

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

	Three Months Ended	
	July 4, 2015	June 28, 2014
Net sales from products	\$ 867	\$ 887
Net sales from services	501	506
Net sales	1,368	1,393
Costs of products sales	385	400
Costs of services sales	335	337
Costs of sales	720	737
Gross margin	648	656
Selling, general and administrative expenses	254	308
Research and development expenditures	156	176
Other charges (income)	(19)	33
Intangibles amortization	3	1
Operating earnings	254	138
Other income (expense):		
Interest expense, net:	(39)	(29)
Gains (losses) on sales of investments, net	4	(4)
Other	(4)	(7)
Total other expense	(39)	(40)
Earnings from continuing operations before income taxes	215	98
Income tax expense	64	20
Earnings from continuing operations	151	78
Earnings (loss) from discontinued operations, net of tax	(8)	746
Net earnings	143	824
Less: Earnings attributable to noncontrolling interests	1	—
Net earnings attributable to Motorola Solutions, Inc.	\$ 142	\$ 824
Amounts attributable to Motorola Solutions, Inc. common stockholders		
Earnings from continuing operations, net of tax	\$ 150	\$ 78
Earnings (loss) from discontinued operations, net of tax	(8)	746
Net earnings attributable to Motorola Solutions, Inc.	\$ 142	\$ 824
<u>Earnings (loss) per common share</u>		
Basic:		
Continuing operations	\$ 0.72	\$ 0.31
Discontinued operations	(0.04)	2.94
	\$ 0.68	\$ 3.25
Diluted:		
Continuing operations	\$ 0.72	\$ 0.30
Discontinued operations	(0.04)	2.92
	\$ 0.68	\$ 3.22
<u>Weighted average common shares outstanding</u>		
Basic	208.0	253.7
Diluted	209.5	256.2

	Percentage of Net Sales*	
Net sales from products	63.4 %	63.7 %
Net sales from services	36.6 %	36.3 %
Net sales	100.0 %	100.0 %
Costs of products sales	44.4 %	45.1 %
Costs of services sales	66.9 %	66.6 %
Costs of sales	52.6 %	52.9 %
Gross margin	47.4 %	47.1 %
Selling, general and administrative expenses	18.6 %	22.1 %
Research and development expenditures	11.4 %	12.6 %
Other charges (income)	(1.4) %	2.4 %
Intangibles amortization	0.2 %	0.1 %
Operating earnings	18.6 %	9.9 %
Other income (expense):		
Interest expense, net:	(2.9) %	(2.1) %
Gains (losses) on sales of investments, net	0.3 %	(0.3) %
Other	(0.3) %	(0.5) %
Total other expense	(2.9) %	(2.9) %
Earnings from continuing operations before income taxes	15.7 %	7.0 %
Income tax expense	4.7 %	1.4 %
Earnings from continuing operations	11.0 %	5.6 %
Earnings (loss) from discontinued operations, net of tax	(0.6) %	53.6 %
Net earnings	10.5 %	59.2 %
Less: Earnings attributable to noncontrolling interests	0.1 %	— %
Net earnings attributable to Motorola Solutions, Inc.	10.4 %	59.2 %

\* Percentages may not add up due to rounding

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

	Six Months Ended	
	July 4, 2015	June 28, 2014
Net sales from products	\$ 1,626	\$ 1,640
Net sales from services	965	982
Net sales	2,591	2,622
Costs of products sales	745	751
Costs of services sales	650	638
Costs of sales	1,395	1,389
Gross margin	1,196	1,233
Selling, general and administrative expenses	510	615
Research and development expenditures	315	350
Other charges (income)	(6)	21
Intangibles amortization	4	2
Operating earnings	373	245
Other income (expense):		
Interest expense, net:	(79)	(54)
Gains on sales of investments, net	50	4
Other	(1)	(9)
Total other expense	(30)	(59)
Earnings from continuing operations before income taxes	343	186
Income tax expense	104	23
Earnings from continuing operations	239	163
Earnings (loss) from discontinued operations, net of tax	(21)	788
Net earnings	218	951
Less: Earnings attributable to noncontrolling interests	1	—
Net earnings attributable to Motorola Solutions, Inc.	\$ 217	\$ 951
Amounts attributable to Motorola Solutions, Inc. common stockholders		
Earnings from continuing operations, net of tax	\$ 238	\$ 163
Earnings (loss) from discontinued operations, net of tax	(21)	788
Net earnings attributable to Motorola Solutions, Inc.	\$ 217	\$ 951
<u>Earnings (loss) per common share</u>		
Basic:		
Continuing operations	\$ 1.12	\$ 0.64
Discontinued operations	(0.09)	3.11
	\$ 1.03	\$ 3.75
Diluted:		
Continuing operations	\$ 1.11	\$ 0.63
Discontinued operations	(0.10)	3.07
	\$ 1.01	\$ 3.70
<u>Weighted average common shares outstanding</u>		
Basic	211.7	253.8
Diluted	213.8	257.2

