

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

	<b>Three Months Ended</b>	
	<b>March 30, 2019</b>	<b>March 31, 2018</b>
Net sales from products	\$ 945	\$ 801
Net sales from services	712	667
Net sales	1,657	1,468
Costs of products sales	444	383
Costs of services sales	440	416
Costs of sales	884	799
Gross margin	773	669
Selling, general and administrative expenses	327	279
Research and development expenditures	162	152
Other charges	5	26
Intangibles amortization	50	41
Operating earnings	229	171
Other income (expense):		
Interest expense, net	(55)	(46)
Gains on sales of investments and businesses, net	1	11
Other	10	4
Total other expense	(44)	(31)
Net earnings before income taxes	185	140
Income tax expense	33	23
Net earnings	152	117
Less: Earnings attributable to noncontrolling interests	1	—
Net earnings attributable to Motorola Solutions, Inc.	\$ 151	\$ 117
<b>Earnings per common share:</b>		
Basic	\$ 0.92	\$ 0.73
Diluted	\$ 0.86	\$ 0.69
<b>Weighted average common shares outstanding:</b>		
Basic	164.0	161.4
Diluted	174.6	170.6
	<b>Percentage of Net Sales*</b>	
Net sales from products	57.0 %	54.6 %
Net sales from services	43.0 %	45.4 %
Net sales	100.0 %	100.0 %
Costs of products sales	47.0 %	47.8 %
Costs of services sales	61.8 %	62.4 %
Costs of sales	53.3 %	54.4 %
Gross margin	46.7 %	45.6 %
Selling, general and administrative expenses	19.7 %	19.0 %
Research and development expenditures	9.8 %	10.4 %
Other charges	0.3 %	1.8 %
Intangibles amortization	3.0 %	2.8 %
Operating earnings	13.8 %	11.6 %
Other income (expense):		
Interest expense, net	(3.3)%	(3.1)%
Gains on sales of investments and businesses, net	— %	0.7 %
Other	0.6 %	0.3 %
Total other expense	(2.7)%	(2.1)%
Net earnings before income taxes	11.2 %	9.5 %
Income tax expense	2.0 %	1.6 %
Net earnings	9.2 %	8.0 %
Less: Earnings attributable to noncontrolling interests	— %	— %
Net earnings attributable to Motorola Solutions, Inc.	9.1 %	8.0 %

\* Percentages may not add up due to rounding

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

	March 30, 2019	December 31, 2018
<b>Assets</b>		
Cash and cash equivalents	\$ 886	\$ 1,246
Restricted cash	11	11
Total cash and cash equivalents	897	1,257
Accounts receivable, net	1,150	1,293
Contract assets	878	1,012
Inventories, net	425	356
Other current assets	364	354
Total current assets	3,714	4,272
Property, plant and equipment, net	937	895
Operating lease assets	593	—
Investments	163	169
Deferred income taxes	953	985
Goodwill	1,860	1,514
Intangible assets, net	1,416	1,230
Other assets	357	344
<b>Total assets</b>	<b>\$ 9,993</b>	<b>\$ 9,409</b>
<b>Liabilities and Stockholders' Equity</b>		
Current portion of long-term debt	\$ 28	\$ 31
Accounts payable	558	592
Contract liabilities	1,158	1,263
Accrued liabilities	1,235	1,210
Total current liabilities	2,979	3,096
Long-term debt	5,287	5,289
Operating lease liabilities	553	—
Other liabilities	2,264	2,300
Total Motorola Solutions, Inc. stockholders' equity (deficit)	(1,108)	(1,293)
Noncontrolling interests	18	17
<b>Total liabilities and stockholders' equity</b>	<b>\$ 9,993</b>	<b>\$ 9,409</b>

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

	Three Months Ended	
	March 30, 2019	March 31, 2018
<b>Operating</b>		
Net earnings attributable to Motorola Solutions, Inc.	\$ 151	\$ 117
Earnings attributable to noncontrolling interests	1	—
Net earnings	152	117
Adjustments to reconcile Net earnings to Net cash provided by (used for) operating activities:		
Depreciation and amortization	95	82
Non-cash other charges	10	3
Share-based compensation expense	27	17
Gains on sales of investments and businesses, net	(1)	(11)
Changes in assets and liabilities, net of effects of acquisitions, dispositions, and foreign currency translation adjustments:		
Accounts receivable	168	195
Inventories	(63)	(9)
Other current assets and contract assets	136	2
Accounts payable, accrued liabilities, and contract liabilities	(261)	(350)
Other assets and liabilities	(6)	(553)
Deferred income taxes	(6)	7
Net cash provided by (used for) operating activities	251	(500)
<b>Investing</b>		
Acquisitions and investments, net	(368)	(1,125)
Proceeds from sales of investments and businesses, net	2	77
Capital expenditures	(66)	(41)
Net cash used for investing activities	(432)	(1,089)
<b>Financing</b>		
Repayment of debt	(8)	(50)
Net proceeds from issuance of debt	—	1,296
Issuance of common stock	45	53
Purchases of common stock	(145)	(66)
Payments of dividends	(93)	(84)
Net cash provided by (used for) financing activities	(201)	1,149
Effect of exchange rate changes on cash and cash equivalents	22	30
Net decrease in cash and cash equivalents	(360)	(410)
Cash and cash equivalents, beginning of period	1,257	1,268
Cash and cash equivalents, end of period	\$ 897	\$ 858
<b>Financial Ratios:</b>		
Free cash flow*	\$ 185	\$ (541)

