

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

| | Three Months Ended | |
|---|---------------------------|--------------------------|
| | December 31, 2019 | December 31, 2018 |
| Net sales from products | \$ 1,507 | \$ 1,470 |
| Net sales from services | 870 | 784 |
| Net sales | 2,377 | 2,254 |
| Costs of products sales | 621 | 652 |
| Costs of services sales | 536 | 514 |
| Costs of sales | 1,157 | 1,166 |
| Gross margin | 1,220 | 1,088 |
| Selling, general and administrative expenses | 368 | 337 |
| Research and development expenditures | 182 | 165 |
| Other charges | 26 | 22 |
| Intangibles amortization | 54 | 48 |
| Operating earnings | 590 | 516 |
| Other income (expense): | | |
| Interest expense, net | (55) | (59) |
| Gains on sales of investments and businesses, net | 1 | — |
| Other | (343) | 7 |
| Total other expense | (397) | (52) |
| Net earnings before income taxes | 193 | 464 |
| Income tax expense (benefit) | (51) | 40 |
| Net earnings | 244 | 424 |
| Less: Earnings attributable to noncontrolling interests | — | 1 |
| Net earnings attributable to Motorola Solutions, Inc. | \$ 244 | \$ 423 |
| Earnings per common share: | | |
| Basic: | \$ 1.43 | \$ 2.58 |
| Diluted: | \$ 1.39 | \$ 2.44 |
| Weighted average common shares outstanding: | | |
| Basic | 170.9 | 163.5 |
| Diluted | 175.6 | 173.4 |

| | Percentage of Net Sales* | |
|---|---------------------------------|---------|
| Net sales from products | 63.4 % | 65.2 % |
| Net sales from services | 36.6 % | 34.8 % |
| Net sales | 100.0 % | 100.0 % |
| Costs of products sales | 41.2 % | 44.4 % |
| Costs of services sales | 61.6 % | 65.6 % |
| Costs of sales | 48.7 % | 51.7 % |
| Gross margin | 51.3 % | 48.3 % |
| Selling, general and administrative expenses | 15.5 % | 15.0 % |
| Research and development expenditures | 7.7 % | 7.3 % |
| Other charges | 1.1 % | 1.0 % |
| Intangibles amortization | 2.3 % | 2.1 % |
| Operating earnings | 24.8 % | 22.9 % |
| Other income (expense): | | |
| Interest expense, net | (2.3)% | (2.6)% |
| Gains on sales of investments and businesses, net | — % | — % |
| Other | (14.4)% | 0.3 % |
| Total other expense | (16.7)% | (2.3)% |
| Net earnings before income taxes | 8.1 % | 20.6 % |
| Income tax expense (benefit) | (2.1)% | 1.8 % |
| Net earnings | 10.3 % | 18.8 % |
| Less: Earnings attributable to noncontrolling interests | — % | — % |
| Net earnings attributable to Motorola Solutions, Inc. | 10.3 % | 18.8 % |

* Percentages may not add up due to rounding

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

| | Years Ended | | |
|---|-------------------|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 | December 31, 2017 |
| Net sales from products | \$ 4,746 | \$ 4,463 | \$ 3,772 |
| Net sales from services | 3,141 | 2,880 | 2,608 |
| Net sales | 7,887 | 7,343 | 6,380 |
| Costs of products sales | 2,049 | 2,035 | 1,686 |
| Costs of services sales | 1,907 | 1,828 | 1,670 |
| Costs of sales | 3,956 | 3,863 | 3,356 |
| Gross margin | 3,931 | 3,480 | 3,024 |
| Selling, general and administrative expenses | 1,403 | 1,254 | 1,025 |
| Research and development expenditures | 687 | 637 | 568 |
| Other charges (income) | 52 | 146 | (4) |
| Intangibles amortization | 208 | 188 | 151 |
| Operating earnings | 1,581 | 1,255 | 1,284 |
| Other income (expense): | | | |
| Interest expense, net | (220) | (222) | (201) |
| Gains on sales of investments and businesses, net | 5 | 16 | 3 |
| Other | (365) | 53 | (10) |
| Total other expense | (580) | (153) | (208) |
| Net earnings before income taxes | 1,001 | 1,102 | 1,076 |
| Income tax expense | 130 | 133 | 1,227 |
| Net earnings (loss) | 871 | 969 | (151) |
| Less: Earnings attributable to noncontrolling interests | 3 | 3 | 4 |
| Net earnings (loss) attributable to Motorola Solutions, | <u>\$ 868</u> | <u>\$ 966</u> | <u>\$ (155)</u> |
| <u>Earnings (loss) per common share:</u> | | | |
| Basic: | 5.21 | 5.95 | (0.95) |
| Diluted: | 4.95 | 5.62 | (0.95) |
| <u>Weighted average common shares outstanding:</u> | | | |
| Basic | 166.6 | 162.4 | 162.9 |
| Diluted | 175.6 | 172.0 | 162.9 |

