 155

The table above includes securities on loan as part of a securities lending arrangement of \$4 million of common stock and equivalents and \$7 million of government, agency, and government-sponsored enterprise obligations. All securities on loan are fully cash collateralized.

There were no significant transfers between Level 1 and Level 2 during 2013 or 2012 .

## Valuation Methodologies

Level 1 - Quoted market prices in active markets are available for investments in common and preferred stock and common stock equivalents. As such, these investments are classified within Level 1.

Level 2 - The securities classified as Level 2 are comprised primarily of corporate, government, agency, and government sponsored enterprise fixed income securities. Our pension plan assets also include commingled equities classified as Level 2. These securities are priced using pricing services, bid/offer, and last trade. Prices may also be obtained from brokers, counterparties, fund administrators, online securities data services, or investment managers. Fixed income securities and commingled equities, including short-term instruments, may be priced using pricing models comprised of observable inputs which include, but are not limited to, market quotations, yields, maturities, call features, and the security's terms and conditions.

In determining the fair value of the Company's foreign currency derivatives, the Company uses forward contract and option valuation models employing market observable inputs, such as spot currency rates, time value and option volatilities. Since the Company primarily uses observable inputs in its valuation of its derivative assets and liabilities, they are classified as Level 2 assets.

Level 3 - The securities classified as Level 3 primarily consist of corporate bonds held in one of our non-U.S. pension plans. These corporate bonds are valued using pricing models which contain unobservable inputs and have limited liquidity. Determining the fair value of these securities requires the use of unobservable inputs, such as indicative quotes from dealers, extrapolated data, proprietary models and qualitative input from investment advisors. The Company had no Level 3 assets at December 31, 2012.

At December 31, 2013, the Company had \$2.1 billion of investments in money market funds (Level 2) classified as Cash and cash equivalents in its condensed consolidated balance sheet, compared to \$422 million at December 31, 2012. 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 December 31, 2013 was \$2.5 billion (Level 2), compared to a face value of \$2.5 billion. Since considerable judgment is required in interpreting market information, the fair value of the long-term debt is not necessarily indicative of the amount which could be realized in a current market exchange.

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

## 10. Long-term Customer Financing and Sales of Receivables

### Long-term Customer Financing

Long-term receivables consist of trade receivables with payment terms greater than twelve months, long-term loans and lease receivables under sales-type leases. Long-term receivables consist of the following:

<i>December 31</i>	<b>2013</b>	2012
Long-term receivables	\$ <b>36</b>	\$ 101
Less current portion	<b>(30)</b>	(41)
Non-current long-term receivables, net	\$ <b>6</b>	\$ 60

The current portion of long-term receivables is included in Accounts receivable and the non-current portion of long-term receivables is included in Other assets in the Company's consolidated balance sheets. Interest income recognized on long-term receivables for the years ended December 31, 2013, 2012 and 2011 was \$2 million, \$7 million and \$15 million, respectively.

Certain purchasers of the Company's products and services may request that the Company provide long-term financing (defined as financing with a term greater than one year) in connection with the sale of products and services. These requests may include all or a portion of the purchase price of the products and services. The Company's obligation to provide long-term financing may be conditioned on the issuance of a letter of credit in favor of the Company by a reputable bank to support the purchaser's credit or a pre-existing commitment from a reputable bank to purchase the long-term receivables from the Company. The Company had outstanding commitments to provide long-term financing to third-parties totaling \$120 million at December 31, 2013, compared to \$84 million at December 31, 2012.

### Sales of Receivables

From time to time, the Company sells accounts receivable and long-term receivables to third-parties under one-time arrangements while others are sold to third-parties under committed facilities. The Company may or may not retain the obligation to service the sold accounts receivable and long-term receivables.

The following table summarizes the proceeds received from sales of accounts receivable and long-term receivables for the years ended December 31, 2013 , 2012 and 2011 .

<i>Years ended December 31</i>	<b>2013</b>		2012		2011	
Cumulative annual proceeds received from sales:						
Accounts receivable sales proceeds	\$	<b>14</b>	\$	12	\$	8
Long-term receivables sales proceeds		<b>151</b>		178		224
Total proceeds from receivable sales	\$	<b>165</b>	\$	190	\$	232

At December 31, 2013 , the Company had retained servicing obligations for \$434 million of long-term receivables, compared to \$375 million of long-term receivables at December 31, 2012 . Servicing obligations are limited to collection activities of the sales of accounts receivables and long-term receivables.

### ***Credit Quality of Customer Financing Receivables and Allowance for Credit Losses***

An aging analysis of financing receivables at December 31, 2013 and December 31, 2012 is as follows:

<i>December 31, 2013</i>	<i>Total Long-term Receivable</i>		<i>Current Billed Due</i>		<i>Past Due Under 90 Days</i>		<i>Past Due Over 90 Days</i>	
Municipal leases secured tax exempt	\$	1	\$	—	\$	—	\$	—
Commercial loans and leases secured		35		13		2		10
Total gross long-term receivables, including current portion	\$	36	\$	13	\$	2	\$	10

<i>December 31, 2012</i>	<i>Total Long-term Receivable</i>		<i>Current Billed Due</i>		<i>Past Due Under 90 Days</i>		<i>Past Due Over 90 Days</i>	
Municipal leases secured tax exempt	\$	23	\$	—	\$	—	\$	—
Commercial loans and leases secured		78		1		2		4
Total gross long-term receivables, including current portion	\$	101	\$	1	\$	2	\$	4

The Company uses an internally developed credit risk rating system for establishing customer credit limits. This system is aligned and comparable to the rating systems utilized by independent rating agencies.

The Company's policy for valuing the allowance for credit losses is to review all customer financing receivables for collectability on an individual receivable basis. For those receivables where collection risk is probable, the Company calculates the value of impairment based on the net present value of expected future cash flows from the customer.

The Company had a total of \$10 million of financing receivables past due over 90 days as of December 31, 2013 in relation to two loans. The Company is not accruing interest on these loans as of December 31, 2013 , which are adequately reserved.

## **11. Commitments and Contingencies**

### ***Lease Obligations***

The Company leases certain office, factory and warehouse space, land, and information technology and other equipment under principally non-cancelable operating leases. Rental expense, net of sublease income, for the years ended December 31, 2013 , 2012 and 2011 was \$66 million , \$65 million , and \$92 million , respectively.

At December 31, 2013 , future minimum lease obligations, net of minimum sublease rentals, for the next five years and beyond are as follows:

<i>Year</i>		
2014	\$	99
2015		71
2016		56
2017		44
2018		34
Beyond		187

### ***Purchase Obligations***

During the normal course of business, in order to manage manufacturing lead times and help ensure adequate component supply, the Company enters into agreements with contract manufacturers and suppliers that either allow them to procure inventory based upon criteria as defined by the Company or establish the parameters defining the Company's requirements. In addition, we have entered into software license agreements which are firm commitments and are not cancelable. As of December 31, 2013, the Company had entered into firm, noncancelable, and unconditional commitments under such arrangements through 2016 . The Company expects to make total payments of \$56 million under these arrangements as follows: \$49 million in 2014 , \$5 million in 2015 , and \$2 million in 2016 .

The Company outsources certain corporate functions, such as benefit administration and information technology related services. These contracts are expected to expire in 2017. The remaining payments under these contracts are approximately \$485 million over the remaining life of the contracts; however, these contracts can be terminated. Termination would result in a penalty substantially less than the remaining annual contract payments. The Company would also be required to find another source for these services, including the possibility of performing them in-house.

### ***Legal***

The Company is a defendant in various suits, claims and investigations that arise in the normal course of business. While the outcome of these matters is currently not determinable, the Company does not expect the ultimate disposition of these matters will have a material adverse effect on the Company's consolidated financial position, liquidity or results of operations.

### ***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 for amounts for breaches of such representation and warranties in connection with prior divestitures not in excess of a percentage of the contract value. The Company had no potential claims at December 31, 2013 .

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.

In addition, pursuant to the Master Separation and Distribution Agreement and certain other agreements with Motorola Mobility, Motorola Mobility agreed to indemnify the Company for certain liabilities, and the Company agreed to indemnify Motorola Mobility for certain liabilities, in each case for uncapped amounts.



## 12. Information by Segment and Geographic Region

The Company conducts their businesses globally and manages them by product lines. The Company's broad lines of products are categorized into two segments, which are:

**Government:** The Government segment includes public safety communications systems, professional and commercial two-way communication systems, and the devices, system software and applications that are associated with these products. Service revenues included in the Government segment are primarily those associated with the design, installation, maintenance and optimization of equipment for communication systems, as well as lifecycle management solutions and a portfolio of managed system services.

**Enterprise:** The Enterprise segment includes rugged and enterprise-grade mobile computers and tablets, laser/imaging/radio frequency identification based data capture products, wireless local area network and integrated digital enhanced network infrastructure, software and applications that are associated with these products. Enterprise service revenues include maintenance, integration, and device and network management.

For the years ended December 31, 2013, 2012 and 2011, no single customer accounted for more than 10% of the Company's net sales.

### Segment Information

Years ended December 31	Net Sales			Operating Earnings (Loss)		
	2013	2012	2011	2013	2012	2011
Government	\$ 6,030	\$ 5,989	\$ 5,358	\$ 979	\$ 965	\$ 616
Enterprise	2,666	2,709	2,845	236	291	242
	<b>\$ 8,696</b>	<b>\$ 8,698</b>	<b>\$ 8,203</b>	<b>1,215</b>	<b>1,256</b>	<b>858</b>
Total other expense				(70)	(41)	(120)
Earnings from continuing operations before income taxes				<b>\$ 1,145</b>	<b>\$ 1,215</b>	<b>\$ 738</b>

Years ended December 31	Assets			Capital Expenditures			Depreciation Expense		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Government	\$ 4,013	\$ 3,095	\$ 2,892	\$ 132	\$ 132	\$ 159	\$ 154	\$ 143	\$ 128
Enterprise	2,820	2,552	2,264	59	55	27	48	36	37
	<b>6,833</b>	<b>5,647</b>	<b>5,156</b>	<b>\$ 191</b>	<b>\$ 187</b>	<b>\$ 186</b>	<b>\$ 202</b>	<b>\$ 179</b>	<b>\$ 165</b>
Other	5,018	7,032	8,773						
	<b>\$ 11,851</b>	<b>\$ 12,679</b>	<b>\$ 13,929</b>						

Assets in Other include primarily cash and cash equivalents, Sigma Fund, deferred income taxes, short-term investments, property, plant and equipment, investments, and the administrative headquarters of the Company.

### Geographic Area Information

Years ended December 31	Net Sales			Assets		
	2013	2012	2011	2013	2012	2011
United States	\$ 4,683	\$ 4,807	\$ 4,417	\$ 8,657	\$ 8,743	\$ 8,888
China	333	308	286	436	570	860
United Kingdom	275	344	324	1,693	1,393	584
Israel	100	113	131	193	823	1,128
Other, net of eliminations	3,305	3,126	3,045	872	1,150	2,469
	<b>\$ 8,696</b>	<b>\$ 8,698</b>	<b>\$ 8,203</b>	<b>\$ 11,851</b>	<b>\$ 12,679</b>	<b>\$ 13,929</b>

Certain sales from 2012 and 2011 have been reclassified between countries to conform to the current year's presentation, which represents net sales that are attributed to countries based on the shipping location of the ultimate destination with the exception of sales to the U.S. federal government. Sales to the U.S. federal government are included within the United States regardless of shipping location.

## 13. Reorganization of Businesses

The Company maintains a formal Involuntary Severance Plan (the "Severance Plan"), which permits the Company to offer eligible employees severance benefits based on years of service and employment grade level in the event that employment is involuntarily terminated as a result of a reduction-in-force or restructuring. The Severance Plan includes defined formulas to

calculate employees' termination benefits. In addition to the Involuntary Severance Plan, during the year ended December 31, 2013, the Company accepted voluntary applications to its Severance Plan from a defined subset of employees within the United States. Voluntary applicants received termination benefits based on the formulas defined in the Severance Plan; however, termination benefits, which are normally capped at six months of salary, were capped at a full year's salary.

The Company recognizes termination benefits based on formulas per the Severance Plan at the point in time that future settlement is probable and can be reasonably estimated based on estimates prepared at the time a restructuring plan is approved by management. Exit costs consist of future minimum lease payments on vacated facilities and other contractual terminations. At each reporting date, the Company evaluates its accruals for employee separation and exit costs to ensure the accruals are still appropriate. In certain circumstances, accruals are no longer needed because of efficiencies in carrying out the plans or because employees previously identified for separation resigned from the Company and did not receive severance, or were redeployed due to circumstances not foreseen when the original plans were approved. In these cases, the Company reverses accruals through the consolidated statements of operations where the original charges were recorded when it is determined they are no longer needed.

### 2013 Charges

During 2013, the Company continued to implement various productivity improvement plans aimed at achieving long-term, sustainable profitability by driving efficiencies and reducing operating costs. Both of the Company's segments were impacted by these plans. The employees affected were located in all geographic regions.

During 2013, the Company recorded net reorganization of business charges of \$133 million, including \$26 million of charges in Costs of sales and \$107 million of charges under Other charges in the Company's consolidated statements of operations. Included in the aggregate \$133 million are charges of \$146 million for employee separation costs, \$3 million for exit costs, partially offset by \$16 million of reversals for accruals no longer needed. Of the total employee separation costs recognized during the year, \$52 million relates to approximately 450 voluntary applicants.

The following table displays the net charges incurred by segment:

<i>Years ended December 31</i>	2013	
Government	\$	86
Enterprise		47
	\$	133

The following table displays a rollforward of the reorganization of businesses accruals established for exit costs and employee separation costs from January 1, 2013 to December 31, 2013 :

<i>2013</i>	<i>Accruals at January 1</i>	<i>Additional Charges</i>	<i>Adjustments</i>	<i>Amount Used</i>	<i>Accruals at December 31</i>
Exit costs	\$ 4	\$ 3	\$ —	\$ (1)	\$ 6
Employee separation costs	31	146	(16)	(58)	103
	\$ 35	\$ 149	\$ (16)	\$ (59)	\$ 109

#### *Exit Costs*

At January 1, 2013, the Company had an accrual of \$4 million for exit costs attributable to lease terminations. There were \$3 million of additional charges in 2013. The \$1 million used in 2013 reflects cash payments. The remaining accrual of \$6 million, which is included in Accrued liabilities in the Company's consolidated balance sheets at December 31, 2013, primarily represents future cash payments for lease termination obligations that are expected to be paid over a number of years.

#### *Employee Separation Costs*

At January 1, 2013, the Company had an accrual of \$31 million for employee separation costs, representing the severance costs for: (i) severed employees who began receiving payments in 2012 and (ii) approximately 400 employees who began receiving payments in 2013. The 2013 additional charges of \$146 million represent severance costs for approximately an additional 2,200 employees, of which 800 were direct employees and 1,400 were indirect employees. The adjustments of \$16 million reflect reversals of accruals no longer needed.

During 2013, approximately 1,100 employees, of which 700 were indirect employees and 400 were direct employees, were separated from the Company. The \$58 million used in 2013 reflects cash payments to separated employees. The remaining accrual of \$103 million, which is included in Accrued liabilities in the Company's consolidated balance sheet at December 31, 2013, is expected to be paid, generally, within one year to: (i) severed employees who have already begun to receive payments and (ii) approximately 1,200 employees to be separated in 2014.

## 2012 Charges

During 2012, the Company continued to implement various productivity improvement plans aimed at achieving long-term, sustainable profitability by driving efficiencies and reducing operating costs. Both of the Company's segments were impacted by these plans. The employees affected were located in all geographic regions.

During 2012, the Company recorded net reorganization of business charges of \$50 million, including \$9 million of charges in Costs of sales and \$41 million of charges under Other charges in the Company's consolidated statements of operations. Included in the aggregate \$50 million are charges of (i) \$54 million for employee separation costs, and (ii) \$7 million for building impairments, partially offset by \$11 million of reversals for accruals no longer needed.

The following table displays the net charges incurred by segment:

<i>Years ended December 31</i>	2012	
Government	\$	33
Enterprise		17
	\$	50

The following table displays a rollforward of the reorganization of businesses accruals established for exit costs and employee separation costs from January 1, 2012 to December 31, 2012 :

<i>2012</i>	<i>Accruals at January 1</i>	<i>Additional Charges</i>	<i>Adjustments</i>	<i>Amount Used</i>	<i>Accruals at December 31</i>
Exit costs	\$ 14	\$ —	\$ 1	\$ (11)	\$ 4
Employee separation costs	30	54	(9)	(44)	31
	\$ 44	\$ 54	\$ (8)	\$ (55)	\$ 35

### *Exit Costs*

At January 1, 2012, the Company had an accrual of \$14 million for exit costs attributable to lease terminations. There were no additional charges in 2012. The net adjustments of \$1 million reflect \$2 million of reversals of accruals no longer needed, offset by \$3 million of other adjustments. The \$11 million used in 2012 reflects cash payments. The remaining accrual of \$4 million, which was included in Accrued liabilities in the Company's consolidated balance sheet at December 31, 2012, represents future cash payments, primarily for lease termination obligations.

### *Employee Separation Costs*

At January 1, 2012, the Company had an accrual of \$30 million for employee separation costs, representing the severance costs for approximately 700 employees. The additional 2012 charges of \$54 million represent severance costs for approximately an additional 1,000 employees, of which 300 are direct employees and 700 are indirect employees. The adjustments of \$9 million reflect accruals no longer required.

During 2012, approximately 1,000 employees, of which 700 were indirect employees and 300 were direct employees, were separated from the Company. The \$44 million used in 2012 reflects cash payments to these separated employees. The remaining accrual of \$31 million was included in Accrued liabilities in the Company's consolidated balance sheet at December 31, 2012.

## 2011 Charges

During 2011, the Company continued to implement various productivity improvement plans aimed at achieving long-term, sustainable profitability by driving efficiencies and reducing operating costs. Both of the Company's segments were impacted by these plans. The employees affected were located in all geographic regions.

The Company recorded net reorganization of business charges of \$58 million, including \$6 million of charges in Costs of sales and \$52 million of charges under Other charges in the Company's consolidated statements of operations. Included in the aggregate \$58 million are charges of \$41 million for employee separation costs and \$19 million for exit costs, partially offset by \$2 million of reversals for accruals no longer needed.

The following table displays the net charges incurred by segment:

<i>Years ended December 31</i>	2011	
Government	\$	40
Enterprise		18
	\$	58

The following table displays a rollforward of the reorganization of businesses accruals established for exit costs and employee separation costs from January 1, 2011 to December 31, 2011 :

<i>2011</i>	<i>Accruals at January 1</i>		<i>Additional Charges</i>		<i>Adjustments</i>		<i>Amount Used</i>		<i>Accruals at December 31</i>	
Exit costs	\$	17	\$	19	\$	1	\$	(23)	\$	14
Employee separation costs		50		41		(3)		(58)		30
	\$	67	\$	60	\$	(2)	\$	(81)	\$	44

#### *Exit Costs*

At January 1, 2011 , the Company had an accrual of \$17 million for exit costs attributable to lease terminations. The 2011 additional charges of \$19 million were primarily related to the exit of leased facilities and contractual termination costs. The adjustments of \$1 million reflect reversals of accruals no longer needed. The \$23 million used in 2011 reflected cash payments. The remaining accrual of \$14 million , which was included in Accrued liabilities in the Company's consolidated balance sheets at December 31, 2011 , represented future cash payments, primarily for lease termination obligations.

#### *Employee Separation Costs*

At January 1, 2011 , the Company had an accrual of \$50 million for employee separation costs, representing the severance costs for approximately 1,000 employees. The additional 2011 charges of \$41 million were severance costs for approximately an additional 900 employees, of which 300 were direct employees and 600 were indirect employees. The adjustments of \$3 million reflect accruals no longer required.

During 2011 , approximately 1,300 employees, of which 800 were direct employees and 500 were indirect employees, were separated from the Company. The \$58 million used in 2011 reflected cash payments to these separated employees. The remaining accrual of \$30 million was included in Accrued liabilities in the Company's consolidated balance sheet at December 31, 2011 .

## **14. 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 consolidated financial statements for the period subsequent to the date of acquisition. The pro forma effects of the acquisitions completed in 2013 , 2012 , and 2011 were not significant individually or in the aggregate. The Company did not have any significant acquisitions during the years ended December 31, 2013 , 2012 and 2011 .

### **Intangible Assets**

Amortized intangible assets were comprised of the following:

<i>December 31,</i>	<b>2013</b>		<b>2012</b>	
	<i>Gross Carrying Amount</i>	<i>Accumulated Amortization</i>	<i>Gross Carrying Amount</i>	<i>Accumulated Amortization</i>
Intangible assets:				
Completed technology	\$ 662	\$ 639	\$ 657	\$ 632
Patents	276	276	276	276
Customer-related	203	144	201	125
Licensed technology	17	16	23	19
Other intangibles	96	92	94	90
	\$ 1,254	\$ 1,167	\$ 1,251	\$ 1,142

Amortization expense on intangible assets, which is included within Other charges in the consolidated statements of operations, was \$26 million , \$29 million and \$200 million for the years ended December 31, 2013 , 2012 and 2011 ,

respectively. As of December 31, 2013, future amortization expense is estimated to be \$24 million in 2014, \$19 million in 2015, \$17 million in 2016, \$13 million in 2017 and \$6 million in 2018.

Amortized intangible assets, excluding goodwill, by segment are as follows:

<i>December 31,</i>	<b>2013</b>		<b>2012</b>	
	<i>Gross Carrying Amount</i>	<i>Accumulated Amortization</i>	<i>Gross Carrying Amount</i>	<i>Accumulated Amortization</i>
Government	\$ 55	\$ 48	\$ 53	\$ 48
Enterprise	1,199	1,119	1,198	1,094
	<u>\$ 1,254</u>	<u>\$ 1,167</u>	<u>\$ 1,251</u>	<u>\$ 1,142</u>

### Goodwill

The following table displays a rollforward of the carrying amount of goodwill by segment from January 1, 2012 to December 31, 2013:

	<i>Government</i>	<i>Enterprise</i>	<i>Total</i>
<b>Balance as of January 1, 2012</b>			
Aggregate goodwill acquired	\$ 350	\$ 2,642	\$ 2,992
Accumulated impairment losses	—	(1,564)	(1,564)
Goodwill, net of impairment losses	350	1,078	1,428
Goodwill acquired	—	83	83
Goodwill divested	(1)	—	(1)
<b>Balance as of December 31, 2012</b>			
Aggregate goodwill acquired/disposed	349	2,725	3,074
Accumulated impairment losses	—	(1,564)	(1,564)
Goodwill, net of impairment losses	349	1,161	1,510
Purchase accounting tax adjustments	—	(2)	(2)
Foreign currency	—	1	1
<b>Balance as of December 31, 2013</b>			
Aggregate goodwill acquired	349	2,724	3,073
Accumulated impairment losses	—	(1,564)	(1,564)
Goodwill, net of impairment losses	\$ 349	\$ 1,160	\$ 1,509

The Company conducts its annual assessment of goodwill for impairment in the fourth quarter of each year. The goodwill impairment assessment is performed at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment. The Company has determined that the Government segment and Enterprise segment each meet the definition of a reporting unit.

The goodwill impairment test for fiscal 2013 was performed using a two step goodwill impairment analysis. In step one, the fair value of each reporting unit is compared to its book value. Management must apply judgment in determining the estimated fair value of these reporting units. Fair value is determined using a combination of present value techniques and quoted market prices of comparable businesses. If the fair value of the reporting units is less than its book value, goodwill is not deemed to be impaired for that reporting unit, and no further testing would be necessary. If the fair value of the reporting unit is less than its book value, the Company performs step two. Step two uses the calculated fair value of the reporting unit to perform a hypothetical purchase price allocation to the fair value of the assets and liabilities of the reporting unit. The difference between the fair value of the reporting unit calculated in Step One and the fair value of the underlying assets and liabilities of the reporting unit is the implied fair value of the reporting unit's goodwill. A charge is recorded in the financial statements if the carrying value of the reporting unit's goodwill is greater than its implied fair value.

The Company weighted the valuation of its reporting units at 50% based on the income approach and 50% based on the market-based approach. The Company believes that this weighting is appropriate because it is the Company's view that value indications under the selected methods are equally reliable and reflective of the value of the reporting units.

Based on the results of the 2013 annual assessment of the recoverability of goodwill, the fair values of both reporting units exceeded their book values, indicating that there was no impairment of goodwill.

The Company performed a qualitative assessment to determine whether it was more-likely-than-not that the fair value of each reporting unit was less than its carrying amount for fiscal year 2012. In performing this qualitative assessment the Company assessed relevant events and circumstances including macroeconomic conditions, industry and market conditions, cost factors, overall financial performance, changes in share price, and entity-specific events. In addition, the Company considered the fair value derived for each reporting unit in conjunction with the 2010 goodwill impairment test which included a full step one fair value analysis similar to the valuation discussed above. The Company compared this prior fair value against the current carrying value of each reporting unit noting fair value continued to significantly exceed carrying value for both reporting units. The Company performed a sensitivity analysis on the fair value determined for each reporting unit in conjunction with the 2010 goodwill impairment test for changes in significant assumptions including the weighted average cost of capital used in the income approach and changes in expected cash flows. For fiscal 2012, these changes in assumptions and estimated cash flows resulted in an increase in fair value for the Government reporting unit and a slight decrease in fair value for the Enterprise reporting unit. In spite of this small decrease in estimated fair value of the Enterprise reporting unit, the reporting unit's fair value significantly exceeded its carrying value. As such, the Company concluded it was more-likely-than-not that the fair value of each reporting unit exceeded its carrying value. Therefore, the two-step goodwill impairment test was not required.

## 15. Valuation and Qualifying Accounts

The following table presents the valuation and qualifying account activity for the years ended December 31, 2013, 2012 and 2011:

	<i>Balance at January 1</i>	<i>Charged to Earnings</i>	<i>Used</i>	<i>Adjustments*</i>	<i>Balance at December 31</i>
<b>2013</b>					
Allowance for doubtful accounts	\$ 51	\$ 14	\$ (8)	\$ (1)	\$ 56
Inventory reserves	163	73	(58)	—	178
Customer reserves	144	615	(609)	(4)	146
<b>2012</b>					
Allowance for doubtful accounts	45	8	(4)	2	51
Allowance for losses on long-term receivables**	10	—	—	(10)	—
Inventory reserves	170	67	(73)	(1)	163
Customer reserves	125	456	(416)	(21)	144
<b>2011</b>					
Allowance for doubtful accounts	49	7	(4)	(7)	45
Allowance for losses on long-term receivables	1	10	(1)	—	10
Inventory reserves	157	37	(30)	6	170
Customer reserves	117	580	(565)	(7)	125

\* Adjustments include translation adjustments

\*\* During 2012, the adjustment of \$10 million within Allowance for Losses on Long-term Receivables relates to a reclass from non-current to current.

## 16. Quarterly and Other Financial Data (unaudited)

	2013				2012			
	<i>1st</i>	<i>2nd</i>	<i>3rd</i>	<i>4th</i>	<i>1st</i>	<i>2nd</i>	<i>3rd</i>	<i>4th</i>
<b>Operating Results</b>								
Net sales	\$ 1,973	\$ 2,107	\$ 2,112	\$ 2,504	\$ 1,956	\$ 2,148	\$ 2,153	\$ 2,441
Costs of sales	1,018	1,078	1,069	1,290	983	1,088	1,066	1,212
Gross margin	955	1,029	1,043	1,214	973	1,060	1,087	1,229
Selling, general and administrative expenses	460	470	438	471	472	496	485	510
Research and development expenditures	262	268	253	272	254	269	262	290
Other charges	17	25	32	58	15	17	16	6
Operating earnings	216	266	320	413	232	278	324	423
Earnings from continuing operations*	192	258	307	343	159	177	206	336
Net earnings*	192	258	307	343	157	182	206	336
<b>Per Share Data (in dollars)</b>								
Continuing operations:								
Basic earnings per common share	\$ 0.70	\$ 0.96	\$ 1.17	\$ 1.33	\$ 0.51	\$ 0.61	\$ 0.73	\$ 1.20
Diluted earnings per common share	0.68	0.94	1.16	1.31	0.50	0.60	0.72	1.18
Net earnings								
Basic earnings per common share	\$ 0.70	\$ 0.96	\$ 1.17	\$ 1.33	\$ 0.50	\$ 0.63	\$ 0.73	\$ 1.20
Diluted earnings per common share	0.68	0.94	1.16	1.31	0.49	0.61	0.72	1.18
Dividends declared	\$ 0.26	\$ 0.26	\$ 0.31	\$ 0.31	\$ 0.22	\$ 0.22	\$ 0.26	\$ 0.26
Dividends paid	0.26	0.26	0.26	0.31	0.22	0.22	0.22	0.26
Stock prices								
High	\$ 64.03	\$ 64.69	\$ 60.39	\$ 67.50	\$ 51.76	\$ 51.46	\$ 51.79	\$ 55.68
Low	\$ 55.94	\$ 55.50	\$ 54.01	\$ 59.38	\$ 44.94	\$ 46.73	\$ 45.18	\$ 49.77

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

## Item 9: Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

### Item 9A: Controls and Procedures

#### *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 annual 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.

#### *Management’s Report on Internal Control Over Financial Reporting.*

Motorola Solutions’ management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) of the Exchange Act. Under the supervision and with the participation of our senior management, including our chief executive officer and chief financial officer, we assessed the effectiveness of our internal control over financial reporting as of December 31, 2013, using the criteria set forth in the 1992 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that our internal control over financial reporting is effective as of December 31, 2013. The Company’s independent registered public accounting firm, KPMG LLP, has issued a report on the Company’s internal control over financial reporting. The report on the audit of internal control over financial reporting appears in this Form 10-K.

#### *Changes in Internal Control Over Financial Reporting.*

There have been no changes in our internal control over financial reporting that occurred during the year ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We are in the process of a multi-year phased upgrade and consolidation of our enterprise resource planning (“ERP”) systems into a single global platform across our business. The first phase was successfully implemented during the third quarter of 2012. The second phase is scheduled to be implemented during the first quarter of 2014 with no significant changes to our internal controls over financial reporting.

