

**STATE OF ILLINOIS**

**CONTRACT**

Illinois State Police

LPR Camera Project Expansion

22-493ISP-OPERA-R-136306/B-32316/P-42247

The Parties to this contract are the State of Illinois acting through the undersigned Agency (collectively the State) and the Vendor. This contract, consisting of the signature page and numbered sections listed below and any attachments referenced in this contract, constitute the entire contract between the Parties concerning the subject matter of the contract, and in signing the contract, the Contractor affirms that the Certifications and if applicable the Financial Disclosures and Conflicts of Interest attached hereto are true and accurate as of the date of the Contractor's execution of the contract. This contract supersedes all prior proposals, contracts and understandings between the Parties concerning the subject matter of the contract. This contract can be signed in multiple counterparts upon agreement of the Parties.

Contract includes BidBuy Purchase Order? (The Agency answers this question prior to contract filing.)

Yes

No

Contract uses Illinois Procurement Gateway Certifications and Disclosures?

Yes (IPG Certifications and Disclosures including FORMS B)

No

1. **DESCRIPTION OF SUPPLIES AND SERVICES**
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In consideration of the mutual covenants and agreements contained in this contract, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to the terms and conditions set forth herein and have caused this contract to be executed by their duly authorized representatives on the dates shown on the following CONTRACT SIGNATURES page.

STATE OF ILLINOIS

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Illinois State Police

LPR Camera Project Expansion

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VENDOR

Vendor Name: Millenium Products, Inc.	Address: 621 Monte Cristo Blvd, Tierra Verde, FL 33715
Signature: [Redacted]	Phone: 888-901-7430
Printed Name: Ryan A. Barnett	Fax:
Title: President	Email: rbarnett@vettedsecuritysolutions.com
Date: 21 November 2022	

STATE OF ILLINOIS

Procuring Agency or University: Illinois State Police	Phone: 217-782-7263
Street Address: 801 South 7 <sup>th</sup> Street	Fax: 217-785-2821
City, State ZIP: Springfield, Illinois 62703	
Official Signature: [Redacted] <i>By Kelly</i>	Date: 01/09/23
Printed Name: Brendan F. Kelly	Designee: Matthew Davis
Official's Title: ISP Director	Title: First Deputy Director
Legal Signature: [Redacted]	Date: 12/29/22
Legal Printed Name: Kelly Griffith	
Legal's Title: Acting Chief Legal Counsel	
Fiscal Signature: [Redacted]	Date: 1/3/2023
Fiscal's Printed Name: Benjamin Dieterich	
Fiscal's Title: Chief Financial Officer	

**AGENCY USE ONLY**

**NOT PART OF CONTRACTUAL PROVISIONS**

- Agency Reference #: 22-493ISP-OPERA-R-136306/B-32316/P-42247
- Project Title: LPR Camera Project Expansion
- Contract #: 22-493ISP-OPERA-R-136306/B-32316/P-42247
- Procurement Method (IFB, RFP, Small Purchase, etc.): UPP/IFB
- IPB Reference #: 22-493ISP-OPERA-R-136306/B-32316/P-42247
- IPB Publication Date:
- Award Code: A
- Subcontractor Utilization?  Yes  No      Subcontractor Disclosure?  Yes  No
- Funding Source:
- Obligation #:
- Small Business Set-Aside?  Yes  No      Percentage:
- Minority Owned Business?  Yes  No      Percentage:
- Women Owned Business?  Yes  No      Percentage:
- Persons with Disabilities Owned Business?  Yes  No      Percentage:
- Veteran Owned Small Business?  Yes  No      Percentage:
- Other Preferences?

**1. DESCRIPTION OF SUPPLIES AND SERVICES**

**1.1. SUPPLIES AND/OR SERVICES REQUIRED:** The Illinois State Police is purchasing LPR camera system including fixed systems, mobile systems and trailers and hardware to support deployment of these systems (such as battery boxes and poles) and the associated installation, maintenance, and support services from Millenium Products, Inc through General Services Administration Contract (GSA) GS-07F-0031W. The parties acknowledge the State of Illinois is purchasing a five-year hardware warranty and camera software license bundle, this being the "service period". The parties acknowledge the Illinois State Police may choose to install and implement hardware not acquired directly via this Contract (i.e., 3rd party provided hardware) and acquire, install and implement software to further facilitate and expedite LPR hotlist uploads, LPR notifications and LPR alerts from and within the entire State of Illinois to increase the efficiency and effectiveness of this LPR project via this same Contract. See Attached GSA contract pricing documents and SOW for entire supplies and services purchased.

**1.1.1. Vendor (and subcontractor) agree to provide SOC2, Type 2 report on an annual basis. If this report is not available, vendor (and subcontractor) agree to complete the ISP Alternate Procedures questionnaire.**

For procurements conducted in BidBuy, the State may include in this contract the BidBuy Purchase Order as it contains the agreed Supplies and/or Services.

If checked, see the attached BidBuy Purchase Order for a Description of Supplies and/or Services.

**1.2. MILESTONES AND DELIVERABLES:** The services outlined in this contract shall begin upon contract execution through December 31<sup>st</sup>, 2023. See SOW and pricing documents for additional milestones and deliverables.

**1.3. VENDOR / STAFF SPECIFICATIONS:** n/a

**1.4. TRANSPORTATION AND DELIVERY:** The vendor will deliver the services to: **Motorola Solutions, Inc. 2540 Galvin Drive Elgin, IL 60124**

**1.5. SUBCONTRACTING**

Subcontractors are allowed.

For purposes of this section, subcontractors are those specifically hired to perform all or part of the work covered by the contract. If subcontractors will be utilized, Vendor must identify below the names and addresses of all subcontractors it will be entering into a contractual agreement that has an annual value of \$50,000 or more in the performance of this Contract, together with a description of the work to be performed by the subcontractor and the anticipated amount of money to the extent the information is known that each subcontractor is expected to receive pursuant to the Contract. Attach additional sheets as necessary.

1.5.1. Will subcontractors be utilized?  Yes  No

Subcontractor Name: Vetted Security Solutions, LLC

Amount to be paid: tbd

Address: 4185 35th St N, #3705, St. Petersburg, FL 33714

Description of work: Provision of hardware, software, project management, contract management, installation services and support, help desk, training, camera startup and commissioning, camera tagging and detailed site surveys.

Subcontractor Name: Motorola Solutions, Inc. (a subcontractor to Vetted Security Solutions)

Amount to be paid: tbd

Address: 500 W. Monroe St, Ste 4400, Chicago, IL 60661

Description of work: Camera installation, camera startup and commissioning, permit management, traffic management, signage and storage, camera tagging, program management, lane closures, electrical, training, and detailed site surveys.

**If additional space is necessary to provide subcontractor information, please attach an additional page**

- 1.5.2. All contracts with the subcontractors identified above must include the Standard Certifications completed and signed by the subcontractor.
- 1.5.3. If the annual value of any the subcontracts is more than \$50,000, then the Vendor must provide to the State the Financial Disclosures and Conflicts of Interest for that subcontractor.
- 1.5.4. If the subcontractor is registered in the Illinois Procurement Gateway (IPG) and the Vendor is using the subcontractor's Standard Certifications or Financial Disclosures and Conflicts of Interest from the IPG, then the Vendor must also provide to the State a completed Forms B for the subcontractor.
- 1.5.5. If at any time during the term of the Contract, Vendor adds or changes any subcontractors, Vendor will be required to promptly notify, in writing, the State Purchasing Officer or the Chief Procurement Officer of the names and addresses and the expected amount of money that each new or replaced subcontractor will receive pursuant to this Contract. Any subcontracts entered into prior to award of the Contract are done at the sole risk of the Vendor and subcontractor(s).

#### 1.6. SUCCESSOR VENDOR

- Yes  No This contract is for services subject to 30 ILCS 500/25-80. Heating and air conditioning service contracts, plumbing service contracts, and electrical service contracts are not subject to this requirement. Non-service contracts, construction contracts, qualification based selection contracts, and professional and artistic services contracts are not subject to this requirement.

If yes is checked, then the Vendor certifies:

- (i) that it shall offer to assume the collective bargaining obligations of the prior employer, including any existing collective bargaining agreement with the bargaining representative of any existing collective bargaining unit or units performing substantially similar work to the services covered by the contract subject to its bid or offer; and

- (ii) that it shall offer employment to all employees currently employed in any existing bargaining unit who perform substantially similar work to the work that will be performed pursuant to this contract.

This certification supersedes a response to certification 4, Form F, of the Illinois Procurement Gateway (IPG).

- 1.7. WHERE SERVICES ARE TO BE PERFORMED:** Unless otherwise disclosed in this section all services shall be performed in the United States. If the Vendor performs the services purchased hereunder in another country in violation of this provision, such action may be deemed by the State as a breach of the contract by Vendor.

Vendor shall disclose the locations where the services required shall be performed and the known or anticipated value of the services to be performed at each location. If the Vendor received additional consideration in the evaluation based on work being performed in the United States, it shall be a breach of contract if the Vendor shifts any such work outside the United States.

- Location where services will be performed: Illinois

Value of services performed at this location: estimated 24,000,000.00

## 2. PRICING

**2.1 TYPE OF PRICING:** The Illinois Office of the Comptroller requires the State to indicate whether the contract value is firm or estimated at the time it is submitted for obligation. The total value of this contract is estimated.

**2.2 EXPENSES ALLOWED:** Expenses are not allowed.

**2.3 DISCOUNT:** N/A

**2.4 VENDOR'S PRICING:** Attach additional pages if necessary.

2.4.1. Vendor's Price for the Initial Term: See attached vendors GSA pricing documents estimated initial term \$24,000,000.00

2.4.2. Vendor's discounts for the initial term of this contract shall be applied to current list prices and shall be consistent with the discounts established in the General Services Administration Contract Number: GS-07F-0031W.

**BB** For procurements conducted in BidBuy, the State may include in this contract the BidBuy Purchase Order as it contains the agreed Pricing.

If checked, see the attached BidBuy Purchase Order for the Vendor's Price for the Initial Term.

2.4.3. Renewal Compensation: If the contract is renewed, the price shall be at the same rate as for the initial term unless a different compensation or formula for determining the renewal compensation is stated in this section.

2.4.2.1 Agency Formula for Determining Renewal Compensation: n/a.

2.4.2.2 Vendor's Price for Renewal(s): n/a

**2.5 MAXIMUM AMOUNT:** The total payments under this contract shall not exceed \$24,000,000.00 without a formal amendment.

### 3. TERM AND TERMINATION

**3.1 TERM OF THIS CONTRACT:** This contract has an initial term of contract execution through December 31, 2023. If a start date is not identified, the term shall commence upon the last dated signature of the Parties.

For procurements conducted in BidBuy, the State may include in this contract the BidBuy Purchase Order as it contains the agreed term.

If checked, see the attached BidBuy Purchase Order for the Term of this Contract.

3.1.1 In no event will the total term of the contract, including the initial term, any renewal terms and any extensions, exceed 10 years.

3.1.2 Vendor shall not commence billable work in furtherance of the contract prior to final execution of the contract except when permitted pursuant to 30 ILCS 500/20-80.

**3.2 RENEWAL:** There are no renewals for this contract.

**3.3 TERMINATION FOR CAUSE:** The State may terminate this contract, in whole or in part, immediately upon notice to the Vendor if: (a) the State determines that the actions or inactions of the Vendor, its agents, employees or subcontractors have caused, or reasonably could cause, jeopardy to health, safety, or property, or (b) the Vendor has notified the State that it is unable or unwilling to perform the contract.

If Vendor fails to perform to the State's satisfaction any material requirement of this contract, is in violation of a material provision of this contract, or the State determines that the Vendor lacks the financial resources to perform the contract, the State shall provide written notice to the Vendor to cure the problem identified within the period of time specified in the State's written notice. If not cured by that date the State may either: (a) immediately terminate the contract without additional written notice or (b) enforce the terms and conditions of the contract.

For termination due to any of the causes contained in this Section, the State retains its rights to seek any available legal or equitable remedies and damages.

**3.4 TERMINATION FOR CONVENIENCE:** The State may, for its convenience and with thirty (30) days prior written notice to Vendor, terminate this contract in whole or in part and without payment of any penalty or incurring any further obligation to the Vendor.

3.4.1 Upon submission of invoices and proof of claim, the Vendor shall be entitled to compensation for supplies and services provided in compliance with this contract up to and including the date of termination.

**3.5 AVAILABILITY OF APPROPRIATION:** This contract is contingent upon and subject to the availability of funds. The State, at its sole option, may terminate or suspend this contract, in whole or in part, without penalty or further payment being required, if (1) the Illinois General Assembly or the federal funding source fails to make an appropriation sufficient to pay such obligation, or if funds needed are insufficient for any reason (30 ILCS 500/20-60), (2) the Governor decreases the Department's funding by reserving some or all of the Department's appropriation(s) pursuant to power delegated to the Governor by the



Illinois General Assembly, or (3) the Department determines, in its sole discretion or as directed by the Office of the Governor, that a reduction is necessary or advisable based upon actual or projected budgetary considerations. Contractor will be notified in writing of the failure of appropriation or of a reduction or decrease.

## 4. STANDARD BUSINESS TERMS AND CONDITIONS

### 4.1 PAYMENT TERMS AND CONDITIONS:

- 4.1.1 **Late Payment:** Payments, including late payment charges, will be paid in accordance with the State Prompt Payment Act and rules when applicable. 30 ILCS 540; 74 Ill. Adm. Code 900. This shall be Vendor's sole remedy for late payments by the State. Payment terms contained on Vendor's invoices shall have no force and effect.
- 4.1.2 **Minority Contractor Initiative:** Any Vendor awarded a contract under Section 20-10, 20-15, 20-25 or 20-30 of the Illinois Procurement Code (30 ILCS 500) of \$1,000 or more is required to pay a fee of \$15. The Comptroller shall deduct the fee from the first check issued to the Vendor under the contract and deposit the fee in the Comptroller's Administrative Fund. 15 ILCS 405/23.9.
- 4.1.3 **Expenses:** The State will not pay for supplies provided or services rendered, including related expenses, incurred prior to the execution of this contract by the Parties even if the effective date of the contract is prior to execution.
- 4.1.4 **Prevailing Wage:** As a condition of receiving payment Vendor must (i) be in compliance with the contract, (ii) pay its employees prevailing wages when required by law, (iii) pay its suppliers and subcontractors according to the terms of their respective contracts, and (iv) provide lien waivers to the State upon request. Examples of prevailing wage categories include public works, printing, janitorial, window washing, building and grounds services, site technician services, natural resource services, security guard and food services. The prevailing wages are revised by the Illinois Department of Labor (DOL) and are available on DOL's official website, which shall be deemed proper notification of any rate changes under this subsection. Vendor is responsible for contacting DOL at 217-782-6206 or (<https://www2.illinois.gov/idol/Pages/default.aspx>) to ensure understanding of prevailing wage requirements.
- 4.1.5 **Federal Funding:** This contract may be partially or totally funded with Federal funds. If Federal funds are expected to be used, then the percentage of the good/service paid using Federal funds and the total Federal funds expected to be used will be provided to the awarded Vendor in the notice of intent to award.
- 4.1.6 **Invoicing:** By submitting an invoice, Vendor certifies that the supplies or services provided meet all requirements of the contract, and the amount billed and expenses incurred are as allowed in the contract. Invoices for supplies purchased, services performed and expenses incurred through June 30 of any year must be submitted to the State no later than July 31 of that year; otherwise Vendor may have to seek payment through the Illinois Court of Claims. 30 ILCS 105/25. All invoices are subject to statutory offset. 30 ILCS 210.
- 4.1.6.1 Vendor shall not bill for any taxes unless accompanied by proof that the State is subject to the tax. If necessary, Vendor may request the applicable Agency's state tax exemption number and federal tax exemption information.
- 4.1.6.2 Vendor shall invoice at the completion of this contract unless invoicing is tied in this contract to milestones, deliverables, or other invoicing requirements agreed to in the contract.

Send invoices to:

Agency:	Illinois State Police
Attn:	<b>Shrayesh Shrestha</b>
Address:	801 South 7th Street 300N
City, State Zip	Springfield, Illinois 62703

See attached BidBuy Purchase Order

**BB** For procurements conducted in BidBuy, the Agency may include in this contract the BidBuy Purchase Order as it contains the Bill To address.

- 4.2 ASSIGNMENT:** This contract may not be assigned, transferred in whole or in part by Vendor without the prior written consent of the State.
- 4.3 SUBCONTRACTING:** For purposes of this section, subcontractors are those specifically hired to perform all or part of the work covered by the contract. Vendor must receive prior written approval before use of any subcontractors in the performance of this contract. Vendor shall describe, in an attachment if not already provided, the names and addresses of all authorized subcontractors to be utilized by Vendor in the performance of this contract, together with a description of the work to be performed by the subcontractor and the anticipated amount of money that each subcontractor is expected to receive pursuant to this contract. If required, Vendor shall provide a copy of any subcontracts within fifteen (15) days after execution of this contract. All subcontracts must include the same certifications that Vendor must make as a condition of this contract. Vendor shall include in each subcontract the subcontractor certifications as shown on the Standard Certification form available from the State. If at any time during the term of the Contract, Vendor adds or changes any subcontractors, then Vendor must promptly notify, by written amendment to the Contract, the State Purchasing Officer or the Chief Procurement Officer of the names and addresses and the expected amount of money that each new or replaced subcontractor will receive pursuant to the Contract. 30 ILCS 500/20-120.
- 4.4 AUDIT/RETENTION OF RECORDS:** Vendor and its subcontractors shall maintain books and records relating to the performance of the contract or subcontract and necessary to support amounts charged to the State pursuant the contract or subcontract. Books and records, including information stored in databases or other computer systems, shall be maintained by the Vendor for a period of three (3) years from the later of the date of final payment under the contract or completion of the contract, and by the subcontractor for a period of three (3) years from the later of final payment under the term or completion of the subcontract. If Federal funds are used to pay contract costs, the Vendor and its subcontractors must retain their respective records for five (5) years. Books and records required to be maintained under this section shall be available for review or audit by representatives of: the procuring Agency, the Auditor General, the Executive Inspector General, the Chief Procurement Officer, State of Illinois internal auditors or other governmental entities with monitoring authority, upon reasonable notice and during normal business hours. Vendor and its subcontractors shall cooperate fully with any such audit and with any investigation conducted by any of these entities. Failure to maintain books and records required by this section shall establish a presumption in favor of the State for the recovery of any funds paid by the State under this contract or any subcontract for which adequate books and records are not available to support the purported disbursement. The Vendor or subcontractors shall not impose a charge for audit or examination of the Vendor's or subcontractor's books and records. 30 ILCS 500/20-65.

- 4.5 TIME IS OF THE ESSENCE:** Time is of the essence with respect to Vendor's performance of this contract. Vendor shall continue to perform its obligations while any dispute concerning the contract is being resolved unless otherwise directed by the State.
- 4.6 NO WAIVER OF RIGHTS:** Except as specifically waived in writing, failure by a Party to exercise or enforce a right does not waive that Party's right to exercise or enforce that or other rights in the future.
- 4.7 FORCE MAJEURE:** Failure by either Party to perform its duties and obligations will be excused by unforeseeable circumstances beyond its reasonable control and not due to its negligence, including acts of nature, acts of terrorism, riots, labor disputes, fire, flood, explosion, and governmental prohibition. The non-declaring Party may cancel the contract without penalty if performance does not resume within thirty (30) days of the declaration.
- 4.8 CONFIDENTIAL INFORMATION:** Each Party to this contract, including its agents and subcontractors, may have or gain access to confidential data or information owned or maintained by the other Party in the course of carrying out its responsibilities under this contract. Vendor shall presume all information received from the State or to which it gains access pursuant to this contract is confidential. Vendor information, unless clearly marked as confidential and exempt from disclosure under the Illinois Freedom of Information Act, shall be considered public. No confidential data collected, maintained, or used in the course of performance of the contract shall be disseminated except as authorized by law and with the written consent of the disclosing Party, either during the period of the contract or thereafter. The receiving Party must return any and all data collected, maintained, created or used in the course of the performance of the contract, in whatever form it is maintained, promptly at the end of the contract, or earlier at the request of the disclosing Party, or notify the disclosing Party in writing of its destruction. The foregoing obligations shall not apply to confidential data or information lawfully in the receiving Party's possession prior to its acquisition from the disclosing Party; received in good faith from a third Party not subject to any confidentiality obligation to the disclosing Party; now is or later becomes publicly known through no breach of confidentiality obligation by the receiving Party; or is independently developed by the receiving Party without the use or benefit of the disclosing Party's confidential information.
- 4.9 USE AND OWNERSHIP:** All work performed or supplies created by Vendor under this contract, whether written documents or data, goods or deliverables of any kind, shall be deemed work for hire under copyright law and all intellectual property and other laws, and the State of Illinois is granted sole and exclusive ownership to all such work, unless otherwise agreed in writing. Vendor hereby assigns to the State all right, title, and interest in and to such work including any related intellectual property rights, and/or waives any and all claims that Vendor may have to such work including any so-called "moral rights" in connection with the work. Vendor acknowledges the State may use the work product for any purpose. Confidential data or information contained in such work shall be subject to confidentiality provisions of this contract.
- 4.10 INDEMNIFICATION AND LIABILITY:** The Vendor shall indemnify and hold harmless the State of Illinois, its agencies, officers, employees, agents and volunteers from any and all costs, demands, expenses, losses, claims, damages, liabilities, settlements and judgments, including in-house and contracted attorneys' fees

and expenses, arising out of: (a) any breach or violation by Vendor of any of its certifications, representations, warranties, covenants or agreements; (b) any actual or alleged death or injury to any person, damage to any real or personal property, or any other damage or loss claimed to result in whole or in part from Vendor's negligent performance; (c) any act, activity or omission of Vendor or any of its employees, representatives, subcontractors or agents; or (d) any actual or alleged claim that the services or goods provided under this contract infringe, misappropriate, or otherwise violate any intellectual property (patent, copyright, trade secret, or trademark) rights of a third party. In accordance with Article VIII, Section 1(a),(b) of the Constitution of the State of Illinois and 1973 Illinois Attorney General Opinion 78, the State may not indemnify private parties absent express statutory authority permitting the indemnification. Neither Party shall be liable for incidental, special, consequential, or punitive damages.

**4.11 INSURANCE:** Vendor shall, at all times during the term of this contract and any renewals or extensions, maintain and provide a Certificate of Insurance naming the State as an additionally insured for all required bonds and insurance. Certificates may not be modified or canceled until at least thirty (30) days' notice has been provided to the State. Vendor shall provide: (a) General Commercial Liability insurance in the amount of \$1,000,000 per occurrence (Combined Single Limit Bodily Injury and Property Damage) and \$2,000,000 Annual Aggregate; (b) Auto Liability, including Hired Auto and Non-owned Auto (Combined Single Limit Bodily Injury and Property Damage), in amount of \$1,000,000 per occurrence; and (c) Worker's Compensation Insurance in the amount required by law. Insurance shall not limit Vendor's obligation to indemnify, defend, or settle any claims.

**4.12 INDEPENDENT CONTRACTOR:** Vendor shall act as an independent contractor and not an agent or employee of, or joint venture with the State. All payments by the State shall be made on that basis.

**4.13 SOLICITATION AND EMPLOYMENT:** Vendor shall not employ any person employed by the State during the term of this contract to perform any work under this contract. Vendor shall give notice immediately to the Agency's director if Vendor solicits or intends to solicit State employees to perform any work under this contract.

**4.14 COMPLIANCE WITH THE LAW:** The Vendor, its employees, agents, and subcontractors shall comply with all applicable federal, state, and local laws, rules, ordinances, regulations, orders, federal circulars and all license and permit requirements in the performance of this contract. Vendor shall be in compliance with applicable tax requirements and shall be current in payment of such taxes. Vendor shall obtain at its own expense, all licenses and permissions necessary for the performance of this contract.

**4.15 BACKGROUND CHECK:** Whenever the State deems it reasonably necessary for security reasons, the State may conduct, at its expense, criminal and driver history background checks of Vendor's and subcontractor's officers, employees or agents. Vendor or subcontractor shall immediately reassign any individual who, in the opinion of the State, does not pass the background check.

**4.16 APPLICABLE LAW:**

**4.16.1 PREVAILING LAW:** This contract shall be construed in accordance with and is subject to the laws and rules of the State of Illinois.

**4.16.2 EQUAL OPPORTUNITY:** The Department of Human Rights' Equal Opportunity requirements are incorporated by reference. 44 ILL. ADM. CODE 750.

**4.16.3 COURT OF CLAIMS; ARBITRATION; SOVEREIGN IMMUNITY:** Any claim against the State arising out of this contract must be filed exclusively with the Illinois Court of Claims. 705 ILCS 505/1. The State shall not enter into binding arbitration to resolve any dispute arising out of this contract. The State of Illinois does not waive sovereign immunity by entering into this contract.