	Percentage of Net Sales*	
	July 4, 2015	June 28, 2014
Net sales from products	62.8 %	62.5 %
Net sales from services	37.2 %	37.5 %
Net sales	100.0 %	100.0 %
Costs of products sales	45.8 %	45.8 %
Costs of services sales	67.4 %	65.0 %
Costs of sales	53.8 %	53.0 %
Gross margin	46.2 %	47.0 %
Selling, general and administrative expenses	19.7 %	23.5 %
Research and development expenditures	12.2 %	13.3 %
Other charges (income)	(0.2)%	0.8 %
Intangibles amortization	0.2 %	0.1 %
Operating earnings	14.4 %	9.3 %
Other income (expense):		
Interest expense, net:	(3.0)%	(2.1)%
Gains on sales of investments, net	1.9 %	0.2 %
Other	— %	(0.3)%
Total other expense	(1.2)%	(2.3)%
Earnings from continuing operations before income taxes	13.2 %	7.1 %
Income tax expense	4.0 %	0.9 %
Earnings from continuing operations	9.2 %	6.2 %
Earnings (loss) from discontinued operations, net of tax	(0.8)%	30.1 %
Net earnings	8.4 %	36.3 %
Less: Earnings attributable to noncontrolling interests	— %	— %
Net earnings attributable to Motorola Solutions, Inc.	8.4 %	36.3 %

\* Percentages may not add up due to rounding

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

	July 4, 2015	December 31, 2014
<b>Assets</b>		
Cash and cash equivalents	\$ 3,112	\$ 3,954
Accounts receivable, net	1,141	1,409
Inventories, net	364	345
Deferred income taxes	422	431
Other current assets	593	740
<b>Total current assets</b>	<b>5,632</b>	<b>6,879</b>
Property, plant and equipment, net	542	549
Investments	285	316
Deferred income taxes	2,118	2,151
Goodwill	423	383
Other assets	160	145
<b>Total assets</b>	<b>\$ 9,160</b>	<b>\$ 10,423</b>
<b>Liabilities and Stockholders' Equity</b>		
Current portion of long-term debt	\$ 4	\$ 4
Accounts payable	417	540
Accrued liabilities	1,550	1,706
<b>Total current liabilities</b>	<b>1,971</b>	<b>2,250</b>
Long-term debt	3,393	3,396
Other liabilities	1,973	2,011
<b>Total Motorola Solutions, Inc. stockholders' equity</b>	<b>1,815</b>	<b>2,735</b>
Noncontrolling interests	8	31
<b>Total liabilities and stockholders' equity</b>	<b>\$ 9,160</b>	<b>\$ 10,423</b>
<b>Financial Ratios:</b>		
Net cash (debt)*	\$ (285)	\$ 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)

**Operating**

Net earnings attributable to Motorola Solutions, Inc.	\$	142	\$	824
Earnings attributable to noncontrolling interests		1		—
Net earnings		143		824
Earnings (loss) from discontinued operations, net of tax		(8)		746
Earnings from continuing operations, net of tax		151		78
Adjustments to reconcile Earnings from continuing operations to Net cash provided by operating activities from continuing operations:				
Depreciation and amortization		40		46
Non-cash other charges (income)		4		(1)
Non-U.S. pension curtailment gain		(32)		—
Share-based compensation expense		19		25
Loss (gains) on sales of investments and businesses, net		(4)		4
Deferred income taxes		32		(16)
Changes in assets and liabilities, net of effects of acquisitions, dispositions, and foreign currency translation adjustments:				
Accounts receivable		(54)		30
Inventories		19		29
Other current assets		3		60
Accounts payable and accrued liabilities		(11)		(124)
Other assets and liabilities		(27)		(13)
Net cash provided by operating activities from continuing operations		140		118