| | Percentage of Net Sales* | | |
|---|--------------------------|---------------|---------------|
| Net sales from products | 60.2 % | 60.8 % | 59.1 % |
| Net sales from services | 39.8 % | 39.2 % | 40.9 % |
| Net sales | 100.0 % | 100.0 % | 100.0 % |
| Costs of products sales | 43.2 % | 45.6 % | 44.7 % |
| Costs of services sales | 60.7 % | 63.5 % | 64.0 % |
| Costs of sales | 50.2 % | 52.6 % | 52.6 % |
| Gross margin | 49.8 % | 47.4 % | 47.4 % |
| Selling, general and administrative expenses | 17.8 % | 17.1 % | 16.1 % |
| Research and development expenditures | 8.7 % | 8.7 % | 8.9 % |
| Other charges | 0.7 % | 2.0 % | (0.1)% |
| Intangibles amortization | 2.6 % | 2.6 % | 2.4 % |
| Operating earnings | 20.0 % | 17.1 % | 20.1 % |
| Other income (expense): | | | |
| Interest expense, net | (2.8)% | (3.0)% | (3.2)% |
| Gains on sales of investments and businesses, net | 0.1 % | 0.2 % | — % |
| Other | (4.6)% | 0.7 % | (0.2)% |
| Total other expense | (7.4)% | (2.1)% | (3.3)% |
| Net earnings before income taxes | 12.7 % | 15.0 % | 16.9 % |
| Income tax expense | 1.6 % | 1.8 % | 19.2 % |
| Net earnings (loss) | 11.0 % | 13.2 % | (2.4)% |
| Less: Earnings attributable to noncontrolling interests | — % | — % | 0.1 % |
| Net earnings (loss) attributable to Motorola Solutions, | <u>11.0 %</u> | <u>13.2 %</u> | <u>(2.4)%</u> |

* Percentages may not add up due to rounding

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

| | <u>December 31, 2019</u> | <u>December 31, 2018</u> |
|---|--------------------------|--------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,001 | \$ 1,257 |
| Accounts receivable, net | 1,412 | 1,293 |
| Contract assets | 1,046 | 1,012 |
| Inventories, net | 447 | 356 |
| Other current assets | 272 | 354 |
| Total current assets | <u>4,178</u> | <u>4,272</u> |
| Property, plant and equipment, net | 992 | 895 |
| Operating lease assets | 554 | — |
| Investments | 159 | 169 |
| Deferred income taxes | 943 | 985 |
| Goodwill | 2,067 | 1,514 |
| Intangible assets, net | 1,327 | 1,230 |
| Other assets | 422 | 344 |
| Total assets | <u>\$ 10,642</u> | <u>\$ 9,409</u> |
| Liabilities and Stockholders' Equity | | |
| Current portion of long-term debt | \$ 16 | \$ 31 |
| Accounts payable | 618 | 592 |
| Contract liabilities | 1,449 | 1,263 |
| Accrued liabilities | 1,356 | 1,210 |
| Total current liabilities | <u>3,439</u> | <u>3,096</u> |
| Long-term debt | 5,113 | 5,289 |
| Operating lease liabilities | 497 | — |
| Other liabilities | 2,276 | 2,300 |
| Total Motorola Solutions, Inc. stockholders' equity (deficit) | (700) | (1,293) |
| Noncontrolling interests | 17 | 17 |
| Total liabilities and stockholders' equity | <u>\$ 10,642</u> | <u>\$ 9,409</u> |