**4.16.4 OFFICIAL TEXT:** The official text of the statutes cited herein is incorporated by reference. An unofficial version can be viewed at ([www.ilga.gov/legislation/ilcs/ilcs.asp](http://www.ilga.gov/legislation/ilcs/ilcs.asp)).

**4.17 ANTI-TRUST ASSIGNMENT:** If Vendor does not pursue any claim or cause of action it has arising under Federal or State antitrust laws relating to the subject matter of this contract, then upon request of the Illinois Attorney General, Vendor shall assign to the State all of Vendor's rights, title and interest in and to the claim or cause of action.

**4.18 CONTRACTUAL AUTHORITY:** The Agency that signs this contract on behalf of the State of Illinois shall be the only State entity responsible for performance and payment under this contract. When the Chief Procurement Officer or authorized designee or State Purchasing Officer signs in addition to an Agency, he/she does so as approving officer and shall have no liability to Vendor. When the Chief Procurement Officer or authorized designee or State Purchasing Officer signs a master contract on behalf of State agencies, only the Agency that places an order or orders with the Vendor shall have any liability to the Vendor for that order or orders.

**4.19 EXPATRIATED ENTITIES:** Except in limited circumstances, no business or member of a unitary business group, as defined in the Illinois Income Tax Act, shall submit a bid for or enter into a contract with a State agency if that business or any member of the unitary business group is an expatriated entity

**4.20 NOTICES:** Notices and other communications provided for herein shall be given in writing via electronic mail whenever possible. If transmission via electronic mail is not possible, then notices and other communications shall be given in writing via registered or certified mail with return receipt requested, via receipted hand delivery, via courier (UPS, Federal Express or other similar and reliable carrier), or via facsimile showing the date and time of successful receipt. Notices shall be sent to the individuals who signed this contract using the contact information following the signatures. Each such notice shall be deemed to have been provided at the time it is actually received. By giving notice, either Party may change its contact information.

**4.21 MODIFICATIONS AND SURVIVAL:** Amendments, modifications and waivers must be in writing and signed by authorized representatives of the Parties. Any provision of this contract officially declared void, unenforceable, or against public policy, shall be ignored and the remaining provisions shall be interpreted, as far as possible, to give effect to the Parties' intent. All provisions that by their nature would be expected to survive, shall survive termination. In the event of a conflict between the State's and the Vendor's terms, conditions and attachments, the State's terms, conditions and attachments shall prevail.

**4.22 PERFORMANCE RECORD / SUSPENSION:** Upon request of the State, Vendor shall meet to discuss performance or provide contract performance updates to help ensure proper performance of the

contract. The State may consider Vendor's performance under this contract and compliance with law and rule to determine whether to continue the contract, suspend Vendor from doing future business with the State for a specified period of time, or whether Vendor can be considered responsible on specific future contract opportunities.

**4.23 FREEDOM OF INFORMATION ACT:** This contract and all related public records maintained by, provided to or required to be provided to the State are subject to the Illinois Freedom of Information Act (FOIA) (5 ILCS 140) notwithstanding any provision to the contrary that may be found in this contract.

**4.24 SCHEDULE OF WORK:** Any work performed on State premises shall be done during the hours designated by the State and performed in a manner that does not interfere with the State and its personnel.

**4.25 WARRANTIES FOR SUPPLIES AND SERVICES:**

4.25.1. Vendor warrants that the supplies furnished under this contract will: (a) conform to the standards, specifications, drawing, samples or descriptions furnished by the State or furnished by the Vendor and agreed to by the State, including but not limited to all specifications attached as exhibits hereto; (b) be merchantable, of good quality and workmanship, and free from defects for a period of twelve months or longer if so specified in writing, and fit and sufficient for the intended use; (c) comply with all federal and state laws, regulations and ordinances pertaining to the manufacturing, packing, labeling, sale and delivery of the supplies; (d) be of good title and be free and clear of all liens and encumbrances and; (e) not infringe any patent, copyright or other intellectual property rights of any third party. Vendor agrees to reimburse the State for any losses, costs, damages or expenses, including without limitations, reasonable attorney's fees and expenses, arising from failure of the supplies to meet such warranties.

4.25.2. Vendor shall ensure that all manufacturers' warranties are transferred to the State and shall provide to the State copies of such warranties. These warranties shall be in addition to all other warranties, express, implied or statutory, and shall survive the State's payment, acceptance, inspection or failure to inspect the supplies.

4.25.3. Vendor warrants that all services will be performed to meet the requirements of this contract in an efficient and effective manner by trained and competent personnel. Vendor shall monitor performances of each individual and shall immediately reassign any individual who does not perform in accordance with this contract, who is disruptive or not respectful of others in the workplace, or who in any way violates the contract or State policies.

**4.26 REPORTING, STATUS AND MONITORING SPECIFICATIONS:** Vendor shall immediately notify the State of any event that may have a material impact on Vendor's ability to perform this contract.

**EMPLOYMENT TAX CREDIT:** Vendors who hire qualified veterans and certain ex-offenders may be eligible for tax credits. 35 ILCS 5/216, 5/217. Please contact the Illinois Department of Revenue (telephone #: 217-524-4772) for information about tax credits.

## 5. SUPPLEMENTAL PROVISIONS

### 5.1. STATE SUPPLEMENTAL PROVISIONS

- Agency Definitions  
n/a
- Required Federal Clauses, Certifications and Assurances  
n/a
- Public Works Requirements (construction and maintenance of a public work) 820 ILCS 130/4.  
n/a
- Prevailing Wage (janitorial cleaning, window cleaning, building and grounds, site technician, natural resources, food services, and security services, if valued at more than \$200 per month or \$2,000 per year or printing) 30 ILCS 500/25-60.  
n/a
- Agency Specific Terms and Conditions

5.1.1 In the event of any inconsistency or conflict between the articles, attachments, or provisions which constitute this agreement, the following descending order of precedence shall apply:

5.1.1.1 This State of Illinois Contract

5.1.1.2 General Services Administration Master Agreement Number GS-07F-0031W

5.1.1.3 47QSMD20R0001 for Schedule MAS solicitation for security and protection.

5.1.1.4 Contractor's response to the General Services Administration Solicitation for Schedule Multiple Award Schedule (MAS).

5.1.1.5 Contractor's terms and conditions

5.1.1.5.1 Attachments:

Attachment A-Statement of Work;

Attachment B- Vigilant LEARN Security and Compliance Memorandum.

Attachment C--Software Service Agreement (VVT)

- Other (describe)

**COVID-19 PROTECTIONS:** In response to the COVID-19 pandemic, Governor J.B. Pritzker issued Executive Order 2021-22 and 2021-23. These Executive Orders mandate certain contractors shall use face coverings, have COVID-19 vaccinations, or undergo testing for COVID-19 when in indoor public places, Health Care Facilities, Schools, Institutions of Higher Education, and State-owned



and operated congregate facilities. Vendor shall adhere to the requirements of these Executive Orders as applied by the Agency. The Agency may also implement vaccination or testing requirements that exceed those in the Executive Orders. On August 26, 2021, Governor Pritzker issued Executive Order 2021-20 (COVID-19 EXECUTIVE ORDER NO. 87). This Executive Order recognizes that the Delta variant of the coronavirus is the most dominant strain of COVID-19 in Illinois and poses significant new risks to stopping and slowing the spread of the virus.

The Executive Orders may be found at:

<https://www.illinois.gov/government/executive-orders/executive-order.executive-order-number-22.2021.html>

<https://www.illinois.gov/government/executive-orders/executive-order.executive-order-number-23.2021.html>

**5.2. VENDOR SUPPLEMENTAL PROVISIONS-See Section 6. Vendor Attachments**

**6. VENDOR ATTACHMENTS**

- 6.1. Attachment A-Statement of Work**
- 6.2. Attachment B- Attachment E-Vigilant LEARN Security and Compliance Memorandum**
- 6.3. Attachment C- Software Service Agreement (VVT)**

## 1. INTRODUCTION

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### 1.1 Project Overview

This Illinois State Police (ISP) seeks to acquire, install and deploy a highly secured, turn-key License Plate Reader (LPR) solution along the Illinois highways to assist the ISP in combatting gun crime and other lawbreaking. LPR has been proven to help communities reduce crime while enhancing officer and community safety. Millenium Products, Inc – and its subcontractor, Vetted Security Solutions, LLC (collectively the, “Contractor”) – will deploy the number of ordered fixed cameras, portable cameras, trailers and their associated enclosures, poles and/or battery boxes at agreed-upon locations within the State of Illinois. Additionally, Contractor will deploy hardware provided by 3rd parties as directed by the ISP at rates no greater than what Contractor is presently charging the ISP. The hardware will be provided with 5 years of warranty and licensing, which will entitle the ISP to:

- Hosting services for all data collected and hotlists created
- OCR updates for the cameras
- Connectivity with and to the Law Enforcement Archival Reporting Network (LEARN)
- Help Desk support
- Hardware replacement for any enclosures and/or cameras that fail<sup>12</sup>

This encompasses the, “Solution”.

### 1.2 Business Goals

- 1.2.1 Generate investigative leads to help close more cases more quickly
- 1.2.2 Reduce shootings on Illinois public roadways
- 1.2.3 Reduce auto thefts and related crimes involving vehicles;
- 1.2.4 Increase auto theft vehicle recovery rates;
- 1.2.5 Increase the apprehension of suspects for auto thefts, burglaries and any other crimes involving a vehicle;
- 1.2.6 Increase the solvability of crimes involving a vehicle;
- 1.2.7 Reduce the overall cost to citizens through the reduction of insurance costs associated with vehicle related crimes, property recovery, and prosecution;
- 1-2.8 Increase investigative leads to reduce auto thefts and vehicles used in gateway crimes (i.e. robbery, burglary of residence, etc.);
- 1.2.9 Reduce insurance loss;

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<sup>1</sup> Willful destruction of property is not covered under warranty.

<sup>2</sup> Replacement services are not included.

- 1.2.10 Increase public confidence;
- 1.2.11 Increase Officer Safety; and,
- 1.2.12 Increase Public Safety.

## **2. PROJECT SCOPE**

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### **2.1 Summary**

The Contractor shall provide services and products to install and implement an easy-to-use, intuitive ALPR System. The Contractor will provide:

- Project Management-including for 3<sup>rd</sup> party provided cameras
- Software licensing, access, hosting and configuration
- Site Surveys-including for 3<sup>rd</sup> party provided cameras
- Hardware (including 5 years warranty and tagging of equipment)
- Installation-including for 3<sup>rd</sup> party provided cameras
- Camera Startup and Commissioning-including for 3<sup>rd</sup> party provided cameras
- User Training

Maintenance and Support – including licensed software for monitoring the installed sensors<sup>3</sup>

### **2.2 Contractor's Responsibilities**

The Contractor Shall be responsible for the installation, set-up, startup and commissioning and configuration of the Solution. The Contractor will provide the ordered equipment, content and services as a part of the full implementation with regards to licensing, deployment, support and maintenance.

The Contractor Shall be responsible for providing, shipping and deploying as ordered:

- Project Management (including 3<sup>rd</sup> party provided cameras)– including:
  - Semi-monthly meetings to review recent accomplishments, upcoming plans, risk identification and associated mitigation strategies
  - Assignment of a designated Single-Point-of-Contact (SPOC) for ISP who will be accountable for all communication with the ISP and updating/communicating scheduling issues, change requests, etc
  - Development and maintenance of a schedule for the duration of the project, to be approved by the ISP Project Manager.
- 5 years of licensing for:
  - Hosting services, OCR updates, Help Desk, and Warranty
- Training sessions on the Law Enforcement Archival Reporting Network (LEARN)
- Access to the Vigilant Solutions Law Enforcement Academy online training webinars (vslea.org)

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<sup>3</sup> 3rd party provided cameras may be added to the Virtual Technician.

- Conducting of site surveys for requested locations, and provide documentation-including 3<sup>rd</sup> party provided cameras
- Scheduling and confirming locations of deployments in conjunction with ISP Project Management-including 3<sup>rd</sup> party provided cameras
- Installation of hardware at all surveyed, agreed-to and authorized locations within the State of Illinois-including 3<sup>rd</sup> party provided cameras
- Execution of standard System Startup and Commissioning Services (SSU&C) to confirm proper aiming and functioning of the LPR cameras-including 3<sup>rd</sup> party provided cameras
- Signoff-Acceptance documents for ISP
- Manufacturer's documentation
- Post installation support will be provided in accordance with the manufacturer's ESA and SSA, as provided and reviewed by the ISP – with the following exceptions:
  - Tier 1 Support will be provided by Vetted Security Solutions
  - ISP should submit issues to [ispsupport@vettedsecuritysolutions.com](mailto:ispsupport@vettedsecuritysolutions.com)
  - ISP will designate a limited number of individuals authorized to communicate support issues
  - For the avoidance of doubt, 3rd party provided cameras may result in post installation support that differs than the existing manufacturer's ESA and SSA

### 2.3 ISP Responsibilities

The ISP's personnel will be responsible for connecting the Contractor to appropriate resources within the various State departments in order to implement the solution. The State's project team will be comprised of a project manager, as well as technical and functional resources from the IT Division and other departments as necessary. ISP will be responsible for obtaining cellular subscriptions.

Additionally, the ISP will provide the following:

- 2FF Static SIM card for each location
- Naming nomenclature for each Camera / System name that clearly identifies its location (system name) and direction of travel (camera name)
- Storage and Preparation area. This area will need to be a minimum of 50' X50'
- Project prioritization and scheduling with the Contractor's Project Manager
- Issue identification, prioritization and communications with Contractor support staff
- Facilities for onsite training classes – including laptops, projector screen(s) and audio capabilities
- Schedule participants to attend the training classes
- Conduct acceptance testing
- Review and approval of milestones, deliverables, status reports and invoices
- All router / modems will be Band 14 / AT&T Firstnet compatible
- In high traffic areas over (TBD) plate reads or areas where 4G modems create buffering and/or other limitations that are identified prior to installation, the modem will be upgraded to 5G to prevent a delay in alerts being received

### **3. DELIVERABLES**

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#### **3.1 DELIVERABLE DOCUMENTS**

The following Deliverables will be provided for sign-off by the Contractor to the ISP:

- Final Project Plan
- Training Delivery Confirmation
- Detailed Site Surveys
- Hardware Shipping Receipt Confirmation
- Hardware Tagging/Tracking Spreadsheet
- Location Authorization Documents
- System Startup and Commissioning Documents
- Location Signoff Documents

Deliverables may be added or eliminated as jointly agreed by ISP and the Contractor.

### **4. ISP ACCEPTANCE**

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#### **4.1 ACCEPTANCE CRITERIA**

ISP will accept or reject deliverables within three (3) business days of receipt. If rejected, the ISP will identify specific deficiencies that must be addressed in order to receive the ISP approval.

The criteria for Acceptance are listed, below:

- Final Project Plan – An updated, agreed-to Project Plan with a similar level of detail as contained in Exhibit A.
- Training Delivery Confirmation – Signoff document per class delivered, or online record for remotely delivered classes
- Detailed Site Surveys – Updated documents with locations, cameras, and other details akin to what was provided in the Preliminary Site Survey
- Hardware Shipping Receipt Confirmation – Delivery receipt of ordered hardware
- Hardware Tagging/Tracking Spreadsheet – Delivery of information in an EXCEL spreadsheet, or other agreed-to format
- Location Authorization Documents – A single page document authorizing installation preparation and work to begin at a specific location
- System Startup and Commissioning (SSU&C) Documents – Delivery of completed SSU&C document for cameras
- Location Signoff Documents – A single page document confirming the location installation is complete and working
- Final Project Signoff – A single page document confirming that the project has been completed

Invoices associated with these Deliverables will be issued upon Acceptance.

Deliverable Acceptance Criteria may be modified as jointly agreed between ISP and the Contractor.

## 5. POST INSTALLATION SUPPORT

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### 5.1 POST INSTALLATION SUPPORT

Post installation support will be provided in accordance with the manufacturer's ESA and SSA, as provided and reviewed by the ISP – with the following exceptions:

- Tier 1 Support will be provided by Vetted Security Solutions<sup>4</sup>
- ISP should submit issues to [ispsupport@vettedsecuritysolutions.com](mailto:ispsupport@vettedsecuritysolutions.com)
- ISP may call 727-440-3245 (Help Desk), and select Option 1 to report an issue
- ISP will designate a limited number of individuals authorized to communicate support issues
- The ISP may also choose to submit a support ticket directly online:
  - o Go to [Vettedsecuritysolutions.com](http://Vettedsecuritysolutions.com)
  - o Click the Support Tab on the website's main page
  - o Click the 24/7 Support Helpdesk icon



- o Choose LPR Tech Support, License Key Request, CCTV and Surveillance Work, Etc.
- o Follow the prompts for filling out the details of the issues being experienced

### 5.2 SERVICE ESCALATION

In the event agreed response times are not met, the ISP will escalate the case to the following individuals:

Neil T Schlisserman – Chief Revenue Officer:  
Email: [nschlisserman@vettedsecuritysolutions.com](mailto:nschlisserman@vettedsecuritysolutions.com)  
Cell: 908-774-7115

In the event the case is still not resolved to the ISP's satisfaction, the final escalation point will be the

Founder and President of Vetted Holdings:

Ryan Barnett – Founder and President:  
Email: [rbarnett@vettedsecuritysolutions.com](mailto:rbarnett@vettedsecuritysolutions.com)  
Cell: 727-793-1215

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<sup>4</sup> 3rd party provided cameras will be supported to the extent reasonably possible.

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### 5.3 VIRTUAL TECHNICIAN

Contractor will continue to populate the Virtual Technician (previously referred to as the System Health Utility) up to 500 cameras to provide insights into the health of the cameras and enclosures deployed.<sup>5</sup> 3<sup>rd</sup> party cameras may be added to the Virtual Technician within the existing subscription Tiers.

Vetted Security Solutions' Virtual Technician displays the health of IP, LPR, CCTV cameras, and other devices, that allow for remote triage. The system also has the ability to run self corrective steps to automatically resolve multiple tier issues. The solution has a "User Interface," dashboards, alerting and more. Alert emails and text messages can be sent to multiple agency administrators when a problem or specific trigger event occurs.

## 6. ASSUMPTIONS

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### 6.1 ASSUMPTIONS

The following list of Assumptions apply to this engagement and its associated pricing:

- This SOW does not include new power connectivity, or conduit studies
- Contractor is not responsible for installing additional hardware outside of what is included in the detailed site surveys as it pertains to mounting and installation of fixed LPR cameras and enclosures
- For fixed installations this SOW assumes:
  - Existing conduits are free and clear, and no conduit studies are required. No conduit materials or installation is included.
  - No fence cutting or modification is required
  - Contractor can install open air or use existing conduit
  - The LPR mount provided can be installed with one crew and is approved by IDOT and requires no modifications to be installed
- This SOW excludes landscaping and restoration
- Contractor does not assume liability of any and all equipment mounted on the concrete facades or the steel "I" beams on the overpass
- Contractor assumes that LPR brackets will be installed on concrete facades or the steel "I" beams of each overpass
- Contractor assumes that access & permission is granted to install on nearest light pole, IDOT/CDOT pole, traffic pole on overpass.
- All LPRs are cellular and activated SIM cards are provided to Motorola during staging prior to implementation. Motorola is not providing SIM cards or service. Motorola assumes bandwidth throughput meets camera specifications for reads and uploads
- This SOW does not include structural or remediation
- Contractor assumes power is within 50 ft of LPR, and power runs continuously 24x7x365

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<sup>5</sup> The next level subscription covers 500-1000 total sensors/cameras. Additional fees will be prorated to, 1) credit the remaining subscription, and 2) adjust for the subscription term.

- Contractor assumes adequate constant power is available and any traffic or streetlight breakers, if necessary, will be installed by others
- Contractor assumes (1) LPR unit will capture hits and reads on a single lane of traffic
- Contractor assumes that work will be completed Monday through Friday excluding holidays

No maintenance or warranty services beyond those explicitly agreed-to, ordered and contracted are included

- No GIS mapping is included
- The Supply power provided for the Communications Boxes must be terminated on a dedicated 15amp or 20-amp Circuit breaker
- Power supplied to the Communication Boxes must be at least 120V but not greater than 277V
- All PoE cables will be terminated into the designated Communication Boxes (the LPR cameras run exclusively off PoE)
- The CAT6 cable runs will not exceed 300 feet in length from the Communications Boxes to the camera without a PoE switch to account for the additional lengths
- 3rd-party provided cameras – such as those provided by Federal agencies – will be supported by said Federal agency

### EXHIBIT A

The following image depicts the Preliminary Project Plan, which will be updated after the Detailed Site Surveys are completed.

		January	February	March	April	May	June	July	August	September	October	November	December
Phase 2 Contract Kickoff													
Project Management	Schedule semi-monthly meetings												
	Conduct semi-monthly meetings												
	Present accomplishments, schedule, risks, mitigation strategies												
Identify Initial Phase 2 locations													
Schedule Detailed Site Survey													
Conduct Detailed Site Survey													
Practice Detailed Site Survey													
Practice Detailed Site Survey													
Agree final locations for deployment													
Finalize equipment list to support agreed locations for initial deployment													
Submit updated quantities to the ISP for final approval													
ISP Issue Initial Phase 2 R/W Order to support Phase 2 locations													
Obtain ISP sign-off for locations for deployment													
ISP Issue Purchase Order for Equipment, Warranty, Licensing, VT update													
Prepare equipment and equipment licensing/warranty for shipment													
Stage equipment													
Apply Tagging to equipment													
Provide Tagging spreadsheet to ISP													
Ship equipment													
ISP Issue Location Authorization to commence installation (per location)													
	Perform Site Engineering												
	Review Site Survey												
	Review and confirm LPR camera attachments and mounts												
	Obtain Permits												
	Prepare, submit and track permit applications (zoning, electrical, building)												
	Obtain IDOT lane closure permits												
	Coordinate inspections to complete site development work												
	Provide temporary lane closures including signage, cones and lights (IDOT req's)												
	Conduct existing facility improvement work												
	Provide approved IDOT electrical services												
	Supply power provided for the Communications Boxes												
	Install hardware (e.g., cameras, brackets, coms boxes, battery boxes)												
	Conduct System Startup and Commissioning per camera												
	Provide Documentation to ISP												
	Provide evidence of camera(s) working to ISP												
	Provide/Obtain ISP Signoff Document												
Iterate Rows 9 through 40 as required													
Provide to, and obtain from, ISP Project Completion Document													





# VIGILANT LEARN SECURITY AND COMPLIANCE MEMORANDUM

# OVERVIEW

Motorola Solutions offers the Vigilant LEARN platform to law enforcement clients as a hosted data capture and image analytics platform for license plate (Vigilant PlateSearch™) images to aid law enforcement in their day to day public safety mission. Unless on premise deployment is required by the customer, all software applications are offered as a Software as a Service. Microsoft is a sub-contractor to Motorola Solutions and the customer is not responsible for managing the business relationship or cloud computing infrastructure.

Our data infrastructure is hosted in the Azure Government data centers within the US East Region. The data center is managed by Microsoft. The data centers have ISO 9001:2015 certification; the internationally recognized standard for Quality Management Systems. Azure Government is independently audited annually by a third-party firm for compliance under the Association of International Certified Professional Accountants (AICPA) Statement of Auditing Standards producing a Service Organization Controls (SOC) 2 Report. The SOC 2 is available under a Non-Disclosure Agreement.

Azure GovCloud operations have also achieved FedRAMP High Authority To Operate (ATO) certification for federal government agencies. The FedRAMP ATO process is a highly scrutinized review of an entity's security controls, managed by the Department of Homeland Security (DHS). It requires applying NIST 800-53 controls and NIST Cybersecurity Framework. FedRAMP includes third-party assessment and attestation to compliance. DHS also requires continuous monitoring of controls and annual reporting to maintain the ATO.

Motorola's DevOps and Technical Customer Support Operations also undergo annual SOC 2 and ISO 27001 assessments.

The physical and network security employed at the data centers is exhaustive. Information about the security employed at the Microsoft Azure data centers can be found here: Microsoft Azure Government Data Center (<https://docs.microsoft.com/en-us/azure/azure-government/documentation-government-plan-security>). The data centers have achieved FedRAMP High control certification issued by DHS (link: <https://docs.microsoft.com/en-us/azure/azure-government/documentation-government-plan-compliance>). These certifications do not extend to Vigilant's software however, we do have our own SOC 2 and ISO 2700-1 certifications governing Motorola Solutions Software Enterprise DevOps and technical customer support..

Note: All ALPR images are stored in AWS Government data centers.

Motorola Solutions takes IT security seriously. We recognize that the NCIC hotlists have been recently classified as CJI as a result of being linkable through other external sources such as DMV, NCIC or CHRI records. Of greater relevance, the law enforcement hot lists, such as NCIC, are managed by our law enforcement customers but are in our custody. For these reasons, Motorola Solutions for several years voluntarily implemented the security controls necessary to adhere to the relevant sections of the policy. The current version of FBI-CJIS Security Policy can be found here: FBI-CJIS Security Policy. All LPR provided by the law enforcement customer are shared with other customers only as designated by customer enabled sharing controls. All activity is logged and can be audited.

