

Motorola Solutions, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(In millions, except per share amounts)

| | Three Months Ended | |
|---|--------------------|----------------|
| | April 4, 2015 | March 29, 2014 |
| Net sales from products | \$ 758 | \$ 752 |
| Net sales from services | 465 | 476 |
| Net sales | 1,223 | 1,228 |
| Costs of products sales | 359 | 350 |
| Costs of services sales | 316 | 301 |
| Costs of sales | 675 | 651 |
| Gross margin | 548 | 577 |
| Selling, general and administrative expenses | 256 | 307 |
| Research and development expenditures | 159 | 174 |
| Other charges (income) | 12 | (12) |
| Intangibles amortization | 2 | 1 |
| Operating earnings | 119 | 107 |
| Other income (expense): | | |
| Interest expense, net: | (40) | (25) |
| Gains on sales of investments and businesses, net | 46 | 7 |
| Other | 3 | - |
| Total other income (expense) | 9 | (18) |
| Earnings from continuing operations before income taxes | 128 | 89 |
| Income tax expense | 40 | 4 |
| Earnings from continuing operations | 88 | 85 |
| Earnings (loss) from discontinued operations, net of tax | (13) | 42 |
| Net earnings | 75 | 127 |
| Less: Earnings attributable to noncontrolling interests | 1 | - |
| Net earnings attributable to Motorola Solutions, Inc. | \$ 74 | \$ 127 |
| <i>Amounts attributable to Motorola Solutions, Inc. common shareholders</i> | | |
| Earnings from continuing operations, net of tax | \$ 87 | \$ 85 |
| Earnings (loss) from discontinued operations, net of tax | (13) | 42 |
| Net earnings attributable to Motorola Solutions, Inc. | \$ 74 | \$ 127 |
| <u>Earnings (loss) per common share</u> | | |
| Basic: | | |
| Continuing operations | \$ 0.40 | \$ 0.33 |
| Discontinued operations | (0.06) | 0.17 |
| | \$ 0.34 | \$ 0.50 |
| Diluted: | | |
| Continuing operations | \$ 0.40 | \$ 0.33 |
| Discontinued operations | (0.06) | 0.16 |
| | \$ 0.34 | \$ 0.49 |
| <u>Weighted average common shares outstanding</u> | | |
| Basic | 215.3 | 254.1 |
| Diluted | 217.8 | 258.3 |

| | Percentage of Net Sales* | |
|--|--------------------------|----------------|
| | April 4, 2015 | March 29, 2014 |
| Net sales from products | 62.0% | 61.2% |
| Net sales from services | 38.0% | 38.8% |
| Net sales | 100% | 100% |
| Costs of products sales | 47.4% | 46.5% |
| Costs of services sales | 68.0% | 63.2% |
| Costs of sales | 55.2% | 53.0% |
| Gross margin | 44.8% | 47.0% |
| Selling, general and administrative expenses | 20.9% | 25.0% |
| Research and development expenditures | 13.0% | 14.2% |
| Other charges (income) | 1.0% | -1.0% |
| Intangibles amortization | 0.2% | 0.1% |
| Operating earnings | 9.7% | 8.7% |
| Other income (expense): | | |
| Interest expense, net: | -3.3% | -2.0% |
| Gains on sales of investments and businesses, net | 3.8% | 0.6% |
| Other | 0.2% | 0.0% |
| Total other income (expense) | 0.7% | -1.5% |
| Earnings from continuing operations before income taxes | 10.5% | 7.2% |
| Income tax expense | 3.3% | 0.3% |
| Earnings from continuing operations | 7.2% | 6.9% |
| Earnings (loss) from discontinued operations, net of tax | -1.1% | 3.4% |
| Net earnings | 6.1% | 10.3% |
| Less: Earnings attributable to noncontrolling interests | 0.1% | 0.0% |
| Net earnings attributable to Motorola Solutions, Inc. | 6.1% | 10.3% |

* Percentages may not add up due to rounding

Motorola Solutions, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In millions)

| | April 4, 2015 | December 31, 2014 |
|--|------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 3,353 | \$ 3,954 |
| Accounts receivable, net | 1,084 | 1,409 |
| Inventories, net | 381 | 345 |
| Deferred income taxes | 416 | 431 |
| Other current assets | 650 | 740 |
| Total current assets | 5,884 | 6,879 |
| Property, plant and equipment, net | 530 | 549 |
| Investments | 285 | 316 |
| Deferred income taxes | 2,179 | 2,151 |
| Goodwill | 390 | 383 |
| Other assets | 157 | 145 |
| Total assets | \$ 9,425 | \$ 10,423 |
| Liabilities and Stockholders' Equity | | |
| Current portion of long-term debt | \$ 4 | \$ 4 |
| Accounts payable | 437 | 540 |
| Accrued liabilities | 1,536 | 1,706 |
| Total current liabilities | 1,977 | 2,250 |
| Long-term debt | 3,392 | 3,396 |
| Other liabilities | 1,962 | 2,011 |
| Total Motorola Solutions, Inc. stockholders' equity | 2,086 | 2,735 |
| Noncontrolling interests | 8 | 31 |
| Total liabilities and stockholders' equity | \$ 9,425 | \$ 10,423 |
| Financial Ratios: | | |
| Net cash (debt)* | \$ (43) | \$ 554 |