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

| | Three Months Ended | |
|--|---------------------------|--------------------------|
| | December 31, 2019 | December 31, 2018 |
| Operating | | |
| Net earnings attributable to Motorola Solutions, Inc. | \$ 244 | \$ 423 |
| Earnings attributable to noncontrolling interests | — | 1 |
| Net earnings | 244 | 424 |
| Adjustments to reconcile Net earnings to Net cash provided by operating activities: | | |
| Depreciation and amortization | 104 | 93 |
| Non-cash other charges | 8 | — |
| U.S. pension settlement loss | 359 | — |
| Share-based compensation expense | 31 | 20 |
| Gains on sales of investments and businesses, net | (1) | — |
| Changes in assets and liabilities, net of effects of acquisitions, dispositions, and foreign currency translation adjustments: | | |
| Accounts receivable | (109) | (124) |
| Inventories | 14 | 10 |
| Other current assets and contract assets | (55) | (114) |
| Accounts payable, accrued liabilities, and contract liabilities | 341 | 441 |
| Other assets and liabilities | (16) | 72 |
| Deferred income taxes | (125) | (10) |
| Net cash provided by operating activities | 795 | 812 |
| Investing | | |
| Acquisitions and investments, net | (86) | (6) |
| Proceeds from sales of investments | 6 | 5 |
| Capital expenditures | (59) | (69) |
| Proceeds from sales of property, plant and equipment | 7 | — |
| Net cash used for investing activities | (132) | (70) |
| Financing | | |
| Repayment of debt | (604) | (311) |
| Net proceeds from issuance of debt | — | 195 |
| Issuance of common stock | 32 | 29 |
| Purchase of common stock | (145) | (66) |
| Payment of dividends | (98) | (85) |
| Deferred acquisition costs | — | (76) |
| Net cash used for financing activities | (815) | (314) |
| Effect of exchange rate changes on cash and cash equivalents | 13 | (22) |
| Net increase (decrease) in cash and cash equivalents | (139) | 406 |
| Cash and cash equivalents, beginning of period | 1,140 | 851 |
| Cash and cash equivalents, end of period | \$ 1,001 | \$ 1,257 |
| Financial Ratios: | | |
| Free cash flow* | \$ 736 | \$ 743 |

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

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

| | Years Ended | | |
|--|-------------------|-------------------|-------------------|
| | December 31, 2019 | December 31, 2018 | December 31, 2017 |
| Operating | | | |
| Net earnings (loss) attributable to Motorola Solutions, Inc. | \$ 868 | \$ 966 | \$ (155) |
| Earnings attributable to noncontrolling interests | 3 | 3 | 4 |
| Net earnings (loss) | 871 | 969 | (151) |
| Adjustments to reconcile Net earnings (loss) to Net cash provided by operating activities: | | | |
| Depreciation and amortization | 394 | 360 | 343 |
| Non-cash other charges | 35 | 56 | 32 |
| Pension settlement losses | 359 | — | 48 |
| Share-based compensation expense | 118 | 73 | 66 |
| Gains on sales of investments and businesses, net | (5) | (16) | (3) |
| Losses from the extinguishment of long-term debt | 50 | — | — |
| Gain from the extinguishment of 2.00% senior convertible notes | (4) | (6) | — |
| Changes in assets and liabilities, net of effects of acquisitions, dispositions, and foreign currency translation adjustments: | | | |
| Accounts receivable | (79) | 62 | (60) |
| Inventories | (74) | 71 | (46) |
| Other current assets and contract assets | 49 | (251) | (99) |
| Accounts payable, accrued liabilities, and contract liabilities | 198 | 271 | 160 |
| Other assets and liabilities | (5) | (523) | (44) |
| Deferred income taxes | (84) | 9 | 1,100 |
| Net cash provided by operating activities | 1,823 | 1,075 | 1,346 |
| Investing | | | |
| Acquisitions and investments, net | (709) | (1,164) | (404) |
| Proceeds from sales of investments | 16 | 95 | 183 |
| Capital expenditures | (248) | (197) | (227) |
| Proceeds from sales of property, plant and equipment | 7 | — | — |
| Net cash used for investing activities | (934) | (1,266) | (448) |
| Financing | | | |
| Repayment of debt | (2,039) | (723) | (21) |
| Net proceeds from issuance of debt | 1,804 | 1,490 | 10 |
| Issuances of common stock | 114 | 168 | 82 |
| Purchases of common stock | (315) | (132) | (483) |
| Settlement of conversion premium on 2.00% senior convertible notes | (326) | (169) | — |
| Payment of dividends | (379) | (337) | (307) |
| Payment of dividends to noncontrolling interest | (3) | (1) | (1) |
| Deferred acquisition costs | — | (76) | (2) |
| Net cash provided by (used for) financing activities | (1,144) | 220 | (722) |
| Effect of exchange rate changes on cash and cash equivalents | (1) | (40) | 62 |
| Net increase (decrease) in cash and cash equivalents | (256) | (11) | 238 |
| Cash and cash equivalents, beginning of period | 1,257 | 1,268 | 1,030 |
| Cash and cash equivalents, end of period | \$ 1,001 | \$ 1,257 | \$ 1,268 |
| Financial Ratios: | | | |
| Free cash flow* | 1,575 | 878 | 1,119 |