**Data Ownership** – The Enterprise Service Agreement and Terms and Conditions documents outline ownership of data collected by and hosted in agency accounts. Customers own and control the data collected, entered, submitted and stored through Motorola Solutions applications. All customer owned data is classified by Motorola Solutions as Criminal Justice Data. Our Information Security Policy provides protection and handling instructions for employees. The policy encompasses rules for handling, storage, dissemination and disposal of customer owned data.

**Data retention** is the responsibility of the customer in accordance with any of their governing federal, state, local law, rule or policy. Data is deleted when the customer engages that action. Data is not mined, sold or shared beyond the sharing configurations established by the data owner. The data owner is responsible for submitting accurate, authorized, lawful and appropriate information through Motorola Solutions applications and ensuring they do so in accordance with any governing federal, state, local law, rule or policy.

**Data Storage and Access** – Law enforcement gathered Vigilant LEARN data is physically (geographically) and also logically separated from our sister subsidiary commercial LPR data partner DRN. Customers can acquire access to the commercial data, but it is a one-way share. We own the commercial data and what the customers can access. Law enforcement data is not shared with commercial customers and that option is not permissible for customers within the sharing configurations. Corporately, we do not share Vigilant LEARN customer data with anyone as we do not own the data. Our commercial customers do not have access to perform any query or analysis of Vigilant LEARN customer data.





## PHYSICAL SECURITY

Physical protection mechanisms at the Microsoft Azure Government facilities in the US East Region are consistent with, or greater than the FBI CJIS Physically Secure Location criteria. The data center facility and staff are audited to ISO, AICPA and DHS standards using independent third party assessors to validate the security controls. Microsoft is required to recertify its cloud services each year to maintain its FedRAMP P-ATOs and ATOs. To do so, Microsoft must monitor and assess its security controls continuously, and demonstrate that the security of its services remains in compliance. Generally, a Cloud Service provider data center cannot be considered a Physically Secure Location within the scope of CJIS Security Policy due to the nature of the facilities lack of direct oversight by the criminal justice agency, even though they are highly secure. Motorola Solutions protocol to address this gap is to encrypt data in the data center that may be considered sensitive to the CJIS Security Policy control requirements.

Motorola Solutions is therefore responsible for the security, confidentiality and privacy of the data in its custody and our computing environment. That is accomplished through efforts to adhere to technical security controls consistent with the FBI-CJIS Security Policy. Microsoft provides physical security for the facility as well as assures “availability”; with reliable computing resources, Internet, suitable staff, communications protection, power conditioning and HVAC. Microsoft is responsible for the confidentiality and privacy based upon those physical security controls at the data center. Data center staff have no authorized physical or logical access (GUI) to Vigilant LEARN software, or data. Microsoft currently manages the encryption keys and Motorola is transitioning to Motorola managed encryption keys. Microsoft has undertaken an effort to complete CJIS Trusted Provider agreements in most states with CJIS System Agencies and as such, have undergone the CJIS screening process so they can manage the encryption keys during this transition.

## PERSONNEL SCREENING

When requested, Motorola Solutions Engineering and Support staff execute the FBI-CJIS Security Addendum, submit information for state/national fingerprint-based background checks and complete bi-annual FBI-CJIS Security Awareness Training (Tier 4) through Peak Performance CJIS Online. If any barrier offense activity is discovered before or during assignment, Motorola Solutions suspends staff system access pending resolution and will notify those clients that require CJIS personnel screening procedures.

Microsoft’s Azure GovCloud has been approved in over 40 states and the District of Columbia as a CJIS Trusted Provider. That approval means Azure GovCloud has provided appropriate documentation to the state CJIS System Agency demonstrating compliance with CJIS Security Policy technical controls as well as completing CJIS Personnel Security screening for all employees in each state.

As an additional effort toward compliance, Motorola Solutions encrypts sensitive data at rest in the data center. Microsoft currently manages the encryption keys and Motorola is transitioning to Motorola managed encryption keys. Data center staff have no authorized administrator or user logical access privileges to any Motorola Solutions software applications. Microsoft data center staff also do not manage Motorola Virtual Networks, Vigilant Software or any customer data.

## AUDITING AND ACCOUNTABILITY

Motorola Solutions' Vigilant LEARN applications have audit functions built in, enabling customers to view and audit all user and transactional activity. Audit functionality is consistent with FBI-CJIS Security Policy and enables integrity audits to "increase the probability of authorized users conforming to a prescribed pattern of behavior." Audit functionality focuses on "events" and "content" as specified in Section 5.4.1. Motorola Solutions also audits its staff to ensure adherence to our standards of acceptable use. Auditing user activity is a customer responsibility.

Audit log retention for end user activity defaults to one year. Arrangements need to be made with customers if they wish to retain backend systems logs beyond 90 days.

Auditing of the Microsoft Azure Government facilities, processes, policies and procedures are accomplished by a third party auditing firm The Data center audits occur using audit standards of the AICPA and DHS FedRAMP requirements. The results of the evaluation are documented in SOC Type 2 & 3 reports and FedRAMP System Security Plan and Authority To Operate designations. These evaluations are conducted annually to validate that processes, controls, and procedures are in place and performing as expected. The standards, based upon NIST 800-53 controls, are a superset of the CJIS Security Policy and are equal or greater than FBI-CJIS Security Policy control expectations. Motorola Solutions SOC 2 and ISO reports can be shared with clients under an NDA. Motorola Solutions analyzes the information for non-compliance.

## ENCRYPTION

In regard to encryption standards set by FBI CJIS Security Policy and the NIST FIPS 140-2 certification requirement for data security, we consider two items: "data in transit" and "data at rest." For data in transit, Motorola uses TLS encryption ciphers with FIPS certified algorithms. For "data at rest" inside the Vigilant LEARN database, sensitive data (free text fields that may contain user appended Criminal Justice Information (CJI) or Personally Identifiable Information (PII)) is encrypted to the CJIS standard. Motorola Solutions is exploring efforts to encrypt the NCIC hotlists with the data change classification and the resulting latency impact on end users. We anticipate completing the encryption of the hotlists in 2023.

For the remainder of the data within the ecosystem, there are several modes of encryption. From the initial detection prior to the data being sent via https, the data is encrypted at the cameras. While the data is in transit to the Vigilant LEARN servers, the https TLS protocols cited are used.

That protocol encrypts all data when it leaves the Vigilant CarDetector Mobile software application to the Vigilant LEARN software application and encrypts any responses sent to the end user, using the Internet to communicate to and from a Motorola Solutions managed Microsoft Server 2019. The Microsoft Server employs FIPS 140-2 certified algorithms during data transit. The server(s) are used to manage traffic as well as store and process data transactions on the servers located at the data center. Motorola Solutions uses Microsoft Windows Server 2019 and the application module called Internet Information Services to enable the use of available certified encryption algorithms.

When a detection is matched to a hot listed plate in the Vigilant LEARN cloud environment is encrypted via the Azure Application Gateway and traverses again via https back to the patrol vehicle that made the detection. The Vigilant CarDetector Mobile application in the patrol vehicle would then see the alert. As per FBI-CJIS Security Policy, the patrol vehicle is considered a physically secure location and would not require encryption. It would be the responsibility of the customer to protect the data when a laptop is taken out of the car with technology such as BitLocker.

The license plate field is left unencrypted to allow for rapid matching of inbound detection data against the hot list. All other sensitive fields are encrypted. As noted previously, captured license plate images are not encrypted and are stored at an Amazon Web Services facility in Ashburn, VA.

## EVALUATION OF COMPLIANCE

Motorola firmly believes that the Azure GovCloud data centers meet the Physical Security Controls criteria, satisfying compliance with FBI-CJIS Security Policy even if the data center cannot be designated as such. Regardless, most of the LPR data is encrypted at all times and all user actions are audited. New efforts will have to be undertaken as a result of the re-classification of the NCIC hotlists as CJI to encrypt the hotlist.

Our belief regarding our compliance posture is upheld by several independent internal and external third party reviews. Motorola Solutions develops and designs all its enterprise public safety systems, including Vigilant LEARN applications, to be adherent to the FBI-CJIS Security Policy v.5.9 as well as standard industry best practices. There are clearly areas where there is a shared responsibility of the customer for compliance in how the system is used, deployed along with other policies.

Motorola Solutions relies on Microsoft Azure Gov Cloud independent assessments of their facilities, operations and standards based compliant physical security along with CJIS Trusted Provider Agreements between state CJIS System Agencies and Microsoft, and Microsoft and DHS ATO. The Microsoft Azure Government Data Center has FedRAMP High certification ATO issued by DHS. Motorola Solutions has also undertaken significant internal compliance efforts by undertaking AICPA SOC2 as well as ISO series compliance audits for the DevOps operations.

Motorola Solutions designs for CJIS standards compliance whether it is required or not to provide the security and privacy controls the customer needs to make assurances to others that your service provider takes information security seriously and to agree to remediate any findings as soon as practicable.

Questions? Contact [VigilantSupport@motorolasolutions.com](mailto:VigilantSupport@motorolasolutions.com) or call 925-398-2079.



Motorola Solutions, Inc. 500 West Monroe Street, Chicago, IL 60661 U.S.A. [motorolasolutions.com](http://motorolasolutions.com)

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# SOFTWARE SERVICES ORDER

This Software Services Order (this "Order") is placed this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, (the "Order Effective Date") by Illinois State Police ("Customer") for certain services and licenses to be provided by FINDER SOFTWARE SOLUTIONS ("Provider"), as set forth below.

## 1.0 Software Services

### Order Summary

Software Service	Start Date	End Date	Quantity	Net Price	Total
FINDER VIRTUAL TECHNICIAN	7-1-2021	12-31-2026	Up to 500 Devices	\$252,528.97	\$252,528.97 <sup>1</sup>

**2.0 Terms and Conditions:** This Order and all software services and licenses provided pursuant to it are subject to the attached Software Services Terms. When executed, this Order, together with the Software Services Terms and its addendums, constitutes a single, legally binding agreement between Provider and Customer for the purchase of the software services listed in this Order. Customer may not use any Provider software or services in excess of the scope defined in this Order, or in any manner not permitted in the Software Services Terms. All amounts owed hereunder are due and payable prior to commencement of the Services.

**3.0 Device:** Herein, "Device" means LPR CAMERAS or other sensors for which Provider is agreeing to provide remote support.

**4.0 Subscription Term:** Unless terminated earlier as expressly permitted in the Software Services Terms, the subscription term for the Software Services will commence on the Start Date specified in Section 1.0 (Software Services) and continue through and including the End Date specified ("Subscription Term"). The parties understand and agree that the pricing set forth in this Order is contingent upon Customer's agreement to continue to perform under this Order for the entirety of the Subscription Term. No refunds or early termination is permitted. All fees paid are non-refundable.

**IN WITNESS WHEREOF**, for good and valuable consideration, authorized representatives of the Provider and Customer have executed this Order as of the Order Effective Date, intending to be legally bound.

**CUSTOMER:**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**PROVIDER:**

Signature: \_\_\_\_\_

Name: Ryan Barnett

Title: CEO

<sup>1</sup> This fee has been invoiced and paid. No new fees are due until/unless, 1) 500 cameras are exceeded, or, 2) end of the Subscription Term.

# SOFTWARE SERVICES TERMS

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**1.0 Definitions.** In addition to those capitalized terms defined in an applicable Order, the following terms shall have the following meanings:

- 1.1 **“Affiliate”** means, with respect to a Party, any entity, individual, firm, or corporation, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such Party. For the purposes of this definition, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the actions or management or policies, whether through the ability to exercise voting power, by contract or otherwise.
- 1.2 **“Order”** means a duly executed order document expressly referring to these Software Services Terms and identifying software to be made available to Customer on a subscription basis by Provider.
- 1.3 **“Scheduled Downtime”** means pre-scheduled time periods during which the Services are made unavailable so that Provider may perform routine maintenance, updates, server changes, and related activities. Except in the case of an emergency, Provider will give Customer reasonable advance notice of any Scheduled Downtime.
- 1.4 **“Services”** means the hosting of the software system(s) identified on the applicable Order by Provider for access and use by Customer, together with reasonable technical support.
- 1.5 **“Terms”** means these Software Services Terms.

## **2.0 Services.**

2.1 **Services.** Provider will use commercially reasonable efforts to make the Services described in a duly executed Order accessible and available to Customer, subject to these Terms, during the Subscription Term set forth in that Order. Other than Scheduled Downtime, Provider shall endeavor to ensure the Services are available and accessible to Customer 24 hours per day, during the Subscription Term. Customer agrees to cooperate and provide all access, information, and assistance required to enable Provider to perform the Services.

2.2 **Software Services, Provider Software, and Documentation.** Provider hereby grants to Customer a limited, non-exclusive, non-transferrable (except as set forth in these Terms), non-sub-licensable right and license to access and use the software system(s) identified on the applicable Order during the Subscription Term solely for Customer’s internal purposes, subject to all quantity or similar limitations set forth in the applicable Order and all limitations in these Terms. For avoidance of doubt, Customer may only use the software system(s) in the manner made available by Provider, and may not copy, install, access, or otherwise use the software system(s) in any other manner. To the extent Provider makes any software available to Customer for Customer’s installation on Customer-controlled hardware in connection with the Services (e.g. mobile apps, software agents, or local clients, if any) (“**Provider Software**”) or provides any documentation related to the Services or Provider Software to Customer (“**Documentation**”), Provider hereby grants to Customer a limited, non-exclusive, non-transferrable, non-sub-licensable right and license to use the Provider Software and Documentation during the Subscription Term solely for the purposes of utilizing and accessing the Services as permitted herein and as described in the Documentation.

2.3 **Customer Data and Materials.** Customer hereby grants to Provider a limited, non-exclusive, non-transferrable (except as set forth in these Terms), and non-sub-licensable (except to Provider’s affiliates, contractors, and service providers) right and license to use any data and materials provided or made accessible by Customer (“**Customer Data and Material**”) for the purposes of providing the Services during the Subscription Term. Except to the extent such Customer Data and Material is publicly available, available from other sources, or subject to public records laws, it will be deemed and treated as Customer’s Confidential Information.

2.4 **Acceptable Use.** Customer agrees not to, and not to knowingly allow its personnel or third parties to, use the Provider Software or Documentation or Services to:

- (i) violate, or encourage the violation of, the legal rights of Provider or third parties (including, without limitation, privacy rights);
- (ii) engage in, or assist others in engaging in, illegal activity;
- (iii) further any unlawful, invasive, infringing, defamatory, or fraudulent purpose;
- (iv) distribute viruses, worms, Trojan horses, corrupted files, hoaxes, or other items of a destructive or deceptive nature;
- (v) interfere with the use of the Provider Software, Services, or any software, infrastructure or equipment used by Provider or third parties;
- (vi) disable, interfere with, or circumvent any aspect of the Provider Software or Services (including, without limitation, any security or license protection feature); or
- (vii) use the Provider Software or Services or Documentation or any software or interfaces provided therewith, to access any other Provider product or service in a manner or for a purpose that is not expressly permitted under these Terms and the applicable Order.

Provider will have the right, without penalty or liability, to immediately suspend use of the Services and/or any Provider Software or Documentation as an emergency measure in the event of a violation of the terms of this Section 2.4 (Acceptable Use).

2.5 **Intellectual Property.** The Provider Software, the Documentation, and all software and services provided or utilized by Provider in providing the Services are owned exclusively by Provider and its licensors, and will be deemed and treated by Customer as Provider’s

# SOFTWARE SERVICES TERMS

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Confidential Information. Customer shall not obtain any ownership or other rights in connection with any of the foregoing (or any know how or invention relating thereto), other than the limited rights and licenses set forth in these Terms. Provider expressly reserves all rights in connection with the foregoing. Without limiting the foregoing, Customer shall not, and shall not assist any third party to, (i) reverse engineer any Provider Software or Services or Documentation or any software used by Provider in connection with the Services, or (ii) use any of the foregoing for any purpose not expressly permitted in these Terms and the applicable Order, including, without limitation, to create an unauthorized copy or derivative work thereof, or to create a competing service or competing software.

## **3.0 Term.**

3.1 Term. Unless terminated earlier as set forth herein, the term of each Order (the “Order Term”) will begin on the date the Order is executed by both Customer and Provider, and will expire on the last day of the Subscription Term set forth on such Order.

3.2 Termination. Subject to the provisions of Section 9 (Dispute Resolution) below, either Party may terminate an applicable Order if the other party breaches any material provision hereof (including, without limitation, nonpayment of undisputed fees, or breach of obligations relating to confidentiality or ownership of intellectual property) and fails to remedy such breach within the applicable cure period, if any. In the event of termination of an Order as a result of a material uncured breach by Provider, Customer will receive a refund of any pre-paid fees unearned as of the date of termination. In the event of termination for any other reason, including, without limitation, a material breach by Customer, no refunds or credits will be due or paid.

3.3 Effect of Termination or Expiration. Upon termination or expiration of an Order for any reason, (i) Customer shall cease any and all use of the Services, Provider Software, and Documentation; and (ii) all licenses granted in these Terms and all rights to receive Services under the terminated Order will immediately and automatically terminate without the need for any further notice.

3.4 Survival. All terms and conditions of these Terms that, by their nature, should survive termination or expiration of an applicable Order, will so survive including, without limitation, Sections 2.5 (Intellectual Property), 3.0 (Term), 4.0 (Confidential Information), 5.0 (Indemnification), 7.0 (Limitations on Warranties), 8.0 (Limitations on Liability), 9.0 (Dispute Resolution) and 10.0 (Other Provisions).

3.5 Auto-Renewal. Unless terminated at least 60 days prior to the last day of the Subscription Term set forth on the Order, the Subscription Term will be automatically extended one-year, and Provider will invoice Customer at the then-current price. All amounts owed hereunder are due and payable prior to commencement of the Services in the extended Subscription Term.

## **4.0 Confidential Information.**

4.1 Confidential & Trade Secret Information. “Confidential Information” means non-public information designated by the disclosing Party as “confidential” or “proprietary” prior to or at the time of disclosure or that a reasonable person would understand to be confidential or proprietary given the nature of the information and the circumstances of the disclosure. “Confidential Information” does not include information that (i) is or becomes generally known to the public through no fault of any person or entity under an obligation of non-disclosure with respect to such information; (ii) is in the receiving Party’s possession prior to receipt from the disclosing Party; or (iii) is acquired by the receiving Party from a third party without breach of any confidentiality obligation. “Trade Secret” means Confidential Information that also meets the criteria set forth in the Defend Trade Secrets Act, in 18 U.S.C. §1839(3).

4.2 Specifically Identified Confidential Information. The following shall be deemed and treated as Provider’s Trade Secrets regardless of any designation, lack of designation, or other exception: (i) all source code, object code, and documentation relating to any software used or created or provided by Provider; (ii) all information relating to performance, security vulnerabilities, features, or bugs in or relating to any network, software, or service used by Provider; (iii) any unpublished patent application filed by, or under an obligation of assignment to Provider; and (iv) any access credentials, keys, or passwords utilized in any manner to access the Services or any facility, system, software, network, or service of Provider.

4.3 Obligations. “Need to Know Personnel” means an employee or contractor of a party that has a need to know Confidential Information of the other party in order for such person to perform duties related to the permitted use or provision of the Services; provided, however, that in the event of contractors, such contractor is subject to a written agreement providing protection to the other party’s Confidential Information that is at least as protective as the provisions of these Terms. Neither party shall disclose any Confidential Information of the other party to any person other than Need to Know Personnel and the party’s legal counsel unless the disclosing party consents to such disclosure in writing. Neither party shall use, or assist or knowingly allow any other person to use, any Confidential Information of the other party for any purpose other than providing and receiving Services under an applicable Order.

4.4 Reservation of Rights and Restrictions. The disclosing party will own all right, title, and interest in and to all Confidential Information it provides to the other party pursuant to these Terms. Each party hereby grants the other party a limited license to use the disclosing party’s Confidential Information during the Order Term solely for the purposes of providing and receiving the Services, and for no other purpose. Each party otherwise reserves all rights in all Confidential Information that are not expressly granted herein.

4.5 Term of Protection. The obligations of non-disclosure and non-use of Trade Secrets shall continue for the longer of (i) the Order Term and three (3) years thereafter, or (ii) the period of time that the Confidential Information remains a trade secret as such term is defined in the Defend Trade Secrets Act, 18 U.S.C. §1839(3). For all other Confidential Information, the obligations of non-disclosure and non-use shall continue through the Order Term and for three (3) years thereafter.



## SOFTWARE SERVICES TERMS

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4.6 Permitted Disclosure. The receiving party shall not be liable for disclosure or use of Confidential Information if the same: (i) is approved in writing for disclosure by the disclosing party, (ii) is released by the disclosing party to the general public, or (iii) is required by law to be disclosed (provided that the receiving party has used reasonable efforts to give reasonable prior written notice to the disclosing party of the impending disclosure where such notice is permitted by law in order to allow the disclosing party to seek appropriate legal protections in connection with such disclosure).

4.7 Savings Clause. No individual shall be criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. No individual shall be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

4.8 Return or Destruction. Upon termination or expiration of the Order Term for any reason, each receiving party will, at such party's option, either (i) return all copies of all Confidential Information of the disclosing party (and derivative works based thereon) in the party's possession or control to the disclosing party, or (ii) truthfully certify in writing that all copies of all Confidential Information of the disclosing party (and derivative works based thereon) have been deleted or destroyed. Notwithstanding the foregoing, (iii) neither party shall be required to delete or alter any backup media or archive created in the ordinary course according to the party's disaster recovery and business continuity procedures unless and until such archive is restored for any reason, and (iv) either party may retain such Confidential Information of the other party that it reasonably deems necessary to preserve in connection with a bona fide legal dispute, legal process, or court order.

4.9 No Warranties or Obligations. All Confidential Information disclosed hereunder is disclosed AS IS with no warranties whatsoever, express or implied, except that each party warrants and represents that it will not disclose any Confidential Information to the other party that the disclosing party does not have the right to disclose.

4.10 Injunctive Relief. The receiving party acknowledges and agrees that: (i) unauthorized use or disclosure of same is likely to cause injury not readily measurable in monetary damages and is therefore irreparable, and (ii) in the event of unauthorized disclosure or use, the disclosing party shall, without prejudice to any other rights, recourses, or remedies, be entitled to such injunctive or equitable relief as may be deemed proper by a court of competent jurisdiction to enforce the obligations set forth in these Terms, without obligation to post bond.

### 5.0 Indemnification.

5.1 Breach, Intentional Wrongdoing, Gross Negligence, and Personal Injury. To the extent permitted by law, each party will defend, indemnify, and hold harmless the other party and their respective employees, directors, shareholders, and agents (collectively, the "Indemnified Parties"), from and against any claims brought by third parties that arise from the indemnifying party's breach of these Terms or the indemnifying party's (or its personnel's) violation of law, fraud, intentional wrongdoing, or gross negligence, or in connection with any allegation of personal injury or wrongful death caused by the indemnifying party or its personnel.

5.2 Infringement and Misappropriation. Provider will defend, indemnify, and hold the Customer Indemnified Parties harmless from and against any third party claim alleging that use of the Services and any software or documentation provided by Provider in connection with the Services, as permitted under these Terms and any applicable Documentation, infringes or misappropriates any U.S. patent right, U.S. copyright, or U.S. trademark of any third party. The foregoing shall not apply, however, to any claim arising from a modification to any software or service performed by or at the request of Customer, any unauthorized use of any software, materials or service, or a combination with any third party or Customer equipment, system, process, or service where such claim would not have arisen absent such combination. To the extent permitted by applicable law, Customer will defend, indemnify, and hold the Provider Indemnified Parties harmless from and against any third party claim alleging that use of any Customer Materials or any Customer software, data, service, system, or documentation, infringes or misappropriates any patent right, copyright, trademark, privacy right, trade secret right, or other rights of any third party, or results in a violation of law or breach of any contract to which Customer is a party, or breach of any duty owed by Customer to any third party.

5.3 Loss of Use. In the event Customer is precluded by a court of competent jurisdiction from using any component of the Services as a result of Provider's actual or alleged infringement of a patent, copyright, trade secret, or other proprietary right of a third party (an "Infringement Claim"), or Provider determines in its sole discretion to make any component of the Provider Software, Documentation, or Services unavailable to Customer as a result of a threatened or suspected Infringement Claim, then Provider will, in its sole discretion, do one of the following: (i) obtain the right for Customer to use the component; or (ii) replace, re-perform or modify the component that it no longer infringes, but maintains substantially the same functionality and performance; or (iii) if neither of the foregoing is, in Provider's opinion, commercially reasonable, terminate the applicable Order (without penalty) with respect to the Services requiring such component and promptly reimburse Customer all amounts prepaid by Customer for the terminated Services which are unearned as of the date of termination. Provider shall have no further liability to Customer in the event Provider terminates any Order pursuant to an actual or threatened injunction, or any other relief awarded against Customer or Provider by a court of competent jurisdiction, the foregoing refund and indemnification remedies set forth in Section 5.3 (Loss of Use) being Customer's sole and exclusive remedy.