*Net cash (debt) = Total cash - Current portion of long-term debt - Long-term debt

Motorola Solutions, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(In millions)

| | Three Months Ended | |
|--|--------------------|----------------|
| | April 4, 2015 | March 29, 2014 |
| Operating | | |
| Net earnings attributable to Motorola Solutions, Inc. | \$ 74 | \$ 127 |
| Earnings attributable to noncontrolling interests | 1 | - |
| Net earnings | 75 | 127 |
| Earnings (loss) from discontinued operations, net of tax | (13) | 42 |
| Earnings from continuing operations, net of tax | 88 | 85 |
| Adjustments to reconcile Earnings from continuing operations to Net cash provided by operating activities: | | |
| Depreciation and amortization | 41 | 40 |
| Gain on sale of building and land | - | (21) |
| Non-cash other charges (income) | 1 | (3) |
| Share-based compensation expense | 21 | 28 |
| Gains on sales of investments and businesses, net | (46) | (7) |
| Deferred income taxes | 23 | 22 |
| Changes in assets and liabilities, net of effects of acquisitions, dispositions, and foreign currency translation adjustments: | | |
| Accounts receivable | 309 | 160 |
| Inventories | (44) | (12) |
| Other current assets | 26 | 16 |
| Accounts payable and accrued liabilities | (252) | (175) |
| Other assets and liabilities | (16) | (121) |
| Net cash provided by operating activities from continuing operations | 151 | 12 |
| Investing | | |
| Acquisitions and investments, net | (74) | (4) |
| Proceeds from sales of investments and businesses, net | 88 | 11 |
| Capital expenditures | (33) | (41) |
| Proceeds from sales of property, plant and equipment | 1 | 24 |
| Net cash used for investing activities from continuing operations | (18) | (10) |
| Financing | | |
| Repayment of debt | (1) | (1) |
| Net proceeds from issuance of debt | - | 4 |
| Issuance of common stock | 46 | 14 |
| Repurchase of common stock | (653) | (57) |
| Excess tax benefit from share-based compensation | 1 | 5 |
| Payments of dividends | (75) | (79) |
| Distributions from discontinued operations | - | 26 |
| Net cash used for financing activities from continuing operations | (682) | (88) |
| Discontinued Operations | | |
| Net cash provided by operating activities from discontinued operations | - | 34 |
| Net cash used for investing activities from discontinued operations | - | (8) |
| Net cash used for financing activities from discontinued operations | - | (26) |
| Net cash provided by discontinued operations | - | - |
| Effect of exchange rate changes on cash and cash equivalents from continuing operations | (52) | 2 |
| Net decrease in cash and cash equivalents | (601) | (84) |
| Cash and cash equivalents, beginning of period | 3,954 | 3,225 |
| Cash and cash equivalents, end of period | \$ 3,353 | \$ 3,141 |
| Financial Ratios: | | |
| Free cash flow* | \$ 118 | \$ (29) |

*Free cash flow = Net cash provided by operating activities - Capital expenditures

Motorola Solutions, Inc. and Subsidiaries
Segment Information
(In millions)

Net Sales

| | Three Months Ended | | % Change |
|--------------------------|--------------------|-------------------|----------|
| | April 4, 2015 | March 29, 2014 | |
| Products | \$ 758 | \$ 752 | 1% |
| Services | 465 | 476 | -2% |
| Total Motorola Solutions | \$ 1,223 | \$ 1,228 | 0% |

Operating Earnings

| | Three Months Ended | | % Change |
|--------------------------|--------------------|-------------------|----------|
| | April 4, 2015 | March 29, 2014 | |
| Products | \$ 64 | \$ 39 | 64% |
| Services | 55 | 68 | -19% |
| Total Motorola Solutions | \$ 119 | \$ 107 | 11% |

Operating Earnings %

| | Three Months Ended | |
|--------------------------|--------------------|-------------------|
| | April 4, 2015 | March 29, 2014 |
| Products | 8.4% | 5.2% |
| Services | 11.8% | 14.3% |
| Total Motorola Solutions | 9.7% | 8.7% |

Motorola Solutions, Inc. and Subsidiaries
Regional Revenue Information
(In millions)

During the first quarter of 2015, we restructured our regions operationally separating the Asia Pacific and Middle East region into two regions which are now reflected as Asia Pacific ("AP") and Middle East ("ME"). As a result of this change, our sales force is better aligned and focused on the growth opportunities within each geographic region. Accordingly, we now report net sales in the following five geographic regions: North America, Latin America, Europe and Africa ("EA"), AP, and ME.