**Investing**

Acquisitions and investments, net		(19)		(6)
Proceeds from sales of investments and businesses, net		23		10
Capital expenditures		(48)		(42)
Net cash used for investing activities from continuing operations		(44)		(38)

**Financing**

Repayment of debt		(1)		(1)
Issuance of common stock		4		71
Purchase of common stock		(285)		(416)
Excess tax benefit from share-based compensation		—		1
Payment of dividends		(72)		(79)
Distributions from discontinued operations		—		74
Net cash used for financing activities from continuing operations		(354)		(350)

**Discontinued Operations**

Net cash provided by operating activities from discontinued operations		—		55
Net cash provided by investing activities from discontinued operations		—		19
Net cash used for financing activities from discontinued operations		—		(74)
Net cash provided by discontinued operations		—		—

Effect of exchange rate changes on cash and cash equivalents from continuing operations		17		5
Net decrease in cash and cash equivalents		(241)		(265)
Cash and cash equivalents, beginning of period		3,353		3,141
Cash and cash equivalents, end of period	\$	3,112	\$	2,876

**Financial Ratios:**

Free cash flow*	\$	92	\$	76
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\*Free cash flow = Net cash provided by operating activities - Capital Expenditures

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

**Operating**

Net earnings attributable to Motorola Solutions, Inc.

Earnings attributable to noncontrolling interests

Net earnings

Earnings (loss) from discontinued operations, net of tax

Earnings from continuing operations, net of tax

Adjustments to reconcile Earnings from continuing operations to Net cash provided by operating activities from continuing operations:

Depreciation and amortization

Gain on sale of building and land

Non-cash other charges (income)

Non-U.S. pension curtailment gain

Share-based compensation expense

Gains on sales of investments and businesses, net

Deferred income taxes

Changes in assets and liabilities, net of effects of acquisitions, dispositions, and foreign currency translation adjustments:

Accounts receivable

Inventories

Other current assets

Accounts payable and accrued liabilities

Other assets and liabilities

Net cash provided by operating activities from continuing operations

**Investing**

Acquisitions and investments, net

Proceeds from sales of investments and businesses, net

Capital expenditures

Proceeds from sales of property, plant and equipment

Net cash used for investing activities from continuing operations

**Financing**

Repayment of debt

Net proceeds from issuance of debt

Issuance of common stock

Purchase of common stock

Excess tax benefit from share-based compensation

Payment of dividends

Distributions from discontinued operations

Net cash used for financing activities from continuing operations

**Discontinued Operations**

Net cash provided by operating activities from discontinued operations

Net cash provided by investing activities from discontinued operations

Net cash used for financing activities from discontinued operations

Net cash provided by discontinued operations

Effect of exchange rate changes on cash and cash equivalents from continuing operations

Net decrease in cash and cash equivalents

Cash and cash equivalents, beginning of period

Cash and cash equivalents, end of period

Six Months Ended	
July 4, 2015	June 28, 2014
\$ 217	\$ 951
1	—
218	951
(21)	788
239	163
81	86
—	(21)
5	(5)
(32)	—
40	54
(50)	(4)
55	6
255	190
(25)	17
28	76
(263)	(299)
(42)	(133)
291	130
(93)	(11)
111	21
(81)	(82)
1	24
(62)	(48)
(2)	(2)
—	4
51	85
(938)	(473)
1	6
(148)	(158)
—	100
(1,036)	(438)
—	89
—	11
—	(100)
—	—
(35)	7
(842)	(349)
3,954	3,225
\$ 3,112	\$ 2,876

**Financial Ratios:**

Free cash flow\*

210

48

\*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**

	<b>July 4, 2015</b>	<b>June 28, 2014</b>	<b>% Change</b>
Products	\$ 867	\$ 887	(2)%
Services	501	506	(1)%
Total Motorola Solutions	\$ 1,368	\$ 1,393	(2)%