Continuing to implement the remaining phased approaches of our ERP system on a widespread basis involves significant changes in business processes and extensive organizational training. A phased approach reduces the risks associated with making these changes. We believe we are taking the necessary steps to monitor and maintain appropriate internal controls during these transition periods. Such steps include deploying resources to mitigate internal control risks and performing additional verifications and testing to ensure data integrity. In connection with the continued implementation of our global ERP system, we expect there will be certain redesigns of our business processes throughout the implementation, some of which may be related to internal control over financial reporting and disclosure controls and procedures.



## Item 9B: Other Information

None

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

Motorola Solutions, Inc.:

We have audited Motorola Solutions, Inc.'s (the Company) internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting in Item 9A: Controls and Procedures. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Motorola Solutions, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Motorola Solutions, Inc. and Subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2013, and our report dated February 13, 2014 expressed an unqualified opinion on those consolidated financial statements.

The image shows a handwritten signature in black ink that reads "KPMG LLP". The letters are bold and slightly slanted, with a stylized 'K' and 'P'. The signature is contained within a thin black rectangular border.

Chicago, Illinois  
February 13, 2014

## PART III

### **Item 10. Directors, Executive Officers and Corporate Governance**

The response to this Item required by Item 401 of Regulation S-K, with respect to directors, incorporates by reference the information under the caption “2014 Director Nominees” of Motorola Solutions’ Proxy Statement for the 2014 Annual Meeting of Stockholders (the “Proxy Statement”) and, with respect to executive officers, is contained in Part I hereof under the caption “Executive Officers of the Registrant” and, with respect to the audit committee, incorporates by reference the information under the caption “Corporate Governance - Committees of the Board” and “Audit Committee Matters - Report of Audit Committee” of the Proxy Statement.

The response to this Item required by Item 405 of Regulation S-K incorporates by reference the information under the caption “Security Ownership Information-Section 16 (a) Beneficial Ownership Reporting Compliance” of the Proxy Statement.

The response to this Item also incorporates by reference the information under the caption “Important Dates for the 2015 Annual Meeting - Recommending a Director Candidate to the Governance and Nominating Committee” of the Proxy Statement.

Motorola Solutions has adopted a code of ethics, the Motorola Solutions Code of Business Conduct (the “Code”), that applies to all employees, including the Company’s principal executive officer, principal financial officer and controller (principal accounting officer). The Code is posted on Motorola Solutions’ Internet website, [www.motorolasolutions.com/investor](http://www.motorolasolutions.com/investor), and is available free of charge, upon request to Investor Relations, Motorola Solutions, Inc., Corporate Offices, 1303 East Algonquin Road, Schaumburg, Illinois 60196, E-mail: [investors@motorolasolutions.com](mailto:investors@motorolasolutions.com). Any amendment to, or waiver from, the Code applicable to executive officers will be posted on our Internet website within four business days following the date of the amendment or waiver. Motorola Solutions’ Code of Business Conduct applies to all of the Company’s employees worldwide, without exception, and describes employee responsibilities to the various stakeholders involved in our business. The Code goes beyond the legal minimums by implementing the values we share as employees of Motorola Solutions—our key beliefs—uncompromising integrity and constant respect for people. The Code places special responsibility on managers and prohibits retaliation for reporting issues.

### **Item 11: Executive Compensation**

The response to this Item incorporates by reference the information under the captions "Director Compensation - Determining Director Compensation - How the Directors are Compensated," "Compensation Discussion and Analysis," "Compensation and Leadership Committee Report," "Compensation and Leadership Committee Interlocks and Insider Participation," and under "Named Executive Officer Compensation," the following subsections: "2013 Summary Compensation Table," "Grants of Plan-Based Awards in 2013," "Outstanding Equity Awards at 2013 Fiscal Year-End," "Option Exercises and Stock Vested in 2013," "Nonqualified Deferred Compensation in 2013," "Retirement Plans," "Pension Benefits in 2013," "Employment Contracts," and "Termination of Employment and Change in Control Arrangements," of the Proxy Statement.

### **Item 12: Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The response to this Item incorporates by reference the information under the captions “Equity Compensation Plan Information” and “Security Ownership Information” of the Proxy Statement.

### **Item 13: Certain Relationships and Related Transactions, and Director Independence**

The response to this Item incorporates by reference the relevant information under the caption “Corporate Governance - Related Person Transaction Policy and Procedures” and “Independent Directors” of the Proxy Statement.

### **Item 14: Principal Accounting Fees and Services**

The response to this Item incorporates by reference the information under the caption “Audit Committee Matters - Independent Registered Public Accounting Firm Fees” and “Audit Committee Matters - Audit Committee Pre-Approval Policies” of the Proxy Statement.

## PART IV

### Item 15: Exhibits, Financial Statement Schedules

(a) 1. Financial Statements

See Part II, Item 8 hereof.

2. Financial Statement Schedules and Independent Auditors' Report

All schedules omitted are inapplicable or the information required is shown in the consolidated financial statements or notes thereto.

3. Exhibits

Exhibits required to be attached by Item 601 of Regulation S-K are listed in the Exhibit Index attached hereto, which is incorporated herein by this reference. Exhibit numbers 10.7 through 10.71, listed in the attached Exhibit Index, are management contracts or compensatory plans or arrangements required to be filed as exhibits to this form by Item 15(b) hereof.

(b) Exhibits:

See Item 15(a)3 above.

## CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors

Motorola Solutions, Inc.:

We consent to the incorporation by reference in the registration statements on Form S-8 (Nos. 033-59285, 333-51847, 333-36308, 333-53120, 333-60560, 333-60612, 333-87728, 333-105107, 333-123879, 333-133736, 333-142845, and 333-160137) and S-3 (Nos. 333-181223, 333-76337, and 333-36320) of Motorola Solutions, Inc. of our report dated February 13, 2014, with respect to the consolidated balance sheets of Motorola Solutions, Inc. and Subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2013, and the effectiveness of internal control over financial reporting as of December 31, 2013, which report appears in the December 31, 2013 annual report on Form 10-K of Motorola Solutions, Inc.

The image shows a handwritten signature in black ink that reads "KPMG LLP". The letters are bold and slightly slanted, with some overlapping between the letters. The signature is contained within a thin black rectangular border.

Chicago, Illinois  
February 13, 2014

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Motorola Solutions, Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MOTOROLA SOLUTIONS, INC.

By:           / S / G R E G O R Y Q. B R O W N            
 Gregory Q. Brown  
*Chairman and Chief Executive Officer*

February 13, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Motorola Solutions, Inc. and in the capacities and on the dates indicated.

<i>Signature</i>	<i>Title</i>	<i>Date</i>
<u>          / S / G R E G O R Y Q. B R O W N          </u> Gregory Q. Brown	Chairman and Chief Executive Officer and Director (Principal Executive Officer)	February 13, 2014
<u>          / s / G I N O A. B O N A N O T T E          </u> Gino A. Bonanotte	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 13, 2014
<u>          / S / J O H N K. W O Z N I A K          </u> John K. Wozniak	Corporate Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 13, 2014
<u>          / S / K E N N E T H C. D A H L B E R G          </u> Kenneth C. Dahlberg	Director	February 13, 2014
<u>          / S / D A V I D W. D O R M A N          </u> David W. Dorman	Director	February 13, 2014
<u>          / S / M I C H A E L V. H A Y D E N          </u> Michael V. Hayden	Director	February 13, 2014
<u>          / S / J U D Y C. L E W E N T          </u> Judy C. Lewent	Director	February 13, 2014
<u>          / S / A N N E R. P R A M A G G I O R E          </u> Anne R. Pramaggiore	Director	February 13, 2014
<u>          / S / S A M U E L C. S C O T T I I I          </u> Samuel C. Scott III	Director	February 13, 2014
<u>          / S / B R A D L E Y E. S I N G E R          </u> Bradley E. Singer	Director	February 13, 2014
<u>          / S / D R . J O H N A. W H I T E          </u> Dr. John A. White	Director	February 13, 2014



## EXHIBIT INDEX

- 3.1 (a) Restated Certificate of Incorporation of Motorola, Inc., as amended through May 5, 2009 (incorporated by reference to Exhibit 3(i)(b) to Motorola, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended July 4, 2009 (File No. 1-7221)).
- 3.1 (b) Certificate of Amendment to the Restated Certificate of Incorporation of Motorola, Inc., effective January 4, 2011, as filed with the Secretary of State of the State of Delaware (incorporated by reference to Exhibit 3.1 to Motorola Solutions' Current Report on Form 8-K filed on January 10, 2011 (File No. 1-7221)).
- 3.1 (c) Certificate of Ownership and Merger merging Motorola Name Change Corporation into Motorola, Inc., effective January 4, 2011, as filed with the Secretary of State of the State of Delaware (incorporated by reference to Exhibit 3.2 to Motorola Solutions' Current Report on Form 8-K filed on January 10, 2011 (File No. 1-7221)).
- 3.2 Motorola Solutions, Inc. Amended and Restated Bylaws as of January 17, 2013 (incorporated by reference to Exhibit 3.1 to Motorola, Inc.'s Current Report on Form 8-K filed on January 17, 2013 (File No. 1-7221)).
- 4.1 (a) Senior Indenture, dated as of May 1, 1995, between The Bank of New York Mellon Trust Company, N.A. (as successor Trustee to JPMorgan Chase Bank (as successor in interest to Bank One Trust Company) and BNY Midwest Trust Company (as successor in interest to Harris Trust and Savings Bank) and Motorola, Inc. (incorporated by reference to Exhibit 4(d) of the Registrant's Registration Statement on Form S-3 dated September 25, 1995 (Registration No. 33-62911)).
- 4.1 (b) Instrument of Resignation, Appointment and Acceptance, dated as of January 22, 2001, among Motorola, Inc., Bank One Trust Company, N.A. and BNY Midwest Trust Company (as successor in interest to Harris Trust and Savings Bank) (incorporated by reference to Exhibit 4.2(b) to Motorola, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (File No. 1-7221)).

Certain instruments defining the rights of holders of long-term debt of Motorola, Inc. and of all its subsidiaries for which consolidated or unconsolidated financial statements are required to be filed are being omitted pursuant to paragraph (b)(4)(iii) (A) of Item 601 of Regulation S-K. Motorola Solutions agrees to furnish a copy of any such instrument to the Commission upon request.

- 10.1 Amended and Restated Master Separation and Distribution Agreement among Motorola Mobility Holdings, Inc. (f/k/a Motorola SpinCo Holdings Corporation), Motorola Mobility, Inc. and Motorola, Inc. effective as of July 31, 2010 (incorporated by reference to Exhibit 2.1 to Amendment No. 1 to the Form 10 Registration Statement filed on August 31, 2010 by Motorola Mobility Holdings, Inc. (formerly Motorola SpinCo Holdings Corporation) (File No. 1-34805)).
- 10.2 Amended and Restated Intellectual Property License Agreement between Motorola Mobility, Inc. and Motorola, Inc. effective as of July 31, 2010 (incorporated by reference to Exhibit 10.2 to Amendment No. 1 to the Form 10 Registration Statement filed on August 31, 2010 by Motorola Mobility Holdings, Inc. (formerly Motorola SpinCo Holdings Corporation) (File No. 1-34805)).
- 10.3 Amended and Restated Exclusive License Agreement between Motorola Trademark Holdings, LLC and Motorola, Inc. effective as of July 30, 2010 (incorporated by reference to Exhibit 10.3 to Amendment No. 3 to the Form 10 Registration Statement filed on November 12, 2010 by Motorola Mobility Holdings, Inc. (File No. 1-34805)).
- 10.4 Tax Sharing Agreement among Motorola Mobility Holdings, Inc. (f/k/a Motorola SpinCo Holdings Corporation), Motorola Mobility, Inc. and Motorola, Inc. effective as of July 31, 2010 (incorporated by reference to Exhibit 10.4 to Amendment No. 1 to the Form 10 Registration Statement filed on August 31, 2010 by Motorola Mobility Holdings, Inc. (formerly Motorola SpinCo Holdings Corporation) (File No. 1-34805)).
- 10.5 Amended and Restated Employee Matters Agreement among Motorola Mobility Holdings, Inc. (f/k/a Motorola SpinCo Holdings Corporation), Motorola Mobility, Inc. and Motorola, Inc. effective as of July 31, 2010 (incorporated by reference to Exhibit 10.7 to Amendment No. 2 to the Form 10 Registration Statement filed on October 8, 2010 by Motorola Mobility Holdings, Inc. (formerly Motorola SpinCo Holdings Corporation) (File No. 1-34805)).
- 10.6 Stock Purchase Agreement, dated as of February 26, 2012, by and between Motorola Solutions, Inc. and Carl C. Icahn and certain of his affiliates (incorporated by reference to Exhibit 10.1 to Motorola Solutions' Current Report on Form 8-K filed on February 27, 2012 (File No. 1-7221)).
- 10.7 Motorola Solutions Omnibus Incentive Plan of 2006, as amended and restated November 8, 2011 (incorporated by reference to Exhibit 10.10 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (File No. 1-7221)).
- 10.8 Form of Motorola Solutions, Inc. Award Document-Terms and Conditions Related to Employee Nonqualified Stock Options for grants to Section 16 Officers on or after May 6, 2013 (incorporated by reference to Exhibit 10.2 to Motorola Inc's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2013 (File No. 1-7221)).

- \*10.9 Form of Motorola Solutions Inc. Award Document-Terms and Conditions Related to Employee Nonqualified Stock Options relating to the Motorola Solutions Omnibus Incentive Plan of 2006 for grants on or after February 3, 2014.
- 10.10 Form of Motorola Solutions Inc. Award Document-Terms and Conditions Related to Employee Nonqualified Stock Options relating to the Motorola Solutions Omnibus Incentive Plan of 2006 for grants on or after January 4, 2011 (incorporated by reference to Exhibit 10.11 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (File No. 1-7221)).
- 10.11 Form of Motorola, Inc. Award Document-Terms and Conditions Related to Employee Nonqualified Stock Options relating to the Motorola Solutions Omnibus Incentive Plan of 2006 for grants from August 1, 2009 to January 3, 2011 (incorporated by reference to Exhibit 10.1 to Motorola Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended July 4, 2009 (File No. 1-7221)).
- 10.12 Form of Motorola, Inc. Award Document-Terms and Conditions Related to Employee Nonqualified Stock Options relating to the Motorola Solutions Omnibus Incentive Plan of 2006 for grants from May 6, 2008 to August 1, 2009 (incorporated by reference to Exhibit 10.54 to Motorola Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2008 (File No. 1-7221)).
- 10.13 Form of Motorola, Inc. Award Document-Terms and Conditions Related to Employee Nonqualified Stock Options relating to the Motorola Solutions Omnibus Incentive Plan of 2006 for grants from February 11, 2007 to May 4, 2008 (incorporated by reference to Exhibit 10.37 to Motorola Inc.'s Current Report on Form 8-K filed on February 15, 2007 (File No. 1-7221)).
- \*10.14 Form of Motorola Solutions Stock Option Consideration Agreement for grants on or after February 3, 2014.
- 10.15 Form of Motorola Solutions Stock Option Consideration Agreement for grants on or after January 4, 2011 (incorporated by reference to Exhibit 10.15 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (File No. 1-7221)).
- 10.16 Form of Motorola, Inc. Stock Option Consideration Agreement for grants from May 6, 2008 to January 3, 2011 (incorporated by reference to Exhibit 10.56 to Motorola Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2008 (File No. 1-7221)).
- 10.17 Form of Motorola, Inc. Stock Option Consideration Agreement for grants from February 27, 2007 to May 5, 2008 (incorporated by reference to Exhibit 10.4 to Motorola Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2006 (File No. 1-7221)).
- 10.18 Form of Motorola Solutions, Inc. Restricted Stock Unit Agreement relating to the Motorola Solutions Omnibus Incentive Plan of 2006 for grants to Section 16 Officers on or after May 6, 2013 (incorporated by reference to Exhibit 10.1 to Motorola Inc's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2013 (File No. 1-7221)).
- \*10.19 Form of Motorola Solutions, Inc. Restricted Stock Unit Agreement relating to the Motorola Solutions Omnibus Incentive Plan of 2006 for grants to Appointed Vice Presidents and Elected Officers on or after February 3, 2014.
- 10.20 Form of Motorola Solutions, Inc. Restricted Stock Unit Agreement relating to the Motorola Solutions Omnibus Incentive Plan of 2006 for grants to Appointed Vice Presidents and Elected Officers on or after January 4, 2011 (incorporated by reference to Exhibit 10.18 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (File No. 1-7221)).
- 10.21 Form of Motorola, Inc. Restricted Stock Unit Agreement relating to the Motorola Solutions Omnibus Incentive Plan of 2006 for grants to Appointed Vice Presidents and Elected Officers, for grants from May 5, 2010 to January 3, 2011 (incorporated by reference to Exhibit 10.2 to Motorola Inc's Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2010 (File No. 1-7221)).
- 10.22 Form of Motorola, Inc. Restricted Stock Unit Agreement relating to the Motorola Solutions Omnibus Incentive Plan of 2006 for grants to Appointed Vice Presidents and Elected Officers from August 1, 2009 to May 4, 2010 (incorporated by reference to Exhibit 10.2 to Motorola, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended July 4, 2009 (File No. 1-7221)).
- 10.23 Form of Motorola, Inc. Restricted Stock Unit Agreement relating to the Motorola Solutions Omnibus Incentive Plan of 2006 for grants to Appointed Vice Presidents and Elected Officers from January 1, 2009 to July 31, 2009 (incorporated by reference to Exhibit No. 10.4 to Motorola, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2008 (File No. 1-7221)).
- 10.24 Motorola Solutions, Inc. Amended Award Document-Terms and Conditions Related to Employee Nonqualified Stock Options and Addendum A Motorola Solutions, Inc. Award Document-Terms and Conditions Related to Employee Stock Appreciation Rights, relating to the Motorola Solutions Omnibus Incentive Plan of 2006 for a grant on February 22, 2011 to Gregory Q. Brown. (incorporated by reference to Motorola Solutions' Quarterly Report on Form 10-Q for the fiscal quarter ended April 2, 2011 (File No. 1-7221)).



- 10.25 Form of Motorola Solutions Award Document-Terms and Conditions Related to Employee Nonqualified Stock Options for Gregory Q. Brown, relating to the Motorola Solutions Omnibus Incentive Plan of 2006 for grant on February 1, 2011 pursuant to the terms of the Employment Agreement dated August 27, 2008, as amended, by and between Motorola, Inc. and Gregory Q. Brown (incorporated by reference to Exhibit 10.24 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (File No. 1-7221)).
- 10.26 Form of Motorola Solutions Award Document-Terms and Conditions Related to Employee Nonqualified Stock Options for Gregory Q. Brown, relating to the Motorola Solutions Omnibus Incentive Plan of 2006 for grants on or after January 4, 2011 (incorporated by reference to Exhibit 10.25 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (File No. 1-7221)).
- 10.27 Form of Motorola, Inc. Award Document-Terms and Conditions Related to Employee Nonqualified Stock Options for Gregory Q. Brown, relating to the Motorola Omnibus Incentive Plan of 2006 for grants from May 7, 2009 to January 3, 2011 (incorporated by reference to Exhibit 10.13 to Motorola, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 4, 2009 (File No. 1-7221)).
- 10.28 Form of Motorola Solutions Stock Option Consideration Agreement for Gregory Q. Brown for grants on or after January 4, 2011 under the Motorola Solutions Omnibus Incentive Plan of 2006 (incorporated by reference to Exhibit 10.27 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2010)(File No. 1-7221)).
- 10.29 Form of Motorola, Inc. Stock Option Consideration Agreement for Gregory Q. Brown for grants from May 7, 2009 to January 3, 2011 under the Motorola Solutions Omnibus Incentive Plan of 2006 (incorporated by reference to Exhibit 10.14 to Motorola, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 4, 2009 (File No. 1-7221)).
- 10.30 Motorola, Inc. Award Document for the Motorola Solutions Omnibus Incentive Plan of 2006, Terms and Conditions Related to Employee Nonqualified Stock Options granted to Gregory Q. Brown on January 31, 2008 (Market-based vesting) (incorporated by reference to Exhibit 10.9 to Motorola, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2007 (File No. 1-7221)).
- 10.31 Form of Motorola, Inc. Stock Option Consideration Agreement for Gregory Q. Brown for grants from January 31, 2008 to May 6, 2009 under the Motorola Solutions Omnibus Incentive Plan of 2006 (incorporated by reference to Exhibit 10.10 to Motorola, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2007 (File No. 1-7221)).
- 10.32 Form of Motorola Solutions, Inc. Restricted Stock Award Agreement for Gregory Q. Brown under the Motorola Solutions Omnibus Incentive Plan of 2006 for grant on February 1, 2011 pursuant to the terms of the Employment Agreement dated August 27, 2008, as amended, by and between Motorola, Inc. and Gregory Q. Brown (incorporated by reference to Exhibit 10.31 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (File No. 1-7221)).
- 10.33 Form of Motorola Solutions, Inc. Restricted Stock Unit Award Agreement for Gregory Q. Brown under the Motorola Solutions Omnibus Incentive Plan of 2006 for grants on or after January 4, 2011 (incorporated by reference to Exhibit 10.32 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (File No. 1-7221)).
- 10.34 Form of Motorola, Inc. Restricted Stock Unit Award Agreement for Gregory Q. Brown relating to the Motorola Omnibus Incentive Plan of 2006, for grants from May 7, 2009 to January 3, 2011 (incorporated by reference to Exhibit 10.15 to Motorola, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 4, 2009 (File No. 1-7221)).
- 10.35 Form of Motorola, Inc. Restricted Stock Unit Award Agreement for Gregory Q. Brown relating to the Motorola Omnibus Incentive Plan of 2006 for grants from January 31, 2008 to May 7, 2009 (incorporated by reference to Exhibit No. 10.11 to Motorola, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2007 (File No. 1-7221)).
- 10.36 Amendment approved on November 10, 2009 to the form of Motorola, Inc. Restricted Stock Unit Award Agreement described herein as Exhibit 10.35 (incorporated by reference to Exhibit 10.17 to Motorola, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (File No. 1-7221)).
- 10.37 Form of Motorola Solutions Deferred Stock Units Agreement between Motorola Solutions, Inc. and its non-employee directors, relating to the deferred stock units issued in lieu of cash compensation to directors under the Motorola Solutions Omnibus Incentive Plan of 2006, for acquisitions on or after January 1, 2012 (incorporated by reference to Exhibit 10.37 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (File No. 1-7221)).
- 10.38 Form of Motorola Solutions Deferred Stock Units Agreement between Motorola Solutions, Inc. and its non-employee directors, relating to the deferred stock units issued in lieu of cash compensation to directors under the Motorola Solutions Omnibus Incentive Plan of 2006, for acquisitions on or after January 4, 2011 (incorporated by reference to Exhibit 10.37 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (File No. 1-7221)).

- 10.39 Form of Deferred Stock Units Agreement between Motorola, Inc. and its non-employee directors, relating to the deferred stock units issued in lieu of cash compensation to directors under the Motorola Omnibus Incentive Plan of 2006 or any successor plan, for acquisitions from February 11, 2007 to January 3, 2011 (incorporated by reference to Exhibit 10.8 to Motorola, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2006 (File No. 1-7221)).
- 10.40 Form of Motorola Solutions Deferred Stock Units Award between Motorola Solutions, Inc. and its non-employee directors under the Motorola Solutions Omnibus Incentive Plan of 2006 or any successor plan for grants on or after January 1, 2012 (incorporated by reference to Exhibit 10.40 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (File No. 1-7221)).
- 10.41 Form of Motorola Solutions Deferred Stock Units Award between Motorola Solutions, Inc. and its non-employee directors under the Motorola Solutions Omnibus Incentive Plan of 2006 or any successor plan for grants on or after January 4, 2011 (incorporated by reference to Exhibit 10.39 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (File No. 1-7221)).
- 10.42 Form of Deferred Stock Units Award between Motorola, Inc. and its non-employee directors under the Motorola Omnibus Incentive Plan of 2006 or any successor plan for grants from February 11, 2007 to January 3, 2011 (incorporated by reference to Exhibit 10.9 to Motorola, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2006 (File No. 1-7221)).
- 10.43 Motorola Omnibus Incentive Plan of 2003, as amended through May 4, 2009 (incorporated by reference to Exhibit 10.6 to Motorola, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 4, 2009 (File No. 1-7221)).
- 10.44 Motorola Omnibus Incentive Plan of 2002, as amended through May 4, 2009 (incorporated by reference to Exhibit 10.7 to Motorola, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 4, 2009 (File No. 1-7221)).
- 10.45 Motorola Omnibus Incentive Plan of 2000, as amended through May 4, 2009 (incorporated by reference to Exhibit 10.8 to Motorola, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 4, 2009 (File No. 1-7221)).
- 10.46 Motorola Compensation/Acquisition Plan of 2000, as amended through May 4, 2009 (incorporated by reference to Exhibit 10.10 to Motorola, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 4, 2009 (File No. 1-7221)).
- 10.47 Motorola Amended and Restated Incentive Plan of 1998, as amended through May 4, 2009 (incorporated by reference to Exhibit 10.9 to Motorola, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 4, 2009 (File No. 1-7221)).
- 10.48 Form of Motorola, Inc. Award Document-Terms and Conditions Related to Non-Employee Director Nonqualified Stock Options relating to the Motorola Omnibus Incentive Plan of 2002 (incorporated by reference to Exhibit 10.2 to Motorola, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2002 (File No. 1-7221)).
- 10.49 Form of Motorola, Inc. Award Document-Terms and Conditions Related to Employee Nonqualified Stock Options, relating to the Motorola Omnibus Incentive Plan of 2003, the Motorola Omnibus Incentive Plan of 2002, the Motorola Omnibus Incentive Plan of 2000, the Motorola Amended and Restated Incentive Plan of 1998 and the Motorola Compensation/Acquisition Plan of 2000 for grants on or after May 2, 2005 (incorporated by reference to Exhibit 10.46 to Motorola, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 2, 2005 (File No. 1-7221)).
- 10.50 Form of Deferred Stock Units Agreement between Motorola, Inc. and its non-employee directors, relating to the deferred stock units issued in lieu of cash compensation to directors under the Motorola Omnibus Incentive Plan of 2003 or any successor plan, for acquisitions from January 1, 2006 to February 11, 2007 (incorporated by reference to Exhibit No. 10.25 to Motorola, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2005 (File No. 1-7221)).
- 10.51 Motorola Non-Employee Directors Stock Plan, as amended and restated on May 6, 2003 (incorporated by reference to Exhibit 10.20 to Motorola, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2003 (File No. 1-7221)).
- 10.52 Motorola Solutions Executive Officer Short Term Incentive Plan dated January 17, 2013 (effective January 1, 2013) (incorporated by reference to Exhibit 10.50 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (File No. 1-7221)).
- 10.53 Motorola Solutions Executive Officer Short Term Incentive Plan Term Sheet (incorporated by reference to Exhibit 10.51 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (File No. 1-7221)).
- 10.54 Motorola Solutions Long Range Incentive Plan (LRIP), as Amended and Restated January 26, 2012 (incorporated by reference to Exhibit 10.53 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (File No. 1-7221)).
- \*10.55 2014-2016 Performance Measures under the Motorola Solutions Long Range Incentive Plan (LRIP), as Amended and Restated January 26, 2012.

- 10.56 2013-2015 Performance Measures under the Motorola Solutions Long Range Incentive Plan (LRIP), as Amended and Restated January 26, 2012 (incorporated by reference to Exhibit 10.1 to Motorola Solutions' Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2013 (File No. 1-7221)).
- 10.57 2012-2014 Performance Measures under the Motorola Solutions Long Range Incentive Plan (LRIP), as Amended and Restated January 26, 2012 (incorporated by reference to Exhibit 10.54 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (File No. 1-7221)).
- 10.58 2011-2013 Performance Measures under the Motorola Solutions Long Range Incentive Plan (LRIP) (incorporated by reference to Exhibit 10.3 to Motorola Solutions' Current Report on Form 8-K Report filed on March 17, 2011 (File No. 1-7221)).
- 10.59 Motorola Solutions Management Deferred Compensation Plan (As Amended and Restated Effective as of June 1, 2013) (incorporated by reference to Exhibit 10.1 to Motorola Solutions' Current Report on Form 8-K filed on June 5, 2013 (File No. 1-7221)).
- 10.60 Motorola Solutions Management Deferred Compensation Plan, as amended and restated effective as of December 1, 2010, as amended January 4, 2011 (incorporated by reference to Exhibit 10.57 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (File No. 1-7221)).
- 10.61 Motorola Solutions, Inc. 2011 Senior Officer Change in Control Severance Plan, as amended and restated January 17, 2013 (incorporated by reference to Exhibit 10.59 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (File No. 1-7221)).
- 10.62 Motorola Solutions, Inc. Legacy Senior Officer Amended and Restated Change in Control Severance Plan (incorporated by reference to Exhibit No. 10.2 to Motorola Solutions Current Report on Form 8-K filed on January 31, 2011 (File No. 1-7221)).
- 10.63 Amendment No. 1 to the Motorola Solutions, Inc. Legacy Senior Officer Amended and Restated Change in Control Severance Plan (incorporated by reference to Exhibit 10.61 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (File No. 1-7221)).
- 10.64 Motorola Solutions, Inc. 2011 Executive Severance Plan, as amended and restated January 16, 2013 (incorporated by reference to Exhibit 10.62 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (File No. 1-7221)).
- 10.65 Motorola Solutions, Inc. Legacy Amended and Restated Executive Severance Plan (incorporated by reference to Exhibit 10.61 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (File No. 1-7221)).
- 10.66 Amendment No. 1 to the Motorola Solutions, Inc. Legacy Amended and Restated Executive Severance Plan (incorporated by reference to Exhibit 10.64 to Motorola Solutions' Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (File No. 1-7221)).
- 10.67 Arrangement for directors' fees for non-employee directors (description incorporated by reference from the information under the caption "How the Directors are Compensated" of Motorola Solutions' Proxy Statement for the Annual Meeting of Stockholders to be held on May 5, 2014 ("Motorola Solutions' Proxy Statement")).
- \*10.68 Description of Insurance covering non-employee directors and their spouses (including a description incorporated by reference from the information under the caption "Director Retirement Plan and Insurance Coverage" of the Motorola Solutions' Proxy Statement.
- 10.69 Employment Agreement dated August 27, 2008 by and between Motorola, Inc. and Gregory Q. Brown (incorporated by reference to Exhibit 10.1 to Motorola, Inc.'s Current Report on Form 8-K filed on August 29, 2008 (File No. 1-7221)).
- 10.70 Second Amendment, dated May 28, 2010, to the Employment Agreement dated August 27, 2008, as amended, by and between Motorola, Inc. and Gregory Q. Brown (incorporated by reference to Exhibit 10.1 to Motorola, Inc.'s Current Report on Form 8-K filed on May 28, 2010 (File No. 1-7221)).
- 10.71 Motorola Solutions, Inc. Separation Agreement and General Release between Motorola Solutions, Inc. and Eugene A. Delaney, dated as of June 13, 2013 (incorporated by reference to Exhibit 10.1 to Motorola Solutions' Current Report on Form 8-K filed on June 14, 2013 (File No. 1-7221)).
- 10.72 Aircraft Time Sharing Agreement dated May 4, 2009, by and between Motorola, Inc. and Gregory Q. Brown (incorporated by reference to Exhibit 10.11 to Motorola, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 4, 2009 (File No. 1-7221)).
- 10.73 Revolving Credit Agreement dated as of January 4, 2011 among Motorola Solutions, JP Morgan Chase Bank, N.A., as administrative agent, and the several lenders and agents party thereto (incorporated by reference to Exhibit 10.1 to Motorola Solutions' Current Report on Form 8-K filed on January 10, 2011 (File No. 1-7221)).
- \*12 Statement regarding Computation of Ratio of Earnings to Fixed Charges.
- \*21 Subsidiaries of Motorola Solutions, Inc.
- 23 Consent of Independent Registered Public Accounting Firm, see page 98 of the Annual Report on Form 10-K of which this Exhibit Index is a part.