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5.4 **Limitation.** Notwithstanding anything herein, neither party shall be required to indemnify, defend or hold harmless any Indemnified party for any claim arising from the Indemnified Party's negligence, recklessness, intentional actions, unlawful actions or omissions, or breach of contract.

5.5 **Procedure.** Each party's indemnification and defense obligations are subject to: (i) the Indemnified Party providing prompt written notice of any applicable claim, (ii) the indemnifying party having sole control of the defense and all negotiations for settlement or compromise, and (iii) the Indemnified Party reasonably cooperating, at no expense or charge, in the defense of such claim. The indemnifying party will pay all settlements entered into by it, judgments finally awarded against it, and reasonable attorneys' fees incurred in the defense. The Indemnified Party may elect to participate with counsel of its own choice, provided that it does so entirely at its own expense.

## 6.0 Warranties.

6.1 **Provider's Warranties.** Provider warrants that (i) the Services will be rendered in accordance with the standard of care and diligence normally practiced by recognized firms or individuals that perform services of a similar nature; (ii) its employees, agents and subcontractors have the knowledge and training necessary to provide the Services; and (iii) the Provider Software (if any) and the software made available to Customer pursuant to a valid Order, will conform in all material respects with the applicable Documentation, if any. In the event of an actual or alleged breach of warranty by Provider, Customer's sole remedy, and Provider's sole liability, will be to correct the non-conformance in a timely and professional manner by either (iv) replacing or correcting the non-conforming component or software to comply with the Documentation; (v) replacing the applicable employee, subcontractor, or agent; (vi) re-performing the non-conforming portion of the applicable Services; or (vi) if Provider so chooses, in its sole discretion, to refund Customer unearned amounts applicable to the non-conforming portion of the Services, on a pro-rata basis, as determined by Provider.

6.2 **General Warranties.** Each party warrants and represents that (i) it is duly constituted and authorized to enter into the Order, and thereby these Terms; (ii) entering into the Order and these Terms will not breach any third party agreement or, to its knowledge, infringe or violate the right of any third party; (iii) the persons executing the Order are authorized to do so; (iv) it knows of no reason why the Order and these Terms will not be fully enforceable and legally binding; and (v) it will comply with all applicable laws in connection with its performance under the Order.

**7.0 LIMITATIONS ON WARRANTIES.** EACH PARTY HEREBY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, NOT EXPRESSLY SET FORTH IN THESE TERMS, INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY, TITLE AND FITNESS FOR A PARTICULAR PURPOSE, AND ANY WARRANTY THAT THE ANY SOFTWARE OR SERVICES WILL BE UNINTERRUPTED, ERROR-FREE, OR SUITABLE TO CUSTOMER'S NEEDS.

## 8.0 LIMITATIONS ON LIABILITY.

8.1 TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY AND ITS THIRD PARTY VENDORS' AGGREGATE LIABILITY FOR ANY LOSS OR DAMAGES RESULTING FROM ANY CLAIMS, DEMANDS, OR ACTIONS ARISING OUT OF OR RELATING TO THE SERVICES OR THESE TERMS SHALL NOT EXCEED THE AGGREGATE FEES PAID OR PAYABLE BY CUSTOMER TO PROVIDER UNDER THE ORDER GIVING RISE TO THE LIABILITY.

8.2 EACH PARTY AND ITS THIRD PARTY VENDORS SHALL NOT BE RESPONSIBLE FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, OR INDIRECT DAMAGES OF ANY KIND, INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS, LOSS OF REVENUE, LOSS OF BUSINESS, LOSS OF DATA, OR LOSS OF USE DAMAGES, WHETHER SUCH ALLEGED LIABILITY ARISES IN CONTRACT OR TORT, WHICH THE OTHER PARTY MAY INCUR OR EXPERIENCE ARISING FROM THE SERVICES OR SOFTWARE OR ON ACCOUNT OF ENTERING INTO OR RELYING ON THESE TERMS, EVEN IF THE OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

8.3 THE PARTIES ACKNOWLEDGE AND AGREE THAT THE LIMITATIONS OF WARRANTIES AND LIABILITY IN THESE TERMS ARE THE RESULT OF A NEGOTIATED ALLOCATION OF RISK BETWEEN THE PARTIES AND SHALL BE ENFORCEABLE EVEN IF SUCH LIMITATION OR DISCLAIMER RESULTS IN FAILURE OF A WARRANTY'S OR TERM'S ESSENTIAL PURPOSE.

8.5 THE FOREGOING LIMITATIONS OF LIABILITY SHALL NOT, HOWEVER, LIMIT DAMAGES ARISING OUT OF A PARTY'S BREACH OF OBLIGATIONS OF CONFIDENTIALITY IN THESE TERMS OR MISUSE, MISAPPROPRIATION, OR INFRINGEMENT OF INTELLECTUAL PROPERTY OR TRADE SECRETS.

## 9.0 Dispute Resolution.

9.1 **Procedure.** For any dispute arising under an Order that is not resolved informally, either party may give to the other party notice of the dispute, including reasonable detail concerning the alleged deficiency in performance. The parties shall then meet at a time and at a location mutually agreed upon and attempt in good faith to reach an agreement resolving such dispute. If the parties fail to reach an agreement within seven (7) days after such meeting, then the aggrieved party shall give notice of default to the other party in a writing that expressly references this Section 9.1, and the other party shall have thirty (30) days to cure the alleged default without incurring any penalty or liability. Neither party shall file any legal action unless and until the cure period has expired.

## SOFTWARE SERVICES TERMS

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9.2 No Effect on Injunctive Relief. A party must follow and participate in the processes outlined in Section 9.1 (Procedure) before pursuing litigation or any other remedy. Notwithstanding the preceding sentence, however, neither party will be precluded from seeking immediate injunctive relief in connection with any unauthorized disclosure or use of Confidential Information or intellectual property to the extent necessary to prevent or limit irreparable harm.

### 10.0 Other Provisions.

10.1 Successors and Assigns. The Order and these Terms will be binding upon and inure to the benefit of the parties and their permitted successors, transferees, or assignees. Provider may assign an Order and these Terms to a purchaser of all or substantially all of its assets, a subsidiary or business unit, or a successor by divestiture, sale, merger, or operation of law so long as such assignee agrees in writing to be bound by the terms of the Order and these Terms. No other assignment (in whole or in part) is permitted absent express written consent of the other party. Any attempted assignment that is not in compliance with this Section 10.1 (Successors and Assigns) will be null and void.

10.2 Relationship. The relationship between the parties is that of independent contractors and not partners, joint venturers, or agents. Nothing in these Terms makes Provider a sole supplier to Customer, prohibits Provider from providing similar services to other parties, or grants any exclusive rights to either party.

10.3 Severability, Waiver. If any provision of an Order or these Terms is determined by a court of competent jurisdiction to be invalid or unenforceable, such determination shall not affect the other provisions of the Order and these Terms, which will remain in full force. To the extent any provision is determined to be invalid or unenforceable, the parties agree to abide by such provision to the maximum extent permitted by law. Failure of either party at any time to require performance of any provision of an Order or these Terms, or to exercise any right provided for herein, shall not be deemed or treated as a waiver of such provision or right unless made in writing and executed by the waiving party. No waiver of any breach or any right provided for herein shall be construed as a waiver of any continuing or succeeding breach of such provision or right or a waiver of the provision or right itself.

10.4 Interpretation. Section headings herein are for convenience of reference only and shall not affect its interpretation. Any reference to a section shall include all subsections thereof. Unless the context clearly requires otherwise, the singular includes the plural and vice versa, and the masculine, feminine, and neuter adjectives include one another, and including means including without limitation. Each of the parties hereto acknowledges and agrees that it has had a fair opportunity to consult counsel and participate in the negotiation and drafting of these Terms. In the event of an ambiguity or question of intent or interpretation, no presumptions or burdens of proof shall arise favoring any party by virtue of the authorship.

10.5 Precedence, Modification. No supplement, amendment, or modification to an Order or these Terms is valid, enforceable, or binding unless made in writing and signed by authorized representatives of all parties. In the event of a conflict or inconsistency between these Terms and any Order or schedule, the following order of precedence shall apply: (i) the Order (but only in connection with Services rendered under such Order), (ii) the schedules hereto, and (iii) these Terms, provided, however, that no Order or Schedule may alter any limitation of warranty, limitation of liability, or add any warranty not set forth in these Terms unless it expressly references this Section 10.5 (Precedence, Modification) and identifies the specific section of these Terms to be altered.

10.6 Governing Law/Venue. If Customer is a state or county government agency, then the Order and these Terms will be governed by and construed under the laws of the state in which is formed, and any disputes will be heard only by the courts of such state or, where applicable, a United States District Court in such state. In all other circumstances, the Order and these Terms will be governed by the laws of the state of Florida without regard to the conflicts of law provisions thereof, and venue for any action concerning an Order, these Terms, or any license granted or services rendered in connection therewith shall be in the state and federal courts sitting in Hillsborough County, Florida. Each party hereby waives any objection to the exercise of jurisdiction by such courts. The provisions of the United Nations Convention on Contracts for the International Sale of Goods shall not apply to these Terms or any related Order. Nothing in this Section 10.6 (Governing Law/Venue) will be construed to prevent either party from seeking equitable relief from any court of competent jurisdiction to the extent reasonably necessary to protect its Confidential Information and intellectual property rights.

10.7 Force Majeure. Any delay or failure of performance of either party shall not constitute a breach or give rise to any claims for damages or other relief, if and to the extent that such delay or failure is caused by an occurrence beyond the reasonable control of the party, including acts of governmental authorities and law enforcement, acts of God, wars, riots, rebellions, sabotage, fire, explosions, accidents, floods, extreme weather, natural disaster, pandemic, strikes, or lockouts. In the event a party intends to invoke this provision, it shall (i) promptly notify the other party of the cause beyond its reasonable control, the expected duration thereof, and the anticipated effect of such cause on its ability to perform; and (ii) shall make reasonable efforts to mitigate any such effects.

10.8 Signatures. Any Order may be (i) executed in one or more counterparts, each of which will be deemed to be an original copy and all of which, when taken together, will be deemed to constitute one and the same agreement; and (ii) executed and the signatures transmitted by electronic transmission, which signature shall be effective as an original. The parties acknowledge and agree that an Order and any notice given pursuant to these Terms may be executed by digital signature (as such term is defined in Section 668.003 of the Florida Statutes as of the Effective Date) for all purposes, and that such signature shall have the same force and effect as an original written signature.

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10.9 Notices: Notices under these Terms are effective only when delivered in writing to the receiving party's registered agent, or to an agent subsequently designated by the receiving party as set forth in this section. Delivery will be effective only if made by (i) registered mail, return receipt requested, (ii) overnight delivery service, (iii) hand delivery, or (iv) e-mail to the address set forth below. The notice shall be deemed delivered four (4) days after the notice's deposit in the mail if by registered mail, or on the date of delivery if by overnight delivery service or hand delivery (as confirmed by a delivery receipt), or on the date received if sent by e-mail.

**STATE OF ILLINOIS**  
**FORMS B CERTIFICATIONS AND DISCLOSURES**

BidBuy Reference #: R-136306 Procurement/Contract #: R-136306

This Forms B may be used when responding to an Invitation for Bid (IFB) or a Request for Proposal (RFP) if the vendor is registered in the Illinois Procurement Gateway (IPG) and has an active State of Illinois Vendor Registration Number. The IPG assigns a unique State of Illinois Vendor Registration Number and expiration date upon the Chief Procurement Office's acceptance of an IPG application.

If a vendor does not have an active State of Illinois Vendor Registration Number, then the vendor must complete and submit Forms A with their response. Failure to do so may render the submission non-responsive and result in disqualification.

Please read this entire section and provide the requested information as applicable. All parts in Forms B must be completed in full and submitted along with the vendor's response.

**1. Certification of Illinois Procurement Gateway Registration**

My business has an active State of Illinois Vendor Registration Number.

To ensure that you have an active registration in the IPG, search for your business name in the IPG Registered Vendor Directory. If your company does not appear in the search results, then you do not have an active IPG registration.

State of Illinois Vendor Registration Number: IPG-0435505

IPG Expiration Date: 01/26/2023

**2. Certification Timely to this Solicitation or Contract**

Vendor certifies it is not barred from having a contract with the State based upon violating the prohibitions related to either submitting/writing specifications or providing assistance to an employee of the State of Illinois by reviewing, drafting, directing, or preparing any invitation for bids, a request for proposal, or request of information, or similar assistance (except as part of a public request for such information). 30 ILCS 500/50-10.5(e).

Yes  No

**3. Disclosure of Lobbyist or Agent** (Complete only if bid, offer, or contract has an annual value over \$50,000)

Is your company or parent entity(ies) represented by or do you or your parent entity(ies) employ a lobbyist required to register under the Lobbyist Registration Act (lobbyist must be registered pursuant to the Act with the Secretary of State) or an agent who has communicated, is communicating, or may communicate with any State officer or employee concerning the bid or offer? If yes, please identify each lobbyist and agent, including the name and address below.  Yes  No

If yes, please identify each lobbyist and agent, including the name and address below. If you have a lobbyist that does not meet the criteria, then you do not have to disclose the lobbyist's information. Additional rows may be inserted into the table or an attachment may be provided if needed.

**STATE OF ILLINOIS**  
**FORMS B CERTIFICATIONS AND DISCLOSURES**

Name	Address	Relationship to Disclosing Entity
N/A	N/A	N/A

Describe all costs/fees/compensation/reimbursements related to the assistance provided by each representative lobbyist or other agent to obtain this Agency contract: N/A

**4. Disclosure of Current and Pending Contracts**

Complete only if: (a) your business is for-profit and (b) the bid, offer, or contract has an annual value over \$50,000. Do not complete if you are a not-for-profit entity.

Yes  No. Do you have any contracts, pending contracts, bids, proposals, subcontracts, leases or other ongoing procurement relationships with units of State of Illinois government?

If "Yes", please specify below. Additional rows may be inserted into the table or an attachment in the same format may be provided if needed.

Agency	Project Title	Status	Value	Contract Reference/P.O./Illinois Procurement Bulletin #
ISP	ALPR	active	\$12,500,000.00	P-26506
ISP	Expansion LPR project	pending	\$24,000,000.00	R-136306

**5. Signature**

As of the date signed below, I certify that:

- My business' information and the certifications made in the Illinois Procurement Gateway are truthful and accurate.
- The certifications and disclosures made in this Forms B are truthful and accurate.

This Forms B is signed by an authorized officer or employee on behalf of the bidder, offeror, or vendor pursuant to Sections 50-13 and 50-35 of the Illinois Procurement Code, and the affirmation of the accuracy of the financial disclosures is made under penalty of perjury.

This disclosure information is submitted on behalf of:

Vendor Name: Millenium Products, Inc.

Phone: 888-901-7430

Street Address: 621 Monte Cristo Blvd

Email: info@milleniumproducts.net

City, State, Zip: Tierra Verde, FL 33715

Vendor Contact: Lori Hipkind

Signature: 

Date: 9/27/2022

Printed Name: Lori Hipkind

Title: Operations Manager

**STATE OF ILLINOIS  
TAXPAYER IDENTIFICATION NUMBER**

---

I certify that:

The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and

I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and

I am a U.S. person (including a U.S. resident alien).

- If you are an individual, enter your name and SSN as it appears on your Social Security Card.
- If you are a sole proprietor, enter the owner's name on the name line followed by the name of the business and the owner's SSN or EIN.
- If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's name on the name line and the D/B/A on the business name line and enter the owner's SSN or EIN.
- If the LLC is a corporation or partnership, enter the entity's business name and EIN and for corporations, attach IRS acceptance letter (CP261 or CP277).
- For all other entities, enter the name of the entity as used to apply for the entity's EIN and the EIN.

Name: Lori Hipkind

Business Name: Millenium Products, Inc.

Taxpayer Identification Number:


Social Security Number: [Click here to enter text.](#)

or

Employer Identification Number: 86-1159194

Legal Status (check one):

- |   |  |
|---|--|
| <input type="checkbox"/> Individual   | <input type="checkbox"/> Governmental  |
| <input type="checkbox"/> Sole Proprietor  | <input type="checkbox"/> Nonresident alien   |
| <input type="checkbox"/> Partnership  | <input type="checkbox"/> Estate or trust   |
| <input type="checkbox"/> Legal Services Corporation   | <input type="checkbox"/> Pharmacy (Non-Corp.)  |
| <input type="checkbox"/> Tax-exempt   | <input type="checkbox"/> Pharmacy/Funeral Home/Cemetery (Corp.)                              |
| <input type="checkbox"/> Corporation providing or billing<br>medical and/or health care services                | <input type="checkbox"/> Limited Liability Company<br>(select applicable tax classification) |
| <input checked="" type="checkbox"/> Corporation NOT providing or billing<br>medical and/or health care services | <input type="checkbox"/> C = corporation   |
|   | <input type="checkbox"/> P = partnership   |

Signature of Authorized Representative: 

---

Date: September 27, 2022

**STATE OF ILLINOIS**  
**FORMS B CERTIFICATIONS AND DISCLOSURES**

BidBuy Reference #: R-136306 Procurement/Contract #: R-136306

This Forms B may be used when responding to an Invitation for Bid (IFB) or a Request for Proposal (RFP) if the vendor is registered in the Illinois Procurement Gateway (IPG) and has an active State of Illinois Vendor Registration Number. The IPG assigns a unique State of Illinois Vendor Registration Number and expiration date upon the Chief Procurement Office's acceptance of an IPG application.

If a vendor does not have an active State of Illinois Vendor Registration Number, then the vendor must complete and submit Forms A with their response. Failure to do so may render the submission non-responsive and result in disqualification.

Please read this entire section and provide the requested information as applicable. All parts in Forms B must be completed in full and submitted along with the vendor's response.

**1. Certification of Illinois Procurement Gateway Registration**

My business has an active State of Illinois Vendor Registration Number.

To ensure that you have an active registration in the IPG, search for your business name in the IPG Registered Vendor Directory. If your company does not appear in the search results, then you do not have an active IPG registration.

State of Illinois Vendor Registration Number: IPG-0435505

IPG Expiration Date: 01/26/2023

**2. Certification Timely to this Solicitation or Contract**

Vendor certifies it is not barred from having a contract with the State based upon violating the prohibitions related to either submitting/writing specifications or providing assistance to an employee of the State of Illinois by reviewing, drafting, directing, or preparing any invitation for bids, a request for proposal, or request of information, or similar assistance (except as part of a public request for such information). 30 ILCS 500/50-10.5(e).

Yes  No

**3. Disclosure of Lobbyist or Agent** (Complete only if bid, offer, or contract has an annual value over \$50,000)

Is your company or parent entity(ies) represented by or do you or your parent entity(ies) employ a lobbyist required to register under the Lobbyist Registration Act (lobbyist must be registered pursuant to the Act with the Secretary of State) or an agent who has communicated, is communicating, or may communicate with any State officer or employee concerning the bid or offer? If yes, please identify each lobbyist and agent, including the name and address below.  Yes  No

If yes, please identify each lobbyist and agent, including the name and address below. If you have a lobbyist that does not meet the criteria, then you do not have to disclose the lobbyist's information. Additional rows may be inserted into the table or an attachment may be provided if needed.



**STATE OF ILLINOIS**  
**FORMS B CERTIFICATIONS AND DISCLOSURES**

Name	Address	Relationship to Disclosing Entity
N/A	N/A	N/A

Describe all costs/fees/compensation/reimbursements related to the assistance provided by each representative lobbyist or other agent to obtain this Agency contract: N/A

**4. Disclosure of Current and Pending Contracts**

Complete only if: (a) your business is for-profit and (b) the bid, offer, or contract has an annual value over \$50,000. Do not complete if you are a not-for-profit entity.

Yes  No. Do you have any contracts, pending contracts, bids, proposals, subcontracts, leases or other ongoing procurement relationships with units of State of Illinois government?

If "Yes", please specify below. Additional rows may be inserted into the table or an attachment in the same format may be provided if needed.

Agency	Project Title	Status	Value	Contract Reference/P.O./Illinois Procurement Bulletin #
ISP	ALPR	active	\$12,500,000.00	P-26506
ISP	Expansion LPR project	pending	\$24,000,000.00	R-136306

**5. Signature**

As of the date signed below, I certify that:

- My business' information and the certifications made in the Illinois Procurement Gateway are truthful and accurate.
- The certifications and disclosures made in this Forms B are truthful and accurate.

This Forms B is signed by an authorized officer or employee on behalf of the bidder, offeror, or vendor pursuant to Sections 50-13 and 50-35 of the Illinois Procurement Code, and the affirmation of the accuracy of the financial disclosures is made under penalty of perjury.

This disclosure information is submitted on behalf of:

Vendor Name: Millenium Products, Inc.

Phone: 888-901-7430

Street Address: 621 Monte Cristo Blvd

Email: info@milleniumproducts.net

City, State, Zip: Tierra Verde, FL 33715

Vendor Contact: Lori Hipkind

Signature: [REDACTED]

Date: 9/27/2022

Printed Name: Lori Hipkind

Title: Operations Manager

**STATE OF ILLINOIS  
TAXPAYER IDENTIFICATION NUMBER**

---

I certify that:

The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and

I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and

I am a U.S. person (including a U.S. resident alien).

- If you are an individual, enter your name and SSN as it appears on your Social Security Card.
- If you are a sole proprietor, enter the owner's name on the name line followed by the name of the business and the owner's SSN or EIN.
- If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's name on the name line and the D/B/A on the business name line and enter the owner's SSN or EIN.
- If the LLC is a corporation or partnership, enter the entity's business name and EIN and for corporations, attach IRS acceptance letter (CP261 or CP277).
- For all other entities, enter the name of the entity as used to apply for the entity's EIN and the EIN.

Name: Lori Hipkind

Business Name: Millenium Products, Inc.

Taxpayer Identification Number:


Social Security Number: [Click here to enter text.](#)

or

Employer Identification Number: 86-1159194

Legal Status (check one):

- |   |  |
|---|--|
| <input type="checkbox"/> Individual   | <input type="checkbox"/> Governmental  |
| <input type="checkbox"/> Sole Proprietor  | <input type="checkbox"/> Nonresident alien   |
| <input type="checkbox"/> Partnership  | <input type="checkbox"/> Estate or trust   |
| <input type="checkbox"/> Legal Services Corporation   | <input type="checkbox"/> Pharmacy (Non-Corp.)  |
| <input type="checkbox"/> Tax-exempt   | <input type="checkbox"/> Pharmacy/Funeral Home/Cemetery (Corp.)                              |
| <input type="checkbox"/> Corporation providing or billing<br>medical and/or health care services                | <input type="checkbox"/> Limited Liability Company<br>(select applicable tax classification) |
| <input checked="" type="checkbox"/> Corporation NOT providing or billing<br>medical and/or health care services | <input type="checkbox"/> C = corporation   |
|   | <input type="checkbox"/> P = partnership   |

Signature of Authorized Representative: 

---

Date: September 27, 2022

**ILLINOIS PROCUREMENT GATEWAY  
PERCENTAGE OF OWNERSHIP AND DISTRIBUTIVE INCOME FORM**

Vendor Name: Millenium Products

DBA: [Click here to enter text.](#)

**INSTRUCTIONS:**

1. Ownership Share – Provide the name and address of each individual or entity and their percentage of ownership if said percentage exceeds 5%, **or** the dollar value of their ownership if said dollar value exceeds \$106,447.20.
2. Distributive Income – Provide the name and address of each individual or entity and their percentage of the disclosing vendor’s total distributive income if said percentage exceeds 5% of the total distributive income of the disclosing entity, **or** the dollar value of their distributive income if said dollar value exceeds \$106,447.20.
3. Additional rows may be inserted into the tables or an attachment in a substantially similar format may be provided if needed.

Name	Address	% of Ownership	\$ Value of Ownership	% of Distributive Income	\$ Value of Distributive Income
Ryan Barnett	621 Monte Cristo Blvd Tierra Verde FL 33715	100%	<a href="#">Click here to enter text.</a>	100%	<a href="#">Click here to enter text.</a>
<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>



Office of the Secretary of State Jesse White  
**ilsos.gov**

## Corporation/LLC Search/Certificate of Good Standing

### Corporation File Detail Report

File Number	73027985
Entity Name	MILLENIUM PRODUCTS INC.
Status	ACTIVE

<b>Entity Information</b>
Entity Type CORPORATION
Type of Corp FOREIGN BCA
Qualification Date (Foreign) Tuesday, 2 March 2021
State MICHIGAN
Duration Date PERPETUAL

<b>Agent Information</b>
Name

**NATIONAL REGISTERED AGENTS INC**

## Address

208 SO LASALLE ST, SUITE 814  
CHICAGO , IL 60604

## Change Date

Wednesday, 3 March 2021

**Annual Report**

## Filing Date

Wednesday, 7 September 2022

## For Year

2022

**Officers**

## President

## Name &amp; Address

RYAN BARNETT 621 MONTE CRISTO BLVD ST PETERSBURG FL FL, 3371

## Secretary

## Name &amp; Address

LORI HIPSKIND 229 HARRIET ST ROMEO MI, 48065

**Assumed Name**

ACTIVE

MILLENIUUM PRODUCTS I INC.