**Six Months Ended**

	<b>July 4, 2015</b>	<b>June 28, 2014</b>	<b>% Change</b>
Products	\$ 1,626	\$ 1,640	(1)%
Services	965	982	(2)%
Total Motorola Solutions	\$ 2,591	\$ 2,622	(1)%

**Operating Earnings**

**Three Months Ended**

	<b>July 4, 2015</b>	<b>June 28, 2014</b>	<b>% Change</b>
Products	\$ 171	\$ 95	80 %
Services	83	43	93 %
Total Motorola Solutions	\$ 254	\$ 138	84 %

**Six Months Ended**

	<b>July 4, 2015</b>	<b>June 28, 2014</b>	<b>% Change</b>
Products	\$ 235	\$ 134	75 %
Services	138	111	24 %
Total Motorola Solutions	\$ 373	\$ 245	52 %

**Operating Earnings %**

**Three Months Ended**

	<b>July 4, 2015</b>	<b>June 28, 2014</b>
Products	19.7%	10.7%
Services	16.6%	8.5%
Total Motorola Solutions	18.6%	9.9%

**Six Months Ended**

	<b>July 4, 2015</b>	<b>June 28, 2014</b>
Products	14.5%	8.2%
Services	14.3%	11.3%
Total Motorola Solutions	14.4%	9.3%

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

**Q1 2015**

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	\$ 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)

**Q2 2015**

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	\$ 19	\$ 6	\$ 13	\$ 0.06
Reorganization of business charges	Cost of sales and Other charges	16	6	10	0.05
Intangibles amortization expense	Intangibles amortization	3	1	2	—
Non-U.S. pension curtailment gain	Other charges (income)	(32)	—	(32)	(0.15)
Total impact on Net earnings		\$ 6	\$ 13	\$ (7)	\$ (0.04)

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

**Net Sales**

**Three Months Ended**

	<b>July 4, 2015</b>	<b>June 28, 2014</b>	<b>% Change</b>
Products	\$ 867	\$ 887	(2)%
Services	501	506	(1)%
Total Motorola Solutions	\$ 1,368	\$ 1,393	(2)%

**Six Months Ended**

	<b>July 4, 2015</b>	<b>June 28, 2014</b>	<b>% Change</b>
Products	\$ 1,626	\$ 1,640	(1)%
Services	965	982	(2)%
Total Motorola Solutions	\$ 2,591	\$ 2,622	(1)%

**Non-GAAP Operating Earnings**

**Three Months Ended**

	<b>July 4, 2015</b>	<b>June 28, 2014</b>	<b>% Change</b>
Products	\$ 176	\$ 133	32 %
Services	84	68	24 %
Total Motorola Solutions	\$ 260	\$ 201	29 %

**Six Months Ended**

	<b>July 4, 2015</b>	<b>June 28, 2014</b>	<b>% Change</b>
Products	\$ 266	\$ 185	44 %
Services	150	142	6 %
Total Motorola Solutions	\$ 416	\$ 327	27 %

**Non-GAAP Operating Earnings %**

**Three Months Ended**

	<b>July 4, 2015</b>	<b>June 28, 2014</b>
Products	20.3%	15.0%
Services	16.8%	13.4%
Total Motorola Solutions	19.0%	14.4%

**Six Months Ended**

	<b>July 4, 2015</b>	<b>June 28, 2014</b>
Products	16.4%	11.3%
Services	15.5%	14.5%
Total Motorola Solutions	16.1%	12.5%



**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%

Q2 2015			
	TOTAL	Products	Services
Net sales	\$ 1,368	\$ 867	\$ 501
Operating earnings ("OE")	\$ 254	\$ 171	\$ 83
Above-OE non-GAAP adjustments:			
Share-based compensation expense	19	12	7
Reorganization of business charges	16	12	4
Intangibles amortization expense	3	3	—
Non-U.S. pension curtailment gain	(32)	(22)	(10)
Total above-OE non-GAAP adjustments	6	5	1
Operating earnings after non-GAAP adjustments	\$ 260	\$ 176	\$ 84
Operating earnings as a percentage of net sales - GAAP	18.6%	19.7%	16.6%
Operating earnings as a percentage of net sales - after non-GAAP adjustments	19.0%	20.3%	16.8%