*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 |
|----------------------------------|---------------------------|--------------------------|-----------------|
| | December 31, 2019 | December 31, 2018 | |
| Products and Systems Integration | \$ 1,673 | \$ 1,670 | —% |
| Software and Services | 704 | 584 | 21% |
| Total Motorola Solutions | \$ 2,377 | \$ 2,254 | 5% |

Years Ended

| | December 31, 2019 | | % Change |
|----------------------------------|--------------------------|--------------------------|-----------------|
| | December 31, 2019 | December 31, 2018 | |
| Products and Systems Integration | \$ 5,329 | \$ 5,100 | 5% |
| Software and Services | 2,558 | 2,243 | 14% |
| Total Motorola Solutions | \$ 7,887 | \$ 7,343 | 7% |

Operating Earnings

| | Three Months Ended | | % Change |
|----------------------------------|---------------------------|--------------------------|-----------------|
| | December 31, 2019 | December 31, 2018 | |
| Products and Systems Integration | \$ 426 | \$ 405 | 5% |
| Software and Services | 164 | 111 | 48% |
| Total Motorola Solutions | \$ 590 | \$ 516 | 14% |

Years Ended

| | December 31, 2019 | | % Change |
|----------------------------------|--------------------------|--------------------------|-----------------|
| | December 31, 2019 | December 31, 2018 | |
| Products and Systems Integration | \$ 994 | \$ 854 | 16% |
| Software and Services | 587 | 401 | 46% |
| Total Motorola Solutions | \$ 1,581 | \$ 1,255 | 26% |

Operating Earnings %

| | Three Months Ended | |
|----------------------------------|---------------------------|--------------------------|
| | December 31, 2019 | December 31, 2018 |
| Products and Systems Integration | 25.5% | 24.3% |
| Software and Services | 23.3% | 19.0% |
| Total Motorola Solutions | 24.8% | 22.9% |

Years Ended

| | December 31, 2019 | |
|----------------------------------|--------------------------|--------------------------|
| | December 31, 2019 | December 31, 2018 |
| Products and Systems Integration | 18.7% | 16.7% |
| Software and Services | 22.9% | 17.9% |
| Total Motorola Solutions | 20.0% | 17.1% |