\*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

**MOTOROLA SOLUTIONS, INC.**  
**AWARD DOCUMENT**  
For the  
**Motorola Solutions Omnibus Incentive Plan of 2006**  
**Terms and Conditions Related to Employee Nonqualified Stock Options**

Recipient:		Date of Expiration:	
Commerce ID#:		Number of Options:	
Date of Grant:		Exercise Price:	

Motorola Solutions, Inc. (“*Motorola Solutions*” or the “*Company*”) is pleased to grant you options (“*Options*”) to purchase shares of Motorola Solutions Common Stock under the Motorola Solutions Omnibus Incentive Plan of 2006 (the “*Plan*”). The number of Options awarded to you and the Exercise Price per Option, which is the Fair Market Value (as defined below) on the Date of Grant, are stated above. Each Option entitles you to purchase one share of Motorola Solutions Common Stock subject to the terms set forth in this Award Document, including any country-specific terms for your country set forth in the appendix attached hereto (the “*Appendix*” and, together with the Award Document, the “*Agreement*”), and the Plan.

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**Vesting Schedule**

Shares	Date

- 
- 1. VESTING AND EXERCISABILITY.** You cannot exercise the Options until they have vested.
- a. **Regular Vesting.** The Options will vest in accordance with the above schedule (subject to the other terms of the Agreement).
  - b. **Special Vesting.** You may be subject to the Special Vesting Dates described below if your employment or service with Motorola Solutions or a Subsidiary (as defined below) terminates.
  - c. **Exercisability.** You may exercise Options at any time after they vest and before they expire as described below.
  - d. **Termination of Employment or Service.** For purposes of the Options, your employment or service relationship will be considered terminated as of the date you are no longer considered an employee on the payroll of Motorola Solutions or a Subsidiary, and unless otherwise expressly provided in the Agreement or determined by the Company (i) your right to vest in the Options under the Plan, if any, will terminate as of such date, and (ii) the period (if any) during which you may exercise the Options after such termination of your employment or service relationship will commence on such date; the



Company shall have the exclusive discretion to determine when your employment with the Company or a Subsidiary has terminated for purposes of the Options.

2. **EXPIRATION.** All Options expire on the earlier of (i) the Date of Expiration as stated above or (ii) any of the Special Expiration Dates described below. As an administrative matter, the vested portion of the Options may be exercised only until the close of the New York Stock Exchange on the Expiration Date or, as applicable the Special Expiration Date, or, if such date is not a trading day on the New York Stock Exchange, the last trading day before such date. Any later attempt to exercise the Options will not be honored as once an Option expires, you no longer have the right to exercise it.
3. **SPECIAL VESTING DATES AND SPECIAL EXPIRATION DATES.** There are events that cause your Options to vest sooner than the Regular Vesting schedule discussed above or to expire sooner than the Date of Expiration as stated above. Those events are as follows:
  - a. **Disability.** If your employment or service with Motorola Solutions or a Subsidiary is terminated because of your Total and Permanent Disability (as defined below), Options that are not vested will automatically become fully vested upon your termination of employment or service. All your Options will then expire on the earlier of the first anniversary of your termination of employment or service because of your Total and Permanent Disability or the Date of Expiration stated above. Until that time, the Options will be exercisable by you or your guardian or legal representative.
  - b. **Death.** If your employment or service with Motorola Solutions or a Subsidiary is terminated because of your death, Options that are not vested will automatically become fully vested upon your death. All your Options will then expire on the earlier of the first anniversary of your death or the Date of Expiration stated above. Until that time, with written proof of death and inheritance, the Options will be exercisable by your legal representative, legatees or distributees.
  - c. **Change In Control.** If a “Change in Control” of the Company occurs, and the successor corporation does not assume these Options or replace them with options that are at least comparable to these Options, then: (i) all of your unvested Options will be fully vested and (ii) all of your Options will be exercisable until the Date of Expiration set forth above. Further, with respect to any Options that are assumed or replaced as described in the preceding paragraph, any agreement or other documentation providing for such assumption or replacement shall provide that the assumed or replaced options will be fully vested and exercisable until the Date of Expiration set forth above if you are involuntarily terminated (for a reason other than “Cause”) or if you quit for “Good Reason” within 24 months of the Change in Control. For purposes of this paragraph, the terms “Change in Control”, “Cause” and “Good Reason” are defined in the Plan.
  - d. **Termination of Employment or Service Because of Serious Misconduct.** If Motorola Solutions or a Subsidiary terminates your employment or service because of Serious Misconduct (as defined below) all of your Options (vested and unvested) expire upon your termination, unless prohibited under applicable law.
  - e. **Change in Employment in Connection with a Divestiture.** If you accept 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 you remain employed by a Subsidiary that is sold (a “*Divestiture*”), all of your unvested Options will vest on a pro rata basis in an amount equal to (a)(i) the total number of Options subject to this Award Document, multiplied by (ii) a fraction, the numerator of which is the number of your completed full months of service from the Date of Grant to the date of the Divestiture and the denominator of which is the number of full months during the entire vesting period, minus (b) any Options that vested prior to the date of Divestiture. All of your vested but not yet exercised Options will expire on the earlier of (i) 90 days after such Divestiture or (ii) the Date of



Expiration stated above. Any Options remaining unvested at the date of such Divestiture shall expire at that time.

- f. **Termination of Employment or Service by Motorola Solutions or a Subsidiary Other than for Serious Misconduct or a Divestiture.** If Motorola Solutions or a Subsidiary on its initiative, terminates your employment or service other than for Serious Misconduct or a Divestiture, all of your unvested Options will vest on a pro rata basis in an amount equal to (a)(i) the total number of Options subject to this Award Document, multiplied by (ii) a fraction, the numerator of which is the number of your completed full months of service from the Date of Grant to the date of your termination and the denominator of which is the number of full months during the entire vesting period, minus (b) any Options that vested prior to the date of termination. All of your vested but not yet exercised Options will expire on the earlier of (i) 90 days after your termination of employment or (ii) the Date of Expiration stated above. Any Options remaining unvested at the date of your termination of employment or service will automatically expire at that time.
- g. **Termination of Employment or Service for any Other Reason than Described Above.** If your employment or service with Motorola Solutions or a Subsidiary terminates for any reason other than that described above, including voluntary resignation of your employment or service, all of your unvested Options will automatically expire upon termination of your employment or service and all of your vested but not yet exercised Options will expire on the earlier of (i) the date ninety (90) days after the date of termination of your employment or service or (ii) the Date of Expiration stated above.

**4. LEAVE OF ABSENCE/TEMPORARY LAYOFF.** If you take a Leave of Absence (as defined below) from Motorola Solutions or a Subsidiary or you are placed on Temporary Layoff (as defined below) by Motorola Solutions or a Subsidiary, the following will apply:

- a. **Vesting of Options.** Options will continue to vest in accordance with the vesting schedule set forth above.
- b. **Exercising Options.** You may exercise Options that are vested or that vest during the Leave of Absence or Temporary Layoff.
- c. **Effect of Termination of Employment or Service.** If your employment or service is terminated during the Leave of Absence or Temporary Layoff, the treatment of your Options will be determined as described under “Special Vesting Dates and Special Expiration Dates” above.

**5. METHOD OF EXERCISING.** You must follow the procedures for exercising the Options that are established by Motorola Solutions from time to time. At the time of exercise, you must pay the Exercise Price for all of the Options being exercised and any Tax-Related Items (as defined in Section 7) that are required to be withheld by Motorola Solutions or a Subsidiary in connection with the exercise.

**6. TRANSFERABILITY.** Unless the Committee provides otherwise, Options are not transferable other than by will or the laws of descent and distribution.

## **7. TAX RELATED ITEMS.**

- a. **Responsibility for Taxes.** By accepting the Options, you acknowledge and agree that:
  - i. regardless of any action taken by the Company or, if different, your employer (the “*Employer*”), you shall be ultimately responsible for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you or legally imposed on the Company or the Employer as a result of your participation in the Plan and deemed by the Company or the Employer to be an appropriate charge to you (“*Tax-Related Items*”);

- ii. your liability for Tax-Related Items may exceed the amount actually withheld by the Company or the Employer;
- iii. the Company and/or the Employer make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Options, including, but not limited to, the grant, vesting or exercise of the Options, the subsequent sale of shares of Common Stock acquired pursuant to such exercise and the receipt of any dividends;
- iv. the Company and/or the Employer do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Options to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result; and
- v. if you are subject to Tax-Related Items in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

b. **Withholding Taxes.** Prior to the relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by:

- i. withholding shares of Common Stock otherwise deliverable to you in connection with the exercise of the Options; or
- ii. withholding from proceeds of the sale of shares of Common Stock acquired at exercise of the Options, either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization) without further consent.

If the obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, for tax purposes, you are deemed to have been issued the full number of shares of Common Stock subject to the exercised Options, notwithstanding that a number of the shares of Common Stock are held back solely for the purpose of paying the Tax-Related Items. You agree to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the shares of Common Stock, or the proceeds of the sale of such shares, if you fail to comply with your obligations in connection with the Tax-Related Items.

c. **Withholding Taxes for Section 16 Officers .** Notwithstanding Section 7(b) above, if you are considered an officer for purposes of the Section 16 of the Exchange Act, you may elect to satisfy your obligations for Tax-Related Items by one of the withholding methods set forth in Section 7(b)(i) and (ii) above, unless otherwise set forth in the Appendix for your country. In the absence of such an election, the Company and/or the Employer will satisfy the obligations with regard to all Tax-Related Items by withholding in shares of Common Stock otherwise deliverable in connection with the exercise of the Options, as set forth in Section 7(b)(i), unless the use of such withholding method is problematic under applicable tax or securities laws, or has materially adverse accounting consequences, in which case, the obligation for Tax-Related Items will be satisfied by the method set forth in Section 7(b)(ii) above.

**8. NATURE OF GRANT.** In accepting the Options, you acknowledge, understand and agree that:

- a. the Plan is established voluntarily by the Company, it is discretionary in nature, and may be amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

- b. the grant of the Options is voluntary, non-recurrent and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;
- c. all decisions with respect to future option or other grants, if any, will be at the sole discretion of the Company;
- d. the grant of the Options and your participation in the Plan shall not create a right to employment or be interpreted as forming an employment or service contract with the Company, the Employer or any Subsidiary, and shall not interfere with the ability of the Company, the Employer or any Subsidiary, as applicable, to terminate your employment or service relationship (if any);
- e. you are voluntarily participating in the Plan;
- f. the Options and any shares of Common Stock acquired under the Plan are not intended to replace any pension rights or compensation;
- g. the Options and any shares of Common Stock acquired under the Plan and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or payments, or welfare benefits or any similar payments;
- h. the future value of the shares of Common Stock underlying the Options is unknown, indeterminable, and cannot be predicted with certainty;
- i. if the shares of Common Stock underlying the Options do not increase in value, the Options will have no value;
- j. unless otherwise provided in the Plan or by the Company in its discretion, neither the Options nor the benefits evidenced by the Agreement shall create any entitlement to have the Options or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Common Stock of the Company;
- k. if you exercise the Options and acquire shares of Common Stock, the value of such shares may increase or decrease in value, even below the Exercise Price; and
- l. in addition to subsections (a) through (k) above, the following provisions will also apply if you are providing services outside the United States:
  - i. the Options and the shares of Common Stock subject to the Options are not part of normal or expected compensation or salary for any purpose;
  - ii. none of the Company, the Employer or any Subsidiary shall be liable for any foreign exchange rate fluctuation between your local currency and the U.S. dollar that may affect the value of the Options or of any amounts due to you pursuant to the exercise of the Options or the subsequent sale of any shares of Common Stock acquired upon exercise;
  - iii. no claim or entitlement to compensation or damages shall arise from forfeiture of the Options resulting from the termination of your employment or other service relationship with Motorola Solutions or any Subsidiary (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); and

iv.in consideration of the grant of the Options to which you are otherwise not entitled, you irrevocably agree (a) never to institute any claim against the Company, any Subsidiary or the Employer, (b) waive your ability, if any, to bring any such claim, and (c) release the Company, its Subsidiaries and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim.

**9. NO ADVICE REGARDING GRANT.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

**10. CONSENT TO TRANSFER PERSONAL DATA .**

- a. *By accepting the Options, you hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in the Agreement and any other Option grant materials ("Data") by and among, as applicable, the Employer, the Company and any Subsidiary for the exclusive purpose of implementing, administering and managing your participation in the Plan. You understand that Data may include certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Options or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in your favor, for the exclusive purpose of implementing, administering and managing the Plan.*
- b. *You understand that Data will be transferred to the Designated Broker, which is assisting the Company with the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States or elsewhere, and that a recipient's country of operation (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your human resources representative.*
- c. *You authorize the Company, the Designated Broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your human resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to withdraw your consent, your employment status or service and career with the Employer will not be adversely affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Options or other equity awards or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your human resources representative.*

**11. COMPLIANCE WITH LAW.** Notwithstanding any other provision of the Plan or the Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the shares of Common Stock, the Company shall not be required to deliver any shares of Common Stock

issuable upon exercise of the Options prior to the completion of any registration or qualification of the Common Stock under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission (“*SEC*”) or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. You understand that the Company is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission, or to seek approval or clearance from any governmental authority for the issuance or sale of the shares of Common Stock. Further, you agree that the Company shall have unilateral authority to amend the Plan and the Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of shares of Common Stock.

- 12. INSIDER TRADING RESTRICTIONS/MARKET ABUSE LAWS.** You acknowledge that, depending on your country of residence, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell shares of Common Stock or rights to acquire shares of Common Stock ( *e.g.* , Options) under the Plan during such times as you are considered to have “inside information” regarding the Company (as defined by or determined under the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you are advised to speak to your personal advisor on this matter.
- 13. ELECTRONIC DELIVERY AND ACCEPTANCE.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
- 14. LANGUAGE.** If you have received the Agreement or any other document related to the Options and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.
- 15. SEVERABILITY.** The provisions of the Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.
- 16. WAIVER.** You acknowledge that a waiver by the Company of breach of any provision of the Agreement shall not operate or be construed as a waiver of any other provision of the Agreement, or of any subsequent breach by you or any other grantee.
- 17. APPENDIX.** Notwithstanding any provision of this Award Document, the Options shall be subject to any special terms and conditions set forth in the Appendix to this Award Document for your country. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of the Agreement.
- 18. IMPOSITION OF OTHER REQUIREMENTS.** The Company reserves the right to impose other requirements on your participation in the Plan, on the Options and on any shares of Common Stock acquired upon exercise of the Options (or the proceeds from the sale of such shares), to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
- 19. AGREEMENT FOLLOWING TERMINATION OF EMPLOYMENT.**
- a. By accepting the Options, you acknowledge and agree that for a period of one year following your termination of employment or service, you will not hire, recruit, solicit or induce, or cause, allow,

permit or aid others to hire, recruit, solicit or induce, or to communicate in support of those activities, any employee of Motorola Solutions or a Subsidiary who possesses Confidential Information of Motorola Solutions or a Subsidiary to terminate his/her employment with Motorola Solutions or a Subsidiary and/or to seek employment with your new or prospective employer, or any other company. You also agree that by accepting the Options, if you violate the terms of any of this subparagraph (a), then, in addition to any other remedies available in law and/or equity, all of your vested and unvested Options will terminate and no longer be exercisable, and for all Options exercised within one (1) year prior to the termination of your employment for any reason or anytime after termination of my employment for any reason, you will immediately pay to the Company the difference between the exercise price on the date of grant as reflected in the Award Document for the Options and the market price of the Options on the date of exercise (the "spread")."

- b. You agree that upon termination of employment or service with Motorola Solutions or a Subsidiary, and for a period of one year thereafter, you will immediately inform Motorola Solutions of (i) the identity of your new employer (or the nature of any start-up business or self-employment), (ii) your new title, and (iii) your job duties and responsibilities. You hereby authorize Motorola Solutions or a Subsidiary to provide a copy of this Award Document to your new employer. You further agree to provide information to Motorola Solutions or a Subsidiary as may from time to time be requested in order to determine your compliance with the terms hereof.

**20. SUBSTITUTE STOCK APPRECIATION RIGHT.** Motorola Solutions reserves the right to substitute a Stock Appreciation Right for your Options in the event certain changes are made in the accounting treatment of stock options. Any substitute Stock Appreciation Right shall be applicable to the same number of shares as your Options and shall have the same Date of Expiration, Exercise Price, and other terms and conditions. Any substitute Stock Appreciation Right may be settled only in shares of Common Stock.

**21. DEFINITION OF TERMS.** Capitalized terms used but not otherwise defined in this Award Document shall have the meaning given such term in the Plan.

- a. “ *Confidential Information* ” means information concerning the Company and its business that is not generally known outside the Company, and includes (A) trade secrets; (B) intellectual property; (C) the Company’s methods of operation and Company processes; (D) information regarding the Company’s present and/or future products, developments, processes and systems, including invention disclosures and patent applications; (E) information on customers or potential customers, including customers’ names, sales records, prices, and other terms of sales and Company cost information; (F) Company personnel data; (G) Company business plans, marketing plans, financial data and projections; and (H) 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 generally known until such broader use is actually commercially implemented.
- b. “ *Designated Broker* ” means E\*TRADE Financial Services LLC or such other stock plan service provider as may be selected by the Company in the future for purposes of assisting the Company with the implementation, administration and management of the Plan.
- c. “ *Fair Market Value* ” for purposes of the Options at any time shall mean the closing price for a share of Common Stock on the date as of which such value is being determined, as reported for the New York Stock Exchange - Composite Transactions in the Wall Street Journal at [www.online.wsj.com](http://www.online.wsj.com). In the event the New York Stock Exchange is not open for trading on such 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 immediately preceding date for which transactions were reported; provided however, that if Fair Market Value for any date cannot be so determined, Fair Market Value shall be determined in such manner as the Committee may deem equitable, or as required by applicable law or regulations.

- d. “ *Leave of Absence* ” means an approved leave of absence from Motorola Solutions or a Subsidiary from which the employee has a right to reinstatement, as determined by applicable law or Motorola Solutions policy.
- e. “ *Serious Misconduct* ” means any misconduct identified as a ground for termination in the Motorola Solutions Code of Business Conduct, or the human resources policies, or other written policies or procedures.
- f. “ *Subsidiary* ” means any corporation or other entity in which a 50 percent or greater interest is held directly or indirectly by Motorola Solutions and which is consolidated for financial reporting purposes.
- g. “ *Total and Permanent Disability* ” means for (x) U.S. employees, entitlement to long-term disability benefits under the Motorola Solutions Disability Income Plan, as amended and any successor plan or a determination of a permanent and total disability under a state workers compensation statute and (y) non-U.S. employees, as established by applicable Motorola Solutions policy unless otherwise required by local regulations.
- h. “ *Temporary Layoff* ” means a layoff or redundancy that is communicated as being for a period of up to twelve months and as including a right to recall under defined circumstances.

**22. GOVERNING LAW AND CHOICE OF VENUE.** The Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Illinois, U.S.A., without regard to the provisions governing conflict of laws. Any and all disputes relating to, concerning or arising from the Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the grant of Options or the Agreement, shall be brought and heard exclusively in a U.S. federal or state court located in Illinois .

**23. ACCEPTANCE OF TERMS AND CONDITIONS.** By accepting the Options, you agree to be bound by the terms of the Agreement, the Plan, any and all rules and regulations established by Motorola Solutions in connection with awards issued under the Plan, and any additional covenants or promises Motorola Solutions may require as a condition of the grant.

**24. OTHER INFORMATION ABOUT YOUR OPTIONS AND THE PLAN.** You can find other information about options and the Plan on the Motorola Solutions website [ [http://\\_\\_\\_\\_\\_](http://_____) ] . If you do not have access to the website, please contact Motorola Solutions Global Rewards, 1303 E. Algonquin Road, Schaumburg, IL 60196 USA; \_\_\_\_\_; 847-576-7885; for an order form to request Plan documents.

## **EXHIBIT A**

### **APPENDIX TO AWARD DOCUMENT**

#### ***TERMS AND CONDITIONS***

This Appendix includes additional terms and conditions that govern the Options granted to you under the Plan if you work and/or reside in one of the countries listed below. If you are a citizen or resident of a country other than the one in which you are currently working (or are considered as such for local law purposes), or if you transfer employment or residency to a different country after the Options are granted, the Company will, in its discretion, determine the extent to which the terms and conditions contained herein will be applicable to you.

Certain capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the Award Document.

#### ***NOTIFICATIONS***

This Appendix also includes notifications regarding certain other issues of which you should be aware with respect to your participation in the Plan. These notifications are based on the securities, exchange control and other laws in effect in the respective countries as of December 2013. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the notifications contained in this Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be outdated at the time you exercise the Options or sell any shares of Common Stock acquired upon such exercise.

In addition, the notifications contained in this Appendix are general in nature and may not apply to your particular situation and, as a result, the Company is not in a position to assure you of any particular result. Accordingly, you are strongly advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your individual situation.

If you are a citizen or resident of a country other than the one in which you are currently working (or are considered as such for local law purposes), or if you relocate to a different country after the Options are granted, the notifications contained in this Appendix may not be applicable to you in the same manner.



## ARGENTINA

### **TERMS AND CONDITIONS**

**Method of Exercising** . Due to local legal restrictions, you will be required to pay the Exercise Price by means of a cashless “sell all” method of exercise through the Designated Broker, such that all shares of Common Stock subject to the exercised Options will be sold immediately upon exercise ( *i.e.* a “same day sale”) and the sales proceeds, less the Exercise Price, any applicable Tax-Related Items and broker’s fees or commissions, will be remitted to you in accordance with your instructions to the Designated Broker. The Company reserves the right to provide you with additional methods of exercise depending on the development of local law.

### **NOTIFICATIONS**

**Securities Law Notice** . Neither the Options nor the underlying shares of Common Stock are publicly offered or listed on any stock exchange in Argentina. The offer is private and not subject to the supervision of any Argentine governmental authority.

**Exchange Control Information** . Following the sale of shares of Common Stock and/or the receipt of dividends, you may be subject to certain restrictions in bringing such funds back into Argentina. The Argentine bank handling the transaction may request certain documentation in connection with the request to transfer sale proceeds into Argentina ( *e.g.* , evidence of the sale, proof of the source of the funds used to purchase such shares, etc.) and, under certain circumstances, may require that 30% of the amount transferred into Argentina be placed in a non-interest bearing dollar deposit account for a holding period of 365 days.

You are solely responsible for complying with applicable Argentine exchange control rules that may apply in connection with your participation in the Plan and/or the transfer of cash proceeds into Argentina. Prior to transferring cash proceeds into Argentina, you should consult with your local bank and/or exchange control advisor to confirm what will be required by the bank because interpretations of the applicable Central Bank regulations vary by bank and exchange control rules and regulations are subject to change without notice.

**Tax Reporting Obligation** . You must report any shares of Common Stock that you hold on December 31<sup>st</sup> of each year on your annual tax return for that year.

## AUSTRIA

### **NOTIFICATIONS**

**Exchange Control Information** . If you hold securities (including shares of Common Stock) or cash (including proceeds from the sale of such shares) outside of Austria, you will be required to report certain information to the Austrian National Bank if certain thresholds are exceeded. Specifically, if you hold securities outside of Austria, reporting requirements will apply if the value of such securities exceeds (i) €30,000,000 as of the end of any calendar quarter, or (ii) €5,000,000 as of December 31. The deadline for filing the quarterly report is the 15th day of the month following the end of the respective quarter. The deadline for filing the annual report is January 31 of the following year.

Further, if you hold cash in accounts outside of Austria, monthly reporting requirements will apply if the aggregate transaction volume of such cash accounts exceeds €3,000,000. Specifically, if this threshold is met, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the 15<sup>th</sup> day of the following month.

## BAHRAIN

There are no country-specific provisions.

## BRAZIL

### **TERMS AND CONDITIONS**

**Compliance with Law.** By accepting the Options, you agree to comply with applicable Brazilian laws and to report and pay applicable Tax-Related Items associated with the Options and the subsequent sale of any shares of Common Stock acquired under the Plan.

### **NOTIFICATIONS**

**Exchange Control Information and Foreign Property Reporting.** Remittances of funds for the purchase of shares of Common Stock under the Plan must be made through an authorized commercial bank in Brazil. Further, if you are resident or domiciled in Brazil, you will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is equal to or greater than US\$100,000. Assets and rights that must be reported include shares of Common Stock acquired under the Plan.

## CANADA

### **TERMS AND CONDITIONS**

**Method of Exercising .** Notwithstanding any provision of the Agreement or the Plan to the contrary, you are prohibited from surrendering shares of Common Stock that you already own to pay the Exercise Price or any Tax-Related Items in connection with the exercise of the Options. The Company reserves the right to permit this method of payment depending upon the development of local law.

*The following provisions apply for residents of Quebec:*

**English Language Provision.** The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

*Les parties reconnaissent avoir expressement souhaité que la convention [“Agreement”], ainsi que tous les documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou lié, directement ou indirectement à la présente convention, soient rédigés en langue anglaise.*

**Data Privacy Notice and Consent.** This provision supplements Section 10 of the Award Document ( Consent to Transfer Personal Data ):

You hereby authorize the Company and its representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. You further authorize the Employer, the Company and any Subsidiary to disclose and discuss the Plan with their advisors. You further authorize the Employer, the Company and any Subsidiary to record such information and to keep such information in your employee file.

### **NOTIFICATIONS**

**Securities Law Information .** You will not be permitted to sell or otherwise dispose of any shares of Common Stock acquired upon exercise of the Options within Canada. You will only be permitted to sell or dispose of any such shares if such sale or disposal takes place outside of Canada on the facilities on which the Common Stock is traded ( *i.e.* , on the New York Stock Exchange).

**Foreign Property Reporting .** You are required to report your foreign property on form T1135 (Foreign Income Verification Statement) if the total fair market value of such foreign property exceeds C\$100,000 at any time in the

year. Foreign property includes any shares of Common Stock acquired under the Plan and may also include the Options (whether vested or unvested). If required, the form must be filed by April 30 of the following year. You should consult with your personal tax advisor to ensure compliance with applicable reporting requirements.

## CHILE

### **NOTIFICATIONS**

**Securities Law Notice** . The grant of the Options does not constitute a public offering in Chile. Further, neither the Company nor the shares of Common Stock underlying the Options are registered with the Chilean Registry of Securities or are under the control of the Chilean Superintendence of Securities.

**Exchange Control Information** . You are not required to repatriate proceeds obtained from the sale of shares of Common Stock or from dividends to Chile; however, if you decide to repatriate such proceeds to Chile and the amount of the proceeds to be repatriated exceeds US\$10,000, you must effect such repatriation through the Formal Exchange Market ( *i.e.* , a commercial bank or registered foreign exchange office in Chile). If you do not repatriate the proceeds and uses such proceeds for the payment of other obligations contemplated under a different Chapter of the Foreign Exchange Regulations, you must sign Annex 1 of the Manual of Chapter XII of the Foreign Exchange Regulations and file it directly with the Central Bank of Chile within the first 10 days of the month immediately following the transaction.

Further, if the value of your aggregate investments held outside of Chile (including the value of shares of Common Stock acquired under the Plan) is equal to or greater than US\$5,000,000 at any time during the year, you must report the status of such investments annually to the Central Bank using Annex 3.1 of Chapter XII of the Foreign Exchange Regulations of the Central Bank.

**Tax Registration Information** . If you hold shares of Common Stock acquired under the Plan outside of Chile, you must inform the Chilean Internal Revenue Service (the “CIRS”) of the details of your investment in such shares by filing Tax Form 1851 (“Annual Sworn Statement Regarding Permanent Investments Held Abroad”). Further, if you wish to receive credit against your Chilean income taxes for any taxes paid abroad, you must report the payment of taxes abroad to the CIRS by filing Tax Form 1853 (“Annual Sworn Statement Regarding Credits for Taxes Paid Abroad”). These statements must be submitted electronically through the CIRS website ([www.sii.cl](http://www.sii.cl)) before March 15 of each year.

## CHINA

### **TERMS AND CONDITIONS**

*The following terms apply only to nationals of the People’s Republic of China (the “PRC”) residing in the PRC, unless otherwise determined by the Company :*

**Method of Exercising** . Due to local legal restrictions, you will be required to pay the Exercise Price by means of a cashless “sell all” method of exercise through the Designated Broker, such that all shares of Common Stock subject to the exercised Options will be sold immediately upon exercise ( *i.e.* a “same day sale”) and the sales proceeds, less the Exercise Price, any applicable Tax-Related Items and broker’s fees or commissions, will be remitted to you in accordance with applicable exchange control laws and regulations including, but not limited to, the restrictions set forth in this Appendix for China below under “Exchange Control Restrictions.” The Company reserves the right to provide you with additional methods of exercise depending on the development of local law.