The Company's regional net sales under the new regional alignment and as previously reported were as follows:

| Revised regional sales | | | | | | | |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Q1 2014 | Q2 2014 | Q3 2014 | Q4 2014 | FY 2014 | FY 2013 | FY 2012 |
| North America | 727 | 841 | 880 | 1,151 | 3,599 | 3,894 | 3,905 |
| Latin America | 125 | 134 | 109 | 140 | 508 | 518 | 577 |
| EA | 214 | 231 | 277 | 312 | 1,034 | 988 | 858 |
| AP | 141 | 168 | 151 | 185 | 645 | 749 | 816 |
| ME | 21 | 19 | 19 | 36 | 95 | 78 | 113 |
| | \$ 1,228 | \$ 1,393 | \$ 1,436 | \$ 1,824 | \$ 5,881 | \$ 6,227 | \$ 6,269 |

| Regional sales as previously reported | | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Q1 2014 | Q2 2014 | Q3 2014 | Q4 2014 | FY 2014 | FY 2013 | FY 2012 |
| North America | 727 | 841 | 880 | 1,151 | 3,599 | 3,894 | 3,905 |
| Latin America | 125 | 134 | 109 | 140 | 508 | 518 | 577 |
| EA | 214 | 231 | 277 | 312 | 1,034 | 988 | 858 |
| APME | 162 | 187 | 170 | 221 | 740 | 827 | 929 |
| | \$ 1,228 | \$ 1,393 | \$ 1,436 | \$ 1,824 | \$ 5,881 | \$ 6,227 | \$ 6,269 |

Motorola Solutions, Inc. and Subsidiaries

Non-GAAP Adjustments (Intangibles Amortization Expense, Share-Based Compensation Expense and Highlighted Items)

Q1 2015

| Highlighted Items | Statement Line | PBT (Inc)/Exp | Tax Inc/(Exp) | PAT (Inc)/Exp | EPS impact |
|------------------------------------|---|------------------|------------------|------------------|------------|
| Share-based compensation expense | Cost of sales, SG&A and R&D | \$ 21 | \$ 7 | \$ 14 | \$ 0.06 |
| Reorganization of business charges | Cost of sales and Other charges | 14 | 4 | 10 | 0.05 |
| Intangibles amortization expense | Intangibles amortization | 2 | 1 | 1 | - |
| Gain on sale of equity investment | Gains on sales of investments and businesses, net | (46) | (17) | (29) | (0.13) |
| Total impact on Net earnings | | \$ (9) | \$ (5) | \$ (4) | \$ (0.02) |

Motorola Solutions, Inc. and Subsidiaries
Non-GAAP Segment Information
(In millions)

Net Sales

| | Three Months Ended | | |
|--------------------------|--------------------|-------------------|----------|
| | April 4, 2015 | March 29, 2014 | % Change |
| Products | \$ 758 | \$ 752 | 1% |
| Services | 465 | 476 | -2% |
| Total Motorola Solutions | \$ 1,223 | \$ 1,228 | 0% |

Non-GAAP Operating Earnings

| | Three Months Ended | | |
|--------------------------|--------------------|-------------------|----------|
| | April 4, 2015 | March 29, 2014 | % Change |
| Products | \$ 90 | \$ 52 | 73% |
| Services | 66 | 74 | -11% |
| Total Motorola Solutions | \$ 156 | \$ 126 | 24% |

Non-GAAP Operating Earnings %

| | Three Months Ended | |
|--------------------------|--------------------|-------------------|
| | April 4, 2015 | March 29, 2014 |
| Products | 11.9% | 6.9% |
| Services | 14.2% | 15.5% |
| Total Motorola Solutions | 12.8% | 10.3% |

Motorola Solutions, Inc. and Subsidiaries
Operating Earnings after Non-GAAP Adjustments

Q1 2015

| | TOTAL | Products | Services |
|--|----------|----------|----------|
| Net sales | \$ 1,223 | \$ 758 | \$ 465 |
| Operating earnings ("OE") | \$ 119 | \$ 64 | \$ 55 |
| Above-OE non-GAAP adjustments: | | | |
| Share-based compensation expense | 21 | 14 | 7 |
| Reorganization of business charges | 14 | 10 | 4 |
| Intangibles amortization expense | 2 | 2 | - |
| Total above-OE non-GAAP adjustments | 37 | 26 | 11 |
| Operating earnings after non-GAAP adjustments | \$ 156 | \$ 90 | \$ 66 |
| Operating earnings as a percentage of net sales - GAAP | 9.7% | 8.4% | 11.8% |
| Operating earnings as a percentage of net sales - after non-GAAP adjustments | 12.8% | 11.9% | 14.2% |