Motorola Solutions, Inc. and Subsidiaries

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

| Q1 2019 | | | | | | |
|--|--|------------------|------------------|------------------|---------------|--|
| Non-GAAP Adjustments | Statement Line | PBT (Inc)/Exp | Tax Inc/(Exp) | PAT (Inc)/Exp | EPS impact | |
| Intangibles amortization expense | Intangibles amortization | \$ 50 | \$ 11 | \$ 39 | \$ 0.23 | |
| 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 | |
| Investment impairments | Investment impairments | 8 | 2 | 6 | 0.04 | |
| Acquisition-related transaction fees | Other charges | 2 | — | 2 | 0.01 | |
| Fair value adjustments to equity investments | Other expense | 1 | — | 1 | 0.01 | |
| Release of uncertain tax positions | Income tax expense | — | 1 | (1) | (0.01) | |
| Legal settlement | Other charges | (1) | — | (1) | (0.01) | |
| Sale of investments | (Gain) or loss on sales of investments and businesses, net | (1) | — | (1) | (0.01) | |
| Total impact on Net earnings | | \$ 94 | \$ 22 | \$ 72 | \$ 0.42 | |
| Q2 2019 | | | | | | |
| Non-GAAP Adjustments | Statement Line | PBT (Inc)/Exp | Tax Inc/(Exp) | PAT (Inc)/Exp | EPS impact | |
| Intangibles amortization expense | Intangibles amortization | \$ 52 | \$ 11 | \$ 41 | \$ 0.23 | |
| Loss from the extinguishment of long-term debt | Other expense | 43 | 11 | 32 | 0.18 | |
| Share-based compensation expense | Cost of sales, SG&A and R&D | 30 | 7 | 23 | 0.13 | |
| Reorganization of business charges | Cost of sales and Other charges | 12 | 3 | 9 | 0.05 | |
| Investment impairments | Investment impairments | 3 | 1 | 2 | 0.01 | |
| Legal settlements | Other charges | 1 | — | 1 | 0.01 | |
| Sale of a business | (Gain) or loss on sales of investments and businesses, net | (3) | (1) | (2) | (0.01) | |
| Release of uncertain tax positions | Other income, Income tax expense | (4) | (1) | (3) | (0.02) | |
| Fair value adjustments to equity investments | Other income | (16) | (4) | (12) | (0.07) | |
| Total impact on Net earnings | | \$ 118 | \$ 27 | \$ 91 | \$ 0.51 | |
| Q3 2019 | | | | | | |
| Non-GAAP Adjustments | Statement Line | PBT (Inc)/Exp | Tax Inc/(Exp) | PAT (Inc)/Exp | EPS impact | |
| Intangibles amortization expense | Intangibles amortization | \$ 52 | \$ 12 | \$ 40 | \$ 0.22 | |
| Share-based compensation expense | Cost of sales, SG&A and R&D | 30 | 7 | 23 | 0.13 | |
| Reorganization of business charges | Cost of sales and Other charges | 18 | 4 | 14 | 0.08 | |
| Fair value adjustments to equity investments | Other income | 18 | 4 | 14 | 0.08 | |
| Loss from the extinguishment of long-term debt | Other expense | 7 | 2 | 5 | 0.03 | |
| Investment impairments | Other expense | 5 | 1 | 4 | 0.02 | |
| Acquisition-related transaction fees | Other charges | 1 | — | 1 | 0.01 | |
| Gain from the extinguishment of 2.00% senior convertible notes | Other income | (4) | (1) | (3) | (0.02) | |
| Gain on legal settlement | Other charges | (5) | (1) | (4) | (0.02) | |
| Total impact on Net earnings | | \$ 122 | \$ 28 | \$ 94 | \$ 0.53 | |

Q4 2019

| Non-GAAP Adjustments | Statement Line | PBT (Inc)/Exp | Tax Inc/(Exp) | PAT (Inc)/Exp | EPS impact |
|---|--|--------------------------|--------------------------|--------------------------|-----------------------|
| US pension settlement loss | Other expense | \$ 359 | \$ 90 | \$ 269 | \$ 1.53 |
| Intangibles amortization expense | Intangibles amortization | 54 | 12 | 42 | 0.24 |
| Share-based compensation expense | Cost of sales, SG&A and R&D | 31 | 7 | 24 | 0.14 |
| Reorganization of business charges | Cost of sales and Other charges | 19 | 5 | 14 | 0.08 |
| Legal settlements | Other charges | 8 | 2 | 6 | 0.04 |
| Operating lease asset impairment | Other charges | 5 | 1 | 4 | 0.02 |
| Investment impairments | Other expense | 2 | — | 2 | 0.01 |
| Sale of investments | (Gain) or loss on sales of investments and businesses, net | (1) | — | (1) | (0.01) |
| Release of uncertain tax positions | Other income, Income tax expense | (1) | 4 | (5) | (0.03) |
| Fair value adjustments to equity investments | Other income | (6) | (1) | (5) | (0.03) |
| Release of valuation allowance on deferred tax assets | Income tax expense | — | 77 | (77) | (0.44) |
| Total impact on Net earnings | | \$ 470 | \$ 197 | \$ 273 | \$ 1.55 |