**Exchange Control Restrictions** . By accepting the Options, you understand and agree that you will be required to immediately repatriate all proceeds due to you from the sale of shares of Common Stock acquired under the Plan. Further, you understand that such repatriation will need to be effected through a special exchange control account established by the Company or Subsidiary in the PRC, and you hereby agree that the proceeds may be transferred to such special account prior to being delivered to you. The proceeds may be paid to you in U.S. dollars or in local

currency, at the Company's discretion. If the proceeds are paid in U.S. dollars, you understand that you will be required to set up a U.S. dollar bank account in the PRC so that the proceeds may be deposited into this account. If the proceeds are paid in local currency, you acknowledge that neither the Company nor any Subsidiary is under an obligation to secure any particular currency conversion rate and that the Company (or a Subsidiary) may face delays in converting the proceeds to local currency due to exchange control requirements in the PRC. You agree to bear any currency fluctuation risk between the time the shares of Common Stock are sold and the time the proceeds are converted into local currency and distributed to you. You further agree to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with PRC exchange control requirements.

## COLOMBIA

### *TERMS AND CONDITIONS*

**Labor Law Acknowledgement.** This provision supplements the acknowledgement contained in Section 8 of the Award Document ( Nature of Grant ):

You acknowledge that, pursuant to Article 128 of the Colombian Labor Code, the Plan and related benefits do not constitute a component of your "salary" for any legal purpose.

### *NOTIFICATIONS*

**Exchange Control Information.** Investments in assets located outside of Colombia (including the shares of Common Stock) are subject to registration with the Central Bank ( *Banco de la República* ) if the aggregate value of such investments is US\$500,000 or more (as of December 31 of the applicable calendar year). Further, upon the sale of any shares of Common Stock that you have registered with the Central Bank, you must cancel the registration by March 31 of the following year. You may be subject to fines if you fail to cancel such registration.

## CZECH REPUBLIC

There are no country-specific provisions.

## DENMARK

### *TERMS AND CONDITIONS*

**Stock Option Act .** You acknowledge that you have received the Employer Statement in Danish, which sets forth additional terms of the Options to the extent that the Danish Stock Option Act applies.

### *NOTIFICATIONS*

**Exchange Control Information.** If you establish an account holding shares of Common Stock or cash outside of Denmark, you must report the account to the Danish Tax Administration. The form which should be used in this respect can be obtained from a local bank. (Please note that these obligations are separate from and in addition to the obligations described below.)

**Securities/Tax Reporting Information.** If you hold shares of Common Stock acquired under the Plan in a brokerage account with a broker or bank outside Denmark, you are required to inform the Danish Tax Administration about the account. For this purpose, you must file a declaration of securities deposited abroad using Declaration V ( *Erklaering V* ) with the Danish Tax Administration. The Declaration V must be signed both by you and by the applicable broker or bank where the account is held. By signing the Declaration V, the broker or bank undertakes to forward information to the Danish Tax Administration concerning the shares of Common Stock in the account without further request each year. By signing the Declaration V, you authorize the Danish Tax Administration to examine the account. A sample of the Declaration V can be found at the following website: [www.skat.dk](http://www.skat.dk).

However, if the broker or bank with which the shares of Common Stock are deposited will not agree to sign the Declaration V (as will likely be the case), you may apply for an exemption from this requirement by completing Section 6 of the Declaration V form (“Possible exemption from requirement to give promise”). If the application is accepted, you will be personally responsible for submitting the required information described in the Declaration V form as an attachment to your annual tax return.

In addition, if you open a brokerage account (or a deposit account with a U.S. bank) for the purpose of holding cash outside Denmark, you are also required to inform the Danish Tax Administration about this account (even if the account was already reported on Declaration V). To do so, you must also file a declaration of commercial accounts held with foreign banks using Declaration K ( *Erklaering K* ) with the Danish Tax Administration. A sample of Declaration K can be found at the following website: [www.skat.dk](http://www.skat.dk).

## **ECUADOR**

There are no country-specific provisions .

## **EGYPT**

### ***NOTIFICATIONS***

**Exchange Control Information.** If you transfer funds into or out of Egypt in connection with your participation in the Plan, you are required to transfer the funds through a registered bank in Egypt.

## **FINLAND**

There are no country-specific provisions.

## **FRANCE**

### ***TERMS AND CONDITIONS***

**Consent to Receive Information in English.** By accepting the Options, you confirm having read and understood the Agreement (including this Appendix) and the Plan, including all terms and conditions included therein, which were provided in the English language. You accept the terms of these documents accordingly.

*En acceptant les Options, vous confirmez avoir lu et compris ce Contrat (y incluse cette Annexe) et le Plan, incluant tous leurs termes et conditions, qui lui ont été transmis en langue anglaise. Vous acceptez les dispositions de ces documents en connaissance de cause.*

## **GERMANY**

### ***NOTIFICATIONS***

**Exchange Control Information.** Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank ( *Bundesbank* ). In the event that you make or receive a payment in excess of this amount, you must report the payment to Bundesbank electronically using the “General Statistics Reporting Portal” ( “ *Allgemeines Meldeportal Statistik* ” ) available via Bundesbank’s website ([www.bundesbank.de](http://www.bundesbank.de)).

## **GREECE**

### ***NOTIFICATIONS***

**Exchange Control Information.** If you exercise the Options through a cash exercise, withdraw funds from a bank in Greece and remit those funds out of Greece, you may be required to submit a written application to the bank. The application will likely need to contain the following information: (i) amount and currency to be remitted; (ii) account

to be debited; (iii) name and contact information of the beneficiary (the person or corporation to whom the funds are to be remitted); (iv) bank of the beneficiary with address and code number; (v) account number of the beneficiary; (vi) details of the payment such as the purpose of the transaction; and (vii) expenses of the transaction.

If you exercise the Options using a cashless method of exercise, this application will not be required because no funds will be remitted out of Greece.

### GUAM

There are no country-specific provisions.

### HONG KONG

#### **TERMS AND CONDITIONS**

**Share Sale Restriction.** In the event that the Options vest and become exercisable within six months of the Date of Grant, you (or your heirs) agree not to sell or otherwise dispose of any shares of Common Stock underlying the Options (including by means of a cashless exercise of such Options) prior to the six-month anniversary of the Date of Grant.

#### **NOTIFICATIONS**

**Securities Law Notice.** *WARNING: Neither the grant of the Options nor the issuance of shares of Common Stock upon exercise of the Options constitutes a public offering of securities under Hong Kong law and is available only to employees of the Company and its Subsidiaries. The Agreement, including this Appendix, the Plan and other incidental communication materials distributed in connection with the Options (i) have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong, (ii) have not been reviewed by any regulatory authority in Hong Kong, and (iii) are intended only for the personal use of each eligible employee of the Company or its Subsidiaries and may not be distributed to any other person. If you have any questions regarding the contents of the Agreement, including this Appendix, or the Plan, you should obtain independent professional advice.*

### HUNGARY

There are no country-specific provisions.

### INDIA

#### **TERMS AND CONDITIONS**

**Method of Exercising .** Due to local legal restrictions, you will be required to pay the Exercise Price by means of a cashless “sell all” method of exercise through the Designated Broker, such that all shares of Common Stock subject to the exercised Options will be sold immediately upon exercise ( *i.e.* a “same day sale”) and the sales proceeds, less the Exercise Price, any applicable Tax-Related Items and broker’s fees or commissions, will be remitted to you in accordance with your instructions to the Designated Broker. The Company reserves the right to provide you with additional methods of exercise depending on the development of local law.

#### **NOTIFICATIONS**

**Exchange Control Information.** Due to exchange control restrictions in India, you are required to repatriate any proceeds from the sale of shares of Common Stock acquired under the Plan or to India within 90 days of receipt. You must obtain a foreign inward remittance certificate (“FIRC”) from the bank where you deposit the funds and must maintain the FIRC as evidence of the repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation.

**Foreign Account and Asset Reporting** . You are required to declare any foreign bank accounts and assets (including shares of Common Stock) on your annual tax return. You should consult with your personal tax advisor to determine your reporting requirements.

## INDONESIA

### *TERMS AND CONDITIONS*

**Method of Exercising** . Due to local legal restrictions, you will be required to pay the Exercise Price by means of a cashless “sell all” method of exercise through the Designated Broker, such that all shares of Common Stock subject to the exercised Options will be sold immediately upon exercise ( *i.e.* a “same day sale”) and the sales proceeds, less the Exercise Price, any applicable Tax-Related Items and broker’s fees or commissions, will be remitted to you in accordance with your instructions to the Designated Broker. The Company reserves the right to provide you with additional methods of exercise depending on the development of local law.

### *NOTIFICATIONS*

**Exchange Control Information.** If you remit proceeds from the sale of shares of Common Stock into Indonesia, the Indonesian Bank through which the transaction is made will submit a report on the transaction to the Bank of Indonesia for statistical reporting purposes. For transactions of US\$10,000 or more, a description of the transaction must be included in the report. Although the bank through which the transaction is made is required to make the report, you must complete a “Transfer Report Form.” The Transfer Report Form will be provided to you by the bank through which the transaction is made.

## IRELAND

### *NOTIFICATIONS*

**Director Notification Obligation** . If you are a director, shadow director or secretary of an Irish Subsidiary, you are required to notify such Irish Subsidiary in writing within five business days of (i) receiving or disposing of an interest in the Company ( *e.g.*, Options, shares of Common Stock, etc.), (ii) becoming aware of the event giving rise to the notification requirement, or (iii) becoming a director, shadow director or secretary of an Irish Subsidiary if such an interest exists at the time. This notification requirement also applies with respect to the interests of a spouse or children under the age of 18 (whose interests will be attributed to the director, shadow director or secretary).

## ISRAEL

### *TERMS AND CONDITIONS*

**Nature of Award.** By accepting the Options, you understand and agree that the Options are offered subject to and in accordance with the Israeli Addendum (Sub-Plan) to the Plan (the “Israeli Subplan”), are granted under the Capital Gains Tax Track Through a Trustee (as defined in the Israeli Subplan) and are intended to qualify for favorable tax treatment set forth under the “capital gains” track of Section 102 of the Israeli Income Tax Ordinance [new version] 1961 (“102 Capital Gains Treatment”). Notwithstanding the foregoing, the Company does not undertake to maintain the qualified status of the Options and you acknowledge that you will not be entitled to damages of any nature whatsoever if the Options become disqualified. In the event of any inconsistencies between the Israeli Subplan, the Agreement and/or the Plan, the terms of the Israeli Subplan will govern.

Further, to the extent requested by the Company or the Employer, you agree to execute any letter or other agreement in connection with the grant of the Options or any future options granted under the Israeli Subplan. If you fail to comply with such request, the Options may not qualify for 102 Capital Gains Treatment.

**Method of Exercising** . Notwithstanding any provision of the Agreement or the Plan to the contrary, you may not exercise your Options using a cashless “sell-to-cover” method of exercise, whereby you direct the Designated Broker

to sell some (but not all) of the shares of Common Stock subject to the exercised Options and deliver to the Company the amount of the sale proceeds to pay the Exercise Price and any Tax-Related Items. The Company reserves the right to provide you with this method of payment in the future.

**Trust Arrangement.** You acknowledge and agree that any shares of Common Stock issued upon exercise of the Options (and not immediately sold) will be deposited with the Company's designated trustee in Israel, Tamir Fishman (the "Trustee") pursuant to a supervisory trust arrangement in accordance with the terms of the trust agreement between the Company and the Trustee. You further agree that such shares of Common Stock will be subject to the Holding Period applicable to Options granted under the Capital Gains Track Through a Trustee, as set forth in Section 1.1(A) of the Israeli Subplan (the "Holding Period"). The Company may at its sole discretion replace the Trustee from time to time and instruct the transfer of all Options and shares of Common Stock held and/or administered by such Trustee at such time to its successor and the provisions of this Agreement shall apply to the new Trustee *mutatis mutandis* .

**Restriction on Sale** . You acknowledge that any shares of Common Stock underlying the Options may not be sold prior to the expiration of the Holding Period in order to qualify for 102 Capital Gains Tax Treatment. Accordingly, you agree not to dispose of (or request the Trustee to dispose of) any such shares prior to the expiration of the Holding Period. For purposes of this Appendix for Israel, "dispose" shall mean any sale (including by means of a cashless exercise), transfer or other disposal of the shares of Common Stock by you or the Trustee, including a release of such shares from the Trustee to you.

**Tax-Related Items** . The following provision supplements Section 7 of the Award Document (Tax-Related Items):

In the event that you dispose of any shares of Common Stock underlying the Options prior to the expiration of the Holding Period, you acknowledge and agree that such shares will not qualify for 102 Capital Gains Tax Treatment and will be subject to taxation in Israel in accordance with ordinary income tax principles. Further, you acknowledge and agree that you will be liable for the Employer's component of payments to the National Insurance Institute (to the extent such payments by the Employer are required).

You further agree that the Trustee may act on behalf of the Company or the Employer, as applicable, to satisfy any obligation to withhold Tax-Related Items applicable to you in connection with Options granted under the Israeli Subplan.

## ***NOTIFICATIONS***

**Securities Law Notice.** An exemption from filing a prospectus in relation to the Plan has been granted to the Company by the Israeli Securities Authority. Copies of the Plan can be accessed at <http://compass-mot-solutions.com/go/197538766> and the Form S-8 registration statement for the Plan filed with the SEC can be accessed at <http://www.sec.gov/Archives/edgar/data/68505/000095013706005238/c04482sv8.htm> .

## **ITALY**

### ***TERMS AND CONDITIONS***

**Method of Exercising** . Due to local legal restrictions, you will be required to pay the Exercise Price by means of a cashless "sell all" method of exercise through the Designated Broker, such that all shares of Common Stock subject to the exercised Options will be sold immediately upon exercise ( *i.e.* a "same day sale") and the sales proceeds, less the Exercise Price, any applicable Tax-Related Items and broker's fees or commissions, will be remitted to you in accordance with your instructions to the Designated Broker. The Company reserves the right to provide you with additional methods of exercise depending on the development of local law.



**Data Privacy Notice** . This provision replaces Section 10 of the Award Document ( Consent to Transfer Personal Data ) in its entirety:

*You understand that the Employer, the Company and any of its Subsidiaries may hold certain personal information about you, including your name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of Common Stock or directorships that you hold in the Company, details of all options or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

*You also understand that providing the Company with Data is necessary for the performance of the Plan and that your refusal to provide Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan. The Controller of personal data processing is Motorola Solutions, Inc., with its principal operating offices at 1303 East Algonquin Road , Schaumburg, Illinois 60196 U.S.A., and its representative in Italy is Motorola Solutions Italia S.p.A. via Giovanni Lorenzini, No. 4, Milan, Italy*

*You understand that Data will not be publicized, but it may be transferred to banks, other financial institutions or brokers involved in the management and administration of the Plan. You further understand that the Company and its Subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of your participation in the Plan, and that the Company and/or its Subsidiaries may each further transfer Data to third parties assisting the Company in the implementation, administration and management of the Plan, including any requisite transfer to the Designated Broker or another third party with whom you may elect to deposit any shares of Common Stock acquired under the Plan. Such recipients may receive, possess, use, retain and transfer the Data in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan. You understand that these recipients may be located in the European Economic Area, or elsewhere, such as the United States. Should the Company exercise its discretion in suspending all necessary legal obligations connected with the management and administration of the Plan, you understand that the Company will delete your Data as soon as it has accomplished all the necessary legal obligations connected with the management and administration of the Plan.*

*You understand that Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.*

*The processing activity, including communication, the transfer of your Data abroad, including outside of the European Economic Area, as herein specified and pursuant to applicable laws and regulations, does not require your consent thereto as the processing is necessary to performance of contractual obligations related to implementation, administration and management of the Plan. You understand that, pursuant to Section 7 of the Legislative Decree no. 196/2003, you have the right to, including but not limited to, access, delete, update, ask for rectification of the Data and cease, for legitimate reason, any processing of the Data. Furthermore, you are aware that the Data will not be used for direct marketing purposes. In addition, the Data provided may be reviewed and questions or complaints can be addressed by contacting your human resources department.*

**Plan Document Acknowledgment.** In accepting the Options, you acknowledge that you have received a copy of the Plan and the Agreement (including this Appendix), have reviewed these documents in their entirety and fully understand and accept all provisions of these documents.

Further, you acknowledge that you have read and specifically and expressly approve the following sections of the Award Document: Section 1 ( Vesting and Exercisability ); Section 2 ( Expiration ); Section 3 ( Special Vesting Dates and Special Expiration Dates ); Section 7 ( Tax-Related Items ); Section 8 ( Nature of Grant ); Section 14 ( Language ); Section 22 ( Governing Law and Choice of Venue ) and the Data Privacy Notice for Italy included in this Appendix.

## **NOTIFICATIONS**

**Foreign Asset and Investment Reporting.** If you are an Italian resident and, during any fiscal year, hold investments or financial assets outside of Italy ( *e.g.* , cash, shares of Common Stock) which may generate income taxable in Italy (or if you are the beneficial owner of such an investment or asset even if you do not directly hold the investment or asset), you are required to report such investments or assets on your annual tax return for such fiscal year (on UNICO Form, RW Schedule, or on a special form if you are not required to file a tax return).

## JAPAN

### *NOTIFICATIONS*

**Exchange Control Information.** If you acquire shares of Common Stock valued at more than ¥100,000,000 in a single transaction, you must file a Securities Acquisition Report with the Ministry of Finance through the Bank of Japan within 20 days of the acquisition of such shares.

In addition, if you pay more than ¥30,000,000 in a single transaction for the purchase of shares of Common Stock when you exercise the Options, you must file a Payment Report with the Ministry of Finance through the Bank of Japan within 20 days of the date that the payment is made. The precise reporting requirements vary depending on whether or not the relevant payment is made through a bank in Japan.

Please note that a Payment Report is required independently from a Securities Acquisition Report; therefore, you must file both a Payment Report and a Securities Acquisition Report if the total amount that you pay in a single transaction for exercising the Options and purchasing shares of Common Stock exceeds ¥100,000,000.

**Foreign Asset Reporting .** If you hold assets outside of Japan with a value exceeding ¥50,000,000 (as of December 31 each year), you are required to comply with annual tax reporting obligations with respect to such assets. You are advised to consult with a personal tax advisor to ensure that you are properly complying with applicable reporting requirements.

## KAZAKHSTAN

### *TERMS AND CONDITIONS*

**Method of Exercising .** Due to local legal restrictions, you will be required to pay the Exercise Price by means of a cashless “sell all” method of exercise through the Designated Broker, such that all shares of Common Stock subject to the exercised Options will be sold immediately upon exercise ( *i.e.* a “same day sale”) and the sales proceeds, less the Exercise Price, any applicable Tax-Related Items and broker’s fees or commissions, will be remitted to you in accordance with your instructions to the Designated Broker. The Company reserves the right to provide you with additional methods of exercise depending on the development of local law

## KOREA

### *NOTIFICATIONS*

**Exchange Control Information .** In the event that you remit funds out of Korea in connection with the exercise of the Options, such remittance of funds must be “confirmed” by a foreign exchange bank in Korea. In order to receive the confirmation, you will likely be required to submit documents evidencing the nature of remittance to the bank handling the remittance in Korea together with the confirmation application, including a copy of the Agreement, the Plan, your certificate of employment with the Employer and any other information requested by the bank. No bank confirmation is necessary if no funds are remitted out of Korea in connection with the exercise of the Option ( *e.g.* , if pay the Exercise Price using funds already outside of Korea or a cashless method of exercise).

In addition, exchange control laws require Korean residents who realize US\$500,000 or more from the sale of shares in a single transaction to repatriate the proceeds to Korea within 18 months of the sale.

**Foreign Account Reporting** . Korean residents must declare all foreign financial accounts ( *i.e.* , non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds KRW 1 billion (or an equivalent amount in foreign currency). You should consult with your personal tax advisor to determine your personal reporting obligations.

### LIBYA

There are no country-specific provisions.

### LITHUANIA

There are no country-specific provisions.

### MALAYSIA

#### **NOTIFICATIONS**

**Director Notification Obligation.** If you are a director of a Subsidiary in Malaysia, you are subject to certain notification requirements under the Malaysian Companies Act. Among these requirements is an obligation to notify such Malaysian Subsidiary in writing when you receive or dispose of an interest ( *e.g.* , Options or shares of Common Stock) in the Company or any related company. Such notifications must be made within 14 days of receiving or disposing of any interest in the Company or any related company.

### MEXICO

#### **TERMS AND CONDITIONS**

**Plan Document Acknowledgement.** By accepting the Options, you acknowledge that you have received a copy of the Plan and the Agreement, including this Appendix, which you have reviewed. You acknowledge further that you accept all the provisions of the Plan and the Agreement, including this Appendix. You also acknowledge that you have read and specifically and expressly approve the terms and conditions set forth in Section 8 of the Award Document ( Nature of Grant ), which clearly provides as follows:

- (1) Your participation in the Plan does not constitute an acquired right;
- (2) The Plan and your participation in it are offered by the Company on a wholly discretionary basis;
- (3) Your participation in the Plan is voluntary; and
- (4) None of the Company, the Employer or any Subsidiary is responsible for any decrease in the value of any shares of Common Stock acquired upon exercise of the Options.

**Labor Law Policy and Acknowledgment.** This provision supplements Section 8 of the Award Document ( Nature of Grant ):

By accepting the Options, you expressly recognize that the Company, with its principal operating offices at 1303 East Algonquin Road , Schaumburg, Illinois 60196 U.S.A., is solely responsible for the administration of the Plan and that your participation in the Plan and acquisition of shares of Common Stock under the Plan do not constitute an employment relationship between you and the Company since you are participating in the Plan on a wholly commercial basis and your sole employer is a Mexican legal entity that employs you and to which you are subordinated ( *i.e.* , the Employer). Based on the foregoing, you expressly recognize that the Plan and the benefits that you may derive from participating in the Plan do not establish any rights between you and the Employer and do not form part of the employment conditions

and/or benefits provided by the Employer and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of your employment.

You further understand that your participation in the Plan is as a result of a unilateral and discretionary decision of the Company; therefore, the Company reserves the absolute right to amend and/or discontinue your participation in the Plan at any time without any liability to you.

Finally, you hereby declare that you do not reserve any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and you therefore grant a full and broad release to the Company, and its Subsidiaries, affiliates, branches, representation offices, shareholders, trustees, directors, officers, employees, agents, or legal representatives with respect to any such claim that may arise.

**Reconocimiento de Documento.** *Al aceptar la Opción, Usted reconoce que ha recibido una copia del Plan, incluyendo este Apéndice por país, mismos que Usted ha revisado. Usted reconoce, además, que acepta todas las disposiciones del Plan, el Convenio, incluyendo este Addendum. Usted también reconoce que ha leído y que específicamente aprueba de forma expresa los términos y condiciones establecidos en la Sección 8 del documento denominado “Naturaleza del Otorgamiento”, que claramente dispone lo siguiente:*

- (1) *Su participación en el Plan no constituye un derecho adquirido;*
- (2) *El Plan y su participación en el mismo, se ofrecen por la Compañía de manera totalmente discrecional;*
- (3) *Su participación en el Plan es voluntaria; y*
- (4) *Ninguna de las empresas subsidiarias de la Compañía ni el Patrón del Participante son responsables de ninguna disminución en el valor de las Acciones adquiridas al momento de tener el derecho respecto a las Unidades de Acciones Restringidas.*

**Política Laboral y Reconocimiento.** *Esta disposición suplementa la Sección 8 del Documento denominado ( naturaleza del Otorgamiento ):*

*Al aceptar las Opciones, Usted expresamente reconoce que la Compañía, con domicilio de operaciones ubicado en 1303 East Algonquin Road, Schaumburg, Illinois 60196, EE.UU, es el único responsable de la administración del Plan y que su participación en el Plan y la adquisición de Acciones no constituyen una relación de trabajo entre Usted y la Compañía, ya que Usted participa en el Plan de una manera totalmente comercial y su único Patrón es una empresa Mexicana a quien se encuentra subordinado. Derivado de lo anterior, Usted expresamente reconoce que el Plan y los beneficios que le pudieran derivar de la participación en el dicho Plan no establecen derecho alguno entre Usted y su patrón y no forman parte de las condiciones de trabajo y/o las prestaciones otorgadas por el Patrón y que cualquier modificación al Plan o su terminación no constituye un cambio o menoscabo de los términos y condiciones de su relación de trabajo.*

*Asimismo, Usted reconoce que su participación en el Plan es resultado de una decisión unilateral y discrecional de la Compañía; por lo tanto, la Compañía se reserva el derecho absoluto de modificar y/o discontinuar su participación en cualquier momento y sin responsabilidad alguna frente a Usted.*

*Finalmente, Usted por este medio declara que no se reserva derecho o acción alguna en contra de la Compañía por cualquier compensación o daños y perjuicios en relación con cualquier disposición del Plan o de los beneficios derivados del Plan y, por lo tanto, Usted otorga el más amplio finiquito que en derecho proceda a favor de la Compañía, y sus afiliadas, sucursales, oficinas de representación, accionistas, fiduciarios, directores, funcionarios, empleados, agentes o representantes legales en relación con cualquier demanda o reclamación que pudiera surgir.*

## NETHERLANDS

### **NOTIFICATIONS**

**Attention! This investment falls outside AFM supervision.  
No prospectus required for this activity.**



## NIGERIA

There are no country-specific provisions.

## NORWAY

There are no country-specific provisions.

## PAKISTAN

### **TERMS AND CONDITIONS**

**Method of Exercising** . Due to local legal restrictions, you will be required to pay the Exercise Price by means of a cashless “sell all” method of exercise through the Designated Broker, such that all shares of Common Stock subject to the exercised Options will be sold immediately upon exercise ( *i.e.* a “same day sale”) and the sales proceeds, less the Exercise Price, any applicable Tax-Related Items and broker’s fees or commissions, will be remitted to you in accordance with your instructions to the Designated Broker. The Company reserves the right to provide you with additional methods of exercise depending on the development of local law.

### **NOTIFICATIONS**

**Exchange Control Information.** You are required to immediately repatriate to Pakistan the proceeds from the sale of shares of Common Stock as described above. The proceeds must be converted into local currency and the receipt of proceeds must be reported to the State Bank of Pakistan (the “SBP”) by filing a “Proceeds Realization Certificate” issued by the bank converting the proceeds with the SBP. The repatriated amounts cannot be credited to a foreign currency account. You are advised to consult with your personal advisor prior to exercise of the Options to ensure compliance with the applicable exchange control regulations in Pakistan, as such regulations are subject to frequent change. You are responsible for ensuring compliance with all exchange control laws in Pakistan.

## PERU

### **NOTIFICATIONS**

**Securities Law Notice.** The offer of the Options is considered a private offering in Peru; therefore, it is not subject to registration.

## POLAND

### **NOTIFICATIONS**

**Exchange Control Information** . Polish residents holding foreign securities ( e.g. , shares of Common Stock) and/or maintaining accounts abroad must report information to the National Bank of Poland on transactions and balances of the securities and cash deposited in such accounts if the value of such securities and cash (when combined with all other assets possessed abroad) exceeds PLN 7 million. If required, the reports must be filed on a quarterly basis on special forms that are available on the website of the National Bank of Poland.

Further, if you transfer funds in excess of €15,000 into or out of Poland, the funds must be transferred via a bank account. You are required to retain the documents connected with a foreign exchange transaction for a period of five years, as measured from the end of the year in which such transaction occurred.

## **PORTUGAL**

### ***TERMS AND CONDITIONS***

**English Language Consent** . You hereby expressly declare that you have full knowledge of the English language and have read, understood and fully accept and agree with the terms and conditions established in the Plan and the Agreement.

***Consentimento de Língua Inglesa*** . *O signatário pelo presente expressamente declara que tem pleno conhecimento da língua Inglesa e que leu, compreendeu e totalmente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo*

### ***NOTIFICATIONS***

**Exchange Control Information** . If you acquire shares of Common Stock under the Plan, you may be required to file a report with the Portuguese Central Bank for statistical purposes (unless you arrange to have the shares of Common Stock deposited with a Portuguese financial intermediary, in which case the intermediary will file the report for you).

## **QATAR**

There are no country-specific provisions.

## **ROMANIA**

### ***NOTIFICATIONS***

**Exchange Control Information.** If you deposit proceeds from the sale of shares of Common Stock in a bank account in Romania, you may be required to provide the Romanian bank with appropriate documentation explaining the source of the funds. You should consult your personal advisor to determine whether you will be required to submit such documentation to the Romanian bank.

## **SERBIA**

### ***NOTIFICATIONS***

**Securities Law Notice** . The grant of Options is not subject to the regulations concerning public offers and private placements under the Law on Capital Markets.

**Exchange Control Information** . Pursuant to the Law on Foreign Exchange Transactions, Serbian residents may freely acquire shares of Common Stock under the Plan; however, the National Bank of Serbia generally requires reporting of the acquisition of such shares of Common Stock, the value of the shares of Common Stock at exercise and, on a quarterly basis, any changes in the value of such shares. You are advised to consult with your personal legal advisor to determine your reporting obligations upon the acquisition of shares of Common Stock under the Plan as such obligations are subject to change based on the interpretation of applicable regulations by the National Bank of Serbia.

## SINGAPORE

### *NOTIFICATIONS*

**Securities Law Notice.** The grant of the Options is being made pursuant to the “Qualifying Person” exemption” under section 273 (1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”) under which it is exempt from the prospectus and registration requirements and is not made with a view to the underlying shares of Common Stock being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. You should note that the Options are subject to section 257 of the SFA and that you will not be able to make any subsequent sale of the shares of Common Stock in Singapore, or any offer of such subsequent sale of the shares of Common Stock in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

**Director Notification Requirement.** Directors of a Singapore Subsidiary are subject to certain notification requirements under the Singapore Companies Act. Directors must notify the Singapore Subsidiary in writing of an interest ( *e.g.* , Options, shares of Common Stock, etc.) in the Company or any related company within two business days of (i) its acquisition or disposal, (ii) any change in a previously-disclosed interest ( *e.g.*, upon vesting of the Options or when shares of Common Stock acquired under the Plan are subsequently sold), or (iii) becoming a director.