[Return to Search](#)

[File Annual Report](#)

[Adopting Assumed Name](#)

[Change of Registered Agent and/or Registered Office](#)

This information was printed from [www.ilsos.gov](http://www.ilsos.gov), the official website of the Illinois Secretary of State's Office.

Tue Sep 27 2022

## ILLINOIS STATE BOARD OF ELECTIONS

Information For  
VotersCampaign  
Disclosure

Running for Office

Candidate Filing  
and ResultsBusiness  
Registration

Press Room

About The Board

State of Illinois Coronavirus Response Site

X

**Millenium Product****Address:** 621 MONTE CRISTO BLVD  
ST. PETERSBURG, FL 33715**Last Activity:** 12/4/2020 1:47:47 PM**Business Status:** Active [View Business Status History](#)[Download This List](#)**Affiliates**

Name	Address
<b>Ryan Barnett</b>	621 MONTE CRISTO BLVD ST. PETERSBURG, FL 33715

**Activity**

Activity Date	Details
12/4/2020 1:47:47 PM	Certificate Produced
12/4/2020 1:19:33 PM	Ryan Barnett added as an affiliated person.
12/4/2020 1:17:47 PM	Millenium Product added as a Business.

**Search For Contributions (How accurate is this match?)**

Match contributions for:

- Entire Business  
 Business Only, No Affiliates

Match contributions by:

- By Name  
 By Address  
 By Name and Address (Both must match)

Springfield Office  
 2329 S. MacArthur Blvd.  
 Springfield, IL 62704  
 Phone: 217-782-4141

External Links  
[Illinois Amber Alert](#)  
[National Center for Missing and Exploited](#)

[Contact Us](#)  
[Employment Opportunities](#)  
[Feedback](#)

Fax: 217-782-5959

Chicago Office  
69 W. Washington Suite LL08  
Chicago, IL 60602  
Phone: 312-814-6440  
Fax: 312-814-6485

**Children**  
**Illinois Election Statutes**  
**Federal Election Commission**  
**State of Illinois Homepage**  
**Election Assistance Commission**

**Publications**  
**Glossary**  
**Frequently Asked Questions**





**STATE OF ILLINOIS**  
**FORMS B CERTIFICATIONS AND DISCLOSURES**

BidBuy Reference #: R-136306

Procurement/Contract #: R-136306

This Forms B may be used when responding to an Invitation for Bid (IFB) or a Request for Proposal (RFP) if the vendor is registered in the Illinois Procurement Gateway (IPG) and has an active State of Illinois Vendor Registration Number. The IPG assigns a unique State of Illinois Vendor Registration Number and expiration date upon the Chief Procurement Office's acceptance of an IPG application.

If a vendor does not have an active State of Illinois Vendor Registration Number, then the vendor must complete and submit Forms A with their response. Failure to do so may render the submission non-responsive and result in disqualification.

Please read this entire section and provide the requested information as applicable. All parts in Forms B must be completed in full and submitted along with the vendor's response.

**1. Certification of Illinois Procurement Gateway Registration**

My business has an active State of Illinois Vendor Registration Number.

To ensure that you have an active registration in the IPG, search for your business name in the IPG Registered Vendor Directory. If your company does not appear in the search results, then you do not have an active IPG registration.

State of Illinois Vendor Registration Number: IPG-0471662

IPG Expiration Date: 06/28/2023

**2. Certification Timely to this Solicitation or Contract**

Vendor certifies it is not barred from having a contract with the State based upon violating the prohibitions related to either submitting/writing specifications or providing assistance to an employee of the State of Illinois by reviewing, drafting, directing, or preparing any invitation for bids, a request for proposal, or request of information, or similar assistance (except as part of a public request for such information). 30 ILCS 500/50-10.5(e).

Yes  No

**3. Disclosure of Lobbyist or Agent** (Complete only if bid, offer, or contract has an annual value over \$50,000)

Is your company or parent entity(ies) represented by or do you or your parent entity(ies) employ a lobbyist required to register under the Lobbyist Registration Act (lobbyist must be registered pursuant to the Act with the Secretary of State) or an agent who has communicated, is communicating, or may communicate with any State officer or employee concerning the bid or offer? If yes, please identify each lobbyist and agent, including the name and address below.  Yes  No

If yes, please identify each lobbyist and agent, including the name and address below. If you have a lobbyist that does not meet the criteria, then you do not have to disclose the lobbyist's information. Additional rows may be inserted into the table or an attachment may be provided if needed.

**STATE OF ILLINOIS**  
**FORMS B CERTIFICATIONS AND DISCLOSURES**

Name	Address	Relationship to Disclosing Entity
<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>

Describe all costs/fees/compensation/reimbursements related to the assistance provided by each representative lobbyist or other agent to obtain this Agency contract: [Click here to enter text.](#)

**4. Disclosure of Current and Pending Contracts**

Complete only if: (a) your business is for-profit and (b) the bid, offer, or contract has an annual value over \$50,000. Do not complete if you are a not-for-profit entity.

Yes  No. Do you have any contracts, pending contracts, bids, proposals, subcontracts, leases or other ongoing procurement relationships with units of State of Illinois government?

If “Yes”, please specify below. Additional rows may be inserted into the table or an attachment in the same format may be provided if needed.

Agency	Project Title	Status	Value	Contract Reference/P.O./Illinois Procurement Bulletin #
ISP	LPR Project	active	12,500,000.00	R-85050
DOIT	Statewide Radio Equipment	contract	Frame	DIT7016660
CMS	Statewide Starcom	contract	Frame	CMS3618850
CMS	Statewide Radio Service	contract	Frame	CMS5786320

**5. Signature**

As of the date signed below, I certify that:

- My business’ information and the certifications made in the Illinois Procurement Gateway are truthful and accurate.
- The certifications and disclosures made in this Forms B are truthful and accurate.

This Forms B is signed by an authorized officer or employee on behalf of the bidder, offeror, or vendor pursuant to Sections 50-13 and 50-35 of the Illinois Procurement Code, and the affirmation of the accuracy of the financial disclosures is made under penalty of perjury.

This disclosure information is submitted on behalf of:

Vendor Name: Motorola Solutions Inc.

Phone: 609-7690-2703

Street Address: 500 W. Monroe

Email: [Click here to enter text.](#)

City, State, Zip: Chicago, IL 60661

Vendor Contact: [Click here to enter text.](#)

Signature:  \_\_\_\_\_

Date: [Click here to enter text.](#)

Printed Name: [Click here to enter text.](#)

Title: [Click here to enter text.](#)

**STATE OF ILLINOIS  
TAXPAYER IDENTIFICATION NUMBER**

---

I certify that:

The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and

I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and

I am a U.S. person (including a U.S. resident alien).

- If you are an individual, enter your name and SSN as it appears on your Social Security Card.
- If you are a sole proprietor, enter the owner's name on the name line followed by the name of the business and the owner's SSN or EIN.
- If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's name on the name line and the D/B/A on the business name line and enter the owner's SSN or EIN.
- If the LLC is a corporation or partnership, enter the entity's business name and EIN and for corporations, attach IRS acceptance letter (CP261 or CP277).
- For all other entities, enter the name of the entity as used to apply for the entity's EIN and the EIN.

Name: n/a

Business Name: Motorola Solutions Inc.

Taxpayer Identification Number:

Social Security Number: n/a

or

Employer Identification Number: 36-1115800

Legal Status (check one):

- |   |  |
|---|--|
| <input type="checkbox"/> Individual   | <input type="checkbox"/> Governmental  |
| <input type="checkbox"/> Sole Proprietor  | <input type="checkbox"/> Nonresident alien   |
| <input type="checkbox"/> Partnership  | <input type="checkbox"/> Estate or trust   |
| <input type="checkbox"/> Legal Services Corporation   | <input type="checkbox"/> Pharmacy (Non-Corp.)  |
| <input type="checkbox"/> Tax-exempt   | <input type="checkbox"/> Pharmacy/Funeral Home/Cemetery (Corp.)                              |
| <input type="checkbox"/> Corporation providing or billing<br>medical and/or health care services                | <input type="checkbox"/> Limited Liability Company<br>(select applicable tax classification) |
| <input checked="" type="checkbox"/> Corporation NOT providing or billing<br>medical and/or health care services | <input type="checkbox"/> C = corporation   |
|   | <input type="checkbox"/> P = partnership   |

Signature of Authorized Representative: \_\_\_\_\_

Date: January 6, 2023

## State of Illinois Vendor Registration

## Motorola Solutions, Inc.

## Vendor Registration

TYPE	State of Illinois Vendor Registration (Renew/Update)
DESCRIPTION	Register to do business with the State of Illinois
DATE SUBMITTED	6/28/2022
STATUS	Accepted
STATE OF ILLINOIS VENDOR REGISTRATION NUMBER	IPG-0551019
REVIEWER	<a href="#">Maribeth Christmon</a>
DATE REVIEWED	6/28/2022
PUBLIC REVIEW COMMENTS	
PRIVATE REVIEW COMMENTS	
EXPIRATION DATE	6/28/2023
FLAG FORM	

## Settings

SMALL BUSINESS SET-ASIDE PROGRAM (SBSP) REGISTERED	No
REGISTERING AS A	Prime & Subcontractor

## Entity Information

BUSINESS NAME	Motorola Solutions, Inc.
CONTACT FOR THIS SUBMISSION	<a href="#">Joe Spero (change contact)</a>
PRIMARY CONTACT EMAIL	<a href="mailto:spero@motorolasolutions.com">spero@motorolasolutions.com</a>
PHONE	508-797-2233
FAX	
COMPANY EMAIL	msheridan@motorolasolutions.com
TAX ID NUMBER	361115800
COMPANY TYPE	Corporation
ADDRESS	500 W MONROE STREET Chicago, IL 60661 <a href="#">[map]</a>

## Current Vendor Certifications

No current applicable certifications.

## Forms

View	Form Name	Flagged
<a href="#">View</a>	<b>A - B. Business Information &amp; Additional Information</b>	
<a href="#">View</a>	<b>C. Small Business Set-Aside Program</b>	
<a href="#">View</a>	<b>D - E. Department of Human Rights (DHR) &amp; Authorized to do Business in Illinois</b>	
<a href="#">View</a>	<b>F - G. Certifications &amp; Board of Elections</b>	
<a href="#">View</a>	<b>H. Iran Disclosure</b>	
<a href="#">View</a>	<b>I. Financial Disclosure &amp; Conflicts of Interest</b>	

## NIGP Codes





<b>NIGP 03528</b>	<b>Cameras and Accessories, Aerial Photograph</b>
<b>NIGP 05512</b>	<b>Cameras, Video, Automotive</b>
<b>NIGP 05567</b>	<b>Mounting Hardware: Laptops, GPS, Cameras, Electronic Devices, etc. Automotive.</b>
<b>NIGP 155</b>	<b>Buildings and Structures: Fabricated and Prefabricated</b>
<b>NIGP 203</b>	<b>COMPUTER ACCESSORIES AND SUPPLIES, ENVIRONMENTALLY CERTIFIED BY AN AGENCY ACCEPTED CERTIFICATION ENTITY</b>
<b>NIGP 205</b>	<b>COMPUTER HARDWARE AND PERIPHERALS FOR MICROCOMPUTERS, ENVIRONMENTALLY CERTIFIED BY AN AGENCY ACCEPTED CERTIFICATION ENTITY</b>
<b>NIGP 206</b>	<b>Computer Hardware and Peripherals for Mini and Main Frame Computers</b>
<b>NIGP 207</b>	<b>Computer Accessories and Supplies</b>
<b>NIGP 65515</b>	<b>Camera Accessories: Batteries, Exposure Meters, Light Meters, Flash Equipment and Bar Lights (See Class 285 for Lamps), Power Packs and Chargers, Tripods, etc.</b>
<b>NIGP 65529</b>	<b>Cameras, Digital Type, Including Digital Network Cameras</b>
<b>NIGP 65535</b>	<b>Cameras, Still, Non-specialized, Including Infrared Types, Self-Developing Types, etc.</b>
<b>NIGP 65540</b>	<b>Cameras, Video, Portable, Body and Dash Cams</b>
<b>NIGP 65596</b>	<b>Video Capturing Devices Connected to Computers or Computer Networks, Web Cameras</b>
<b>NIGP 68077</b>	<b>Radar Instruments, Traffic Enforcement Type (Including Laser Speed Measuring, Ranging Devices, Radar Instruments Equipped w/Cameras and Lidar Equipment (Laser)</b>
<b>NIGP 68087</b>	<b>Surveillance Cameras and Counter-surveillance Equipment and Supplies</b>
<b>NIGP 725</b>	<b>RADIO COMMUNICATION, TELEPHONE, AND TELECOMMUNICATION EQUIPMENT, ACCESSORIES, AND SUPPLIES (SEE CLASS 840 FOR TELEVISION EQUIPMENT) (EFFECTIVE 3-1-07 THIS CLASS INACTIVATED FOR NEW USE, REFER TO CLASSES, 726, 838 AND 839)</b>
<b>NIGP 726</b>	<b>RADIO COMMUNICATION EQUIPMENT, ACCESSORIES AND SUPPLIES</b>
<b>NIGP 730</b>	<b>Radio Communication and Telecommunication Testing, Measuring, and Analyzing Equipment, Accessories and Supplies</b>
<b>NIGP 838</b>	<b>TELECOMMUNICATION EQUIPMENT, ACCESSORIES AND SUPPLIES</b>
<b>NIGP 839</b>	<b>TELEPHONE EQUIPMENT, ACCESSORIES AND SUPPLIES</b>
<b>NIGP 913</b>	<b>CONSTRUCTION SERVICES, HEAVY (INCL, MAINTENANCE AND REPAIR SERVICES)</b>

NIGP 914

Construction Services, Trade (New Construction)

## Additional Information

STAFF  
ATTACHED  
FILE(S)

Document	Status
  <a href="#">MOTOROLA SOLUTIONS 06.09.2022 IPG Application Review Sheet 1.pdf</a> Filename: MOTOROLA_SOLUTIONS_06.09.2022_IPG_Application_Review_Sheet_1_20220609080010_8534.pdf	<b>PDF, 2.47 MB</b> <a href="#">Edit Info</a> <a href="#">Delete</a>  Attached by <b>Maribeth Christmon</b> on <b>6/9/2022</b>
  <a href="#">MOTOROLA SOLUTIONS Inc. 06.28.2022 IPG Application Review Sheet.pdf</a> Filename: MOTOROLA_SOLUTIONS_Inc_06.28.2022_IPG_Application_Review_Sheet_20220628141341_6513.pdf	<b>PDF, 3.54 MB</b> <a href="#">Edit Info</a> <a href="#">Delete</a>  Attached by <b>Maribeth Christmon</b> on <b>6/28/2022</b>

## Signature

SIGNATURE	<b>spero@motorolasolutions.com</b>
TITLE	<b>State of Illinois Account Executive</b>
ORGANIZATION	<b>MOTOROLA SOLUTIONS Inc.</b>
DATE	<b>6/28/2022</b>
IP NUMBER	<b>99.28.118.45</b>
TOKEN	<b>F47E7F8E257F3335B90F41C50694B310C7C51F80BF1165DB6E...</b>







## A - B. Business Information &amp; Additional Information

## Motorola Solutions, Inc.


**Vendor Registration**

FORM NAME	<b>A - B. Business Information &amp; Additional Information</b>
DESCRIPTION	<b>Complete section A and B, in order to submit this form.</b>
DATE SUBMITTED	<b>6/28/2022</b>
STATUS	<b>Accepted</b>
BUSINESS NAME	<b>Motorola Solutions, Inc.</b>
POINT OF CONTACT	<a href="#">Joe Spero</a>
FLAG FORM	

**A. Business Information**

1. YOUR BUSINESS IS REGISTERING AS A	<b>Prime &amp; Subcontractor</b>	
2. NAME OF CEO/BUSINESS OWNER	<b>Greg Brown</b>	
3. ANNUAL SALES/GROSS RECEIPTS	<b>2,300,000,000.00</b>	
4. WHEN WAS YOUR BUSINESS ESTABLISHED?	<b>09/25/1928</b>	
5. IN WHAT ILLINOIS COUNTY(IES) ARE YOU CONDUCTING BUSINESS?	<b>The business conducts business statewide.</b>	
6. CONTACT PERSON FOR THIS VENDOR REGISTRATION	<b>Joseph Spero</b>	
CONTACT PERSON TITLE	<b>Account Executive</b>	
CONTACT PERSON PHONE	<b>954-232-2513</b>	
CONTACT PERSON EMAIL	<b>spero@motorolasolutions.com</b>	

**B. Additional Information**

1. HOW DID YOU LEARN ABOUT THE ILLINOIS PROCUREMENT GATEWAY?	<b>Business Enterprise Program (BEP) / Veterans Business Program (VBP)</b>	
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**Additional Information**

STAFF ATTACHED FILE(S)

## C. Small Business Set-Aside Program

# Motorola Solutions, Inc.

### Vendor Registration

FORM NAME	<b>C. Small Business Set-Aside Program</b>
DESCRIPTION	<b>Complete the Small Business Set-Aside Program form</b>
DATE SUBMITTED	<b>6/28/2022</b>
STATUS	<b>Accepted</b>
BUSINESS NAME	<b>Motorola Solutions, Inc.</b>
POINT OF CONTACT	<a href="#">Joe Spero</a>
FLAG FORM	

### C. Small Business Set-Aside Program

1. WOULD YOU LIKE TO APPLY/RE-QUALIFY FOR THE SMALL BUSINESS SET-ASIDE PROGRAM?	<b>No</b>
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### Additional Information

STAFF ATTACHED FILE(S)





# D - E. Department of Human Rights (DHR) & Authorized to do Business in Illinois Motorola Solutions, Inc.

## Vendor Registration

FORM NAME	<b>D - E. Department of Human Rights (DHR) &amp; Authorized to do Business in Illinois</b>
DESCRIPTION	<b>Complete section D and E, in order to submit this form.</b>
DATE SUBMITTED	<b>6/28/2022</b>
STATUS	<b>Accepted</b>
BUSINESS NAME	<b>Motorola Solutions, Inc.</b>
POINT OF CONTACT	<a href="#">Joe Spero</a>
FLAG FORM	

## D. Department of Human Rights (DHR)

1. HIGHEST NUMBER OF EMPLOYEES (INCLUDING FULL AND PART TIME EMPLOYEES) AT ANY TIME DURING THE PAST YEAR	<b>18700</b>	
2. SELECT THE DHR STATUS OF YOUR BUSINESS	<b>My business had 15 or more employees at any time within the past year. 103097</b>	

## E. Authorized to do Business in Illinois

1. IS YOUR BUSINESS REGISTERED AND AUTHORIZED TO DO BUSINESS IN ILLINOIS?	<b>Yes, registered and in good standing with the Illinois Secretary of State</b>	
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## Additional Information

STAFF ATTACHED FILE(S)

## F - G. Certifications &amp; Board of Elections

## Motorola Solutions, Inc.

**Vendor Registration**

FORM NAME	<b>F - G. Certifications &amp; Board of Elections</b>
DESCRIPTION	<b>Complete section F - G, in order to submit the form.</b>
DATE SUBMITTED	<b>6/28/2022</b>
STATUS	<b>Accepted</b>
BUSINESS NAME	<b>Motorola Solutions, Inc.</b>
POINT OF CONTACT	<a href="#">Joe Spero</a>
FLAG FORM	

**F. Certifications**

1. VENDOR CERTIFIES IT AND ITS EMPLOYEES WILL COMPLY WITH APPLICABLE PROVISIONS OF THE UNITED STATES. CIVIL RIGHTS ACT, SECTION 504 OF THE FEDERAL REHABILITATION ACT, THE AMERICANS WITH DISABILITIES ACT, AND APPLICABLE RULES IN PERFORMANCE OF THIS CONTRACT. 70

**Yes**

2. THIS APPLIES TO INDIVIDUALS, SOLE PROPRIETORSHIPS, GENERAL PARTNERSHIPS, AND SINGLE MEMBER LLCs, BUT IS NOT OTHERWISE APPLICABLE. VENDOR CERTIFIES HE/SHE IS NOT IN DEFAULT ON AN EDUCATIONAL LOAN. 5 ILCS 385/3 70

**N/A**

3. VENDOR CERTIFIES THAT IT HAS REVIEWED AND WILL COMPLY WITH THE DEPARTMENT OF EMPLOYMENT SECURITY LAW (20 ILCS 1005/1005-47) AS APPLICABLE 70

**Yes**

4. VENDOR CERTIFIES IT HAS NEITHER BEEN CONVICTED OF BRIBING OR ATTEMPTING TO BRIBE AN OFFICER OR EMPLOYEE OF THE STATE OF ILLINOIS OR ANY OTHER STATE, NOR MADE AN ADMISSION OF GUILT OF SUCH CONDUCT THAT IS A MATTER OF RECORD. 30 ILCS 500/50-5 70

**Yes**

5. IF VENDOR HAS BEEN CONVICTED OF A FELONY, VENDOR CERTIFIES AT LEAST FIVE YEARS HAVE PASSED SINCE THE DATE OF COMPLETION OF THE SENTENCE FOR SUCH FELONY, UNLESS NO PERSON HELD RESPONSIBLE BY A PROSECUTOR'S OFFICE FOR THE FACTS UPON WHICH THE CONVICTION WAS BASED CONTINUES TO HAVE ANY INVOLVEMENT WITH THE BUSINESS. VENDOR FURTHER CERTIFIES THAT IT IS NOT BARRED FROM BEING AWARDED A CONTRACT. 30 ILCS 500/50-10 70

**Yes**

6. IF VENDOR OR ANY OFFICER, DIRECTOR, PARTNER, OR OTHER MANAGERIAL AGENT OF VENDOR HAS BEEN CONVICTED OF A FELONY UNDER THE SARBANES-OXLEY ACT OF 2002, OR A CLASS 3 OR CLASS 2 FELONY UNDER THE ILLINOIS SECURITIES LAW OF 1953, VENDOR CERTIFIES AT LEAST FIVE YEARS HAVE PASSED SINCE THE DATE OF THE CONVICTION. VENDOR FURTHER CERTIFIES THAT IT IS NOT BARRED FROM BEING AWARDED A CONTRACT. 30 ILCS 500/50-10.5 70

**Yes**

7. VENDOR CERTIFIES THAT IT AND ITS AFFILIATES ARE NOT DELINQUENT IN THE PAYMENT OF ANY DEBT TO THE UNIVERSITY OR THE STATE (OR IF DELINQUENT, HAVE ENTERED INTO A DEFERRED PAYMENT PLAN TO PAY THE DEBT). 30 ILCS 500/50-11, 50-60

**Yes**

8. VENDOR CERTIFIES THAT IT AND ALL AFFILIATES SHALL COLLECT AND REMIT ILLINOIS USE TAX ON ALL SALES OF TANGIBLE PERSONAL PROPERTY INTO THE STATE OF ILLINOIS IN ACCORDANCE WITH PROVISIONS OF THE ILLINOIS USE TAX ACT. 30 ILCS 500/50-12

**Yes**

9. VENDOR CERTIFIES THAT IT HAS NOT BEEN FOUND BY A COURT OR THE POLLUTION CONTROL BOARD TO HAVE COMMITTED A WILLFUL OR KNOWING VIOLATION OF THE ENVIRONMENTAL PROTECTION ACT WITHIN THE LAST FIVE YEARS, AND IS THEREFORE NOT BARRED FROM BEING AWARDED A CONTRACT. 30 ILCS 500/50-14

**Yes**

10. VENDOR CERTIFIES IT HAS NEITHER PAID ANY MONEY OR VALUABLE THING TO INDUCE ANY PERSON TO REFRAIN FROM BIDDING ON A STATE CONTRACT, NOR ACCEPTED ANY MONEY OR OTHER VALUABLE THING, OR ACTED UPON THE PROMISE OF SAME, FOR NOT BIDDING ON A STATE CONTRACT. 30 ILCS 500/50-25

**Yes**

11. VENDOR CERTIFIES IT HAS READ, UNDERSTANDS AND IS NOT KNOWINGLY IN VIOLATION OF THE "REVOLVING DOOR" PROVISION OF THE ILLINOIS PROCUREMENT CODE. 30 ILCS 500/50-30

**Yes**

12. VENDOR CERTIFIES THAT IF IT HIRES A PERSON REQUIRED TO REGISTER UNDER THE LOBBYIST REGISTRATION ACT TO ASSIST IN OBTAINING ANY STATE CONTRACT, THAT NONE OF THE LOBBYIST'S COSTS, FEES, COMPENSATION, REIMBURSEMENTS OR OTHER REMUNERATION WILL BE BILLED TO THE STATE. 30 ILCS 500/50-38