\*Free cash flow = Net cash provided by (used for) operating activities - Capital expenditures

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

**Net Sales**

	Three Months Ended		% Change
	March 30, 2019	March 31, 2018	
Products and Systems Integration	\$ 1,069	\$ 952	12 %
Services and Software	588	516	14 %
Total Motorola Solutions	\$ 1,657	\$ 1,468	13 %

**Operating Earnings**

	Three Months Ended		% Change
	March 30, 2019	March 31, 2018	
Products and Systems Integration	\$ 108	\$ 90	20 %
Services and Software	121	81	49 %
Total Motorola Solutions	\$ 229	\$ 171	34 %

**Operating Earnings %**

	Three Months Ended	
	March 30, 2019	March 31, 2018
Products and Systems Integration	10.1%	9.5%
Services and Software	20.6%	15.7%
Total Motorola Solutions	13.8%	11.6%

**Motorola Solutions, Inc. and Subsidiaries**  
**Non-GAAP Adjustments (Intangibles Amortization Expenses, Share-Based Compensation Expense,  
and Highlighted Items)**

(In millions)

Q1 2019

Non-GAAP Adjustments	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	\$ 27	\$ 6	\$ 21	\$ 0.12
Reorganization of business charges	Cost of sales and Other charges	8	2	6	0.04
Intangibles amortization expense	Intangibles amortization	50	11	39	0.23
Legal settlement	Other charges	(1)	—	(1)	(0.01)
Fair value adjustments to equity investments	Other expense	1	—	1	0.01
Investment impairments	Investment impairments	8	2	6	0.04
Sale of investments	(Gain) or loss on sales of investments and businesses, net	(1)	—	(1)	(0.01)
Acquisition-related transaction fees	Other charges	2	—	2	0.01
FIN48 release	Income tax expense	—	1	(1)	(0.01)
Total impact on Net earnings		\$ 94	\$ 22	\$ 72	\$ 0.42

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

	Net Sales		
	Three Months Ended		
	March 30, 2019	March 31, 2018	% Change
Products and Systems Integration	\$ 1,069	\$ 952	12 %
Services and Software	588	516	14 %
Total Motorola Solutions	\$ 1,657	\$ 1,468	13 %

	Non-GAAP Operating Earnings		
	Three Months Ended		
	March 30, 2019	March 31, 2018	% Change
Products and Systems Integration	\$ 147	\$ 125	18 %
Services and Software	168	135	24 %
Total Motorola Solutions	\$ 315	\$ 260	21 %

	Non-GAAP Operating Earnings %		
	Three Months Ended		
	March 30, 2019	March 31, 2018	
Products and Systems Integration	13.8%	13.1%	
Services and Software	28.6%	26.2%	
Total Motorola Solutions	19.0%	17.7%	

**Motorola Solutions, Inc. and Subsidiaries**  
**Operating Earnings after Non-GAAP Adjustments**  
(In millions)

Q1 2019

	TOTAL	Products and Systems Integration	Services and Software
Net sales	\$ 1,657	\$ 1,069	\$ 588
Operating earnings ("OE")	\$ 229	\$ 108	\$ 121
Above-OE non-GAAP adjustments:			
Share-based compensation expense	27	21	6
Reorganization of business charges	8	7	1
Intangibles amortization expense	50	11	39
Acquisition-related transaction fees	2	1	1
Legal settlement	(1)	(1)	—
Total above-OE non-GAAP adjustments	86	39	47
Operating earnings after non-GAAP adjustments	\$ 315	\$ 147	\$ 168
Operating earnings as a percentage of net sales - GAAP	13.8%	10.1%	20.6%
Operating earnings as a percentage of net sales - after non-GAAP adjustments	19.0%	13.8%	28.6%

**Motorola Solutions, Inc. and Subsidiaries**  
**Non-GAAP Organic Revenue**  
(In millions)

<b>Total Motorola Solutions</b>			
	<b>Three Months Ended</b>		
	<b>March 30, 2019</b>	<b>March 31, 2018</b>	<b>% Change</b>
Net sales	\$ 1,657	\$ 1,468	13%
Non-GAAP adjustments:			
Acquisitions	(159)	(22)	
Organic revenue	\$ 1,498	\$ 1,446	4%