## SOUTH AFRICA

### *TERMS AND CONDITIONS*

**Method of Exercising** . Due to local legal restrictions, you will be required to pay the Exercise Price by means of a cashless “sell all” method of exercise through the Designated Broker, such that all shares of Common Stock subject to the exercised Options will be sold immediately upon exercise ( *i.e.* a “same day sale”) and the sales proceeds, less the Exercise Price, any applicable Tax-Related Items and broker’s fees or commissions, will be remitted to you in accordance with your instructions to the Designated Broker. The Company reserves the right to provide you with additional methods of exercise depending on the development of local law.

**Tax Obligations** . The following provision supplements Section 7 of the Award Document ( Tax-Related Items ):

Upon exercise of the Options, you are required to immediately notify the Employer of the amount any gain you realize as a result of such exercise. You may be liable for a fine if you fail to complete this notification.

### *NOTIFICATIONS*

**Exchange Control Information** . The Options may be subject to exchange control regulations in South Africa. In particular, if you are a South African resident for exchange control purposes, you are required to obtain approval from the South African Reserve Bank for payments (including payment of proceeds from the sale of shares of Common Stock) that you receive into accounts based outside of South Africa ( *e.g.* , a U.S. brokerage account established with the Designated Broker). Because exchange control regulations are subject to change, you should consult with your personal advisor to ensure compliance with current regulations.

## SPAIN

### **TERMS AND CONDITIONS**

**Nature of Grant** . The following provision supplements Section 8 of the Award Document ( Nature of Grant ):

By accepting the Options, you consent to participation in the Plan and acknowledge that you have received a copy of the Plan.

You understand that the Company has unilaterally, gratuitously and discretionally decided to grant options under the Plan to individuals who may be employees of the Company or its Subsidiaries throughout the world. This decision is a limited decision that is entered into upon the express assumption and condition that any grant will not bind the Company or any of its Subsidiaries other than as expressly set forth in the Award Document. Consequently, you understand that the Options are granted on the assumption and condition that the Options and any shares of Common Stock issued upon exercise of the Options are not a part of any employment contract (either with the Company or any Subsidiary) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever.

Further, you understand and agree that, unless otherwise expressly provided for by the Company or set forth in the Award Document, the Options will be cancelled without entitlement to any shares of Common Stock if your employment is terminated for any reason, including, but not limited to: resignation, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, or under Article 10.3 of Royal Decree 1382/1985. The Company, in its sole discretion, shall determine the date when your employment has terminated for purposes of the Options.

In addition, you understand that this grant would not be made to you but for the assumptions and conditions referred to above; thus, you acknowledge and freely accept that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of, or right to, the Options shall be null and void.

### **NOTIFICATIONS**

**Securities Law Notice** . No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the Options. The Agreement has not been, nor will it be, registered with the *Comisión Nacional del Mercado de Valores* , and does not constitute a public offering prospectus.

**Exchange Control Information** . When receiving foreign currency payments derived pursuant to the Options ( *e.g.* , proceeds from the sale of shares of Common stock), you must inform the financial institution receiving the payment of the basis upon which such payment is made if the payment exceeds €50,000. Upon request, you will need to provide the institution with the following information: your name, address, and fiscal identification number; the name and corporate domicile of the Company; the amount of the payment; the currency used; the country of origin; the reasons for the payment; and any additional information required. This exchange control reporting requirement will end on January 1, 2014.

**Foreign Property Reporting** . To the extent that you hold rights or assets ( *e.g.* , shares of Common Stock, cash, etc.) in a bank or brokerage account outside of Spain with a value in excess of €50,000 per type of right or asset as of December 31 each year, you are required to report information on such rights and assets on your tax return for such year. Shares of Common Stock constitute securities for purposes of this requirement, but the Options (whether vested or unvested) are not considered assets or rights for purposes of this requirement.

If applicable, you must report the assets or rights on Form 720 by no later than March 31 following the end of the relevant year. After such assets or rights are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported assets or rights increases by more than €20,000. Failure to comply with



this reporting requirement may result in penalties to you. Accordingly, you are advised to consult with your personal tax and legal advisors to ensure that you are properly complying with your reporting obligations.

**Foreign Asset and Account Reporting** . You are required to electronically declare to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the securities held in such accounts, if the value of the transactions for all such accounts during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceeds €1,000,000.

**Share Reporting Requirement.** In the event that you acquire shares of Common Stock upon exercise of the Options, you must declare such acquisition to the *Spanish Dirección General de Comercio e Inversiones* (the “DGCI”), the Bureau for Commerce and Investments, which is a department of the Ministry of Economy and Competitiveness. You must also declare ownership of any shares of Common Stock by filing a Form D-6 with the Directorate of Foreign Transactions each January while such shares are owned. In addition, the sale of shares of Common Stock must also be declared on Form D-6 filed with the DGCI in January, unless the sale proceeds exceed the applicable threshold (currently €1,502,530), in which case, the filing is due within one month after the sale.

## SRI LANKA

### **TERMS AND CONDITIONS**

**Method of Exercising** . Due to local legal restrictions, you will be required to pay the Exercise Price by means of a cashless “sell all” method of exercise through the Designated Broker, such that all shares of Common Stock subject to the exercised Options will be sold immediately upon exercise ( *i.e.* a “same day sale”) and the sales proceeds, less the Exercise Price, any applicable Tax-Related Items and broker’s fees or commissions, will be remitted to you in accordance with your instructions to the Designated Broker. The Company reserves the right to provide you with additional methods of exercise depending on the development of local law.

### **NOTIFICATIONS**

**Exchange Control Information.** Upon the sale of shares of Common Stock, you are required to repatriate any proceeds received from such sale back to Sri Lanka. You may be required to obtain exchange control approval in Sri Lanka in order to hold sales proceeds in an account outside of Sri Lanka. You are advised to consult with your personal legal advisor to determine your responsibilities under Sri Lankan exchange control laws.

## SWEDEN

There are no country-specific provisions.

## TAIWAN

### **NOTIFICATIONS**

**Securities Law Notice** . The offer of participation in the Plan is available only for employees of the Company and its Subsidiaries. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

**Exchange Control Information.** You may acquire and remit foreign currency (including proceeds from the sale of shares of Common Stock) up to US\$5,000,000 per year without justification. If the transaction amount is TWD500,000 or more in a single transaction, you must submit a Foreign Exchange Transaction Form and provide supporting documentation to the satisfaction of the remitting bank.

## THAILAND

### **NOTIFICATIONS**

**Exchange Control Notification** . If you remit funds out of Thailand in order to exercise the Options, you must remit such funds through a commercial bank in Thailand.

Further, if you realize US\$50,000 or more in a single transaction from the sale of shares of Common Stock or the payment of dividends, you are required to repatriate the cash proceeds to Thailand immediately following the receipt of such proceeds and to then either convert such repatriated proceeds into Thai Baht or deposit the proceeds into a foreign currency account opened with any commercial bank in Thailand within 360 days of repatriation. Further, for repatriated amounts of US\$50,000 or more, you must specifically report the inward remittance to the Bank of Thailand on a Foreign Exchange Transaction Form. You are personally responsible for complying with exchange control restrictions in Thailand.

## TURKEY

### *NOTIFICATIONS*

**Exchange Control Information.** If you remit funds out of Turkey in order to exercise the Options, you must remit such funds through a licensed financial intermediary institution in Turkey.

## UKRAINE

### *TERMS AND CONDITIONS*

**Method of Exercising** . Due to local legal restrictions, you will be required to pay the Exercise Price by means of a cashless “sell all” method of exercise through the Designated Broker, such that all shares of Common Stock subject to the exercised Options will be sold immediately upon exercise ( *i.e.* a “same day sale”) and the sales proceeds, less the Exercise Price, any applicable Tax-Related Items and broker’s fees or commissions, will be remitted to you in accordance with your instructions to the Designated Broker. The Company reserves the right to provide you with additional methods of exercise depending on the development of local law.

### *NOTIFICATIONS*

**Exchange Control Information.** You may be required to obtain an “investment license” (for the purchase of shares of Common Stock) and/or a “placement license” (for the placement of shares or Common Stock or cash outside of Ukraine) from the National Bank of Ukraine.

In addition, you are required to notify the National Bank of Ukraine within three days of the opening of a foreign brokerage account, such as your account with the Designated Broker. You are advised to consult with your personal legal advisor to determine your responsibilities under Ukrainian exchange control laws.

## UNITED ARAB EMIRATES

There are no country-specific provisions.

## UNITED KINGDOM

### *TERMS AND CONDITIONS*

**Tax-Related Items.** This provision supplements Section 7 of the Award Document ( Tax-Related Items ):

If payment or withholding of your income tax liability is not made within 90 days of the event giving rise to such income tax liability or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the “Due Date”), the amount of any uncollected income tax will constitute a loan owed by you to the Employer, effective on the Due Date. You agree that the loan will bear interest at the then-current Official Rate of Her

Majesty's Revenue & Customs ("HMRC"), it will be immediately due and repayable, and the Company or the Employer may recover it at any time thereafter by any of the means referred to in the Award Document or the Plan.

Notwithstanding the foregoing, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), you will not be eligible for such a loan to cover the income tax as described above and any income tax liability not collected by the Due Date may constitute a benefit to you on which additional income tax and National Insurance contributions may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer, as applicable, for the value of any National Insurance contributions due on this additional benefit, which may be recovered by the Company or the Employer at any time thereafter by any of the means referred to in the Award Document or the Plan.

## VENEZUELA

### *TERMS AND CONDITIONS*

**Method of Exercising** . Due to local legal restrictions, you will be required to pay the Exercise Price by means of a cashless "sell all" method of exercise through the Designated Broker, such that all shares of Common Stock subject to the exercised Options will be sold immediately upon exercise ( *i.e.* a "same day sale") and the sales proceeds, less the Exercise Price, any applicable Tax-Related Items and broker's fees or commissions, will be remitted to you in accordance with your instructions to the Designated Broker. The Company reserves the right to provide you with additional methods of exercise depending on the development of local law.

### *NOTIFICATIONS*

**Securities Law Notice** . The Options are offered as a personal, private, exclusive transaction and are not subject to Venezuelan government securities regulations.

**Investment Representation.** As a condition of the grant of the Options, you acknowledge and agree that the Options are held as an investment and that any cashless exercise of the Options is not being performed for purposes of obtaining foreign currency.

**Exchange Control Information.** Following the sale of shares of Common Stock, you may be subject to certain restrictions if you attempt to transfer such cash proceeds into Venezuela. You are solely responsible for complying with applicable Venezuelan exchange control rules that may apply in connection with your participation in the Plan and/or the transfer of cash proceeds into Venezuela. You are advised to consult with your personal legal advisor to determine your responsibilities under Venezuelan exchange control laws.

## VIETNAM

### *TERMS AND CONDITIONS*

**Method of Exercising** . Due to local legal restrictions, you will be required to pay the Exercise Price by means of a cashless "sell all" method of exercise through the Designated Broker, such that all shares of Common Stock subject to the exercised Options will be sold immediately upon exercise ( *i.e.* a "same day sale") and the sales proceeds, less the Exercise Price, any applicable Tax-Related Items and broker's fees or commissions, will be remitted to you in accordance with your instructions to the Designated Broker. The Company reserves the right to provide you with additional methods of exercise depending on the development of local law.

**Exchange Control Information.** All cash proceeds from the sale of shares of Common Stock must be immediately repatriated to Vietnam. You are advised to consult with your personal legal advisor to determine your responsibilities under Vietnamese exchange control laws.



STOCK OPTION CONSIDERATION AGREEMENT  
GRANT DATE: XXXXXX

The following Agreement is established to protect the trade secrets, intellectual property, confidential information, customer relationships and goodwill of Motorola Solutions, Inc. and each of its subsidiaries (the "Company") both as defined in the Motorola Solutions Omnibus Incentive Plan of 2006 (the "2006 Plan").

As consideration for the stock option(s) granted to me on the date shown above under the terms of the 2006 Plan ("the Covered Options"), and Motorola Solutions having provided me with Confidential Information as a Motorola Solutions appointed vice president or elected officer, I agree to the following:

(1) I agree that during the course of my employment and thereafter, I will not use or disclose, except on behalf of the Company and pursuant to its directions, any Confidential Information. Without limiting the generality of the foregoing, Confidential Information means information concerning the Company and its business that is not generally known outside the Company. Confidential Information 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 customer's 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; (viii) information received in confidence by the Company from third parties; and (ix) any other information concerning the Company and its business not generally known outside the Company that could reasonably be expected to prove deleterious to the Company if disclosed to competitors or other third parties. Information regarding products 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 not be deemed generally known until such broader use is actually commercially implemented.

(2) I agree that during my employment and for a period of one (1) year following termination of my employment for any reason, I will not hire, recruit, solicit or induce, or cause, allow, permit or aid others to hire, recruit, solicit or induce, or to communicate in support of those activities, any employee of the Company who possesses Confidential Information of the Company to terminate his/her employment with the Company and/or to seek employment with my new or prospective employer, or any other company.

(3) I agree that during my employment and for a period of one year following termination of my employment for any reason, I will not, directly or indirectly, in any capacity, for Participant's new or prospective employer, or any other person, company, or entity, accept employment involving or otherwise engage in any activity or activities which are competitive with or similar to any activity or activities in which I engaged at any time during the one (1) year preceding termination of my employment in connection with any products, services, projects or technological developments (existing or planned) on which I worked or about which I learned Confidential Information at any time during the one (1) year preceding termination of my employment. This paragraph applies in any countries in which I have physically been present performing work for the Company or its subsidiary at any time during the one (1) year preceding termination of my employment.

(4) I agree that during my employment and for a period of one (1) year following termination of my employment for any reason, I will not, directly or indirectly, in any capacity, on behalf of myself or any other person, company or entity, solicit or participate 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 I had direct or indirect contact regarding those products or services or about which I learned Confidential Information at any time during the one (1) year prior to termination of employment with the Company.

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(5) I agree that during my employment and for a period of one (1) year following termination of my employment for any reason, I will not directly or indirectly, in any capacity, provide 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 I had direct or indirect contact regarding those products or services or about which customer I learned Confidential Information at any time during the one (1) year prior to termination of my employment with the Company.

(6) I agree that during my employment and for a period of one (1) year following termination of my employment for any reason, I will not, directly or indirectly, in any capacity, accept employment with, render services to and/or act as an agent, associate, independent contractor, consultant, manager, member or partner of any person, company, or entity that competes with the Company in connection with any products, services, projects or technological developments (existing or planned) on which I worked or about which I learned Confidential Information at any time during the one (1) year preceding termination of my employment.

(7) If I am an officer subject to Section 16 of the Securities Exchange Act of 1934 (the "Exchange Act") on the day of this grant, or I become an officer subject to Section 10D of the Exchange Act, I acknowledge that the Covered Options are subject to the terms and conditions of the Company's Policy Regarding Recoupment of Incentive Payments Upon Financial Restatement (such 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 (a) cancellation of any of the Covered Options that remain outstanding; and/or (b) reimbursement of any gains realized in respect of the Covered Options, if and to the extent the conditions set forth in the Recoupment Policy shall apply. Any determinations made by the independent directors in accordance with the Recoupment Policy shall be binding upon me. 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.

(8) I agree that by accepting the Covered Options, if I violate the terms of any of paragraphs 1 through and including 5 of this Agreement, then, in addition to any other remedies available in law and/or equity, all of my vested and unvested Covered Options will terminate and no longer be exercisable, and for all Covered Options exercised within one (1) year prior to the termination of my employment for any reason or anytime after termination of my employment for any reason, I will immediately pay to the Company the difference between the exercise price on the date of grant as reflected in the Award Document for the Covered Options and the market price of the Covered Options on the date of exercise (the "spread").

(9) The requirements of this Agreement can be waived or modified only upon the prior written consent of Motorola Solutions, Inc. I acknowledge that the promises in this Agreement, not any employment of or services performed by me in the course and scope of that employment, are the sole consideration for the Covered Options. I agree the Company 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 the Company assigns and successors.

(10) I agree that during my employment and for a period of one year following the termination of my employment for any reason, I will immediately inform the Company of (i) the identity of my new employer (or the nature of any start-up business, consulting arrangements or self-employment), (ii) my new title, and (iii) my job duties and responsibilities. I agree that I will advise my new or prospective employer of the restrictions set forth in this Agreement before I accept employment with such employer. I hereby authorize the Company to provide a copy of this Agreement to my new employer. I further agree to provide information to the Company as may from time to time be requested in order to determine my compliance with the terms of this Agreement.

(11) I recognize and acknowledge that the Company is engaged in a continuous program of research and development and that the business in which the Company is engaged is intensely competitive. I acknowledge and agree that the restrictions set forth herein are reasonable with respect to scope, duration, and geography, and are properly required for the protection of the legitimate business interests of the Company.

I acknowledge and agree that my compliance with this Agreement is necessary to protect the Company's goodwill, Confidential Information and other protectable interests, that my failure to comply with this Agreement, including without limitation the breach or anticipated breach of paragraphs 1, 2, 3, 4, 5 and/or 6 of this Agreement, will

irreparably harm the business of the Company, and that monetary damages would not provide an adequate remedy to the Company in the event of such non-compliance.

Therefore, I acknowledge and agree that the Company shall be entitled to obtain an injunction and other equitable relief in any court of competent jurisdiction against a breach by me of this Agreement, without the posting of bond or other security, 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 me and the Company for the protection of the Company's Confidential Information, or law, including without limitation injunctive relief or the recovery of liquidated damages. I agree that any interim or final equitable relief entered by a court of competent jurisdiction, as specified in paragraph 13 below, will, at the request of the Company, be entered on consent and enforced by any such court having jurisdiction over me. In the event that the Company successfully enforces this Agreement against me in any court, I agree to indemnify the Company for the actual costs incurred by the Company in enforcing this Agreement, including but not limited to attorneys' fees.

(12) With respect to the Covered Options, this Agreement is my 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 paragraph 13 below to be unenforceable, in whole or in part, the remainder of this Agreement shall nevertheless be enforceable and binding on the parties. I also agree 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, I affirmatively state that I have not, will not and cannot rely on any representations not expressly made herein.

(13) I accept the terms of this Agreement and the above option(s) to purchase shares of the Common Stock of the Company, subject to the terms of this Agreement, the 2006 Plan, and any Award Document issued pursuant thereto. I am familiar with the 2006 Plan and agree to be bound by it to the extent applicable, as well as by the actions of the Company's Board of Directors or any committee thereof.

(14) I agree that this Agreement and the 2006 Plan, and any Award Document issued pursuant thereto, together constitute an agreement between the Company and me. I further agree that this Agreement is governed by the laws of Illinois, without giving effect to any state's principles of Conflicts of Laws, and any legal action related to this Agreement shall be brought only in a federal or state court located in Illinois, USA, and I hereby waive any defense or objection related to improper or inconvenient forum, venue or jurisdiction.

**RESTRICTED STOCK UNIT AWARD AGREEMENT**

Recipient:	_____	Date of Grant:	_____
Commerce ID#:	_____	Number of Restricted Stock Units:	_____

Motorola Solutions, Inc. (“*Motorola Solutions*” or the “*Company*”) is pleased to grant you this Restricted Stock Unit Award (“*Award*”) under the Motorola Solutions Omnibus Incentive Plan of 2006, as amended (the “*Plan*”). The Date of Grant and the total number of Motorola Solutions restricted stock units (the “*Units*”) are stated above. The summary vesting schedule stated above is subject to the terms and conditions of the Agreement (defined below), including, but not limited to, the special vesting conditions set forth in Section 3 below. Each Unit granted represents an unsecured contractual obligation of the Company to issue one share of Motorola Solutions Common Stock (“*Common Stock*”) upon satisfaction of the terms and conditions set forth in the this Restricted Stock Unit Award Agreement (the “*Award Agreement*”), including any country-specific terms for your country set forth in the appendix attached hereto (the “*Appendix*” and, together with the Award Agreement, the “*Agreement*”), and to all of the terms and conditions of the Plan.

WHEREAS, the Award is being made by the Compensation and Leadership Committee (the “*Compensation Committee*”) of the Board of Directors;

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

1. **AWARD OF RESTRICTED STOCK UNITS.** The Company hereby grants you the total number of Units stated above subject to the terms and conditions set forth in this Award Agreement, including any country-specific terms for your country set forth Appendix, and to all of the terms and conditions of the Plan. Each Unit granted represents an unsecured contractual obligation of the Company to issue one share of Common Stock upon satisfaction of the terms and conditions set forth in the Agreement.
1. **RESTRICTIONS.** The Units are being awarded to you subject to the transfer and forfeiture conditions set forth below (the “*Restrictions*”). In its sole discretion, the Compensation Committee or its delegee may amend or waive the provisions of subparagraphs (b) or (c) hereof, in whole or in part, to the extent necessary or advisable to comply with applicable laws, as determined by the Compensation Committee (or its delegee):
  - a. **No Assignment.** Prior to the vesting of the Units as described in Section 3 below, you may not directly or indirectly, in any capacity, by operation of law or otherwise, voluntarily or involuntarily, sell, assign, pledge, encumber, charge or otherwise transfer any of the Units still subject to Restrictions. The Units shall be forfeited if you violate or attempt to violate this transfer restriction.
  - b. **Restricted Conduct.** As consideration for the Units(s) granted above under the terms of the Award Agreement and in acknowledgment of Motorola Solutions having provided you with confidential and proprietary information as a Motorola Solutions vice president or elected officer, you agree that you will comply with the restrictions set forth in subparagraphs



(i) through (vi) below. If you violate or attempt to violate any of the restrictions described in subparagraphs (i) through (v) below for any reason, you acknowledge and agree that the Company would suffer irreparable harm, will have no adequate remedy at law and shall be entitled to injunctive relief. You also acknowledge and agree that in addition to all remedies in law and/or equity available to the Company or any Subsidiary (as defined in Section 26 below), including without limitation injunctive relief or the recovery of liquidated damages, you shall forfeit all Units (whether or not vested) and shall immediately pay to the Company, with respect to previously vested Units, an amount equal to (x) the per share Fair Market Value (as defined in Section 26 below) of the Company's Common Stock on the date on which the Restrictions lapsed with respect to the applicable previously-vested Units times (y) the number of shares underlying such previously-vested Units, without regard to any Tax-Related Items (as defined in Section 9) that may have been deducted from such amount. 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 your employment with the Company or any Subsidiary and thereafter, you agree that you will not use or disclose, except on behalf of the Company and pursuant to the Company's directions, any Confidential Information (as defined in Section 26 below);
- ii. **Solicitation of Employees.** During your employment and for a period of one year following the termination of your employment for any reason, you agree that you will not hire, recruit, solicit or induce, or cause, allow, permit or aid others to hire, recruit, solicit or induce, or to communicate in support of those activities, any employee of the Company who possesses Confidential Information of the Company to terminate his/her employment with the Company and/or to seek employment with your new or prospective employer, or any other company;
- iii. **Solicitation of Customers.** During your employment and for a period of one year following the termination of your employment for any reason, you agree that you will not, directly or indirectly, in any capacity, on behalf of yourself or any other person, company or entity, solicit or participate 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 you had direct or indirect contact regarding those products or services or about which you learned Confidential Information at any time during the one year prior to your termination of employment with the Company;
- iv. **Non-Competition regarding Products or Services.** During your employment and for a period of one year following the termination of your employment for any reason, you agree that you will not, directly or indirectly, in any capacity, provide 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 you had direct or indirect contact regarding those products or services or about which customer you learned Confidential Information at any time during the one year prior to your termination of employment with the Company;

- v. **Non-Competition regarding Activities.** During your employment and for a period of one year following the termination of your employment for any reason, you agree that you will not, directly or indirectly, in any capacity, for your new or prospective employer, or any other person, company, or entity, accept employment involving or otherwise engage in any activity or activities competitive with or similar to any activity or activities in which you engaged at any time during the one year preceding termination of your employment with the Company in connection with any products, services, projects or technological developments (existing or planned) on which you worked or about which you learned Confidential Information at any time during the one year preceding termination of your employment; provided that this sub-paragraph (v) applies in any countries in which you have physically been present performing work for the Company at any time during the one year preceding termination of your employment; and
- vi. **Non-Competition regarding Other Companies.** During your employment and for a period of one year following the termination of your employment for any reason, you agrees that you will not, directly or indirectly, in any capacity, accept employment with, render services to and/or act as an agent, associate, independent contractor, consultant, manager, member or partner of any person, company, or entity that competes with the Company in connection with any products, services, projects or technological developments (existing or planned) on which you worked or about which you learned Confidential Information at any time during the one year preceding termination of your employment.

c. **Recoupment Policy.** If you are an officer subject to Section 16, or become subject to Section 10D, of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”) the Units are subject to the terms and conditions of the Company’s Policy Regarding Recoupment of Incentive Payments upon Financial Restatement (such 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 (a) cancellation of any of the Units that remain outstanding; and/or (b) reimbursement of any gains in respect of the Units, 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 you. 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.

2. **VESTING.** Subject to the terms and conditions of the Agreement, and provided the Units have not been forfeited as described in Section 2 above, the Units will vest as follows:

- a. **Vesting Period.** The Units will vest as follows in accordance with the following schedule (the applicable date, the “*RSU Vesting Date*”):
  - i. «Vesting\_Schedule»
  - ii. The period from the Date of Grant through the last vesting date set forth above is referred to as the “*Restriction Period.*” Any unvested Units shall be automatically

forfeited upon your termination of employment with Motorola Solutions or a Subsidiary prior to the applicable RSU Vesting Date for any reason other than those set forth in Sections 3(b) through (e) below. The Company will not be obligated to pay you any consideration whatsoever for forfeited Units.

- iii. For purposes of the Award, your employment with the Company or a Subsidiary shall be considered terminated as of the date that you are no longer considered an employee on the payroll of Motorola Solutions or a Subsidiary; the Company shall have the exclusive discretion to determine when your employment with the Company or a Subsidiary has terminated for purposes of the Award.
- iv. If, during the Restriction Period, you take a Leave of Absence (as defined in Section 26 below) from Motorola Solutions or a Subsidiary, the Units will continue to be subject to the terms of the Agreement. If the Restriction Period expires while you are on a Leave of Absence, you will be entitled to the Units even if you have not returned to active employment.

**b.Change in Control.** If a Change in Control of the Company occurs and the successor corporation (or parent thereof) does not assume the Award or replace it with a comparable award, then the Units shall be fully vested; provided, further, that if the Award is assumed or replaced, any agreement or other documentation providing for such assumption or replacement shall provide that the assumed or replaced Award shall be fully vested in the event of your involuntary termination (for a reason other than "Cause") or if you quit for "Good Reason," in either case within 24 months of the Change in Control. For purposes of this paragraph, the terms "Change of Control", "Cause" and "Good Reason" are defined in the Plan.

**c.Total and Permanent Disability.** All unvested Units shall fully vest upon your termination of employment with Motorola Solutions and its Subsidiaries due to Total and Permanent Disability (as defined in Section 26 below).

**d.Death.** All unvested Units shall fully vest upon your termination of employment with Motorola Solutions and its Subsidiaries due to death.

**e.Certain Terminations of Employment.** In the case of a Termination due to a Divestiture (as defined in Section 26 below) and the Units are not assumed by your successor employer, or a parent or subsidiary thereof or replaced with an award at least comparable to these Units, or if Motorola Solutions or a Subsidiary terminates your employment for reasons other than for Serious Misconduct (as defined in Section 26 below) before the expiration of the Restriction Period, and if the Units have not been forfeited as described in Section 2 above, then the Units shall vest on a pro rata basis in an amount equal to (a)(i) the total number of Units subject to the Award, multiplied by (ii) a fraction, the numerator of which is the number of your completed full months of service from the Date of Grant to the date of termination and the denominator of which is the Restriction Period, minus (b) any Units that vested prior to such termination. Any Units remaining unvested at the date of such termination shall be forfeited.

### 3. DELIVERY OF CERTIFICATES OR EQUIVALENT.

a. Upon the vesting of the applicable Units described in Section 3 above, the Company shall, at its election, either: (i) establish a U.S. brokerage account for you with the Designated Broker (as defined in Section 26) and credit to that account the number of shares of Common Stock of the Company equal to the number of Units that have vested, less any Tax-Related Items (as defined in Section 9 below); or (ii) deliver to you a certificate representing a number of shares of Common Stock equal to the number of Units that have vested, less any shares withheld or sold to cover Tax-Related Items (as defined in Section 9 below).

b. Subject to Section 25, the actions contemplated by clauses (i) and (ii) above shall occur within 60 days following the date that the applicable Units vested.

**4. WHOLE SHARES.** Vested Units shall be paid in whole shares of Common Stock; no fractional shares shall be credited or delivered to you.

**5. ADJUSTMENTS.** The Units shall be subject to adjustment as provided in Section 16 of the Plan.

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

**7. DIVIDENDS AND STOCKHOLDER RIGHTS.**

a. **Dividends** . No dividends (or dividend equivalents) shall be paid with respect to Units credited to your account.

b. **Stockholder Rights** . You shall have no rights as a stockholder of the Company in respect of the Units, 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 Units.

**8. TAX-RELATED ITEMS.**

a. **Responsibility for Taxes.** By accepting the Award, you acknowledge and agree that:

- i. regardless of any action taken by the Company or, if different, your employer (the “*Employer*”), you shall be ultimately responsible for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you or legally imposed on the Company or the Employer as a result of your participation in the Plan and deemed by the Company or the Employer to be an appropriate charge to you (“*Tax-Related Items*”);
- ii. Your liability for Tax-Related Items may exceed the amount actually withheld by the Company or the Employer;
- iii. the Company and/or the Employer make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, but not limited to, the grant, vesting or settlement of the Units, the subsequent sale of shares of Common Stock acquired pursuant to such settlement and the receipt of any dividends;

- iv. the Company and/or the Employer do not commit to and are under no obligation to structure the terms of the grant of the Award or any aspect of the Award to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result; and
- v. if you are subject to Tax-Related Items in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

**b. Withholding Taxes** . Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

- i. withholding shares of Common Stock otherwise deliverable to you in connection with vesting of the Units;  
or
- ii. withholding from proceeds of the sale of shares of Common Stock acquired upon vesting of the Units, either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization).