**Yes**

13. VENDOR CERTIFIES THAT IT WILL NOT RETAIN A PERSON OR ENTITY TO ATTEMPT TO INFLUENCE THE OUTCOME OF A PROCUREMENT DECISION FOR COMPENSATION CONTINGENT IN WHOLE OR IN PART UPON THE DECISION OR PROCUREMENT.30 ILCS 500/50-38

**Yes**

14. VENDOR CERTIFIES IT WILL REPORT TO THE ILLINOIS ATTORNEY GENERAL AND THE CHIEF PROCUREMENT OFFICER ANY SUSPECTED COLLUSION OR OTHER ANTI-COMPETITIVE PRACTICE AMONG ANY BIDDERS, OFFERORS, CONTRACTORS, PROPOSERS, OR EMPLOYEES OF THE STATE. 30 ILCS 500/50-40, 50-45, 50-50

**Yes**

15. VENDOR CERTIFIES THAT IF IT IS AWARDED A CONTRACT THROUGH THE USE OF THE PREFERENCE REQUIRED BY THE PROCUREMENT OF DOMESTIC PRODUCTS ACT, THEN IT SHALL PROVIDE PRODUCTS PURSUANT TO THE CONTRACT OR A SUBCONTRACT THAT ARE MANUFACTURED IN THE UNITED STATES. 30 ILCS 517

**Yes**

16. VENDOR CERTIFIES THAT IF AWARDED A CONTRACT FOR PUBLIC WORKS, STEEL PRODUCTS USED OR SUPPLIED IN THE PERFORMANCE OF THAT CONTRACT SHALL BE MANUFACTURED OR PRODUCED IN THE UNITED STATES, UNLESS THE EXECUTIVE HEAD OF THE PROCURING AGENCY/UNIVERSITY GRANTS AN EXCEPTION IN WRITING. 30 ILCS 565

**Yes**

17. IF VENDOR IS AWARDED A CONTRACT WORTH MORE THAN \$5,000 AND EMPLOYS 25 OR MORE EMPLOYEES, VENDOR CERTIFIES IT

WILL PROVIDE A DRUG FREE WORKPLACE PURSUANT TO THE DRUG FREE WORKPLACE ACT. 30 ILCS 580

**Yes**

18. IF VENDOR IS AN INDIVIDUAL AND IS AWARDED A CONTRACT WORTH MORE THAN \$5,000, VENDOR CERTIFIES IT SHALL NOT ENGAGE IN THE UNLAWFUL MANUFACTURE, DISTRIBUTION, DISPENSATION, POSSESSION, OR USE OF A CONTROLLED SUBSTANCE DURING THE PERFORMANCE OF THE CONTRACT PURSUANT TO THE DRUG FREE WORKPLACE ACT. 30 ILCS 580

**N/A**

19. VENDOR CERTIFIES THAT NEITHER VENDOR NOR ANY SUBSTANTIALLY OWNED AFFILIATE IS PARTICIPATING OR SHALL PARTICIPATE IN AN INTERNATIONAL BOYCOTT IN VIOLATION OF THE U.S. EXPORT ADMINISTRATION ACT OF 1979 OR THE APPLICABLE REGULATIONS OF THE UNITED STATES DEPARTMENT OF COMMERCE. 30 ILCS 582

**Yes**

20. VENDOR CERTIFIES THAT NO FOREIGN-MADE EQUIPMENT, MATERIALS, OR SUPPLIES FURNISHED TO THE AGENCY/UNIVERSITY UNDER ANY CONTRACT HAVE BEEN OR WILL BE PRODUCED IN WHOLE OR IN PART BY FORCED LABOR OR INDENTURED LABOR UNDER PENAL SANCTION. 30 ILCS 583

**Yes**

21. VENDOR CERTIFIES THAT NO FOREIGN-MADE EQUIPMENT, MATERIALS, OR SUPPLIES FURNISHED TO THE AGENCY/UNIVERSITY UNDER ANY CONTRACT HAVE BEEN PRODUCED IN WHOLE OR IN PART BY THE LABOR OR ANY CHILD UNDER THE AGE OF 12. 30 ILCS 584

**Yes**

22. VENDOR CERTIFIES THAT IF AWARDED A CONTRACT INCLUDING INFORMATION TECHNOLOGY, ELECTRONIC INFORMATION, SOFTWARE, SYSTEMS AND EQUIPMENT, DEVELOPED OR PROVIDED UNDER ANY CONTRACT, IT WILL COMPLY WITH THE APPLICABLE REQUIREMENTS OF THE ILLINOIS INFORMATION TECHNOLOGY ACCESSIBILITY ACT STANDARDS. 30 ILCS 587

**Yes**

23. VENDOR CERTIFIES THAT IF IT OWNS RESIDENTIAL BUILDINGS, THAT ANY VIOLATION OF THE LEAD POISONING PREVENTION ACT HAS BEEN MITIGATED. 410 ILCS 45

**Yes**

24. VENDOR CERTIFIES IT HAS NOT BEEN CONVICTED OF THE OFFENSE OF BID RIGGING OR BID ROTATING OR ANY SIMILAR OFFENSE OF ANY STATE OR OF THE UNITED STATES. 720 ILCS 5/33 E-3, E-4, E-11

**Yes**

25. VENDOR CERTIFIES IT COMPLIES WITH THE ILLINOIS DEPARTMENT OF HUMAN RIGHTS ACT AND RULES APPLICABLE TO PUBLIC CONTRACTS, WHICH INCLUDE PROVIDING EQUAL EMPLOYMENT OPPORTUNITY, REFRAINING FROM UNLAWFUL DISCRIMINATION, AND HAVING WRITTEN SEXUAL HARASSMENT POLICIES. 775 ILCS 5/2-105

**Yes**

26. VENDOR CERTIFIES IT DOES NOT PAY DUES TO OR REIMBURSE OR SUBSIDIZE PAYMENTS BY ITS EMPLOYEES FOR ANY DUES OR FEES TO ANY "DISCRIMINATORY CLUB." 775 ILCS 25/2

**Yes**

27. VENDOR WARRANTS AND CERTIFIES THAT IT AND, TO THE BEST OF ITS KNOWLEDGE, ITS SUBCONTRACTORS HAVE AND WILL COMPLY WITH EXECUTIVE ORDER NO. 1 (2007). THE ORDER GENERALLY PROHIBITS VENDORS AND SUBCONTRACTORS FROM HIRING THE THEN-SERVING GOVERNOR'S FAMILY MEMBERS TO LOBBY PROCUREMENT ACTIVITIES OF THE STATE, OR ANY OTHER GOVERNMENT IN ILLINOIS INCLUDING LOCAL GOVERNMENTS IF THAT PROCUREMENT MAY RESULT IN A CONTRACT VALUED AT OVER

\$25,000. THIS PROHIBITION ALSO APPLIES TO HIRING FOR THAT SAME PURPOSE ANY FORMER STATE EMPLOYEE WHOSE PROCUREMENT AUTHORITY AT ANY TIME DURING THE ONE-YEAR PERIOD PRECEDING THE PROCUREMENT LOBBYING ACTIVITY.



**Yes**

28. VENDOR CERTIFIES THAT IT HAS READ, UNDERSTANDS AND IS IN COMPLIANCE WITH THE REGISTRATION REQUIREMENTS OF THE ILLINOIS ELECTIONS CODE (10 ILCS 5/9-35) AND THE RESTRICTIONS ON MAKING POLITICAL CONTRIBUTIONS AND RELATED REQUIREMENTS OF THE ILLINOIS PROCUREMENT CODE. 30 ILCS 500/20-160 AND 50-37 VENDOR WILL NOT MAKE A POLITICAL CONTRIBUTION THAT WILL VIOLATE THESE REQUIREMENTS.



**Yes**

29. THIS APPLIES TO INDIVIDUALS, SOLE PROPRIETORSHIPS, GENERAL PARTNERSHIPS, AND SINGLE MEMBER LLCs, BUT IS NOT OTHERWISE APPLICABLE. VENDOR CERTIFIES THAT HE/SHE HAS NOT RECEIVED AN EARLY RETIREMENT INCENTIVE PRIOR TO 1993 UNDER SECTION 14-108.3 OR 16-133.3 OF THE ILLINOIS PENSION CODE OR AN EARLY RETIREMENT INCENTIVE ON OR AFTER 2002 UNDER SECTION 14-108.3 OR 16-133.3 OF THE ILLINOIS PENSION CODE. (30 ILCS 105/15A; 40 ILCS 5/14-108.3; 40 ILCS 5/16-133



**N/A**

### G. Board of Elections (BOE)

1. IS YOUR BUSINESS REGISTERED WITH THE BOARD OF ELECTIONS (BOE)?



**Yes, I certify my business is registered with BOE.**

**14368**

### Additional Information

STAFF ATTACHED FILE(S)

# Motorola Solutions, Inc.

## Vendor Registration

FORM NAME	<b>H. Iran Disclosure</b>
DESCRIPTION	<b>Complete section H, in order to submit this form.</b>
DATE SUBMITTED	<b>6/28/2022</b>
STATUS	<b>Accepted</b>
BUSINESS NAME	<b>Motorola Solutions, Inc.</b>
POINT OF CONTACT	<a href="#"><u>Joe Spero</u></a>
FLAG FORM	

## H. Iran Disclosure

1. DO YOU OR ANY OF YOUR CORPORATE PARENTS OR SUBSIDIARIES HAVE ANY BUSINESS OPERATIONS THAT MUST BE DISCLOSED?

**No business operations to disclose.**

## Additional Information

STAFF ATTACHED FILE(S)

## I. Financial Disclosure &amp; Conflicts of Interest

## Motorola Solutions, Inc.

## Vendor Registration

FORM NAME	<b>I. Financial Disclosure &amp; Conflicts of Interest</b>
DESCRIPTION	<b>Complete the Financial Disclosure &amp; Conflicts of Interest form</b>
DATE SUBMITTED	<b>6/28/2022</b>
STATUS	<b>Accepted</b>
BUSINESS NAME	<b>Motorola Solutions, Inc.</b>
POINT OF CONTACT	<a href="#">Joe Spero</a>
FLAG FORM	

## I. Financial Disclosures &amp; Conflicts of Interest

A. IDENTIFY THE APPLICABLE ENTITY TYPE. 


**Publicly Traded Entity**

B. IS THERE A PARENT ENTITY THAT OWNS 100% OF THE BUSINESS? 

**No**


C. INSTRUMENT OF OWNERSHIP OR BENEFICIAL INTEREST 

**Corporate Stock (C-Corporation, S-Corporation, Professional Corporation, Service Corporation)**


1. IS THERE ANY INDIVIDUAL OR ENTITY WHO MEETS ANY OF THE FOLLOWING THRESHOLDS: (A) OWNS MORE THAN 5% OF THE BUSINESS, (B) HOLDS OWNERSHIP SHARE OF THE BUSINESS VALUED IN EXCESS OF \$106,447.20, (C) IS ENTITLED TO MORE THAN 5% OF THE BUSINESS' DISTRIBUTIVE INCOME, OR (D) IS ENTITLED TO MORE THAN \$106,447.20 OF THE BUSINESS' DISTRIBUTIVE INCOME? 

**Yes, the information is publicly available as a document**

Document	Status
<b>Federal 10K, 20F, 40F, or, if a Privately Held Entity with more than 100 Shareholders, equivalent information required to be reported pursuant to 17 CFR 229.401.</b>	<b>Attached</b> by Joe Spero on 6/28/2022
  <a href="#">10k MSI-2022-Annual-Report.pdf</a> (PDF, 525.20 KB)	
  <a href="#">MSI-2022-Definitive-Proxy-Statement.pdf</a> (PDF, 2.51 MB)	

2. PLEASE CERTIFY THAT THE FOLLOWING STATEMENT IS TRUE: ALL INDIVIDUALS OR ENTITIES THAT HOLD AN OWNERSHIP INTEREST IN THE BUSINESS OF GREATER THAN 5% OR VALUED GREATER THAN \$106,447.20 HAVE BEEN DISCLOSED IN QUESTION 1. 

**Yes**

3. PLEASE CERTIFY THAT THE FOLLOWING STATEMENT IS TRUE: ALL INDIVIDUALS OR ENTITIES THAT WERE ENTITLED TO RECEIVE DISTRIBUTIVE INCOME IN AN AMOUNT GREATER THAN \$106,447.20 OR GREATER THAN 5% OF THE TOTAL DISTRIBUTIVE INCOME OF THE BUSINESS HAVE BEEN DISCLOSED IN QUESTION 1. 

**Yes**

4. DISCLOSURE OF BOARD OF DIRECTORS FOR NOT-FOR-PROFIT ENTITIES.

**Not applicable - For-Profit Entity**

5. FOR THE INDIVIDUALS DISCLOSED ABOVE IN QUESTION 1 AND FOR SOLE PROPRIETORS, ARE ANY OF THEM A PERSON WHO HOLDS AN ELECTIVE OFFICE IN THE STATE OF ILLINOIS OR HOLDS A SEAT IN THE GENERAL ASSEMBLY, OR ARE THEY THE SPOUSE OR MINOR CHILD OF SUCH PERSON?

**No**

6. FOR THE INDIVIDUALS DISCLOSED ABOVE IN QUESTION 1 AND FOR SOLE PROPRIETORS, ARE ANY OF THEM APPOINTED TO OR EMPLOYED IN ANY OFFICES OR AGENCIES OF STATE GOVERNMENT AND RECEIVE COMPENSATION FOR SUCH EMPLOYMENT IN EXCESS OF 60% (\$106,447.20) OF THE SALARY OF THE GOVERNOR, OR ARE ANY OF THEM THE SPOUSE OR MINOR CHILD OF SUCH PERSON?

**No**

7. FOR THE INDIVIDUALS DISCLOSED ABOVE IN QUESTION 1 AND FOR SOLE PROPRIETORS, ARE ANY OF THEM AN OFFICER OR EMPLOYEE OF THE CAPITAL DEVELOPMENT BOARD OR THE ILLINOIS TOLL HIGHWAY AUTHORITY, OR ARE ANY OF THEM THE SPOUSE OR MINOR CHILD OF SUCH PERSON?

**No**

8. FOR THE INDIVIDUALS DISCLOSED ABOVE IN QUESTION 1 AND FOR SOLE PROPRIETORS, ARE ANY OF THEM APPOINTED AS A MEMBER OF A BOARD, COMMISSION, AUTHORITY, OR TASK FORCE AUTHORIZED OR CREATED BY STATE LAW OR BY EXECUTIVE ORDER OF THE GOVERNOR, OR ARE THEY THE SPOUSE OR AN IMMEDIATE FAMILY MEMBER WHO CURRENTLY RESIDES OR RESIDED WITH SUCH PERSON WITHIN THE LAST 12 MONTHS?

**No**

9. IF ANY QUESTION IN 5-8 ABOVE IS ANSWERED YES, PLEASE ANSWER THE FOLLOWING: DO ANY OF THE INDIVIDUALS IDENTIFIED, THEIR SPOUSE, OR MINOR CHILD RECEIVE FROM THE ENTITY MORE THAN 7.5% OF THE ENTITY'S TOTAL DISTRIBUTABLE INCOME OR AN AMOUNT OF DISTRIBUTABLE INCOME IN EXCESS OF THE SALARY OF THE GOVERNOR (\$177,412.00)?

**Not applicable - I answered No in Questions 5-8**

10. IF ANY QUESTION IN 5-8 ABOVE IS ANSWERED YES, PLEASE ANSWER THE FOLLOWING: IS THERE A COMBINED INTEREST OF ANY INDIVIDUAL IDENTIFIED ALONG WITH THEIR SPOUSE OR MINOR CHILD OF MORE THAN 15% IN THE AGGREGATE OF THE ENTITY'S DISTRIBUTABLE INCOME OR AN AMOUNT OF DISTRIBUTABLE INCOME IN EXCESS OF TWO TIMES THE SALARY OF THE GOVERNOR (\$354,824.00)?

**Not applicable - I answered No in Questions 5-8**

11. FOR THE INDIVIDUALS DISCLOSED ABOVE IN QUESTION 1 AND FOR SOLE PROPRIETORS, DO ANY OF THEM CURRENTLY HAVE, OR IN THE PREVIOUS 3 YEARS HAD STATE EMPLOYMENT, INCLUDING CONTRACTUAL EMPLOYMENT OF SERVICES? THIS DOES NOT INCLUDE CONTRACTS TO PROVIDE GOODS OR SERVICES TO THE STATE AS A VENDOR.

**Not applicable - In question 1, I provided my entity's Federal 10K, 20F, 40F or 17 CFR 229.401 equivalent information as an attachment.**

12. FOR THE INDIVIDUALS DISCLOSED ABOVE IN QUESTION 1 AND FOR SOLE PROPRIETORS, HAVE THEIR SPOUSE, FATHER, MOTHER, SON, OR DAUGHTER, HAD STATE EMPLOYMENT, INCLUDING CONTRACTUAL EMPLOYMENT FOR SERVICES, IN THE PREVIOUS 2 YEARS? THIS DOES NOT INCLUDE CONTRACTS TO PROVIDE GOODS OR SERVICES TO THE STATE AS A VENDOR.

**Not applicable - In question 1, I provided my entity's Federal 10K, 20F, 40F or 17 CFR 229.401 equivalent information as an attachment.**



13. FOR THE INDIVIDUALS DISCLOSED ABOVE IN QUESTION 1 AND FOR SOLE PROPRIETORS, DO ANY OF THEM CURRENTLY HOLD OR HAVE HELD IN THE PREVIOUS 3 YEARS ELECTIVE OFFICE OF THE STATE OF ILLINOIS, THE GOVERNMENT OF THE UNITED STATES, OR ANY UNIT OF LOCAL GOVERNMENT AUTHORIZED BY THE CONSTITUTION OF THE STATE OF ILLINOIS OR THE STATUTES OF THE STATE OF ILLINOIS?

**Not applicable - In question 1, I provided my entity's Federal 10K, 20F, 40F or 17 CFR 229.401 equivalent information as an attachment.**

14. FOR THE INDIVIDUALS DISCLOSED ABOVE IN QUESTION 1 AND FOR SOLE PROPRIETORS, DO ANY OF THEM HAVE A RELATIONSHIP TO ANYONE (SPOUSE, FATHER, MOTHER, SON, OR DAUGHTER) HOLDING ELECTIVE OFFICE CURRENTLY OR IN THE PREVIOUS 2 YEARS?

**Not applicable - In question 1, I provided my entity's Federal 10K, 20F, 40F or 17 CFR 229.401 equivalent information as an attachment.**

15. FOR THE INDIVIDUALS DISCLOSED ABOVE IN QUESTION 1 AND FOR SOLE PROPRIETORS, DO ANY OF THEM HOLD OR HAVE HELD IN THE PREVIOUS 3 YEARS ANY APPOINTIVE GOVERNMENT OFFICE OF THE STATE OF ILLINOIS, THE UNITED STATES OF AMERICA, OR ANY UNIT OF LOCAL GOVERNMENT AUTHORIZED BY THE CONSTITUTION OF THE STATE OF ILLINOIS OR THE STATUTES OF THE STATE OF ILLINOIS, WHICH OFFICE ENTITLES THE HOLDER TO COMPENSATION IN EXCESS OF EXPENSES INCURRED IN THE DISCHARGE OF THAT?

**Not applicable - In question 1, I provided my entity's Federal 10K, 20F, 40F or 17 CFR 229.401 equivalent information as an attachment.**

16. FOR THE INDIVIDUALS DISCLOSED ABOVE IN QUESTION 1 AND FOR SOLE PROPRIETORS, DO ANY OF THEM HAVE A RELATIONSHIP TO ANYONE (SPOUSE, FATHER, MOTHER, SON, OR DAUGHTER) HOLDING APPOINTIVE OFFICE CURRENTLY OR IN THE PREVIOUS 2 YEARS?

**Not applicable - In question 1, I provided my entity's Federal 10K, 20F, 40F or 17 CFR 229.401 equivalent information as an attachment.**

17. FOR THE INDIVIDUALS DISCLOSED ABOVE IN QUESTION 1 AND FOR SOLE PROPRIETORS, DO ANY OF THEM CURRENTLY HAVE OR IN THE PREVIOUS 3 YEARS HAD EMPLOYMENT AS OR BY ANY REGISTERED LOBBYIST OF THE STATE GOVERNMENT?

**Not applicable - In question 1, I provided my entity's Federal 10K, 20F, 40F or 17 CFR 229.401 equivalent information as an attachment.**

18. FOR THE INDIVIDUALS DISCLOSED ABOVE IN QUESTION 1 AND FOR SOLE PROPRIETORS, DO ANY OF THEM CURRENTLY HAVE OR IN THE PREVIOUS 2 YEARS HAD A RELATIONSHIP TO ANYONE (SPOUSE, FATHER, MOTHER, SON, OR DAUGHTER) THAT IS OR WAS A REGISTERED LOBBYIST?

**Not applicable - In question 1, I provided my entity's Federal 10K, 20F, 40F or 17 CFR 229.401 equivalent information as an attachment.**

19. FOR THE INDIVIDUALS DISCLOSED ABOVE IN QUESTION 1 AND FOR SOLE PROPRIETORS, DO ANY OF THEM CURRENTLY HAVE OR IN THE PREVIOUS 3 YEARS HAD COMPENSATED EMPLOYMENT BY ANY REGISTERED ELECTION OR RE-ELECTION COMMITTEE REGISTERED WITH THE SECRETARY OF STATE OR ANY COUNTY CLERK IN THE STATE OF ILLINOIS, OR ANY POLITICAL ACTION COMMITTEE REGISTERED WITH EITHER THE SECRETARY OF STATE OR THE FEDERAL BOARD OF ELECTIONS?

**Not applicable - In question 1, I provided my entity's Federal 10K, 20F, 40F or 17 CFR 229.401 equivalent information as an attachment.**

20. FOR THE INDIVIDUALS DISCLOSED ABOVE IN QUESTION 1 AND FOR SOLE PROPRIETORS, DO ANY OF THEM CURRENTLY HAVE OR IN THE PREVIOUS 2 YEARS HAD A RELATIONSHIP TO ANYONE (SPOUSE, FATHER, MOTHER, SON, OR DAUGHTER) WHO IS OR WAS A COMPENSATED EMPLOYEE OF ANY REGISTERED ELECTION OR REELECTION COMMITTEE REGISTERED WITH THE SECRETARY OF STATE OR ANY COUNTY CLERK IN THE STATE OF ILLINOIS, OR ANY POLITICAL ACTION COMMITTEE REGISTERED WITH EITHER THE SECRETARY OF STATE OR THE FEDERAL BOARD OF ELECTIONS?

**Not applicable - In question 1, I provided my entity's Federal 10K, 20F, 40F or 17 CFR 229.401 equivalent information as an attachment.**

21. HAS THERE BEEN ANY SUSPENSION OR DEBARMENT FROM CONTRACTING WITH ANY GOVERNMENTAL ENTITY WITHIN THE PREVIOUS TEN YEARS? THIS APPLIES TO ALL SOLE PROPRIETORS, FOR-PROFIT ENTITIES, NOT-FOR-PROFIT ENTITIES, AND FOR THE INDIVIDUALS DISCLOSED IN QUESTION 1 ABOVE.

**No**

22. HAS THERE BEEN ANY PROFESSIONAL LICENSURE DISCIPLINE WITHIN THE PREVIOUS TEN YEARS? THIS APPLIES TO ALL SOLE PROPRIETORS, FOR-PROFIT ENTITIES, NOT-FOR-PROFIT ENTITIES, AND FOR THE INDIVIDUALS DISCLOSED IN QUESTION 1 ABOVE.

**No**

23. HAS THERE BEEN ANY BANKRUPTCY WITHIN THE PREVIOUS TEN YEARS? THIS APPLIES TO ALL SOLE PROPRIETORS, FOR-PROFIT ENTITIES, NOT-FOR-PROFIT ENTITIES, AND FOR THE INDIVIDUALS DISCLOSED IN QUESTION 1 ABOVE.

**No**

24. HAVE THERE BEEN ANY ADVERSE CIVIL JUDGMENTS AND/OR ADMINISTRATIVE FINDINGS WITHIN THE PREVIOUS TEN YEARS? THIS APPLIES TO ALL SOLE PROPRIETORS, FOR-PROFIT ENTITIES, NOT-FOR-PROFIT ENTITIES, AND FOR THE INDIVIDUALS DISCLOSED IN QUESTION 1 ABOVE.

**No**

25. HAVE THERE BEEN ANY CRIMINAL FELONY CONVICTIONS WITHIN THE PREVIOUS TEN YEARS? THIS APPLIES TO ALL SOLE PROPRIETORS, FOR-PROFIT ENTITIES, NOT-FOR-PROFIT ENTITIES, AND FOR THE INDIVIDUALS DISCLOSED IN QUESTION 1 ABOVE.

**No**

### **Additional Information**

STAFF ATTACHED FILE(S)

# 2021 ANNUAL REPORT

TO SHAREHOLDERS



**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, 2021  
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.)

**500 W. Monroe Street, Chicago, Illinois 60661**  
(Address of principal executive offices, zip code)

**(847) 576-5000**  
Registrant's telephone number, including area code:

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock \$0.01 Par Value	MSI	New York 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 every Interactive Data File required to be submitted 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 such files). Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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 July 2, 2021 (the last business day of the registrant's most recently completed second quarter) was approximately \$33.2 billion.