FY 2019

| Non-GAAP Adjustments | Statement Line | PBT (Inc)/Exp | Tax Inc/(Exp) | PAT (Inc)/Exp | EPS impact |
|--|--|--------------------------|--------------------------|--------------------------|-----------------------|
| US pension settlement loss | Other expense | \$ 359 | \$ 90 | \$ 269 | \$ 1.53 |
| Intangibles amortization expense | Intangibles amortization | 208 | 46 | 162 | 0.92 |
| Share-based compensation expense | Cost of sales, SG&A and R&D | 118 | 27 | 91 | 0.52 |
| Reorganization of business charges | Cost of sales and Other charges | 57 | 14 | 43 | 0.24 |
| Loss from the extinguishment of long-term debt | Other expense | 50 | 13 | 37 | 0.21 |
| Investment impairments | Investment impairments | 18 | 4 | 14 | 0.08 |
| Operating lease asset impairment | Other charges | 5 | 1 | 4 | 0.02 |
| Legal settlements | Other charges | 3 | 1 | 2 | 0.01 |
| Acquisition-related transaction fees | Other charges | 3 | — | 3 | 0.02 |
| Sales of investments | (Gain) or loss on sales of investments and businesses, net | (2) | — | (2) | (0.01) |
| Sale of a business | (Gain) or loss on sales of investments and businesses, net | (3) | (1) | (2) | (0.01) |
| Fair value adjustments to equity investments | Other expense | (3) | (1) | (2) | (0.01) |
| Gain from the extinguishment of 2.00% senior convertible notes | Other income | (4) | (1) | (3) | (0.02) |
| Release of uncertain tax positions | Other income, Income tax expense | (5) | 4 | (9) | (0.05) |
| Release of valuation allowance on deferred tax assets | Income tax expense | — | 77 | (77) | (0.44) |
| Total impact on Net earnings | | \$ 804 | \$ 274 | \$ 530 | \$ 3.01 |

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

| Net Sales | | | |
|----------------------------------|--------------------------|--------------------------|-----------------|
| Three Months Ended | | | |
| | December 31, 2019 | December 31, 2018 | % Change |
| Products and Systems Integration | \$ 1,673 | \$ 1,670 | —% |
| Software and Services | 704 | 584 | 21% |
| Total Motorola Solutions | \$ 2,377 | \$ 2,254 | 5% |

| Years Ended | | | |
|----------------------------------|--------------------------|--------------------------|-----------------|
| | December 31, 2019 | December 31, 2018 | % Change |
| Products and Systems Integration | \$ 5,329 | \$ 5,100 | 5% |
| Software and Services | 2,558 | 2,243 | 14% |
| Total Motorola Solutions | \$ 7,887 | \$ 7,343 | 7% |

| Non-GAAP Operating Earnings | | | |
|------------------------------------|--------------------------|--------------------------|-----------------|
| Three Months Ended | | | |
| | December 31, 2019 | December 31, 2018 | % Change |
| Products and Systems Integration | \$ 484 | \$ 483 | —% |
| Software and Services | 223 | 167 | 34% |
| Total Motorola Solutions | \$ 707 | \$ 650 | 9% |

| Years Ended | | | |
|----------------------------------|--------------------------|--------------------------|-----------------|
| | December 31, 2019 | December 31, 2018 | % Change |
| Products and Systems Integration | \$ 1,173 | \$ 1,109 | 6% |
| Software and Services | 802 | 631 | 27% |
| Total Motorola Solutions | \$ 1,975 | \$ 1,740 | 14% |

| Non-GAAP Operating Earnings % | | | |
|--------------------------------------|--------------------------|--------------------------|--|
| Three Months Ended | | | |
| | December 31, 2019 | December 31, 2018 | |
| Products and Systems Integration | 28.9% | 28.9% | |
| Software and Services | 31.7% | 28.6% | |
| Total Motorola Solutions | 29.7% | 28.8% | |

| Years Ended | | | |
|----------------------------------|--------------------------|--------------------------|--|
| | December 31, 2019 | December 31, 2018 | |
| Products and Systems Integration | 22.0% | 21.7% | |
| Software and Services | 31.4% | 28.1% | |
| Total Motorola Solutions | 25.0% | 23.7% | |

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

Q1 2019

| | TOTAL | Products and Systems Integration | Software and Services |
|--|----------|---|-----------------------------|
| 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 |
| Legal settlement | (1) | (1) | — |
| Acquisition-related transaction fees | 2 | 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% |

Q2 2019

| | TOTAL | Products and Systems Integration | Software and Services |
|--|----------|---|-----------------------------|
| Net sales | \$ 1,860 | \$ 1,238 | \$ 622 |
| Operating earnings ("OE") | \$ 349 | \$ 201 | \$ 148 |
| Above-OE non-GAAP adjustments: | | | |
| Share-based compensation expense | 30 | 19 | 11 |
| Reorganization of business charges | 12 | 9 | 3 |
| Intangibles amortization expense | 52 | 12 | 40 |
| Legal settlements | 1 | 1 | — |
| Total above-OE non-GAAP adjustments | 95 | 41 | 54 |
| Operating earnings after non-GAAP adjustments | \$ 444 | \$ 242 | \$ 202 |
| | | | |
| Operating earnings as a percentage of net sales - GAAP | 18.8% | 16.2% | 23.8% |
| Operating earnings as a percentage of net sales - after non-GAAP adjustments | 23.9% | 19.5% | 32.5% |