If the obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, for tax purposes, you are deemed to have been issued the full number of shares of Common Stock subject to the vested Units, notwithstanding that a number of the shares of Common Stock are held back solely for the purpose of paying the Tax-Related Items. You agree to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the shares of Common Stock, or the proceeds of the sale of such shares, if you fail to comply with your obligations in connection with the Tax-Related Items.

**c. Withholding Taxes for Section 16 Officers** . Notwithstanding Section 9(b) above, if you are considered an officer for purposes of the Section 16 of the United States Exchange Act of 1934, as amended (the “ *Exchange Act* ”) you may elect to satisfy your obligations for Tax-Related Items by one of the withholding methods set forth in Section 9(b)(i) - (ii) above, unless otherwise set forth in the Appendix for your country. In the absence of such an election, the Company and/or the Employer will satisfy the obligations with regard to all Tax-Related Items by withholding in shares of Common Stock otherwise deliverable in connection with the applicable vesting Units, as set forth in Section 9(b)(i), unless the use of such withholding method is problematic under applicable tax or securities laws, or has materially adverse accounting consequences, in which case, the obligation for Tax-Related Items will be satisfied by the methods set forth in Sections 9(b)(ii) above.

**9. NATURE OF GRANT.** In accepting the Award, you acknowledge, understand and agree that:

- a.the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- b.the grant of Units is voluntary, non-recurrent and occasional and does not create any contractual or other right to receive future grants of Units, or benefits in lieu of Units, even if Units have been granted in the past;
- c.all decisions with respect to future grants of Units or other awards, if any, will be at the sole discretion of the Company;
- d.the Award and your participation in the Plan shall not create a right to employment or be interpreted as forming an employment or service contract with the Company, the Employer or any Subsidiary, and shall not interfere with the ability of the Company, the Employer or any Subsidiary, as applicable, to terminate your employment relationship (if any);
- e.you are voluntarily participating in the Plan;
- f.the Units and the shares of Common Stock subject to the Units are not intended to replace any pension rights or compensation;
- g.the Units and the shares of Common Stock subject to the Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or payments, welfare benefits or any similar payments;
- h.the future value of the shares of Common Stock underlying the Units is unknown, indeterminable and cannot be predicted with certainty;
- i.except as otherwise provided in the Agreement, in the Plan or by the Company in its discretion, the Units and the benefits evidenced by the Agreement do not create any entitlement to have the Units or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Common Stock of the Company; and
- j.in addition to subsections (a) through (i) above, the following provisions will also apply if you are providing services outside the United States:
  - i. the Units and the shares of Common Stock subject to the Units are not part of normal or expected compensation or salary for any purpose;
  - ii. none of the Company, the Employer or any Subsidiary shall be liable for any foreign exchange rate fluctuation between your local currency and the U.S. dollar that may affect the value of the Units or of any amounts due to you pursuant to the settlement of the Units or the subsequent sale of any shares of Common Stock acquired upon settlement of the Units;
  - iii. no claim or entitlement to compensation or damages shall arise from forfeiture of the Units resulting from the termination of your employment (for any reason

whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); and

- iv. in consideration of the grant of the Award to which you are otherwise not entitled, You irrevocably agree (a) never to institute any claim against the Company, any Subsidiary or the Employer, (b) waives your ability, if any, to bring any such claim, and (c) release the Company, its Subsidiaries and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, You shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim.

**10. ACKNOWLEDGEMENTS.** With respect to the subject matter of Sections 2b(i) through (v) and Sections 16 and 17 hereof, the Agreement represents the entire agreement between you and 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 17 below to be unenforceable, in whole or in part, the remainder of this Agreement shall nevertheless be enforceable and binding on the parties. You hereby agree 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 the Award, you affirmatively state that you have not, will not and cannot rely on any representations not expressly made herein.

**11. MOTOROLA SOLUTIONS ASSIGNMENT RIGHTS.** Motorola Solutions shall have the right to assign the Agreement, which shall not affect the validity or enforceability of the Agreement. The Agreement shall inure to the benefit of assigns and successors of Motorola Solutions.

**12. ACTIONS BY THE COMPENSATION COMMITTEE.** The Compensation Committee may delegate its authority to administer the Agreement. The actions and determinations of the Compensation Committee or its delegate shall be binding upon the parties.

**13. AGREEMENT FOLLOWING TERMINATION OF EMPLOYMENT.**

a. You agree that upon termination of employment with Motorola Solutions or a Subsidiary (as defined in Section 26 below), you will immediately inform Motorola Solutions of (i) the identity of any new employer (or the nature of any start-up business or self-employment), (ii) your new title, and (iii) your job duties and responsibilities.

b. You hereby authorize Motorola Solutions or a Subsidiary to provide a copy of the Agreement to your new employer. You further agree to provide information to Motorola Solutions or a Subsidiary as may from time to time be requested in order to determine your compliance with the terms hereof.

**14. CONSENT TO TRANSFER PERSONAL DATA.**

*a. By accepting the Award, you hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of your personal data as described in the Agreement and any other Award grant materials ("Data") by and among, as applicable,*

*the Employer, the Company and any Subsidiary for the exclusive purpose of implementing, administering and managing your participation in the Plan. You understand that Data may include certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all Units or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in your favor, for the exclusive purpose of implementing, administering and managing the Plan.*

*b. You understand that Data will be transferred to the Designated Broker, which is assisting the Company with the implementation, administration and management of the Plan. You understand that the recipients of Data may be located in the United States or elsewhere, and that a recipient's country of operation (e.g., the United States) may have different data privacy laws and protections than your country. You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of Data by contacting your human resources representative.*

*c. You authorize the Company, the Designated Broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand if you reside outside the United States, you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your human resources representative. You understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to withdraw your consent, your employment status and career with the Employer will not be adversely affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to make grants of Units or other awards to you, or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your human resources representative.*

**15. REMEDIES FOR BREACH.** You hereby acknowledge that the harm caused to the Company by the breach or anticipated breach of 2b(i), (ii), (iii), (iv) and/or (v) hereof will be irreparable and further agree the Company may obtain injunctive relief against you in addition to and cumulative with any other legal or equitable rights and remedies the Company may have pursuant to the Agreement, any other agreements between you and the Company for the protection of Confidential Information or law, including the recovery of liquidated damages. You agree that any interim or final equitable relief entered by a court of competent jurisdiction, as specified in Section 17 below, will, at the request of the Company, be entered on consent and enforced by any such court having jurisdiction over you. 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.

**16. GOVERNING LAW AND CHOICE OF VENUE.** All questions concerning the construction, validity and interpretation of the Agreement 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 the Agreement shall be brought only in the state or federal courts of Illinois.

17. **NO ADVICE REGARDING GRANT.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.
18. **COMPLIANCE WITH LAW.** Notwithstanding any other provision of the Plan or the Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the shares of Common Stock, the Company shall not be required to deliver any shares of Common Stock issuable upon vesting of the Units prior to the completion of any registration or qualification of the Common Stock under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission (“*SEC*”) or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. You understand that the Company is under no obligation to register or qualify the Common Stock with the SEC or any state or foreign securities commission, or to seek approval or clearance from any governmental authority for the issuance or sale of the shares of Common Stock. Further, you agree that the Company shall have unilateral authority to amend the Plan and the Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of shares of Common Stock.
19. **INSIDER TRADING RESTRICTIONS/MARKET ABUSE LAWS.** You acknowledge that, depending on your country of residence, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell shares of Common Stock or rights to acquire shares of Common Stock ( *e.g.* , Units) under the Plan during such times as you are considered to have “inside information” regarding the Company (as defined by or determined under the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you are advised to speak to your personal advisor on this matter.
20. **LANGUAGE.** If you have received the Agreement or any other document related to the Award and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.
21. **ELECTRONIC DELIVERY AND ACCEPTANCE.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
22. **APPENDIX.** Notwithstanding any provision of this Award Agreement, the Award shall be subject to any special terms and conditions set forth in the Appendix to this Award Agreement for your country. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that

the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of the Agreement.

**23. IMPOSITION OF OTHER REQUIREMENTS.** The Company reserves the right to impose other requirements on your participation in the Plan, on the Units and on any shares of Common Stock acquired under the Plan (or the proceeds from the sale of such shares), to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

**24. 409A COMPLIANCE APPLICABLE ONLY TO YOU IF SUBJECT TO U.S. TAX.**

a. Notwithstanding any provision of the Agreement to the contrary, if you are a “specified employee” (certain officers of Motorola Solutions or its Subsidiaries or certain employee-stockholders of Motorola Solutions, both within the meaning of U.S. Treasury Regulation Section 1.409A-1(i) and using the identification methodology selected by Motorola Solutions from time to time and in accordance with U.S. Treasury Regulation Section 1.409A-1(i)) on the date of your termination of employment, any payment which would be considered “nonqualified deferred compensation” within the meaning of Section 409A of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), that you are 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 your termination of employment will instead be paid or delivered on the earlier of (i) the first day of the seventh month following the date of your termination of employment, and (ii) your death.

b. Notwithstanding any provision of the Agreement that requires the Company to pay or deliver payments with respect to Units upon vesting (or within 60 days following the date that the applicable Units vest), if the event that causes the applicable Units to vest is not a permissible payment event as defined in Section 409A(a)(2) of the Code, then the payment with respect to such Units will instead be paid or delivered on the earlier of (i) the specified date of payment or delivery originally provided for such Units and (ii) the date of your termination of employment (subject to any delay required by Section 25(a) above). Payment shall be made within 60 days following the applicable payment date. For purposes of determining the time of payment or delivery of any payment you are entitled to receive upon termination of employment, the determination of whether you have 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.

c. For purposes of Section 9, to avoid a prohibited acceleration under Section 409A of the Code, if shares of Common Stock subject to the Units will be withheld (or sold on your behalf) to satisfy any Tax-Related Items arising prior to the date of settlement of the Units for any portion of the Units that is considered nonqualified deferred compensation subject to 409A of the Code, then the number of shares of Common Stock withheld (or sold on your behalf) shall not exceed the number of shares that equals your liability for Tax-Related Items.

**25. DEFINITIONS.** Any capitalized terms used herein that are not otherwise defined below or elsewhere in this Award Agreement shall have the same meaning provided under the Plan.

a. “*Confidential Information*” means information concerning the Company and its business that is not generally known outside the Company, and includes (1) trade secrets; (2) intellectual property; (3) the Company’s methods of operation and Company processes; (4)

information regarding the Company's present and/or future products, developments, processes and systems, including invention disclosures and patent applications; (5) information on customers or potential customers, including customers' names, sales records, prices, and other terms of sales and Company cost information; (6) Company personnel data; (7) Company business plans, marketing plans, financial data and projections; and (8) 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. "*Designated Broker*" means E\*TRADE Financial Services LLC or such other stock plan service provider as may be selected by the Company in the future for purposes of assisting the Company with the implementation, administration and management of the Plan.
- c. "*Fair Market Value*" for purposes of the Award at any time shall mean the closing price for a share of Common Stock on the date as of which such value is being determined, as reported for the New York Stock Exchange-Composite Transactions in the Wall Street Journal at [www.online.wsj.com](http://www.online.wsj.com). In the event the New York Stock Exchange is not open for trading on such 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 immediately preceding date for which transactions were reported; provided however, that if Fair Market Value for any date cannot be so determined, Fair Market Value shall be determined in such manner as the Compensation Committee may deem equitable, or as required by applicable law or regulation.
- d. "*Leave of Absence*" means an approved leave of absence from Motorola Solutions or a Subsidiary from which the employee has a right to reinstatement, as determined by applicable law or Motorola Solutions policy.
- e. "*Serious Misconduct*" for purposes of the Award means any misconduct identified as a ground for termination in the Motorola Solutions Code of Business Conduct, or the human resources policies, or other written policies or procedures.
- f. "*Subsidiary*" means any corporation or other entity in which a 50 percent or greater interest is held directly or indirectly by Motorola Solutions and which is consolidated for financial reporting purposes.
- g. "*Termination due to a Divestiture*" for purposes of the Award means your acceptance of 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 you remain employed by a Subsidiary that is sold (a "*Divestiture*").
- h. "*Total and Permanent Disability*" means for (i) U.S. employees: entitlement to long term disability benefits under the Motorola Solutions Disability Income Plan, as amended and any successor plan or a determination of a permanent and total disability under a state workers compensation statute, or for (ii) Non-U.S. employees: as established by applicable Motorola Solutions policy unless otherwise required by local regulations.

26. **ACCEPTANCE OF TERMS AND CONDITIONS.** By electronically accepting the Award within 30 days after the date of the electronic mail notification by the Company to you of the grant of the Award (“ *Email Notification Date* ”), you agree to be bound by the terms and conditions, the Plan, and any and all rules and regulations established by Motorola Solutions in connection with awards issued under the Plan. If you do not electronically accept the Award within 30 days of the Email Notification Date, you will not be entitled to the Units.
27. **PLAN DOCUMENTS.** The Plan and the Prospectus for the Plan are available at [ [http://\\_\\_\\_\\_\\_](http://_____) ] or from Global Rewards, 1303 East Algonquin Road, Schaumburg, IL 60196 (847) 576-7885.

## **EXHIBIT A**

### **APPENDIX TO RESTRICTED STOCK UNIT AGREEMENT**

#### ***TERMS AND CONDITIONS***

This Appendix includes additional terms and conditions that govern the Units granted to you under the Plan if you work and/or reside in one of the countries listed below. If you are a citizen or resident of a country other than the one in which you are currently working (or is considered as such for local law purposes), or if you transfer employment or residency to a different country after the Units are granted, the Company will, in its discretion, determine the extent to which the terms and conditions contained herein will be applicable to you.

Certain capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the Award Agreement.

#### ***NOTIFICATIONS***

This Appendix also includes notifications regarding certain issues of which you should be aware with respect to your participation in the Plan. These notifications are based on the securities, exchange control and other laws in effect in the respective countries as of December 2013. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the notifications contained in this Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be outdated at the time you vest in the Units or sell any shares of Common Stock acquired upon such vesting.

In addition, the notifications contained in this Appendix are general in nature and may not apply to your particular situation and, as a result, the Company is not in a position to assure you of any particular result. Accordingly, you are strongly advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your individual situation.

If you are a citizen or resident of a country other than the one in which you are currently working (or is considered as such for local law purposes), or if you relocate to a different country after the Units are granted, the notifications contained in this Appendix may not be applicable to you in the same manner.

## ARGENTINA

### **TERMS AND CONDITIONS**

**Labor Law Acknowledgement** . This provision supplements Section 10 of the Award Agreement ( Nature of Grant ):

In accepting the Award, you acknowledge and agrees that the grant of Units is made by the Company (not the Employer) in its sole discretion and that the value of the Units or any shares of Common Stock acquired under the Plan shall not constitute salary or wages for any purpose under Argentine labor law, including, but not limited to, the calculation of (i) any labor benefits including, without limitation, vacation pay, thirteenth salary, compensation in lieu of notice, annual bonus, disability, and leave of absence payments, etc., or (ii) any termination or severance indemnities or similar payments.

If, notwithstanding the foregoing, any benefits under the Plan are considered as salary or wages for any purpose under Argentine labor law, you acknowledge and agree that such benefits shall not accrue more frequently than on each RSU Vesting Date.

### **NOTIFICATIONS**

**Securities Law Notice** . Neither the Units nor the underlying shares of Common Stock are publicly offered or listed on any stock exchange in Argentina. The offer is private and not subject to the supervision of any Argentine governmental authority.

**Exchange Control Information** . Following the sale of shares of Common Stock and/or the receipt of dividends, you may be subject to certain restrictions in bringing such funds back into Argentina. The Argentine bank handling the transaction may request certain documentation in connection with the request to transfer sale proceeds into Argentina ( *e.g.* , evidence of the sale, proof of the source of the funds used to purchase such shares, etc.) and, under certain circumstances, may require that 30% of the amount transferred into Argentina be placed in a non-interest bearing dollar deposit account for a holding period of 365 days.

You are solely responsible for complying with applicable Argentine exchange control rules that may apply in connection with your participation in the Plan and/or the transfer of cash proceeds into Argentina. Prior to transferring cash proceeds into Argentina, you should consult with your local bank and/or exchange control advisor to confirm what will be required by the bank because interpretations of the applicable Central Bank regulations vary by bank and exchange control rules and regulations are subject to change without notice.

**Tax Reporting Obligation** . You must report any shares of Common Stock acquired under the Plan and held by you on December 31<sup>st</sup> of each year on your annual tax return for that year.

## AUSTRALIA

### **TERMS AND CONDITIONS**

**Australian Addendum** . You understand and agree that the Award is granted subject to and in accordance with the terms of the Plan, the specific relief instrument granted by the Australian Securities and Investments Commission ( “ ASIC ” ) and the Australian Addendum to the Plan (the “ *Australian Addendum* ”). You further agree to be bound by the terms of the Plan, as supplemented for implementation in Australia by the Australian

Addendum, the specific relief instrument granted by ASIC and the terms of the Units as set forth in the Agreement.

***NOTIFICATIONS***

**Securities Law Information** . If you acquires shares of Common Stock under the Plan and offers such shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. You should obtain legal advice on disclosure obligations prior to making any such offer.

**AUSTRIA**

***NOTIFICATIONS***

**Exchange Control Information** . If you hold securities (including shares of Common Stock) or cash (including proceeds from the sale of such shares) outside of Austria, you will be required to report certain information to the Austrian National Bank if certain thresholds are exceeded. Specifically, if you hold securities outside of Austria, reporting requirements will apply if the value of such securities exceeds (i) €30,000,000 as of the end of any calendar quarter, or (ii) €5,000,000 as of December 31. The deadline for filing the quarterly report is the 15th day of the month following the end of the respective quarter. The deadline for filing the annual report is January 31 of the following year.

Further, if you hold cash in accounts outside of Austria, monthly reporting requirements will apply if the aggregate transaction volume of such cash accounts meets or exceeds €3,000,000. Specifically, if this threshold is met, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the 15<sup>th</sup> day of the following month.

**BAHRAIN**

There are no country-specific provisions.

**BELGIUM**

***NOTIFICATIONS***

**Foreign Asset and Account Reporting** . If you are a Belgian resident, you will be required to report any securities ( *e.g.* , shares of Common Stock) or bank accounts held outside of Belgium on your annual tax return.

**BRAZIL**

***TERMS AND CONDITIONS***

**Compliance with Law.** By accepting the Units, you agree to comply with applicable Brazilian laws and to report and pay applicable Tax-Related Items associated with the vesting of the Units or the subsequent sale of the shares of Common Stock acquired upon such vesting.

***NOTIFICATIONS***

**Foreign Property Reporting.** If you are resident or domiciled in Brazil, you will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is equal to or greater than US\$100,000. Assets and rights that must be reported include shares of Common Stock acquired under the Plan.

## CANADA

### **TERMS AND CONDITIONS**

**Form of Payment.** Notwithstanding any discretion contained in the Plan, vested Units shall be paid in whole shares of Common Stock only.

*The following provisions apply for residents of Quebec:*

**English Language Provision.** The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

*Les parties reconnaissent avoir expressement souhaité que la convention [“Agreement”], ainsi que tous les documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou lié, directement ou indirectement à la présente convention, soient rédigés en langue anglaise.*

**Data Privacy Notice and Consent.** This provision supplements Section 15 of the Award Agreement ( Consent to Transfer Personal Data ):

You hereby authorize the Company and its representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. You further authorize the Employer, the Company and any Subsidiary to disclose and discuss the Plan with their advisors. You further authorize the Employer, the Company and any Subsidiary to record such information and to keep such information in your employee file.

### **NOTIFICATIONS**

**Securities Law Information .** You will not be permitted to sell or otherwise dispose of any shares of Common Stock acquired upon vesting of the Units within Canada. You will only be permitted to sell or dispose of any such shares if such sale or disposal takes place outside of Canada on the facilities on which the Common Stock is traded ( *i.e.* , on the New York Stock Exchange).

**Foreign Property Reporting .** You are required to report your foreign property on form T1135 (Foreign Income Verification Statement) if the total fair market value of such foreign property exceeds C\$100,000 at any time in the year. Foreign property includes any shares of Common Stock acquired under the Plan and may also include unvested installments of the Units. If required, the form must be filed by April 30 of the following year. You should consult with your personal tax advisor to ensure compliance with your reporting requirements.

## CHILE

### **NOTIFICATIONS**



**Securities Law Notice** . The grant of the Award does not constitute a public offering in Chile. Further, neither the Company nor the shares of Common Stock underlying the Units are registered with the Chilean Registry of Securities or are under the control of the Chilean Superintendence of Securities.

**Exchange Control Information** . You are not required to repatriate proceeds obtained from the sale of shares of Common Stock or from dividends to Chile; however, if you decide to repatriate such proceeds to Chile and the amount of the proceeds to be repatriated exceeds US\$10,000, you must effect such repatriation through the Formal Exchange Market ( *i.e.* , a commercial bank or registered foreign exchange office in Chile). If you do not repatriate the proceeds and uses such proceeds for the payment of other obligations contemplated under a different Chapter of the Foreign Exchange Regulations, You must sign Annex 1 of the Manual of Chapter XII of the Foreign Exchange Regulations and file it directly with the Central Bank of Chile within the first 10 days of the month immediately following the transaction.

Further, if the value of your aggregate investments held outside of Chile (including the value of shares of Common Stock acquired under the Plan) is equal to or greater than US\$5,000,000 at any time during the year, you must report the status of such investments annually to the Central Bank using Annex 3.1 of Chapter XII of the Foreign Exchange Regulations of the Central Bank.

**Tax Registration Information** . If you hold shares of Common Stock acquired under the Plan outside of Chile, you must inform the Chilean Internal Revenue Service (the “ *CIRS* ”) of the details of your investment in such shares by filing Tax Form 1851 (“Annual Sworn Statement Regarding Permanent Investments Held Abroad”). Further, if you wish to receive credit against your Chilean income taxes for any taxes paid abroad, you must report the payment of taxes abroad to the CIRS by filing Tax Form 1853 (“Annual Sworn Statement Regarding Credits for Taxes Paid Abroad”). These statements must be submitted electronically through the CIRS website (www.sii.cl) before March 15 of each year.

## CHINA

### ***TERMS AND CONDITIONS***

*The following terms apply only to nationals of the People’s Republic of China (the “PRC”) residing in the PRC, unless otherwise determined by the Company :*

**Immediate Sale Restriction** . Due to exchange control laws in the PRC, you understand and agree that the Company may require that any shares of Common Stock acquired upon the vesting of the Units be immediately sold. If the Company, in its discretion, does not exercise its right to require the automatic sale of shares of Common Stock issuable upon vesting of the Units, as described in the preceding sentence, You understand and agree that any such shares acquired by you under the Plan must be sold no later than ninety (90) days after your termination of employment, or within any other such time frame as may be permitted by the Company or required by the PRC State Administration of Foreign Exchange (“ *SAFE* ”). You understand that any shares of Common Stock acquired by you under the Plan that have not been sold within ninety (90) days of your termination of employment will be automatically sold by the Designated Broker at the Company’s direction, pursuant to this authorization by you.

You agree that the Company is authorized to instruct the Designated Broker to assist with the mandatory sale of such shares (on your behalf pursuant to this authorization), and you expressly authorize the Designated Broker to complete the sale of such shares. You also agree to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the Designated Broker) to effectuate the sale of the shares of Common Stock (including, without limitation, as to the transfers of the proceeds and other exchange control matters noted below) and shall otherwise cooperate with the Company with respect to such matters,

provided that you shall not be permitted to exercise any influence over how, when or whether the sales occur. You acknowledge that the Designated Broker is under no obligation to arrange for the sale of the shares of Common Stock at any particular price. Due to fluctuations in the price of the Common Stock and/or applicable exchange rates between the RSU Vesting Date and (if later) the date on which the shares of Common Stock are sold, the amount of proceeds ultimately distributed to you may be more or less than the market value of the shares of Common Stock on the RSU Vesting Date (which is the amount relevant to determining your Tax-Related Items liability). You understand and agree that the Company is not responsible for the amount of any loss you may incur and that the Company assumes no liability for any fluctuations in the price of the Common Stock and/or any applicable exchange rate. You acknowledge that you are not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of the Agreement.

Upon the sale of the shares of Common Stock, the Company agrees to pay the cash proceeds from the sale (less any applicable Tax-Related Items, brokerage fees or commissions) to you in accordance with applicable exchange control laws and regulations including, but not limited to, the restrictions set forth in this Appendix for China below under "Exchange Control Restrictions."

**Exchange Control Restrictions** . By accepting the Award, you understand and agree that, due to PRC exchange control restrictions, you are not permitted to transfer any shares of Common Stock acquired under the Plan out of your account established with the Designated Broker and that you will be required to repatriate all proceeds due to you under the Plan to the PRC, including any proceeds from the sale of shares of Common Stock acquired under the Plan or dividends.

Further, you understand that such repatriation will need to be effected through a special exchange control account established by the Company or Subsidiary in the PRC, and you hereby consent and agree that the proceeds may be transferred to such special account prior to being delivered to you. The proceeds may be paid to you in U.S. dollars or in local currency, at the Company's discretion. If the proceeds are paid in U.S. dollars, you understand that you will be required to set up a U.S. dollar bank account in the PRC so that the proceeds may be deposited into this account. If the proceeds are paid in local currency, you acknowledge that neither the Company nor any Subsidiary is under an obligation to secure any particular currency conversion rate and that the Company (or a Subsidiary) may face delays in converting the proceeds to local currency due to exchange control requirements in the PRC. You agree to bear any currency fluctuation risk between the time the shares of Common Stock are sold and the time the proceeds are converted into local currency and distributed to you. You further agree to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with PRC exchange control requirements.

## COLOMBIA

### ***TERMS AND CONDITIONS***

**Labor Law Acknowledgement.** This provision supplements the acknowledgement contained in Section 10 of the Award Agreement ( Nature of Grant ):

You acknowledge that, pursuant to Article 128 of the Colombian Labor Code, the Plan and related benefits do not constitute a component of your "salary" for any legal purpose.

### ***NOTIFICATIONS***

**Exchange Control Information.** Investments in assets located outside of Colombia (including the shares of Common Stock) are subject to registration with the Central Bank ( *Banco de la República* ) if the aggregate

value of such investments is US\$500,000 or more (as of December 31 of the applicable calendar year). Further, upon the sale of any shares of Common Stock that you have registered with the Central Bank, you must cancel the registration by March 31 of the following year. You may be subject to fines if you fail to cancel such registration.

### **CZECH REPUBLIC**

There are no country-specific provisions.

### **ECUADOR**

There are no country-specific provisions .

### **EGYPT**

#### **NOTIFICATIONS**

**Exchange Control Information.** If you transfer funds into Egypt in connection with the Units, you are required to transfer the funds through a registered bank in Egypt.

### **FINLAND**

There are no country-specific provisions.

### **FRANCE**

#### **TERMS AND CONDITIONS**

**Consent to Receive Information in English.** By accepting the Award, you confirm having read and understood the Agreement (including this Appendix) and the Plan, including all terms and conditions included therein, which were provided in the English language. You accept the terms of these documents accordingly.

*En acceptant les Attributions, vous confirmez avoir lu et compris ce Contrat (y incluse cette Annexe) et le Plan, incluant tous leurs termes et conditions, qui lui ont été transmis en langue anglaise. Vous acceptez les dispositions de ces documents en connaissance de cause.*

### **GERMANY**

#### **NOTIFICATIONS**

**Exchange Control Information.** Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank ( *Bundesbank* ). In the event that you make or receive a payment in excess of this amount, you must report the payment to Bundesbank electronically using the “General Statistics Reporting Portal” (“ *Allgemeines Meldeportal Statistik* ”) available via Bundesbank’s website (www.bundesbank.de).

### **GREECE**

There are no country-specific provisions.

## GUAM

There are no country-specific provisions.

## HONG KONG

### *TERMS AND CONDITIONS*

**Form of Payment.** Notwithstanding any discretion contained in the Plan, vested Units shall be paid in whole shares of Common Stock only.

**Share Sale Restriction.** In the event that the Units vest and shares of Common Stock are issued to you (or your heirs) within six months of the Date of Grant, you (or your heirs) agree not to sell or otherwise dispose of such shares prior to the six-month anniversary of the Date of Grant.

### *NOTIFICATIONS*

**Securities Law Notice.** *WARNING: Neither the grant of the Units nor the issuance of shares of Common Stock upon vesting of the Units constitutes a public offering of securities under Hong Kong law and is available only to employees of the Company and its Subsidiaries. The Agreement, including this Appendix, the Plan and other incidental communication materials distributed in connection with the Award (i) have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong, (ii) have not been reviewed by any regulatory authority in Hong Kong, and (iii) are intended only for the personal use of each eligible employee of the Company or its Subsidiaries and may not be distributed to any other person. If you have any questions regarding the contents of the Agreement, including this Appendix, or the Plan, you should obtain independent professional advice.*

## HUNGARY

There are no country-specific provisions.

## INDIA

### *TERMS AND CONDITIONS*

**Form of Payment.** Notwithstanding any discretion contained in the Plan, vested Units shall be paid in whole shares of Common Stock only.

### *NOTIFICATIONS*

**Exchange Control Information.** Due to exchange control restrictions in India, you are required to repatriate any proceeds from the sale of shares of Common Stock acquired under the Plan or the receipt of any dividends to India within 90 days of receipt. You must obtain a foreign inward remittance certificate (“*FIRC*”) from the bank where you deposit the funds and must maintain the *FIRC* as evidence of the repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation.

**Foreign Account and Asset Reporting** . You are required to declare any foreign bank accounts and assets (including shares of Common Stock) on your annual tax return. You should consult with your personal tax advisor to determine your reporting requirements.

## INDONESIA

### *NOTIFICATIONS*

**Exchange Control Information.** If you remit proceeds from the sale of shares of Common Stock into Indonesia, the Indonesian Bank through which the transaction is made will submit a report on the transaction to the Bank of Indonesia for statistical reporting purposes. For transactions of US\$10,000 or more, a description of the transaction must be included in the report. Although the bank through which the transaction is made is required to make the report, you must complete a “Transfer Report Form.” The Transfer Report Form will be provided to you by the bank through which the transaction is made.