The number of shares of the registrant's Common Stock, \$.01 par value per share, outstanding as of February 7, 2022 was 168,209,089.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive Proxy Statement to be delivered to stockholders in connection with its Annual Meeting of Shareholders to be held on May 17, 2022 (the "Proxy Statement"), are incorporated by reference into Part III of this Annual Report on Form 10-K (this "Form 10-K").

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Throughout this Form 10-K 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.

“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.

### Forward-Looking Statements

Statements in this Form 10-K which are not historical in nature are forward-looking statements within the meaning of applicable federal securities law. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and generally include words such as “believes,” “expects,” “intends,” “aims,” “estimates” and similar expressions. We can give no assurance that any future results or events discussed in these statements will be achieved. Any forward-looking statements represent our views only as of today and should not be relied upon as representing our views as of any subsequent date. Readers are cautioned that such forward-looking statements are subject to a variety of risks and uncertainties that could cause our actual results to differ materially from the statements contained in this Form 10-K. Some of these risks and uncertainties include, but are not limited to, those discussed in “Part I. Item 1A. Risk Factors” of this Form 10-K and those described elsewhere in this Form 10-K or in our other SEC filings. 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) future product development and the demand for, growth related to, and benefits of, new products, (c) growth of sales with existing customers, (d) customer spending and requests for vendor financing, (e) the impact of our strategy and focus areas, (f) the impact from the loss of key customers, (g) competitive position and our ability to maintain a leadership position in our core products, (h) increased competition, (i) our practice of subcontracting work to other companies to fulfill customer needs, (j) the continuing and future impact of the COVID-19 pandemic on our business, (k) the impact of recent acquisitions on our business, (l) the impact of existing and future regulatory matters (including with respect to climate change) on our business, (m) the impact from the allocation and regulation of spectrum, particularly with respect to broadband spectrum, (n) the firmness of each segment’s backlog, (o) the competitiveness of the patent portfolio, (p) the impact of research and development, (q) the availability and costs of materials and components, energy supplies and labor, (r) the seasonality of the business, (s) our human capital management strategy and philosophy, and (t) our capital deployment model; (2) “Legal Proceedings,” about the ultimate disposition of pending legal matters and timing; (3) “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” about: (a) the continuing and future impact of COVID-19 on our business, (b) the availability and costs of materials, components and labor, (c) the impact of global economic and political conditions on our business, (d) the impact of acquisitions on our business, (e) the impact of existing and future laws, regulations, international treaties and industry standards relating to climate change on our business, (f) market growth/contraction, demand, spending and resulting opportunities, (g) industry growth and demand, including opportunities resulting from such growth, (h) future product development and demand for, growth related to, and benefits of, new products, (i) the impact of foreign exchange rate fluctuations, (j) our continued ability to reduce our operating expenses, (k) expected improvements in operating leverage and operating margins, (l) the growth of sales opportunities in our LMR Communications, Video Security and Access Control and Command Center Software technologies, (m) the return of capital to shareholders through dividends and/or repurchasing shares, (n) our ability to invest in capital expenditures and research and development, (o) the success of our business strategy and portfolio, (p) future payments, charges, use of accruals and expected cost-saving and profitability benefits associated with our reorganization of business programs and employee separation costs, (q) our ability and cost to repatriate funds, (r) future cash contributions to pension plans or retiree health benefit plans, (s) the liquidity of our investments, (t) our ability and cost to access the capital markets, (u) our ability to borrow and the amount available under our credit facilities, (v) our ability and cost to obtain performance bonds, (w) adequacy of internal resources to fund expected working capital and capital expenditure measurements, (x) expected payments pursuant to commitments under agreements and other obligations in the short-term and long-term, (y) the ability to meet minimum purchase obligations, (z) our ability to sell accounts receivable and the terms and amounts of such sales, (aa) the outcome and effect of ongoing and future legal proceedings, (bb) the impact of the loss of key customers, (cc) the expected effective tax rate and deductibility of certain items, and (dd) the impact of the adoption of accounting pronouncements on our financial results; and (4) “Quantitative and Qualitative Disclosures about Market Risk,” about: (a) the impact of foreign currency exchange risks, (b) the impact of interest rate risk, (c) future hedging activity and expectations of the Company, and (d) the ability of counterparties to financial instruments to perform their obligations.

## PART I

### Item 1: Business

#### Overview

Motorola Solutions is a global leader in public safety and enterprise security. Our technologies in Land Mobile Radio Communications (“LMR” or “LMR Communications”), Video Security and Access Control and Command Center Software, bolstered by managed and support services, create an integrated technology ecosystem to help make communities safer and businesses stay productive and secure. We serve more than 100,000 public safety and commercial customers in over 100 countries, providing “purpose-built” solutions designed for their unique needs, and we have a rich heritage of innovation focusing on advancing global safety for more than 90 years.

We are 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 500 W. Monroe St., Chicago, Illinois 60661.

## ***Business Organization***

We manage our business organizationally through two segments: “Products and Systems Integration” and “Software and Services.” Within these segments, the Company has principal product lines that also follow our three major technologies: LMR Communications, Video Security and Access Control and Command Center Software. In January 2022 we began using LMR Communications, eliminating the “Mission Critical” descriptor from LMR Mission Critical Communications, to enhance investor understanding; this name change does not require any financial information to be reclassified from previous periods.

- LMR Communications: Infrastructure, devices (two-way radio and broadband, including both for public safety and Professional Commercial Radio (“PCR”)) and software that enable communications, inclusive of installation and integration, backed by services, to assure availability, security and resiliency.
- Video Security and Access Control: Cameras (fixed, body-worn, in-vehicle), access control, infrastructure, video management, software and artificial intelligence (“AI”)-enabled analytics that enable visibility “on scene” and bring attention to what’s important.
- Command Center Software: Software suite that enables collaboration and shares information throughout the public safety workflow from “911 call to case closure.”

The Company has invested across these three technologies, evolving the Company’s LMR focus to purposefully integrate software, video security and access control solutions for public safety and enterprise customers globally.

Our strategy is to generate value through the integration of each technology into our ecosystem, uniting voice, software, video security, access control and analytics to interoperate. While each technology individually strives to make users safer and more productive, we believe we can enable better outcomes for individuals, businesses and agencies when we unite these technologies as one connected system. With our technology ecosystem, our goal is to help remove silos between systems, unify data, streamline workflows, simplify management and support evolving technologies. Across all three technologies, we offer cloud-based solutions, cybersecurity services and managed and support services.

An example of our integrated technology ecosystem in action is when our municipal governmental agency customers leverage communications, video security, analytics and cloud-based software to understand what is happening across their cities, which we believe helps to improve community collaboration and overall safety. Video security and access control solutions help users identify and understand events, find lost people and protect property. Command center software informs and assists emergency response by unifying data across the 911 workflow, including call handling, dispatch, video analytics, field reporting, records, evidence and community input. Voice and data communications connect law enforcement, fire and emergency medical services from different agencies and jurisdictions in an effort to improve coordination and collaboration. The end-to-end integration of these technologies assists agencies in detecting, analyzing, communicating and responding to incidents.

The principal products within each segment, by technology, are described below:

### **Products and Systems Integration Segment**

In 2021, the segment’s net sales were \$5.0 billion, representing 62% of our consolidated net sales.

#### ***LMR Communications***

Our LMR Communications technology includes infrastructure and devices for LMR, public safety Long Term Evolution (“LTE”) and enterprise-grade private LTE. We are a global leader in the two-way radio category, including Project 25 (“P25”), Terrestrial Trunked Radio (“TETRA”) and Digital Mobile Radio (“DMR”), as well as other PCR solutions. We also deliver LTE solutions for public safety, government and commercial users, including infrastructure and devices operating in 700 MHz, 900 MHz and Citizens’ Broadband Radio Service (“CBRS”) frequencies. Primary sources of revenue for this technology come from selling devices and building telecommunications networks, including infrastructure, installation and integration with our customers’ technology environments.

Our technology enables voice and multimedia collaborations across different two-way radio, WiFi or public LTE and private broadband networks. We believe that first responders continue to trust LMR communications because they are purpose-built and designed for reliability, availability, security and resiliency to withstand the most challenging conditions. By adding broadband data capabilities to our two-way radios, we strive to provide our customers with greater functionality and multimedia access to the information and data they need in their workflows. Examples include application services such as GPS location to better protect lone workers, job dispatch to share information and over-the-air programming to optimize device uptime.

The LMR technology within the Products and Systems Integration segment represented 84% of the net sales of the total segment in 2021.

#### ***Video Security and Access Control***

Our Video Security and Access Control technology includes video management infrastructure, AI-powered security cameras including fixed and mobile (body-worn and in-vehicle) and access control solutions. We deploy video security and access control solutions to thousands of government and commercial customers around the world including school campuses, transportation systems, healthcare centers, public venues, utilities, prisons, factories, casinos, airports, financial institutions, government facilities, state and local law enforcement agencies and retailers. Organizations such as these utilize video security



and access control to enable continuous monitoring that can improve situational awareness, verify critical events or incidents in real-time and provide data to investigate an event or incident after it happens.

Our view is that government and public safety customers in particular are increasingly turning to video security technologies, including fixed street cameras, in-vehicle cameras and body-worn cameras, to increase visibility, accountability and safety for citizens, communities and first responders alike. Additionally, our view is that government, public safety agencies and businesses are increasingly turning to scalable, cloud-based multi-factor authentication access control to make their facilities more secure.

Since 2018, we have developed our video security and access control business through investments in research and development and through acquisitions, directly contributing to our growth strategy to serve as a leader in end-to-end video security solutions. These activities have supported the expansion of our portfolio, which started with fixed video, access control and AI-enabled analytics solutions and has evolved to include mobile video (body-worn and in-vehicle cameras) for both public safety and commercial markets, a broader range of fixed video security technologies, business analytics and cloud-based access control solutions.

The Video Security and Access Control technology within the Products and Systems Integration segment represented 16% of the net sales of the total segment in 2021.

### **Software and Services Segment**

In 2021, the segment's net sales were \$3.1 billion, representing 38% of our consolidated net sales.

#### ***LMR Communications***

LMR Communications services include support and managed services, which offer a broad continuum of support for our customers. Support services include repair and replacement, technical support and preventative maintenance, and more advanced offerings such as system monitoring, software updates and cybersecurity services. Managed services range from partial to full operational support of customer-owned or Motorola Solutions-owned networks. Our customers' systems often have multi-year or multi-decade lifespans that help drive demand for software upgrades, device and infrastructure refresh opportunities, as well as additional services to monitor, manage, maintain and secure these complex networks and solutions. We strive to deliver services to our customers that help improve performance across their systems, devices and applications for greater safety and productivity.

Given the mission-critical nature of our customers' operational environments, we aim to design the LMR networks they rely on for availability, security and resiliency, as well as to keep pace with technological advancements. We have a comprehensive approach to system upgrades that addresses hardware, software and implementation services. As new system releases become available, we work with our customers to upgrade software, hardware, or both, with respect to site controllers, comparators, routers, LAN switches, servers, dispatch consoles, logging equipment, network management terminals, network security devices such as firewalls and intrusion detection sensors, and more, on-site or remotely.

The LMR technology within the Software and Services segment represented 70% of the net sales of the total segment in 2021.

#### ***Video Security and Access Control***

Video Security and Access Control software includes video management software, decision and digital evidence management software and advanced vehicle location data analysis software, including license plate recognition. Our software is designed to complement video hardware systems, serving as an ecosystem that provides end-to-end video security to strive to keep people, property and assets safe.

Our video network management software is embedded with artificial intelligence ("AI")-enabled analytics to deliver operational insights to our customers by bringing attention to important events within their video footage. Given the volume of video footage, we believe this is critical to monitor and manage to deliver meaningful, action-oriented insights.

For example, AI-enabled analytics can detect unusual behavior such as a person at a facility out of hours, locate a missing child at a theme park with Appearance Search, flag a denylisted vehicle at a school through license plate recognition, or send an alert through access control if doors are propped open at a hospital.

Video Security and Access Control services include our video-as-a-service offering for law enforcement, simplifying procurement by bundling hardware and software into a single subscription. Body-worn cameras and in-car video systems can be paired with either on-premises or cloud-based digital evidence management software and complementary command center software products. Additionally, Avigilon fixed video systems connected to Avigilon Cloud Services ("ACS") provide our customers with the ability to securely access video across their sites from a remote/central monitoring location and more easily integrate with their other systems.

The Video Security and Access Control technology within the Software and Services segment represented 13% of the net sales of the total segment in 2021.

#### ***Command Center Software***

Our Command Center Software suite, CommandCentral, consists of native cloud and on-premises solutions that support the complex process of the public safety workflow from "911 call to case closure." The moment a citizen dials 911, an array of roles are involved in coordinating response and post-incident management, such as dispatchers who route calls to police, fire

and emergency medical services, first responders in the field, intelligence analysts who manage real-time operations, records specialists who preserve the integrity of information and evidence, crime analysts who identify patterns and accelerate investigations, and corrections officers who oversee jail and inmate management.

CommandCentral software supports these roles through the three phases of incident response: incident awareness, incident management and post-incident resolution. Incident awareness software includes community engagement applications for tip submissions, crime mapping and evidence submission, and 911 call-handling software (including multimedia) and next-generation core services for 911 call routing. Incident management software includes computer aided dispatch (“CAD”) for dispatch and coordinating first response, situational awareness software that shows a single, real-time view of video feeds and other alerts on a map, and field response and reporting to help frontline personnel collaborate, manage incident activity and file reports from the field. Post-incident resolution software includes centralized records and evidence management for record-keeping and judicial sharing, analytics including license plate recognition, and jail and inmate management to streamline the process and enable secure inter-agency information sharing.

As the public safety market continues to evolve toward software offerings that more efficiently run their operations, reduce response times and increase officer availability, we have focused on providing cloud-based software-as-a service (“SaaS”) with ancillary implementation and managed services in addition to on-premises solutions. Our CommandCentral suite, hosted in Microsoft Azure Government, includes call handling, CAD, field reporting, records, evidence, investigations and jail in an integrated cloud-based offering. We believe that cloud deployment delivers agencies key benefits, including faster deployment, increased security, rapid scaling in the event of an emergency and a secure investment that keeps pace as technology advances. In addition to this native cloud suite, we offer a hybrid solution that delivers a migration path from on-premises software solutions to cloud-connected capabilities.

Another area of public safety evolution is increasing adoption of Next Generation 911 Core Services (“NGCS”), a group of products and services needed to create infrastructure connectivity in order to process a 911 call using Next Generation (“NG”) technology. The NG infrastructure is an Emergency Service IP Network (“ESInet”), which can carry voice, data and multimedia. ESInet enables 911 call takers at public safety answering points to respond to text, video and data. Our NGCS can be offered as a managed service and includes call routing, ESInet, location services, Geographic Information Services, cybersecurity and our continuous network and security operations center dedicated to public safety. We believe that our solution is differentiated through its integration with our CommandCentral software suite to simplify the agency’s workflow and ensure better incident management and real-time intelligence.

Additional Command Center Software includes interoperability software that ensures communication is not limited by coverage area, network technology or device type. Our solutions, including Kodiak, WAVE PTX and CriticalConnect, enable interoperability among devices across multiple networks. For example, a two-way radio network can connect with an LTE network making it possible for individuals to communicate securely and more easily across technologies.

The Command Center Software technology within the Software and Services segment represented 17% of the net sales of the total segment in 2021.

### ***Our Customers and Contracts***

We serve government agencies, state and local public safety agencies, as well as commercial and industrial customers. Our customer base is fragmented and widespread when considering the many levels of governmental and first-responder decision-makers that procure and use our products and services. Serving this global customer base spanning federal, state, county, province, territory, municipal, and departmental independent bodies, along with our commercial and industrial customers, requires a significant go-to-market investment.

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 trained channel partners include independent dealers, distributors and software vendors around the world. The dealers and distributors each have their own sales organizations that complement and extend the reach of our sales force. The independent software vendors offer customized applications that meet specific needs of the customers we serve.

Our largest customers are the U.S. government (through multiple contracts with its various branches and agencies, including the armed services) and the Home Office of the United Kingdom, each representing approximately 8% of our consolidated net sales in 2021. The loss of these customers could have a material adverse effect on our revenue and earnings over several quarters as many of our contracts with these governments are long-term in nature. All contracts with the U.S. government, and certain other government agencies within the U.S., are subject to cancellation at the customer’s convenience. For a discussion of risks related to government contracting requirements, please refer to “Part I. Item 1A. Risk Factors” in this Form 10-K.

Payment terms with our customers vary worldwide. Generally, contractual 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 our contracts 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 milestones. 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. Refer to “Part I. Item 1A. Risk Factors” in this Form 10-K for a discussion of risks related to requests by customers to provide vendor financing.

Generally, our contracts do not include a right of return, other than for standard warranty provisions. Due to customer purchasing patterns and the cyclical nature of the markets we serve, our sales tend to be somewhat higher in the second half of the year, with the fourth quarter being the highest.

## Competition

We operate in highly competitive markets that are sensitive to technological advances. Competitive factors in these markets include product quality and reliability, technological capabilities, cost-effectiveness and industry experience. In operating in these competitive markets, we have broadened how we work with our customers, expanding from our global LMR installed base to integrate Video Security and Access Control and Command Center Software. For example, our Command Center Software suite can integrate our customers' LMR systems to provide unified voice and data information throughout the critical 911 workflow. Adding Video Security and Access Control enables multimedia collaboration and offers visibility for police officers within the command center and in the field. The interplay of technologies, guided by our deep knowledge of the public safety workflow, delivers customers one connected system to unify their voice, data and video communication streams.

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. As demand for fully integrated voice, data, broadband systems and video security solutions continues to grow, we may face additional competition from public telecommunications carriers and telecommunications equipment providers to small video solutions startups.

As we continue to evolve our services strategy, we may subcontract work to other companies to fulfill customer needs in geographical areas that we do not have coverage for or for additional services that we do not provide. For a description of risks related to our use of the services of subcontractors, refer to "Part I. Item 1A. Risk Factors" of this Form 10-K.

Our major competitors within our LMR, Video Security and Access Control and Command Center Software technologies include the following companies:

Technology	Competitor
LMR	L3Harris Technologies, Inc., Hytera, Airbus SE, JVCKenwood Corporation
Video Security and Access Control	Axis Communications, Hikvision, Dahua Technology Company, Hanwha Group, Genetec Inc., Axon Enterprise, Inc., Bosch Security Systems, Inc., Milestone Systems, LenelS2, Brivo, Inc., Verkada
Command Center Software	CentralSquare Technologies, Axon Enterprise, Inc., Tyler Technologies, Inc., Intrado, Intergraph Corporation, Zetron, Inc., ComTech Telecommunications Corp., RapidDeploy, Inc., Mark43, Hexagon, Genetec Inc., SOMA Global, Inc.

## COVID-19

In response to the COVID-19 pandemic, there continues to be a broad number of governmental and commercial actions that are being taken to limit the spread of the virus, including social distancing measures, stay-at-home orders, travel restrictions, business shutdowns and slowdowns. Although the COVID-19 pandemic continues to be dynamic and impacting the overall economy, introducing new challenges in 2021, we are encouraged by customer demand for our products and services. However, the COVID-19 pandemic may continue to have an impact on our financial condition, results of operations and liquidity in 2022. See "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K for a discussion regarding the impact of the COVID-19 pandemic on our financial results, and "Part I. Item 1A. Risk Factors" of this Form 10-K for a discussion of the risks and uncertainties associated with the COVID-19 pandemic.

## Other Information

### Backlog

Our backlog includes orders that have been received and are believed to be firm. As of December 31, 2021 and December 31, 2020, our backlog was as follows:

(In millions)	December 31	
	2021	2020
Products and Systems Integration	\$ 4,006	\$ 3,120
Software and Services	9,553	8,314
	<b>\$ 13,559</b>	<b>\$ 11,434</b>

During the year ended December 31, 2021, \$1.7 billion of backlog was added to the Software and Services segment as a result of a contract extension with our customer, the Home Office of the United Kingdom, for an additional four years of service under our contracts for provision of the Airwave Land Mobile Radio network to the UK emergency services. The contract extension was accounted for within backlog as it meets our definition of a firm customer commitment. Refer to "Part 1. Item 1A. Risk Factors" of this Form 10-K for a discussion of the risks and uncertainties associated with the United Kingdom's Competition and Markets Authority's market investigation into the Mobile Radio Network for the Police and Emergency Services.

Approximately 55% of the Products and Systems Integration segment backlog and 23% of the Software and Services segment backlog is expected to be recognized as revenue during 2022. The firmness of such orders is subject to future events that may cause the amount recognized to change.

### Recent Acquisitions

Technology	Segment	Acquisition	Description	Purchase Price	Date of Acquisition
Command Center Software	Software and Services	911 Datamaster	Provider of Next Generation 911 data solutions that helps to ensure emergency calls are accurately located and routed based on the caller's location.	\$35 million and share-based compensation of \$3 million	December 16, 2021
Video Security and Access Control	Products and Systems Integration Software and Services	Envysion	Provider of enterprise video security and business analytics.	\$124 million and share-based compensation of \$1 million	October 29, 2021
Video Security and Access Control	Products and Systems Integration Software and Services	Openpath	Provider of cloud-based mobile access control.	\$298 million and share-based compensation of \$29 million	July 15, 2021
Command Center Software	Software and Services	Callyo	Provider of cloud-based mobile applications for law enforcement in North America, including critical mobile technological capabilities that enable information to flow seamlessly from the field to the command center.	\$63 million, inclusive of share-based compensation of \$3 million	August 28, 2020
Video Security and Access Control	Products and Systems Integration Software and Services	Pelco, Inc.	Global provider of video security solutions, adding a broad range of products for a variety of commercial and industrial environments and use cases.	\$110 million	July 31, 2020
Video Security and Access Control	Products and Systems Integration Software and Services	IndigoVision Group plc	Provider of video security solutions to enhance geographical reach across a wider customer base.	\$37 million	June 16, 2020
LMR	Software and Services	Unnamed cybersecurity services business	Provider of vulnerability assessments, cybersecurity consulting, and managed services, including security monitoring of network operations.	\$32 million	April 30, 2020
LMR	Software and Services	Unnamed cybersecurity services business	Provider of vulnerability assessments, cybersecurity consulting, managed services, and remediation and response capabilities.	\$40 million, inclusive of share-based compensation of \$6 million	March 3, 2020
Video Security and Access Control	Software and Services	Unnamed data solutions business for vehicle location information	Provider of additional data to our existing license plate recognition database.	\$85 million	October 16, 2019
Video Security and Access Control	Products and Systems Integration Software and Services	WatchGuard, Inc.	Provider of in-car and body-worn video solutions.	\$271 million, inclusive of share-based compensation of \$16 million	July 11, 2019

LMR	Products and Systems Integration Software and Services	Avtec, Inc.	Provider of dispatch communications for U.S. public safety and commercial customers to communicate, coordinate resources, and secure their facilities.	\$136 million	March 11, 2019
Video Security and Access Control	Products and Systems Integration Software and Services	VaaS International Holdings	Global provider of data and image analytics for vehicle location.	\$445 million, inclusive of share-based compensation of \$38 million	January 7, 2019

## Research and Development

We prioritize investments in R&D to expand and improve our products through both new product introductions and continuous enhancements to our core products. Our R&D programs are focused on the development of: LMR Communications, Video Security and Access Control and Command Center Software.

R&D expenditures were \$734 million in 2021, \$686 million in 2020 and \$687 million in 2019. As of December 31, 2021, we had approximately 8,000 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.

## Intellectual Property Matters

Patent protection is an important aspect of our operations. We have a portfolio of U.S. and foreign utility and design patents relating to our products, systems and technologies, including developments in radio frequency technology and circuits, wireless network technologies, over-the-air protocols, mission-critical communications, software and services, video security and access control and next-generation public safety. We also file new patent applications with the U.S. Patent and Trademark Office and foreign patent offices.

We license some of our patents to third-parties, but licensing is not a significant source of revenue for our business. 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 the license. 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.

We actively participate in the development of standards for interoperable, mission-critical digital two-way radio systems. Our patents are used in standards in which our products and services are based. We offer standards-based licenses to those patents on fair, reasonable and non-discriminatory terms.

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 in the development of future technologies. While we are not dependent upon a single patent or even a few patents, we do have patents that protect features and functionality of our products and services. While these patents are important, our success also depends upon our extensive know-how, innovative culture, technological leadership and distribution channels. We do not rely solely on patents or other intellectual property rights to protect or establish our market position; however, we will enforce our intellectual property rights when it is necessary to protect our innovation, or in some cases where attempts to negotiate mutually-agreeable licenses are not successful.