Q3 2019

| | TOTAL | Products and Systems Integration | Software and Services |
|--|----------|---|-----------------------------|
| Net sales | \$ 1,994 | \$ 1,349 | \$ 645 |
| Operating earnings ("OE") | \$ 413 | \$ 258 | \$ 155 |
| Above-OE non-GAAP adjustments: | | | |
| Share-based compensation expense | 30 | 20 | 10 |
| Reorganization of business charges | 18 | 14 | 4 |
| Intangibles amortization expense | 52 | 12 | 40 |
| Acquisition-related transaction fees | 1 | 1 | — |
| Gain on legal settlements | (5) | (5) | — |
| Total above-OE non-GAAP adjustments | 96 | 42 | 54 |
| Operating earnings after non-GAAP adjustments | \$ 509 | \$ 300 | \$ 209 |
| | | | |
| Operating earnings as a percentage of net sales - GAAP | 20.7% | 19.1% | 24.0% |
| Operating earnings as a percentage of net sales - after non-GAAP adjustments | 25.5% | 22.2% | 32.4% |

Q4 2019

| | TOTAL | Products and Systems Integration | Software and Services |
|--|--------------|---|--------------------------------------|
| Net sales | \$ 2,377 | \$ 1,673 | \$ 704 |
| Operating earnings ("OE") | \$ 590 | \$ 426 | \$ 164 |
| Above-OE non-GAAP adjustments: | | | |
| Reorganization of business charges | 19 | 16 | 3 |
| Share-based compensation expense | 31 | 21 | 10 |
| Intangibles amortization expense | 54 | 12 | 42 |
| Operating lease asset impairment | 5 | 3 | 2 |
| Legal settlements | 8 | 6 | 2 |
| Total above-OE non-GAAP adjustments | 117 | 58 | 59 |
| Operating earnings after non-GAAP adjustments | \$ 707 | \$ 484 | \$ 223 |
| Operating earnings as a percentage of net sales - GAAP | 24.8% | 25.5% | 23.3% |
| Operating earnings as a percentage of net sales - after non-GAAP adjustments | 29.7% | 28.9% | 31.7% |

FY 2019

| | TOTAL | Products and Systems Integration | Software and Services |
|--|--------------|---|--------------------------------------|
| Net sales | \$ 7,887 | \$ 5,329 | \$ 2,558 |
| Operating earnings ("OE") | \$ 1,581 | \$ 994 | \$ 587 |
| Above-OE non-GAAP adjustments: | | | |
| Intangibles amortization expense | 208 | 47 | 161 |
| Share-based compensation expense | 118 | 81 | 37 |
| Reorganization of business charges | 57 | 45 | 12 |
| Legal settlement | 3 | 1 | 2 |
| Acquisition-related transaction fees | 3 | 2 | 1 |
| Operating lease asset impairment | 5 | 3 | 2 |
| Total above-OE non-GAAP adjustments | 394 | 179 | 215 |
| Operating earnings after non-GAAP adjustments | \$ 1,975 | \$ 1,173 | \$ 802 |
| Operating earnings as a percentage of net sales - GAAP | 20.0% | 18.7% | 22.9% |
| Operating earnings as a percentage of net sales - after non-GAAP adjustments | 25.0% | 22.0% | 31.4% |

Motorola Solutions, Inc. and Subsidiaries
Non-GAAP Organic Revenue

| Total Motorola Solutions | | | |
|---------------------------------|--------------------------|--------------------------|-----------------|
| Three Months Ended | | | |
| | December 31, 2019 | December 31, 2018 | % Change |
| Net sales | \$ 2,377 | \$ 2,254 | 5% |
| Non-GAAP adjustments: | | | |
| Acquisitions | (82) | — | |
| Organic revenue | \$ 2,295 | \$ 2,254 | 2% |
| Years Ended | | | |
| | December 31, 2019 | December 31, 2018 | % Change |
| Net sales | \$ 7,887 | \$ 7,343 | 7% |
| Non-GAAP adjustments: | | | |
| Acquisitions | (337) | (26) | |
| Organic revenue | \$ 7,550 | \$ 7,317 | 3% |