## IRELAND

### *NOTIFICATIONS*

**Director Notification Obligation** . If you are a director, shadow director or secretary of an Irish Subsidiary, you are required to notify such Irish Subsidiary in writing within five business days of (i) receiving or disposing of an interest in the Company ( *e.g.*, Units, shares of Common Stock, etc.), (ii) becoming aware of the event giving rise to the notification requirement, or (iii) becoming a director, shadow director or secretary of an Irish Subsidiary if such an interest exists at the time. This notification requirement also applies with respect to the interests of a spouse or children under the age of 18 (whose interests will be attributed to the director, shadow director or secretary).

## ISRAEL

### *TERMS AND CONDITIONS*

**Nature of Award.** By accepting the Award, you understand and agree that the Units are offered subject to and in accordance with the Israeli Addendum (Sub-Plan) to the Plan (the “ *Israeli Subplan* ”), are granted under the Capital Gains Tax Track Through a Trustee (as defined in the Israeli Subplan) and are intended to qualify for favorable tax treatment set forth under the “capital gains” track of Section 102 of the Israeli Income Tax Ordinance [new version] 1961 (“ *102 Capital Gains Treatment* ”). Notwithstanding the foregoing, the Company does not undertake to maintain the qualified status of the Units and you acknowledges that you will not be entitled to damages of any nature whatsoever if the Award becomes disqualified. In the event of any inconsistencies between the Israeli Subplan, the Agreement and/or the Plan, the terms of the Israeli Subplan will govern.

Further, to the extent requested by the Company or the Employer, you agree to execute any letter or other agreement that may be required in connection with the grant or tax-qualified status of the Award or any future award granted under the Israeli Subplan. If you fail to comply with such request, the Units may not qualify for 102 Capital Gains Treatment.

**Trust Arrangement.** You acknowledge and agree that any shares of Common Stock issued upon vesting of the Units will be deposited with the Company’s designated trustee in Israel, Tamir Fishman (the “ *Trustee* ”) pursuant to a supervisory trust arrangement in accordance with the terms of the trust agreement between the Company and the Trustee. You further agree that any such shares of Common Stock will be subject to the

Holding Period applicable to Awards granted under the Capital Gains Track Through a Trustee, as set forth in Section 1.1(A) of the Israeli Subplan (the “*Holding Period*”). The Company may at its sole discretion replace the Trustee from time to time and instruct the transfer of all Awards and shares of Common Stock held and/or administered by such Trustee at such time to its successor and the provisions of this Agreement shall apply to the new Trustee *mutatis mutandis* .

**Restriction on Sale** . You acknowledge that any shares of Common Stock issued upon vesting of the Units may not be sold prior to the expiration of the Holding Period in order to qualify for 102 Capital Gains Tax Treatment. Accordingly, you agree not to dispose of (or request the Trustee to dispose of) any such shares prior to the expiration of the Holding Period. For purposes of this Appendix for Israel, “dispose” shall mean any sale, transfer or other disposal of the shares of Common Stock by you or the Trustee, including a release of such shares from the Trustee to you.

**Tax-Related Items** . The following provision supplements Section 9 of the Award Agreement (Tax-Related Items):

In the event that you dispose of any shares of Common Stock issued upon vesting of the Units prior to the expiration of the Holding Period, you acknowledge and agree that such shares will not qualify for 102 Capital Gains Tax Treatment and will be subject to taxation in Israel in accordance with ordinary income tax principles. Further, you acknowledge and agree that you will be liable for the Employer’s component of payments to the National Insurance Institute (to the extent such payments by the Employer are required).

You further agree that the Trustee may act on behalf of the Company or the Employer, as applicable, to satisfy any obligation to withhold Tax-Related Items applicable to you in connection with the Units granted under the Israeli Subplan.

## ***NOTIFICATIONS***

**Securities Law Notice.** An exemption from filing a prospectus in relation to the Plan has been granted to the Company by the Israeli Securities Authority. A copy of the Plan can be accessed at <http://compass-mot-solutions.com/go/197538766> and a copy of the Form S-8 registration statement for the Plan filed with the SEC can be obtained by accessing:

<http://www.sec.gov/Archives/edgar/data/68505/000095013706005238/c04482sv8.htm>.

## **ITALY**

### ***TERMS AND CONDITIONS***

**Data Privacy Notice** . This provision replaces Section 15 of the Award Agreement ( Consent to Transfer Personal Data ) in its entirety:

*You understand that the Employer, the Company and any of its Subsidiaries may hold certain personal information about you, including your name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of Common Stock or directorships that you hold in the Company, details of all Units or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

*You also understand that providing the Company with Data is necessary for the performance of the Plan and that your refusal to provide Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan. The Controller of personal data processing is Motorola Solutions, Inc., with its principal operating offices at 1303 East Algonquin Road , Schaumburg, Illinois 60196 U.S.A., and its representative in Italy is Motorola Solutions Italia S.p.A., via Giovanni Lorenzini, No. 4, Milan Italy.*

*You understand that Data will not be publicized, but it may be transferred to banks, other financial institutions or brokers involved in the management and administration of the Plan. You further understand that the Company and its Subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of your participation in the Plan, and that the Company and/or its Subsidiaries may each further transfer Data to third parties assisting the Company in the implementation, administration and management of the Plan, including any requisite transfer to the Designated Broker or another third party with whom you may elect to deposit any shares of Common Stock acquired under the Plan. Such recipients may receive, possess, use, retain and transfer the Data in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan. You understand that these recipients may be located in the European Economic Area, or elsewhere, such as the United States. Should the Company exercise its discretion in suspending all necessary legal obligations connected with the management and administration of the Plan, you understand that the Company will delete your Data as soon as it has accomplished all the necessary legal obligations connected with the management and administration of the Plan.*

*You understand that Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.*

*The processing activity, including communication, the transfer of your Data abroad, including outside of the European Economic Area, as herein specified and pursuant to applicable laws and regulations, does not require your consent thereto as the processing is necessary to performance of contractual obligations related to implementation, administration and management of the Plan. You understand that, pursuant to Section 7 of the Legislative Decree no. 196/2003, you have the right to, including but not limited to, access, delete, update, ask for rectification of the Data and cease, for legitimate reason, any processing of the Data. Furthermore, you are aware that the Data will not be used for direct marketing purposes. In addition, the Data provided may be reviewed and questions or complaints can be addressed by contacting your human resources department.*

**Plan Document Acknowledgment.** In accepting the Award, you acknowledge that you have received a copy of the Plan and the Agreement (including this Appendix), have reviewed these documents in their entirety and fully understand and accept all provisions of these documents.

Further, you acknowledge that you have read and specifically and expressly approve the following sections of the Award Agreement: Section 2 ( Restrictions ); Section 3 ( Vesting ); Section 9 ( Tax-Related Items ); Section 10 ( Nature of Grant ); Section 17 ( Governing Law and Choice of Venue ); Section 21 ( Language ) and the Data Privacy Notice for Italy included in this Appendix.

## **NOTIFICATIONS**

**Foreign Asset and Investment Reporting.** If you are an Italian resident and, during any fiscal year, hold investments or financial assets outside of Italy ( e.g. , cash, shares of Common Stock) which may generate

income taxable in Italy (or if you are the beneficial owner of such an investment or asset even if you do not directly hold the investment or asset), you are required to report such investments or assets on your annual tax return for such fiscal year (on UNICO Form, RW Schedule, or on a special form if you are not required to file a tax return).

## JAPAN

### *NOTIFICATIONS*

**Foreign Asset Reporting** . If you hold assets outside of Japan with a value exceeding ¥50,000,000 (as of December 31 each year), you are required to comply with annual tax reporting obligations with respect to such assets. You are advised to consult with a personal tax advisor to ensure that you are properly complying with applicable reporting requirements.

## KAZAKHSTAN

There are no country-specific provisions.

## KOREA

### *NOTIFICATIONS*

**Exchange Control Information.** Exchange control laws require Korean residents who realize US\$500,000 or more from the sale of shares of Common Stock in a single transaction to repatriate the proceeds to Korea within 18 months of the sale.

**Foreign Account Reporting** . Korean residents must declare all foreign financial accounts ( *i.e.* , non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds KRW 1 billion (or an equivalent amount in foreign currency). You should consult with your personal tax advisor to determine your personal reporting obligations.

## LIBYA

There are no country-specific provisions.

## LITHUANIA

There are no country-specific provisions.

## MALAYSIA

### *NOTIFICATIONS*

**Director Notification Obligation.** If you are a director of a Subsidiary in Malaysia, you are subject to certain notification requirements under the Malaysian Companies Act. Among these requirements is an obligation to notify such Malaysian Subsidiary in writing when you receive or dispose of an interest ( *e.g.* , Units or shares of Common Stock) in the Company or any related company. Such notifications must be made within 14 days of receiving or disposing of any interest in the Company or any related company.



## MEXICO

### **TERMS AND CONDITIONS**

**Plan Document Acknowledgement.** By accepting the Award, you acknowledge that you have received a copy of the Plan and the Agreement, including this Appendix, which you have reviewed. You acknowledge further that you accept all the provisions of the Plan and the Agreement, including this Appendix. You also acknowledge that you have read and specifically and expressly approve the terms and conditions set forth in Section 10 of the Award Agreement ( Nature of Grant ), which clearly provides as follows:

- (1) Your participation in the Plan does not constitute an acquired right;
- (2) The Plan and your participation in it are offered by the Company on a wholly discretionary basis;
- (3) Your participation in the Plan is voluntary; and
- (4) None of the Company, the Employer or any Subsidiary is responsible for any decrease in the value of any shares of Common Stock acquired at vesting of the Units.

**Labor Law Policy and Acknowledgment.** This provision supplements Section 10 of the Award Agreement ( Nature of Grant ):

By accepting the Award, you expressly recognize that the Company, with its principal operating offices at 1303 East Algonquin Road , Schaumburg, Illinois 60196 U.S.A., is solely responsible for the administration of the Plan and that your participation in the Plan and acquisition of shares of Common Stock under the Plan do not constitute an employment relationship between you and the Company since you are participating in the Plan on a wholly commercial basis and your sole employer is a Mexican legal entity that employs you and to which you are subordinated ( *i.e.* , the Employer). Based on the foregoing, you expressly recognize that the Plan and the benefits that you may derive from participating in the Plan do not establish any rights between you and the Employer and do not form part of the employment conditions and/or benefits provided by the Employer and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of your employment.

You further understand that your participation in the Plan is as a result of a unilateral and discretionary decision of the Company; therefore, the Company reserves the absolute right to amend and/or discontinue your participation in the Plan at any time without any liability to you.

Finally, you hereby declare that you do not reserve any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and you therefore grant a full and broad release to the Company, and its Subsidiaries, affiliates, branches, representation offices, shareholders, trustees, directors, officers, employees, agents, or legal representatives with respect to any such claim that may arise.

***Reconocimiento de Documento.*** *Al aceptar el Premio, Usted reconoce que ha recibido una copia del Plan, incluyendo este Apéndice por país, mismos que ha revisado. Usted reconoce, además, que acepta todas las disposiciones del Plan, el Convenio, incluyendo este Apéndice. Usted también reconoce que ha leído y que específicamente aprueba de forma expresa los términos y condiciones establecidos en la Sección 10 del Convenio: “Naturaleza del Otorgamiento”, que claramente dispone lo siguiente:*

- (1) *Su participación en el Plan no constituye un derecho adquirido;*
- (2) *El Plan y su participación en el Plan se ofrecen por la Compañía de manera totalmente discrecional;*
- (3) *Su participación en el Plan es voluntaria; y*
- (4) *Ninguna de las empresas subsidiarias de la Compañía ni su Patrón son responsables de ninguna disminución en el valor de las Acciones adquiridas al momento de tener el derecho respecto a las Unidades de Acciones Restringidas.*

***Política Laboral y Reconocimiento.*** Esta disposición suplementa la Sección 10 del Convenio ( *naturaleza del Otorgamiento* ):

*Al aceptar el Premio, Usted expresamente reconoce que la Compañía, con domicilio de operaciones ubicado en 1303 East Algonquin Road, Schaumburg, Illinois 60196, EE.UU, es el único responsable de la administración del Plan y que su participación en el Plan y la adquisición de Acciones no constituyen una relación de trabajo entre Usted y la Compañía, ya que Usted participa en el Plan de una manera totalmente comercial y su único Patrón es una empresa Mexicana a quien se encuentra subordinado. Derivado de lo anterior, Usted expresamente reconoce que el Plan y los beneficios que le pudieran derivar de la participación en el Plan no establecen derecho alguno entre Usted y su Patrón y no forman parte de las condiciones de trabajo y/o las prestaciones otorgadas por el Patrón y que cualquier modificación al Plan o su terminación no constituye un cambio o menoscabo de los términos y condiciones de su relación de trabajo.*

*Asimismo, Usted reconoce que su participación en el Plan es resultado de una decisión unilateral y discrecional de la Compañía; por lo tanto, la Compañía se reserva el derecho absoluto de modificar y/o discontinuar su participación en cualquier momento y sin responsabilidad alguna frente Usted.*

*Finalmente, Usted por este medio declara que no se reserva derecho o acción alguna en contra de la Compañía por cualquier compensación o daños y perjuicios en relación con cualquier disposición del Plan o de los beneficios derivados del Plan y, por lo tanto, otorga el más amplio finiquito que en derecho proceda a favor de la Compañía, y sus afiliadas, sucursales, oficinas de representación, accionistas, fiduciarios, directores, funcionarios, empleados, agentes o representantes legales en relación con cualquier demanda o reclamación que pudiera surgir.*

#### **NETHERLANDS**

There are no country-specific provisions.

#### **NEW ZEALAND**

There are no country-specific provisions.

#### **NIGERIA**

There are no country-specific provisions.

#### **NORWAY**

There are no country-specific provisions.

## PAKISTAN

### ***TERMS AND CONDITIONS***

**Immediate Sale Restriction** . Due to local regulatory requirements, you understand and agree that any shares of Common Stock issuable upon vesting of the Units will be immediately sold by the Designated Broker. You agree that the Company is authorized to instruct the Designated Broker to assist with the mandatory sale of such shares (on your behalf pursuant to this authorization), and you expressly authorize the Designated Broker to complete the sale of such shares. You also agree to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the Designated Broker) to effectuate the sale of the shares of Common Stock and shall otherwise cooperate with the Company with respect to such matters, provided that you shall not be permitted to exercise any influence over how, when or whether the sale occurs. You acknowledge that the Designated Broker is under no obligation to arrange for the sale of the shares of Common Stock at any particular price. Due to fluctuations in the price of the Common Stock and/or applicable exchange rates between the RSU Vesting Date and (if later) the date on which the shares of Common Stock are sold, the amount of proceeds ultimately distributed to you may be more or less than the market value of the shares of Common Stock on the RSU Vesting Date. You understand and agree that the Company is not responsible for the amount of any loss you may incur and that the Company assumes no liability for any fluctuations in the price of the Common Stock and/or any applicable exchange rate. You acknowledge that you are not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of the Agreement.

### ***NOTIFICATIONS***

**Exchange Control Information.** You are required to immediately repatriate to Pakistan the proceeds from the sale of shares of Common Stock as described above. The proceeds must be converted into local currency and the receipt of proceeds must be reported to the State Bank of Pakistan (the “*SBP*”) by filing a “Proceeds Realization Certificate” issued by the bank converting the proceeds with the SBP. The repatriated amounts cannot be credited to a foreign currency account. You are advised to consult with your personal advisor prior to vesting and settlement of the Units to ensure compliance with the applicable exchange control regulations in Pakistan, as such regulations are subject to frequent change. You are responsible for ensuring compliance with all exchange control laws in Pakistan.

## PERU

### ***NOTIFICATIONS***

**Securities Law Notice.** The offer of the Units is considered a private offering in Peru; therefore, it is not subject to registration.

## PHILIPPINES

### ***TERMS AND CONDITIONS***

**Form of Payment** . Notwithstanding Section 5 of the Award Agreement, vested units shall be paid in the form of cash for each vested Unit. The amount of the cash payment to you will be determined by multiplying the number of vested Units by the Fair Market Value of one (1) share of Common Stock on the RSU Vesting Date.

## POLAND

### *NOTIFICATIONS*

**Exchange Control Information** . Polish residents holding foreign securities ( *e.g.* , shares of Common Stock) and/or maintaining accounts abroad must report information to the National Bank of Poland on transactions and balances of the securities and cash deposited in such accounts if the value of such securities and cash (when combined with all other assets possessed abroad) exceeds PLN 7 million. If required, the reports must be filed on a quarterly basis on special forms that are available on the website of the National Bank of Poland.

Further, if you transfer funds in excess of €15,000 into Poland, the funds must be transferred via a bank account. You are required to retain the documents connected with a foreign exchange transaction for a period of five years, as measured from the end of the year in which such transaction occurred.

## PORTUGAL

### *TERMS AND CONDITIONS*

**English Language Consent** . You hereby expressly declare that you have full knowledge of the English language and have read, understood and fully accept and agree with the terms and conditions established in the Plan and the Agreement.

*Consentimento de Língua Inglesa* . *O beneficiário pelo presente declara expressamente que tem pleno conhecimento da língua Inglesa e que leu, compreendeu e totalmente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo.*

### *NOTIFICATIONS*

**Exchange Control Information** . If you acquire shares of Common Stock under the Plan, you may be required to file a report with the Portuguese Central Bank for statistical purposes (unless you arrange to have the shares of Common Stock deposited with a Portuguese financial intermediary, in which case the intermediary will file the report for you).

## QATAR

There are no country-specific provisions.

## ROMANIA

### *NOTIFICATIONS*

**Exchange Control Information.** If you deposit proceeds from the sale of shares of Common Stock in a bank account in Romania, you may be required to provide the Romanian bank with appropriate documentation explaining the source of the funds. You should consult your personal advisor to determine whether you will be required to submit such documentation to the Romanian bank.

## RUSSIA

### *TERMS AND CONDITIONS*

**U.S. Transaction and Sale Restrictions.** You understand that acceptance of the Award results in a contract between you and the Company concluded in the United States and that the Agreement is governed by the laws of the State of Illinois without regard to any state's conflicts of law principles. Upon vesting of the Units, any shares of Common Stock to be issued to you shall be delivered to your account with the Designated Broker in the United States and in no event will such shares of Common Stock be delivered to you in Russia. Finally, you acknowledges that you are not permitted to sell or otherwise transfer shares of Common Stock directly to other individuals in Russia, nor are you permitted to bring any certificates representing the shares of Common Stock into Russia (if such certificates are actually issued).

Depending on the development of local regulatory requirements, the Company reserves the right to force the immediate sale of any shares of Common Stock to be issued upon vesting of the Units. If applicable, you agree that the Company is authorized to instruct the Designated Broker to assist with the mandatory sale of such shares of Common Stock (on your behalf pursuant to this authorization) and you expressly authorize the Designated Broker to complete the sale of such shares. You acknowledge that the Designated Broker is under no obligation to arrange for the sale of the shares of Common Stock at any particular price. Upon the sale of the shares of Common Stock, the Company agrees to pay you the cash proceeds from the sale of the shares of Common Stock, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items. You acknowledge that you are not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of the Agreement.

## ***NOTIFICATIONS***

**Securities Law Notice.** This Appendix, the Award Agreement, the Plan and all other materials that you may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. Absent any requirement under local law, the issuance of securities pursuant to the Plan has not and will not be registered in Russia; hence, the securities described in any Plan-related documents may not be used for offering or public circulation in Russia.

**Exchange Control Information.** Under current exchange control regulations, within a reasonably short time after sale of the shares of Common Stock acquired under the Plan or receipt of dividends on such shares of Common Stock, you must repatriate the cash proceeds to Russia. Such proceeds must be initially credited to you through a foreign currency account at an authorized bank in Russia. After the proceeds are initially received in Russia, they may be further remitted to foreign banks subject to the following limitations: (i) the foreign account may be opened only for individuals; (ii) the foreign account may not be used for business activities; and (iii) the Russian tax authorities must be given notice about the opening/closing of each foreign account within one month of the account opening/closing. You are encouraged to contact your personal advisor before remitting proceeds from your participation in the Plan to Russia as exchange control requirements may change.

**Labor Law Information .** If you continue to hold shares of Common Stock acquired at vesting of the Units after an involuntary termination of your employment, you will not be eligible to receive unemployment benefits in Russia.

**Anti-Corruption Law .** Certain individuals who hold public office in Russia, as well as their spouses and dependent children, are prohibited from opening or maintaining foreign brokerage or bank accounts and holding any securities, whether acquired directly or indirectly in a foreign company (including shares of Common Stock acquired under the Plan).

## **SERBIA**

## **NOTIFICATIONS**

**Securities Law Notice** . The grant of Units is not subject to the regulations concerning public offers and private placements under the Law on Capital Markets.

**Exchange Control Information** . Pursuant to the Law on Foreign Exchange Transactions, Serbian residents may freely acquire shares of Common Stock under the Plan; however, the National Bank of Serbia generally requires reporting of the acquisition of such shares of Common Stock, the value of the shares of Common Stock at vesting and, on a quarterly basis, any changes in the value of such shares. You are advised to consult with your personal legal advisor to determine your reporting obligations upon the acquisition of shares of Common Stock under the Plan as such obligations are subject to change based on the interpretation of applicable regulations by the National Bank of Serbia.

## **SINGAPORE**

### **NOTIFICATIONS**

**Securities Law Notice.** The grant of the Units is being made pursuant to the “Qualifying Person” exemption” under section 273 (1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (“*SFA*”) under which it is exempt from the prospectus and registration requirements and is not made with a view to the underlying shares of Common Stock being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. You should note that the Units are subject to section 257 of the SFA and that you will not be able to make any subsequent sale of the shares of Common Stock in Singapore, or any offer of such subsequent sale of the shares of Common Stock in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

**Director Notification Requirement.** Directors of a Singapore Subsidiary are subject to certain notification requirements under the Singapore Companies Act. Directors must notify the Singapore Subsidiary in writing of an interest ( *e.g.* , Units, shares of Common Stock, etc.) in the Company or any related company within two business days of (i) its acquisition or disposal, (ii) any change in a previously-disclosed interest ( *e.g.*, upon vesting of the Units or when shares of Common Stock acquired under the Plan are subsequently sold), or (iii) becoming a director.

## **SOUTH AFRICA**

### **TERMS AND CONDITIONS**

**Tax Obligations** . The following provision supplements Section 9 of the Award Agreement ( Tax-Related Items ):

You are required to immediately notify the Employer of the amount of the fair market value of any shares of Common Stock issued upon vesting of the Units. You may be liable for a fine if he or she fails to complete this notification.

### **NOTIFICATIONS**

**Exchange Control Information** . The Units may be subject to exchange control regulations in South Africa. In particular, if you are a South African resident for exchange control purposes, you are required to obtain approval from the South African Reserve Bank for payments (including payment of proceeds from the sale

of shares of Common Stock) that you receive into accounts based outside of South Africa ( e.g. , a U.S. brokerage account established with the Designated Broker). Because exchange control regulations are subject to change, you should consult with your personal advisor to ensure compliance with current regulations.

## SPAIN

### ***TERMS AND CONDITIONS***

**Nature of Grant** . The following provision supplements Section 10 of the Award Agreement ( Nature of Grant ):

In accepting the Award, you consent to participation in the Plan and acknowledge that you have received a copy of the Plan.

You understand that the Company has unilaterally, gratuitously and discretionally decided to grant Units under the Plan to individuals who may be employees of the Company or its Subsidiaries throughout the world. This decision is a limited decision that is entered into upon the express assumption and condition that any grant will not bind the Company or any of its Subsidiaries other than as expressly set forth in the Award Agreement. Consequently, you understand that the Units are granted on the assumption and condition that the Units and any shares of Common Stock issued upon vesting of the Units are not a part of any employment contract (either with the Company or any Subsidiary) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever.

Further, you understand and agree that, unless otherwise expressly provided for by the Company or set forth in the Award Agreement, the Units will be cancelled without entitlement to any shares of Common Stock if your employment is terminated for any reason, including, but not limited to: resignation, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, or under Article 10.3 of Royal Decree 1382/1985. The Company, in its sole discretion, shall determine the date when your employment has terminated for purposes of the Units.

In addition, you understand that this grant would not be made to you but for the assumptions and conditions referred to above; thus, you acknowledge and freely accept that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of, or right to, the Units shall be null and void.

### ***NOTIFICATIONS***

**Securities Law Notice** . No “offer of securities to the public,” as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the Units. The Agreement has not been, nor will it be, registered with the *Comisión Nacional del Mercado de Valores* , and does not constitute a public offering prospectus.

**Exchange Control Information** . When receiving foreign currency payments derived pursuant to the Units ( e.g. , proceeds from the sale of shares of Common stock), you must inform the financial institution receiving the payment of the basis upon which such payment is made if the payment exceeds €50,000. Upon request, you will need to provide the institution with the following information: Your name, address, and fiscal identification number; the name and corporate domicile of the Company; the amount of the payment; the

currency used; the country of origin; the reasons for the payment; and any additional information required. This exchange control reporting requirement will end on January 1, 2014.

**Foreign Property Reporting** . To the extent that you hold rights or assets ( *e.g.* , shares of Common Stock, cash, etc.) in a bank or brokerage account outside of Spain with a value in excess of €50,000 per type of right or asset as of December 31 each year, you are required to report information on such rights and assets on your tax return for such year. Shares of Common Stock constitute securities for purposes of this requirement, but unvested rights ( *e.g.* , Units) are not considered assets or rights for purposes of this requirement.

If applicable, you must report the assets or rights on Form 720 by no later than March 31 following the end of the relevant year. After such assets or rights are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported assets or rights increases by more than €20,000. Failure to comply with this reporting requirement may result in penalties to you. Accordingly, you are advised to consult with your personal tax and legal advisors to ensure that you are properly complying with your reporting obligations.

**Foreign Asset and Account Reporting** . You are required to electronically declare to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the securities held in such accounts, if the value of the transactions for all such accounts during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceeds €1,000,000.

**Share Reporting Requirement.** In the event that you acquire shares of Common Stock upon vesting of the Units, you must declare such acquisition to the *Spanish Dirección General de Comercio e Inversiones* (the “ *DGCI* ”), the Bureau for Commerce and Investments, which is a department of the Ministry of Economy and Competitiveness. You must also declare ownership of any shares of Common Stock by filing a Form D-6 with the Directorate of Foreign Transactions each January while such shares are owned. In addition, the sale of shares of Common Stock must also be declared on Form D-6 filed with the DGCI in January, unless the sale proceeds exceed the applicable threshold (currently €1,502,530), in which case, the filing is due within one month after the sale.

## SRI LANKA

### *TERMS AND CONDITIONS*

**Immediate Sale Restriction** . Due to local regulatory requirements, you understand and agree that any shares of Common Stock issuable upon vesting of the Units will be immediately sold by the Designated Broker. You agree that the Company is authorized to instruct the Designated Broker to assist with the mandatory sale of such shares (on your behalf pursuant to this authorization), and you expressly authorize the Designated Broker to complete the sale of such shares. You also agree to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the Designated Broker) to effectuate the sale of the shares of Common Stock and shall otherwise cooperate with the Company with respect to such matters, provided that you shall not be permitted to exercise any influence over how, when or whether the sale occurs. You acknowledge that the Designated Broker is under no obligation to arrange for the sale of the shares of Common Stock at any particular price. Due to fluctuations in the price of the Common Stock and/or applicable exchange rates between the RSU Vesting Date and (if later) the date on which the shares of Common Stock are sold, the amount of proceeds ultimately distributed to you may be more or less than the market value of the shares of Common Stock on the RSU Vesting Date. You understand and agree that the Company is not responsible for the amount of any loss you may incur and that the Company assumes no liability for any fluctuations in the price of the Common Stock and/or any applicable exchange rate. You



acknowledge that you are not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of the Agreement.

### ***NOTIFICATIONS***

**Exchange Control Information.** Upon the sale of shares of Common Stock, you are required to repatriate any proceeds received from such sale back to Sri Lanka. You may be required to obtain exchange control approval in Sri Lanka in order to hold sales proceeds in an account outside of Sri Lanka. You are advised to consult with your personal legal advisor to determine your responsibilities under Sri Lankan exchange control laws.

### **SWEDEN**

There are no country-specific provisions.

### **SWITZERLAND**

### ***NOTIFICATIONS***

**Securities Law Notice .** The offer of Units is considered a private offering in Switzerland; therefore, it is not subject to registration in Switzerland.

### **TAIWAN**

### ***NOTIFICATIONS***

**Securities Law Notice .** The offer of participation in the Plan is available only for employees of the Company and its Subsidiaries. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

**Exchange Control Information.** You may acquire and remit foreign currency (including proceeds from the sale of shares of Common Stock) up to US\$5,000,000 per year without justification. If the transaction amount is TWD500,000 or more in a single transaction, you must submit a Foreign Exchange Transaction Form and provide supporting documentation to the satisfaction of the remitting bank.

### **THAILAND**

### ***NOTIFICATIONS***

**Exchange Control Notification .** If you realize US\$50,000 or more in a single transaction from the sale of shares of Common Stock or the payment of dividends, you are required to repatriate the cash proceeds to Thailand immediately following the receipt of such proceeds and to then either convert such repatriated proceeds into Thai Baht or deposit the proceeds into a foreign currency account opened with any commercial bank in Thailand within 360 days of repatriation. Further, for repatriated amounts of US\$50,000 or more, you must specifically report the inward remittance to the Bank of Thailand on a Foreign Exchange Transaction Form. You are personally responsible for complying with exchange control restrictions in Thailand.

### **TURKEY**

There are no country-specific provisions.

## UKRAINE

### *NOTIFICATIONS*

**Exchange Control Information.** You may be required to obtain a license from the National Bank of Ukraine for the placement of shares of Common Stock (or proceeds from the sale of such shares in your account with the Designated Broker. You are required to notify the National Bank of Ukraine within three days of the opening of a foreign brokerage account, such as your account with the Designated Broker. You are advised to consult with your personal legal advisor to determine your responsibilities under Ukrainian exchange control laws.

## UNITED ARAB EMIRATES

There are no country-specific provisions.

## UNITED KINGDOM

### *TERMS AND CONDITIONS*

**Tax-Related Items.** This provision supplements Section 9 of the Award Agreement ( Tax-Related Items ):

If payment or withholding of your income tax liability is not made within 90 days of the event giving rise to such income tax liability or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the “ *Due Date* ”), the amount of any uncollected income tax will constitute a loan owed by you to the Employer, effective on the Due Date. You agree that the loan will bear interest at the then-current Official Rate of Her Majesty’s Revenue & Customs (“ *HMRC* ”), it will be immediately due and repayable, and the Company or the Employer may recover it at any time thereafter by any of the means referred to in the Award Agreement or the Plan.

Notwithstanding the foregoing, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), you will not be eligible for such a loan to cover the income tax as described above and any income tax liability not collected by the Due Date may constitute a benefit to you on which additional income tax and National Insurance contributions may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer, as applicable, for the value of any National Insurance contributions due on this additional benefit, which may be recovered by the Company or the Employer at any time thereafter by any of the means referred to in the Award Agreement or the Plan.

## VENEZUELA

### *NOTIFICATIONS*

**Securities Law Notice .** The Award granted under the Plan and the shares of Common Stock issued under the Plan are offered as a personal, private, exclusive transaction and are not subject to Venezuelan government securities regulations.

**Investment Representation.** As a condition of the grant of the Award, you acknowledge and agree that any shares of Common Stock acquired upon vesting of the Units are acquired as, and intended to be, an investment and are not being acquired with the intent of reselling such shares to obtain foreign currency.

**Exchange Control Information.** Following the sale of shares of Common Stock and/or the receipt of dividends, you may be subject to certain restrictions if you attempt to transfer such cash proceeds into Venezuela. You are solely responsible for complying with applicable Venezuelan exchange control rules that may apply in connection with your participation in the Plan and/or the transfer of cash proceeds into Venezuela. You are advised to consult with your personal legal advisor to determine your responsibilities under Venezuelan exchange control laws.

## **VIETNAM**

### ***TERMS AND CONDITIONS***

**Form of Payment .** Notwithstanding Section 5 of the Award Agreement, vested units shall be paid in the form of cash for each vested Unit. The amount of the cash payment to you will be determined by multiplying the number of vested Units by the Fair Market Value of one (1) share of Common Stock on the RSU Vesting Date.

**Motorola Solutions, Inc.**  
**2014-2016 LRIP Terms**

<b>Design Feature</b>	<b>2014-2016 LRIP</b>																											
<b>Performance Cycle</b>	<b>Three years from 2014-2016</b>																											
<b>Eligible Population</b>	<b>CVPs and above</b>																											
<b>Performance Criteria</b>	<b>Relative Total Shareholder Return (TSR)</b>																											
	<p><b>TSR Defined as:</b></p> <p>Ending stock price (Daily average during the final three months of the Performance Cycle)</p> <p><b>+ Value of reinvested dividends</b></p> <p>= Total ending value</p> <p>- Beginning stock price (Daily average during the three months preceding the Performance Cycle)</p> <p>= Total value created</p> <p>÷ Beginning share price (Daily average during the three months preceding the Performance Cycle)</p> <p>= <b>Total shareholder return</b></p>																											
<b>Negative TSR Component</b>	If the resulting TSR performance for Motorola Solutions is negative, the Committee will have negative discretion to reduce the final payout up to a 25% reduction of the calculated payout.																											
<b>Comparator Group</b>	Agilent Technologies Inc.	NCR Corp.																										
	Danaher Corp.	Parker-Hannifin Corp.																										
	Dover Corp.	Raytheon Co.																										
	Eaton Corp.	Rockwell Automation																										
	Harris Corp.	Rockwell Collins, Inc.																										
	Ingersoll-Rand PLC	TE Connectivity Ltd.																										
			Tyco International Ltd.																									
<b>Payout Scale</b>	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">TSR Rank</th> <th style="text-align: center;">Payout Factor</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">1</td><td style="text-align: center;">200%</td></tr> <tr><td style="text-align: center;">2</td><td style="text-align: center;">180%</td></tr> <tr><td style="text-align: center;">3</td><td style="text-align: center;">160%</td></tr> <tr><td style="text-align: center;">4</td><td style="text-align: center;">140%</td></tr> <tr><td style="text-align: center;">5</td><td style="text-align: center;">120%</td></tr> <tr><td style="text-align: center;">6</td><td style="text-align: center;">110%</td></tr> <tr style="background-color: #0070C0; color: white;"><td style="text-align: center;">7</td><td style="text-align: center;">100%</td></tr> <tr><td style="text-align: center;">8</td><td style="text-align: center;">75%</td></tr> <tr><td style="text-align: center;">9</td><td style="text-align: center;">50%</td></tr> <tr><td style="text-align: center;">10</td><td style="text-align: center;">25%</td></tr> <tr style="background-color: #D3D3D3;"><td style="text-align: center;">11</td><td style="text-align: center;">0%</td></tr> <tr style="background-color: #D3D3D3;"><td style="text-align: center;">12</td><td style="text-align: center;">0%</td></tr> </tbody> </table>		TSR Rank	Payout Factor	1	200%	2	180%	3	160%	4	140%	5	120%	6	110%	7	100%	8	75%	9	50%	10	25%	11	0%	12	0%
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9	50%																											
10	25%																											
11	0%																											
12	0%																											

		13	0%
		14	0%

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A comparator company must be publically traded on or after July 1, 2015, to be included in the TSR rank among other companies at the end of the performance cycle.

In the event a comparator company stops being publically traded before July 1, 2015, the company will be excluded from the TSR rank at the end of the performance cycle and the payout scale will be adjusted as follows:

**Payout Scale With 12 Comparator Companies :**

TSR Rank	Payout Factor
1	200%
2	180%
3	160%
4	140%
5	120%
6	110%
7	100%
8	65%
9	25%
10	0%
11	0%
12	0%
13	0%

**Payout Scale With 11 Comparator Companies :**

TSR Rank	Payout Factor
1	200%
2	180%
3	160%
4	140%
5	120%
6	100%
7	65%
8	25%
9	0%
10	0%
11	0%
12	0%

**Payout Scale With 10 Comparator Companies :**

TSR Rank	Payout Factor
1	200%
2	180%
3	160%
4	140%
5	120%
6	100%
7	65%
8	25%
9	0%
10	0%
11	0%





**Policyholder: Accident Benefits for Motorola Solutions, Inc.**

**Policy Number: ADD N04156870**

**Term of Coverage: January 1, 2014 to January 1, 2015**

You are a Covered Person and eligible for coverage under the plan, if you are in the eligible class defined below. For benefits to be payable the Policy must be in force, the required premium must be paid and you must be engaging in one of the Covered Activities described below. If you are not in Active Service on the date your insurance would otherwise be effective, it will go into effect on the date you return to Active Service.

**Class Description:** All Non-employee Directors of the Policyholder.

Your Dependents (your lawful spouse and unmarried children, subject to the age limits shown in the Policy) are also covered, if they are traveling with you.

**Period of Coverage:** You will be insured on the later of the Policy Effective Date or the date that you become eligible. Your coverage will end on the earliest of the date: 1) the Policy terminates; 2) you are no longer eligible; or 3) the period ends for which the required premium is paid. Dependents coverage will end on the earliest of the date: 1) he or she is no longer a Dependent; 2) your coverage ends; or 3) the period ends for which the required premium is paid.

## Covered Activities

**Exposure & Disappearance** - Coverage includes exposure to the elements after the forced landing, stranding, sinking, or wrecking of a vehicle in which you were traveling. You are presumed dead if you are in a vehicle that disappears, sinks, or is stranded or wrecked on a trip covered by this Policy; and the body is not found within one year of the Covered Accident.

**24-Hour Coverage** - We will pay the benefits described in the Policy when you suffer a Covered Accident any time while insured by the Policy. Unless otherwise specified, We will pay benefits only once for a Covered Accident.

**Felonious Assault** - The Covered Accident must: 1) take place on the Policyholder's premises; 2) be in the course of your job; and, 3) be caused by or result directly and independently from a Felonious Assault, as defined below. The assault must be inflicted by a person other than another person covered by the Policy, your Immediate Family Member, or Household Member. A police report detailing the Felonious Assault must be provided.

The Covered Accident must occur during any of the following: 1) actual or attempted robbery or holdup; or 2) actual or attempted kidnapping; or 3) any other type of intentional assault that is a crime classified as a felony by the governing statute or common law in the state where the assault occurred. "Felonious Assault" means a criminal act or an act of physical violence against a person covered by this Policy. "Immediate Family Member" means your parent, sister, brother, husband, wife, or children. "Household Member" means a person who maintains residence at the same address as you.

**Hijacking and Air Piracy** - The Covered Accident must: 1) take place during the: a) hijacking of an Aircraft; b) air piracy; or c) unlawful seizure or attempted seizure of an Aircraft; and 2) take place while you are in the course of the Policyholder's business. Coverage begins with the onset of the hijacking or air piracy and continues while you are subject to the control of the person or persons responsible for the hijacking/air piracy and during travel directly to your home or scheduled destinations. "Hijacking" or "Air Piracy," as used here, means the unlawful seizure or wrongful exercise of control of an aircraft or conveyance, or the crew thereof, in which you are traveling solely as a passenger.

**Owned, Leased, or Controlled Aircraft** - The Covered Accident must take place while: 1) you are riding in, or getting on or off of, a covered aircraft; or 2) as a result of you being struck by a covered aircraft. 3) away from the Policyholder's premises in your city of permanent assignment; 4) on business for the Policyholder; and 5) in the course of the Policyholder's business.





This coverage will start at the actual start of the trip. It does not matter whether the trip starts at your home, place of work, or other place. It will end on the first of the following dates to occur: 1) the date you return to your home; 2) the date you return to your place of work; or 3) the date your Personal Deviation is more than 14 day(s). "Personal Deviation" means: 1) an activity that is not reasonably related to the Policyholder's business; and 2) not incidental to the purpose of the trip. An aircraft will be deemed "controlled" by the Policyholder if the Policyholder may use it for more than 10 straight days, or more than 15 days in any year.

**Aircraft Restrictions** - If the Covered Accident happens while you are riding in, or getting on or off of, an aircraft, We will pay benefits, but only if: 1) you are riding as a passenger only, and not as a pilot or member of the crew (except as provided by the Policy); and 2) the aircraft has a valid certificate of airworthiness; and 3) the aircraft is flown by a pilot with a valid license; and 4) the aircraft is not being used for: (i) crop dusting, spraying, or seeding; firefighting; skywriting; skydiving or hang gliding; pipeline or power line inspection; aerial photography or exploration; racing, endurance tests, stunt or acrobatic flying; or (ii) any operation which requires a special permit from the FAA, even if it is granted (this does not apply if the permit is required only because of the territory flown over or landed on). 5) the aircraft is a military transport aircraft flown by the U.S. Military Airlift Command (MAC), or similar air transport service of another country.

**Rehabilitation Benefit** - We will pay \$50,000 if you suffer an Accidental Dismemberment covered under the Policy and you are participating in a Rehabilitation Program that is prescribed by a Doctor. Benefits are payable for: 1) the facility providing the Rehabilitation Program in which you are participating; and 2) Immediate Family Members who incur expenses for travel to and from the location at which you are participating in a Rehabilitation Program provided actual receipts are submitted with the claim.

Benefits will end when the first of the following events occur: 1) the date you complete the Rehabilitation Program; and 2) the date you die.

"Immediate Family Member" means your parent, grandparent, spouse, child, brother, sister, or in-laws. "Rehabilitation Program" means a specialized, intensive program for rehabilitation or assimilation at an accredited medical facility specializing in research, surgery, and training of persons with Accidental Dismemberment Covered Losses as outlined in the *Schedule of Covered Losses*.

**Relocation** - The Covered Accident must take place while you are traveling on a Relocation Trip at the expense and direction of the Policyholder. "Relocation Trip" means a trip in connection with your transfer or proposed transfer by the Policyholder to a new worksite.

This coverage will start at the actual start of the trip. It does not matter whether the trip starts at your home, place of work, or other place. It will end on the first of the following dates to occur: 1) the date you return to your home; 2) the date you return to your place of work; or 3) the date your Personal Deviation is more than 14 day(s). "Personal Deviation" means: 1) an activity that is not reasonably related to the Policyholder's business; and 2) not incidental to the purpose of the trip.

**Seatbelt and Airbag Benefit** - We will pay \$25,000 when you die or are dismembered from Injuries sustained while wearing a seatbelt and operating or riding as a passenger in an Automobile. An additional \$10,000 if you were also positioned in a seat protected by a properly-functioning and properly deployed Supplemental Restraint System (Airbag). Verification of proper use of the seatbelt at the time of the Covered Accident and that the Supplemental Restraint System properly inflated upon impact must be a part of an official police report of the Covered Accident or be certified, in writing, by the investigating officer(s) and submitted with your claim to Us. If such certification or police report is not available or it is unclear whether you were wearing a seatbelt or positioned in a seat protected by a properly functioning and properly deployed Supplemental Restraint System, We will pay \$1,000 to your beneficiary.

In the case of a child, seatbelt means a child restraint, as required by state law and approved by the National Highway Traffic Safety Administration, properly secured and being used as recommended by its manufacturer for children of like age and weight at the time of the Covered Accident. "Supplemental Restraint System" means an airbag that inflates upon impact for added protection to the head and chest areas. "Automobile" means a self-propelled, private passenger motor vehicle with four or more wheels that is a type both designed and required to be licensed for use on the highway of any state or country. Automobile includes, but is not limited to, a sedan, station wagon, sport utility vehicle, or a motor vehicle of the pickup, van, camper, or motor-home type. Automobile does not include a mobile home or any motor vehicle that is used in mass or public transit.

**Terrorism** - The Covered Accident must: 1) take place while you are on the Policyholder's premises, or in the course of a) the Policyholder's business and/or b) your job; and, 2) be caused by or results directly and independently from Terrorism or Terrorist Act, as defined below.

"Terrorism or Terrorist Acts" means an activity that: 1) involves any violent act or any act dangerous to human life and that threatens or causes Injury to persons; and 2) appears to be in any way intended to: a) intimidate or coerce a civilian population; or b) disrupt any segment of a nation's economy; or c) influence the policy of a government by intimidation or coercion; or d) affect the conduct of a government by mass destruction, assassination, kidnapping, or hostage taking; or e) respond to governmental action or policy. It includes any incident declared to be an act of terrorism by an official, department, or agency that has been specifically authorized by federal statute to make such a determination. It shall also include the use of any nuclear weapon or device or the emission, discharge, dispersal, release, or escape of any solid liquid or gaseous chemical or biological agent.

### Description of Benefits

**Aggregate Limit** - We will not pay more than per Covered Accident: \$15,000,000; for all losses. If, in the absence of this provision, We would pay more than this amount for all losses under the policy, then the benefits payable to each person with a valid claim will be reduced proportionately.

**Accidental Death and Dismemberment Benefits** - If your Injury results, within 365 days from the date of a Covered Accident, in any one of the losses shown below, We will pay the Benefit Amount shown below for that loss. Your Principal Sum is \$500,000. Your spouse's Principal Sum is \$50,000. Your child's Principal Sum is \$25,000. If multiple losses occur, only one Benefit Amount, the largest, will be paid for all losses due to the same Covered Accident.

### Schedule of Covered Losses

#### Covered Loss Benefit Amount

Life .....	100%	of the Principal Sum	Two or more
Members.....	100%	of the Principal Sum	One
Quadruplegia.....	100%	of the Principal Sum	One
Member .....	50%	of the Principal Sum	One
Hemiplegia .....	75%	of the Principal Sum	One
Paraplegia .....	75%	of the Principal Sum	Thumb and Index
Finger of the Same Hand .....	25%	of the Principal Sum	Thumb and Index

"Quadruplegia" means total Paralysis of both upper and lower limbs. "Hemiplegia" means total Paralysis of the upper and lower limbs on one side of the body. "Paraplegia" means total Paralysis of both lower limbs or both upper limbs. "Paralysis" means total loss of use. A Doctor must determine the loss of use to be complete and not reversible at the time the claim is submitted.

"Member" means Loss of Hand or Foot, Loss of Sight, Loss of Speech and Loss of Hearing. "Loss of Hand or Foot" means complete Severance through or above the wrist or ankle joint. "Loss of Sight" means the total, permanent Loss of Sight of one eye. "Loss of Speech" means total and permanent loss of audible communication that is irrecoverable by natural, surgical or artificial means. "Loss of Hearing" means total and permanent Loss of Hearing in both ears that is irrecoverable and cannot be corrected by any means. "Loss of a Thumb and Index Finger of the Same Hand" means complete Severance through or above the metacarpophalangeal joints of the same hand (the joints between the fingers and the hand). "Severance" means the complete separation and dismemberment of the part from the body.

**Coma Benefit** - We will pay 1% of the Principal Sum per month up to 11 months and thereafter in a lump sum of 100% of the Principal Sum if you become Comatose within 31 days of a Covered Accident and remain in a Coma for at least 31 days. We reserve the right, at the end of the first 31 days of Coma, to require proof that you remain Comatose. This proof may include, but is not limited to, requiring an independent medical examination at Our expense. Monthly payments will end on the first of the following dates: 1) the end of the month in which you die; 2) the end of the 11th month for which this benefit is payable; 3) the end of the month in which you recover from the Coma.

You are deemed "Comatose" or in a "Coma" if you are in a profound stupor or state of complete and total unconsciousness, as the result of a Covered Accident.



**Disability Benefit (Partial Disability)** - We will pay 1.5% of the lesser of Annual Salary or \$1,000,000 for 50 weeks, if you are Partially Disabled as a direct result of, and from no other cause but, a Covered Accident. Temporary Total Disability or Partial Disability must begin within 180 days from the date of your Covered Accident. Disability Benefits will begin when: 1) the applicable Benefit Waiting Period of 7 days is satisfied; and 2) you provide satisfactory proof of Permanent Total Disability or Partially Disabled to Us. Benefit Payments will end on the first of the following dates: 1) the date you die; or 2) the date you are no longer Partially Disabled; or 3) the date the Maximum Benefit Period of 365 days ends; or 4) the date you fail to submit satisfactory proof of continuing Partial Disability.

“Partial Disability” or “Partially Disabled” means you are able to work after a period for which Total Disability benefits are payable under the Policy, but are not: 1) able to perform all the material duties of your occupation; and 2) able to earn more than 60% in gross earnings per month.

**Disability Benefit (Permanent Total Disability) (Does not apply to Dependents)** - We will pay 100% of the Principal Sum if you are under age 70 and Permanently Totally Disabled as a direct result of, and from no other cause but, a Covered Accident. Permanent Total Disability must begin within 365 days from the date of your Covered Accident. Disability Benefits will begin when: 1) the applicable Benefit Waiting Period of 365 days is satisfied; and 2) you provide satisfactory proof of Permanent Total Disability to Us.

“Total Disability” or “Totally Disabled” means, due to an Injury from a Covered Accident, you: 1) if employed, cannot do any work for which you are, or may become, qualified by reason of education, experience or training; and 2) if not employed, cannot perform the normal and customary activities of a healthy person of like age and sex. “Permanent Total Disability” or “Permanently Totally Disabled” means you are Totally Disabled and are expected to remain so disabled, as certified by a Doctor, for the rest of your life. Permanent Total Disability must be the result of the same Covered Accident that caused the Total Disability.

**Emergency Medical Benefits** - We will pay up to \$10,000 for Covered Expenses incurred for emergency medical services to treat you if you: 1) suffer a Medical Emergency during the course of a Trip; and 2) are traveling 100 miles or more away from your place of permanent residence. Covered Expenses include expenses for guarantee of payment to a medical provider, Hospital or treatment facility. Benefits for these Covered Expenses will not be payable unless the charges incurred: 1) are Medically Necessary and do not exceed the charges for similar treatment, services or supplies in the locality where the expense is incurred; and 2) do not include charges that would not have been made if there were no insurance. Benefits will not be payable unless We authorize in writing, or by an authorized electronic or telephonic means, all expenses in advance, and services are rendered by Our assistance provider.

**Emergency Medical Evacuation Benefit** - We will pay 100% of Covered Expenses incurred for your medical evacuation if you: 1) suffer a Medical Emergency during the course of the Trip; 2) require Emergency Medical Evacuation; and 3) are traveling 100 miles or more away from your place of permanent residence. Covered Expenses; 1) Medical Transport: expenses for transportation under medical supervision to a different hospital, treatment facility or to your place of residence for Medically Necessary treatment in the event of your Medical Emergency and upon the request of the Doctor designated by Our assistance provider in consultation with the local attending Doctor. 2) Dispatch of a Doctor or Specialist: the Doctor's or specialist's travel expenses and the medical services provided on location, if, based on the information available, your condition cannot be adequately assessed to evaluate the need for transport or evacuation and a doctor or specialist is dispatched by Our service provider to your location to make the assessment. 3) Return of Dependent Child(ren): expenses to return each Dependent child who is under age 18 to his or her principal residence if a) you are age 18 or older; and b) you are the only person traveling with the minor Dependent child(ren); and c) you suffer a Medical Emergency and must be confined in a Hospital. 4) Escort Services: expenses for an Immediate Family Member or companion who is traveling with you to join you during your emergency medical evacuation to a different hospital, treatment facility or your place of residence.

Benefits for these Covered Expenses will not be payable unless: 1) the Doctor ordering the Emergency Medical Evacuation certifies the severity of your Medical Emergency requires an Emergency Medical Evacuation; 2) all transportation arrangements made for the Emergency Medical Evacuation are by the most direct and economical conveyance and route possible; 3) the charges incurred are Medically Necessary and do not exceed the Usual and Customary Charges for similar transportation, treatment, services or supplies in the locality where the expense is incurred; and 4) do not include charges that would not have been made if there were no insurance.

Benefits will not be payable unless We authorize in writing, or by an authorized electronic or telephonic means, all expenses in advance, and services are rendered by Our assistance provider. In the event you refuse to be medically evacuated, we will not be liable for any medical expenses incurred after the date medical evacuation is recommended.



**Repatriation of Remains Benefit** - We will pay 100% of Covered Expenses for preparation and return of your body to your home if you die as a result of a Medical Emergency while traveling 100 miles or more away from your place of permanent residence. Covered expenses include: 1) expenses for embalming or cremation; 2) the least costly coffin or receptacle adequate for transporting the remains; 3) transporting the remains; and 4) Escort Services which include expenses for an Immediate Family Member or companion who is traveling with you to join your body during the repatriation to your place of residence.

All transportation arrangements must be made by the most direct and economical route and conveyance possible and may not exceed the Usual and Customary Charges for similar transportation in the locality where the expense is incurred. Benefits will not be payable unless We authorize in writing, or by an authorized electronic or telephonic means, all expenses in advance, and services are rendered by Our assistance provider.

**Special Adaptation Benefit** - We will pay 10% of the Principal Sum up to \$10,000, if you suffer a "Presumptive Disability" and require a special housing adaptation or a special Vehicle to accommodate the disability. Benefits will not be payable unless your Doctor certifies them as necessary. "Presumptive Disability" means We will presume you are Totally Disabled if you suffer the complete and irrecoverable loss of sight of both eyes, speech, hearing in both ears, or of any two limbs, hands or feet, provided the loss occurs within one year of the Covered Accident. "Vehicle" means a private passenger land motor vehicle. It includes automobiles, vans, and four wheel drive vehicles. It does not include a vehicle used for farming, commercial business, racing or any type of competitive speed event.

**Special Counseling Benefit** - We will pay \$100 per session for up to 10 counseling sessions for mental health counseling to assist you in dealing with a Covered Loss, if you suffer a Covered Loss for which benefits are payable; and obtain mental health counseling. The Maximum Amount for this benefit is \$1,000 per Covered Loss.

**Exclusions and Limitations:** We will not pay benefits for any loss or Injury that is caused by, or results from:

- intentionally self-inflicted Injury.
- suicide or attempted suicide.
- war or any act of war, whether declared or not (except as provided by the Policy).
- a Covered Accident that occurs while on active duty service in the military, naval or air force of any country or international organization. Upon Our receipt of proof of service, We will refund any premium paid for this time. Reserve or National Guard active duty training is not excluded unless it extends beyond 31 days.
- sickness, disease, bodily or mental infirmity, bacterial or viral infection, or medical or surgical treatment thereof, except for any bacterial infection resulting from an accidental external cut or wound or accidental ingestion of contaminated food.

This insurance does not apply to the extent that trade or economic sanctions or regulations prohibit Us from providing insurance, including, but not limited to, the payment of claims.

**War Risk Coverage** : We will pay benefits for Covered Losses due to Covered Accidents resulting from war or acts of war anywhere in the world, except the following countries:

- the United States
- The Covered Person's Home Country
- The Covered Person's Country of Permanent Assignment

The war exclusion is deleted to the extent coverage is provide by the terms and conditions of War Risk Coverage.

"Home Country" means a country from which you hold a passport. If you hold passports from more than one Country, your Home Country will be the country that you declared to Us in writing as your Home Country.

"Country of Permanent Assignment" means a country, other than your Home Country, in which the Policyholder requires you to work for a period of time that exceeds 180 continuous days.

We will not pay more than \$15,000,000 per occurrence for war risk benefits. This limit shall apply to Injuries sustained from all acts of war in a consecutive 72-hour period. If but for this limit We would pay more than \$15,000,000, then the benefits We will pay to each Covered Person will be reduced in the same proportion, so that the total amount We will pay for war risk coverage is \$15,000,000.

**Definitions:** "**Covered Accident**" means an accident that occurs while coverage is in force for you and results directly of all other causes in a loss or Injury covered by the Policy for which benefits are payable. "**Covered Person**" means any eligible





person for whom the required premium is paid. “ **Injury**” means accidental bodily harm sustained by you that results directly from all other causes from a Covered Accident. All injuries sustained by one person in any one Covered Accident, including all related conditions and recurrent symptoms of these injuries, are considered a single Injury. “ **Medical Emergency** ” means a condition caused by an Injury or Sickness that manifests itself by symptoms of sufficient severity that a prudent lay person possessing an average knowledge of health and medicine would reasonably expect that failure to receive immediate medical attention would place the health of the person in serious jeopardy. “ **Sickness** ” means an illness, disease or condition that causes a loss for which you incur medical expenses while covered under this Policy. All related conditions and recurrent symptoms of the same or similar condition will be considered one Sickness. “ **Trip** ” means travel by air, land, or sea from your Home Country. “ **We, Our, Us**” means the insurance company underwriting this insurance or its authorized agent.

You must notify ACE USA within 90 days of an Accident or Loss. If notice cannot be given within that time, it must be given as soon as reasonably possible. This notice should identify you, your employer, and the Policy Number.

Policy Number: ADD N04156870, Underwritten by ACE American Insurance Company, 436 Walnut Street, Philadelphia, PA 19106

**Contact Information :** For customer service, eligibility verification, plan information, or to file a claim, contact: ACE USA at 800-336-0627 (from inside the U.S.) or 302-476-6194 (from outside the U.S.); fax 302-467-6154 for claims or inquiries or e-mail [diane.basa@acegroup.com](mailto:diane.basa@acegroup.com). Mail claims to: ACE USA, PO Box 5124, Scranton, PA 18505-0556. .

This information provides you with a brief outline of the services available to you. These services are subject to the terms and conditions of the Policy under which you are insured. A third party vendor may provide services to you. Europ Assistance makes every effort to refer you to appropriate medical and other service providers. It is not responsible for the quality or results of service provided by independent providers. In all cases, the medical provider, facility, legal counsel, or other professional service provider suggested by Europ Assistance are not employees or agents of Europ Assistance and the choice of provider is yours alone. Europ Assistance assumes no liability for the services provided to you under this arrangement, nor is it liable for any negligence or other wrongful acts or omissions of any of the legal or health care professionals providing services to you. Travel assistance services are not available if your coverage under the Policy providing insurance benefits is not in effect.

This Description of Coverage is a brief description of the important features of the insurance plan. It is not a contract of insurance. The terms and conditions of coverage are set forth in the Policy issued to your employer. The Policy is subject to the laws of the state in which it was issued. Coverage may not be available in all states or certain terms or conditions may be different if required by state law. Please keep this information as a reference.

**Motorola Solutions, Inc. and Subsidiaries**  
**Computation of Ratio of Earnings to Fixed Charges**

<i>(In Millions)</i>	Years Ended December 31,				
	2013	2012	2011	2010	2009
Pretax income (1)	\$1,135	\$1,211	\$726	\$661	\$ 636
Fixed charges (as calculated below)	155	128	164	260	256
Earnings (2)	\$1,290	\$1,339	\$890	\$921	\$ 892
<b>Fixed charges:</b>					
Interest expense	\$132	\$105	\$132	\$217	\$207
Rent expense interest factor	22	22	31	41	47
Amortization of debt issuance discounts	1	1	1	2	2
Total fixed charges (2)	\$155	\$128	\$164	\$260	\$256
<b>Ratio of earnings to fixed charges</b>	8.3	10.5	5.4	3.5	3.5

Notes

(1) After adjustments required by Item 503 (d) of SEC Regulation S-K.

(2) As defined in Item 503 (d) of SEC Regulation S-K.

**MOTOROLA SOLUTIONS, INC.**  
**LISTING OF MAJOR SUBSIDIARIES**  
**12/31/2013**

EXHIBIT 21

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Symbol Technologies, Inc.

US

Motorola Solutions Malaysia Sdn. Bhd.

Malaysia

**CERTIFICATION**

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

1. I have reviewed the annual report on Form 10-K 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: February 13, 2014

/s/ GREGORY Q. BROWN

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

**CERTIFICATION**

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

1. I have reviewed this annual report on Form 10-K 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: February 13, 2014

/s/ GINO A. BONANOTTE

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

**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 annual report on Form 10-K for the period ended December 31, 2013 (the “Annual Report”), which this statement accompanies fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) the information contained in the Annual 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: February 13, 2014

/s/ GREGORY Q. BROWN

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

**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 annual report on Form 10-K for the period ended December 31, 2013 (the “Annual Report”), which this statement accompanies fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) the information contained in the Annual 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: February 13, 2014

/s/ GINO A. BONANOTTE

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