We seek to obtain patents, copyright registrations, and trademark registrations to protect our proprietary positions whenever possible and wherever practical. As of December 31, 2021, we owned approximately 6,430 granted patents in the U.S. and foreign countries. As of December 31, 2021, we had approximately 1,000 U.S. and foreign patent applications pending. Foreign patents and patent applications are mostly counterparts of our U.S. patents. During 2021, we were granted approximately 485 patents in the U.S. and in foreign 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, since 2010, we have licensed the Motorola Marks from Motorola Trademark Holdings, LLC. which is currently owned by Motorola Mobility. For a description of the risks we face related to intellectual property, refer to "Part I. Item 1A. Risk Factors" in this Form 10-K.

## Inventory and Raw Materials

Our practice is to carry reasonable amounts of inventory to meet customers' delivery requirements. In 2021, we have increased our carrying levels of inventory in response to the effects of the COVID-19 pandemic. We provide custom products that 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 supplier 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 required materials and components is generally dependable; however, particularly within the semiconductor market, fluctuations in supply and market demand in 2021 have caused selective shortages and increased costs driven by the need to purchase semiconductor components from alternative sources, including brokers, during the latter part of the fourth quarter of 2021. We anticipate increased costs to procure materials within the semiconductor market to continue into the first half



of 2022 which could affect our results of operations. For a description of risks related to our supply chain, including relating to the COVID-19 pandemic and the semiconductor market, refer to "Part I. Item 1A. Risk Factors" in this Form 10-K. We currently procure certain materials and components from single-source vendors. In addition, we import materials and components that are subject to import duties. The duties and tariffs we are subject to do not have a significant impact on our financial results. 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 and external third-party logistics rates for inbound and outbound air lanes. Freight costs have also been impacted by disruptions in transportation related to the COVID-19 pandemic. Labor is generally available in reasonable proximity to our manufacturing facilities and the manufacturing facilities of our largest outsourced manufacturing suppliers. Difficulties in obtaining any of the aforementioned resources, or significant cost increases, could affect our financial results.

## **Government Regulations**

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, as well as relating to the protection of the environment. Certain products of ours are subject to various federal, state, local and international laws governing chemical substances in electronic products. Compliance with these U.S. federal, state and local and international laws did not have a material effect on our capital expenditures or competitive position in 2019 through 2021.

Our operations and supply chain are expected to become increasingly subject to federal, state, local and foreign laws, regulations and international treaties and industry standards relating to climate change. For example, in October 2021 the U.K.'s Cabinet Office began requiring companies bidding on contracts with the U.K. government that have a value of over £5m per year to have carbon reduction plans that contain a commitment to achieving net zero emissions by 2050 for U.K. operations. This requirement applies to our operations in the U.K. Although Motorola Solutions UK Ltd. and Airwave Solutions Ltd., our subsidiaries, each committed to achieving net zero emissions by 2050 for its U.K. operations, this requirement and any similar future requirements and other increased regulation of climate change concerns could subject us to additional costs and restrictions, impact our competitive position or require us to make certain changes to our manufacturing practices and/or product designs.

Radio spectrum is required to provide wireless voice, data and video communications service. The allocation of spectrum is regulated in the U.S. and other countries and limited spectrum is allocated to wireless services and specifically to public safety users. We manufacture and market products and provide services in spectrum bands already allocated 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 by regulatory agencies. Our products operate both on licensed and unlicensed spectrum. The availability of additional radio spectrum may provide new business opportunities. Conversely, the loss of available radio spectrum may result in the loss of business opportunities. Regulatory changes in current spectrum bands (e.g., the sharing of previously dedicated or other spectrum) may also provide opportunities or may require modifications to some of our products so they can continue to be manufactured and marketed.

The U.S. federal government and many state and local governments have adopted or are considering laws or regulations governing the use of artificial intelligence and biometrics, including facial recognition and license plate recognition technology, primarily based on concerns about privacy or bias. (References to privacy-related legislation or laws in this document encompass all of these technologies.) Similar laws and regulations are being considered in some jurisdictions outside the U.S., including the European Union. Based on growing demands for broadband, regulators continue to consider repurposing narrowband spectrum to broadband. There are calls for more stringent health and safety requirements for occupational equipment for public safety and commercial users. Attention in the U.S. on supply chain vulnerabilities related to country of origin and national security continues. Our entrance into new service offerings could present new or additional regulatory burdens and compliance issues. For example, as part of our expanding portfolio of technologies, we are now a provider of certain products and services that include regulated telecommunications. For a description of the risks we face related to regulatory matters, refer to "Part 1. Item 1A. Risk Factors" of this Form 10-K.

## **Human Capital Management**

We have a "people first" philosophy. Our employees are our driving force, drawn from all segments of our global society to make a difference for our customers.

As of December 31, 2021, we employed approximately 18,700 people globally with 53% in the North America region and 47% in the International region. Of our total global employees, 42% were employed in engineering. We believe a diverse, equitable and inclusive workplace is one where our employees feel that their unique opinions, cultures and abilities contribute to their personal success, as well as our company's success.

We believe the next big idea can come from anyone, anywhere, at any time. We invest in our employees' development and training at all levels, challenging them to develop and grow skills to imagine new opportunities that will keep making a difference to public safety and enterprise security. Employees have access to a wide variety of technical, functional and professional skills learning resources, including virtual, self-directed courses and on-the-job learning opportunities.

We strive for business growth by creating a supportive, fair and equitable environment where employees feel engaged, connected to our business and invested in the collective success of our customers and communities. Our human resources team works with leaders within each business function to perform annual talent reviews to assess the performance of every team member and identify the best development opportunities. This comprehensive process fosters growth across our company by focusing on our high-potential talent and the rigor of succession plan development for our most critical roles. As part of our compensation philosophy, we strive to offer and maintain market competitive wages, incentives, and benefits for our employees to attract and retain talent, and we review our rewards programs each year in an effort to ensure they are competitive with local market practices in the industries and countries where we operate. More specifically, our total rewards package for our global employees includes broad-based stock grants and bonuses, an employee stock purchase plan, healthcare, wellness and retirement benefits (including a financial wellness coaching program for our U.S. employees), paid parental and family leave, commuter benefits, paid time off (including flexible time off for U.S. exempt employees), flexible work options and other assistance and support for employees going through life-changing events.

We remain focused on recruiting diverse candidates by incorporating best practices into our hiring and creating partnerships with diversity organizations. In 2021, under the leadership of our chief diversity officer, we collaborated with our employees to develop and promote an internal diversity, equity and inclusion ("DEI") strategy that aims to foster a culture of inclusion. Our DEI programs include development programs for high-potential female leaders, an unconscious bias curriculum and DEI training for our global workforce. Also in 2021, we added "inclusive" as one of our six corporate values, directed Motorola Solutions Foundation charitable grants to benefit underserved groups and highlighted diversity considerations in the design, testing, marketing, sales and communications of our products and solutions. We also launched our Motorola Solutions DEI website which describes our DEI focus areas, values and supplier diversity. Our DEI website can be accessed at [www.motorolasolutions.com/en\\_us/about/diversity-equity-inclusion.html](http://www.motorolasolutions.com/en_us/about/diversity-equity-inclusion.html).

The safety of our employees is also a priority, and we are committed to striving to provide a safe and injury-free workplace by using our global environmental, health and safety ("EHS") management system to ensure program and reporting consistency at all of our sites. Our general approach includes assessing risks and identifying controls through the use of our comprehensive job hazard and risk assessment tool. Throughout the COVID-19 pandemic, one of our priorities has remained protecting the health and safety of our employees. Refer to "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K for details regarding our response to COVID-19, including with respect to our employee health and safety measures.

Additional information regarding how our purpose and ethics informs our approach to corporate responsibility can be found in our 2020 Corporate Responsibility Report, which is available on our website at [https://www.motorolasolutions.com/en\\_us/about/company-overview/esg.html](https://www.motorolasolutions.com/en_us/about/company-overview/esg.html). The information contained on or accessible through our corporate website, including but not limited to our DEI website listed above and our 2020 Corporate Responsibility Report, is not incorporated by reference into and is not a part of this Form 10-K.

#### **Material Dispositions**

None.

#### **Available Information**

We make available free of charge through the Investor Relations section of our website, [www.motorolasolutions.com/](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 as provided above 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 electronically and without charge by contacting Investor Relations at [investors@motorolasolutions.com](mailto:investors@motorolasolutions.com). Our internet website and the information contained therein or incorporated therein are not incorporated by reference into and are not a part of this Form 10-K.



## Item 1A: Risk Factors

You should carefully consider the risks described below in addition to our other filings with the SEC and the other information set forth in this Form 10-K, including the “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” section in Part II. Item 7 and our consolidated financial statements in Part II. Item 8. If any of the risks and uncertainties described in the cautionary factors described below actually occur or continue to occur, our business, financial condition, results of operations, reputation and the trading price of our common stock could be materially and adversely affected. COVID-19 amplifies and exacerbates many of the risks we face in our business operations, including those discussed below. Moreover, the risks below are not the only risks we face and additional risks not currently known to us or that we presently deem immaterial may emerge or become material at any time and may negatively impact our business, financial condition, results of operations, reputation or the trading price of our common stock.

### Risks Related to Laws and Regulations

*We are subject to complex and changing laws and regulations in various jurisdictions regarding privacy, data protection and information security, which exposes us to increased costs and potential liabilities in the event of any actual or perceived failure to comply with such legal obligations and could adversely affect our business.*

The European Union (“E.U.”) adopted the General Data Protection Regulation (“GDPR”) which took effect on May 25, 2018, harmonizing data protection laws across the E.U. The GDPR strengthens individual privacy rights and enhances data protection obligations for processors and controllers of personal data. This includes expanded disclosures about how personal information is to be used, limitations on retention of information and mandatory data breach notification requirements. Noncompliance with the GDPR can trigger significant fines. Following GDPR enactment, other countries have also implemented similar privacy laws.

Also, U.S. federal, state and other foreign governments and agencies have adopted or are considering adopting laws and regulations regarding the collection, storage, use, processing and disclosure of personal data. State governments within the U.S. are starting to enact their own versions of “GDPR-like” privacy legislation, which will create additional compliance challenges, risk, and administrative burden, such as the California Consumer Privacy Act (“CCPA”), which went into effect on January 1, 2020; the Virginia Consumer Data Protection Act, which will go into effect in January 2023; and the Colorado Privacy Act, which will go into effect in July 2023. In addition, California voters passed by ballot initiative the California Privacy Rights Act in November 2020 (which will fully take effect in January 2023), which expands the CCPA. Even though comprehensive U.S. federal privacy legislation is being discussed seriously by lawmakers and other stakeholders, it is possible that a one-size fits all compliance program may be difficult to achieve and manage globally.

Because the interpretation and application of privacy and data protection laws are complex and still uncertain, it is possible that these laws may be interpreted and applied in a manner that is inconsistent with our existing practices or the features of our products, software and services. Cloud-based solutions may be subject to further regulation, including data localization requirements and other restrictions concerning international transfer of data, the operational and cost impact of which cannot be fully known at this time.

Any failure or perceived failure by us, our business partners, or third-party service providers to comply with GDPR, CCPA, other related privacy and security-related or data protection laws, regulations and standards, or the privacy commitments in contracts could result in proceedings against us by governmental entities or others and significant fines, which could have a material adverse effect on our business and operating results and harm our reputation.

*Existing or future legislation and regulations pertaining to AI, AI-enabled products and the use of biometrics (e.g., facial recognition) or other video analytics that apply to us or to our customers may make it more challenging, costly, or in some cases prohibit certain products or services from being offered or modified and subject us to regulatory and litigation risks and potential liabilities, which could adversely affect our business and results of operations. We could suffer reputational or competitive damage from negative publicity related to products and services that utilize AI or other regulated analytics, which could also adversely affect our business and results of operations.*

Current or future privacy-related legislation and governmental regulations pertaining to AI, AI-enabled products and the use of biometrics or other video analytics may affect how our business is conducted or expose us to unfavorable developments resulting from changes in the regulatory landscape. For example, laws such as the Biometric Information Privacy Act in Illinois have restricted the collection, use and storage of biometric information and provide a private right of action of persons who are aggrieved by violations of the act. Such legislation and regulations have exposed us to, and we expect that they will continue to expose us to, regulatory and litigation risks. Legislation and governmental regulations related to AI and the use of biometrics and other video analytics may also influence our current and prospective customers’ activities, as well as their expectations and needs in relation to our products and services. Compliance with these laws and regulations may be onerous and expensive, and may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance and the risk of liability. It is also not clear how existing and future laws and regulations governing issues such as AI, AI-enabled products, biometrics and other video analytics apply or will be enforced with respect to the products and services we sell. Any such increase in costs or increased risk of liability as a result of changes in these laws and regulations or in their interpretation could individually or in the aggregate make our products and services that use AI technologies, biometrics or other video analytics less attractive to our customers, cause us to change or limit our business practices or affect our financial condition and operating results.

We are increasingly building AI into many of our offerings. We envision a future in which AI operating in our products and services will help our public safety and private sector customers build safer communities with stronger communication platforms.

AI may be flawed and datasets may be insufficient or contain biased information. Additionally, AI presents emerging ethical issues and we may enable or offer solutions that draw controversy due to their perceived or actual impact on society. As we work to responsibly meet our customers' needs for products and services that use AI, we could suffer reputational or competitive damage as a result of any inconsistencies in the application of the technology or ethical concerns both of which may generate negative publicity.

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

Radio spectrum is required to provide wireless voice, data, and video communications service. The allocation of frequencies is regulated in the U.S. and other countries and limited spectrum is allocated to wireless services, including commercial and public safety users. The global demand for wireless communications has grown exponentially, and spurred competition for access among various networks and users. In response, regulators are reassessing the allocations of spectrum among users, including public safety users, and considering whether to change the allocation of certain bands from narrowband to broadband use, or to require sharing of spectrum bands. Our results could be positively or negatively affected by the rules and regulations adopted by regulators. Our products operate both on licensed and unlicensed spectrum. The availability of additional radio spectrum may provide new business opportunities. Conversely, the loss of available radio spectrum may result in the loss of business opportunities. Regulatory changes in current spectrum bands (e.g., the sharing of previously dedicated or other spectrum) may also provide opportunities or may require modifications to some of our products so they can continue to be manufactured and marketed. Opportunities in the public safety broadband market may also be impacted by the First Responder Network Authority ("FirstNet") which was authorized by Congress to develop, build, and operate a nationwide broadband network for first responders.

***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. Any such audits or such noncompliance with such regulations and laws could result in adverse findings and negatively impact our business.***

Our U.S. government business is subject to specific procurement regulations with numerous compliance requirements. These requirements, although customary in government contracting in the U.S., 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 or other compliance requirements could lead to suspension or debarment from U.S. government contracting or subcontracting for a period of time. Among the causes for debarment are violations of various laws or policies, including those related to procurement integrity, export control, U.S. government security regulations, employment practices, protection of criminal justice data, protection of the environment, accuracy of records, proper recording of costs, foreign corruption, Trade Agreements Act, Buy America Act, and the False Claims Act.

Generally, in the U.S., government contracts and grants are subject to oversight audits by government representatives. Such audits could result in adjustments to our contracts. For contracts covered by the Cost Accounting Standards, any costs found to be improperly allocated to a specific contract 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 can be terminated for convenience by the government at any time.

***As we expand our portfolio of technologies, certain of our products and services are subject to telecommunications-related regulations, and future legislative or regulatory actions could subject us to additional compliance obligations or adversely affect our business, results of operations and financial condition.***

As part of our expanding portfolio of technologies, we are now a provider of certain products and services that include telecommunications, including selective routing services for 911 calls. As such, we are subject to certain existing or potential Federal Communications Commission ("FCC") and state regulations relating to telecommunications, including some licensing, service reliability, consumer protection and regulatory fee requirements. If we do not comply with FCC and state rules and regulations, we could be subject to enforcement actions, fines, loss of licenses and possibly restrictions on our ability to operate or offer certain of our products or services. Any enforcement action, which may be a public process, could damage our reputation, erode customer trust, subject us to substantial fines and penalties, or cause us to restructure our product or service offerings, which could adversely affect our business, results of operations and financial condition.

Additionally, we are subject to telecommunications laws and regulations in certain foreign countries where we offer products and services that include telecommunications. For example, we are registered to provide telecommunications connectivity with our WAVE PTX push-to-talk offerings in certain countries in the European Union. Local laws and regulations, and the interpretation of such laws and regulations, differ significantly among the jurisdictions in which we provide these products and services. In some countries, certain services that we offer are not considered to be regulated telecommunications services, while in other countries they are subject to telecommunications regulations, including registration with the local telecommunications governing authority, which increases the level of scrutiny and potential for enforcement by regulators as well as our cost of doing business internationally. Further, enforcement and interpretations of the laws and regulations in some countries can be unpredictable and subject to the informal views of government officials. Future applicable legislative, regulatory or judicial actions could increase the cost and complexity of compliance and expose us to liability. Failure to comply with these regulations could subject us to additional compliance obligations or liabilities, which could adversely affect our business, results of operations and financial condition.

***Increased focus on climate change issues has contributed to an evolving state of environmental regulation relating to climate change, and uncertainty related to such regulation, as well as physical risks of climate change, could impact our results of operations, financial or competitive position.***

Increased public awareness and worldwide focus on climate change issues has led to legislative and regulatory efforts to limit greenhouse gas emissions, and may result in more international, federal or regional requirements or industry standards to reduce or mitigate global warming. Additionally, legislative and regulatory efforts have focused on carbon taxes in certain areas where we operate. As a result, we may become subject to new or strengthened regulations, legislation or other governmental requirements or industry standards, and we anticipate that we will see increased demand to meet voluntary criteria related to reduction or elimination of certain constituents from products and increasing energy efficiency. For example, in October 2021 the U.K.'s Cabinet Office began requiring companies bidding on contracts with the U.K. government that have a value of over £5m per year to have carbon reduction plans that contain a commitment to achieving net zero emissions by 2050 for U.K. operations. This requirement applies to our operations in the U.K. Although Motorola Solutions UK Ltd. and Airwave Solutions Ltd., our U.K. subsidiaries, each committed to achieving net zero emissions by 2050 for such entities' U.K. operations, this requirement and any similar future requirements may impact our business operations or competitive position. This requirement and other increased regulation of climate change concerns could subject us to additional costs and restrictions and require us to make certain changes to our manufacturing practices and/or product designs, which could negatively impact our business, results of operations, financial condition and competitive position.

In addition, the physical risks of climate change (such as extreme weather conditions or rising sea levels) may impact the availability and cost of materials and natural resources, sources and supply of energy, product demand and manufacturing and could increase insurance and other operating costs. Many of our facilities around the world (and the operations of our suppliers) are in locations that may be impacted by the physical risks of climate change, and we face the risk of losses incurred as a result of physical damage to our facilities or those of our suppliers, such as loss or spoilage of inventory and business interruption caused by such events.

***We are subject to a wide range of product regulatory and safety, consumer, worker safety and environmental product compliance and remediation laws that continue to expand and could impact our ability to grow our business, could subject us to unexpected costs and liabilities and could impact our financial performance.***

Our operations and the products we manufacture are subject to a wide range of product regulatory and safety, consumer, worker safety and environmental product compliance and remediation 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, cleanup 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 oftentimes 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: (i) the energy efficiency of electronic products and accessories, (ii) recycling of both electronic products and packaging, (iii) reducing or eliminating certain hazardous substances in electronic products, (iv) the use and transportation of batteries, and (v) debt collection and other consumer finance matters continue to expand significantly. Laws pertaining to accessibility features of electronic products, standardization of connectors and power supplies, the use and transportation of lithium-ion batteries and other aspects of our products 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, use of products with video 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, which could negatively impact our business, results of operations, financial condition and competitive position.

***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 non-deductible expenses, or (vii) repatriating cash held abroad.

Tax audits may also negatively impact our business, 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. Outcomes from these continuing examinations may have a negative impact on our future financial condition and operating results.

Certain tax policy efforts, including the Organization for Economic Co-operation and Development's Base Erosion and Profit Shifting Project, the European Commission's state aid investigations, and other initiatives could have an adverse effect on the taxation of international businesses. Furthermore, many of the countries where we are subject to taxes, including the U.S., are independently evaluating their tax policy and we may see significant changes in legislation and regulations concerning taxation. Certain countries have already enacted legislation which could affect international businesses, and other countries have

become more aggressive in their approach to audits and enforcement of their applicable tax laws. Such changes, to the extent they are brought into tax legislation, regulations, policies, or practices, could increase our effective tax rates in many of the countries where we have operations and have an adverse effect on our overall tax rate, along with increasing the complexity, burden and cost of tax compliance, all of which could impact our operating results, cash flows and financial condition.

#### **Risks Related to Our Ability to Grow Our Business**

***Catastrophic events, including the continuing COVID-19 pandemic, natural disasters and other events beyond our control may interrupt our business, or our customers' or suppliers' business, which may adversely affect our business, results of operations, financial position, cash flows and stock price.***

Our business operations, and the operations of our customers and suppliers, are subject to interruption by natural disasters, flooding, fire, power shortages, the widespread outbreak of infectious diseases and pandemics, such as the continuing COVID-19 pandemic, terrorist acts or the outbreak or escalation of armed hostilities, and other events beyond our control. Any of these events could impair our ability to manage our business and/or cause disruption of economic activity, which could have an adverse effect on our business, results of operations, financial position, cash flows and stock price.

In particular, the COVID-19 pandemic has caused significant disruption to the global economy, including in all of the regions in which we, our suppliers, customers and business partners do business and in which our employees are located. The COVID-19 pandemic and efforts to manage it, including those by governmental authorities, have had, and could continue to have, significant impacts on global markets. While the duration and severity of those impacts on our business continue to be uncertain, they have had, and could continue to have, an adverse effect on our business, financial position, cash flows and stock price in many ways, including, but not limited to, the following:

- The COVID-19 pandemic and responses to it have significantly limited or prevented the movement of goods and services worldwide, which has resulted in and which we expect to continue to result in disruptions in our supply chain, particularly with respect to materials in the semiconductor market. To date, we have been permitted to continue to operate in jurisdictions that have mandated the closure of certain businesses, and we expect to continue to do so in the future. Any future restrictions or closures could have a material impact on our business, results of operations, financial condition and cash flow and we may not be permitted to operate under such restrictions or closures. In particular, any limitations on, or closures of, our manufacturing facilities in Malaysia, Canada, Mexico and the United States (Illinois, Texas), or our distribution centers in Malaysia, Germany, Canada and the United States (Illinois, Texas), could have a material adverse impact on our ability to manufacture products and service customers. This extends as well to any disruptions to transportation including reduced availability of air transportation capacity and ocean freight capacity, which has led to, and which we expect to continue to lead to, longer transit times and increases in freight costs to deliver our products. If diminished transportation capacity levels continue, the speed at which we deliver our products will continue to be slower than the delivery times that we traditionally provide to our customers and could negatively impact our ability to meet customer demand.
- Our customers are, and continue to be, subject to significant risks and have had, and could continue to have, adverse impacts to their business operations and financial condition related to the COVID-19 pandemic, which could lead to a decrease in their liquidity and/or spending. This has impacted, and could continue to impact, our customers' ability to pay for such products, solutions and services.
- Our workforce may be unable to work on-site or travel as a result of event cancellations, facility closures, shelter-in-place, travel and other restrictions and changes in industry practice, or if they, their co-workers or their family members become ill or otherwise require care arrangements. These workforce disruptions have adversely affected and could continue to adversely affect, our ability to operate, including to develop, manufacture, generate sales of, promote, market and deliver our products, solutions and services, and provide customer support. Additionally, in September 2021, the President of the United States signed a series of executive orders, and related guidance was issued that, together, required certain employers to implement COVID-19 precautions, including mandatory COVID-19 vaccines for employees (subject to medical and religious exemptions). As a federal contractor, we were required to implement a mandatory vaccine policy. In January 2022, in response to various legal challenges to these orders, we suspended our requirement that our U.S. employees (subject to the exemptions described above) be vaccinated by February 9, 2022. We continue to evaluate our internal policy and the potential impact of the executive orders and legal responses to such executive orders on our business.
- We outsource certain business activities to third-parties. As a result, we rely upon the successful implementation and execution of the business continuity planning of such entities in the current environment. If one or more of the third-parties to whom we outsource certain business activities experience operational failures or business disruption as a result of the impacts from COVID-19, or claim that they cannot perform, it may have negative effects on our business and financial condition.

***As we expand the technologies within our Products and Systems Integration and Software and Services segments, we may be subject to additional compliance obligations and face increased competition and increased areas of risk that we may not be able to properly assess or mitigate, which could harm our market share, results of operations and financial condition or result in additional liabilities for our business.***

The process of developing new video security and software products and enhancing existing products is complex, costly and uncertain, and any failure by us to anticipate customers' changing needs, emerging technological trends and development costs accurately could significantly harm our market share, results of operations and financial condition. Any failure to accurately



predict technological and business trends, control research and development costs or execute our innovation strategy could harm our business and financial performance. Our research and development initiatives may not be successful in whole or in part, including research and development projects which we have prioritized with respect to funding and/or personnel.

We may face increasing competition from traditional system integrators, the defense industry, commercial software companies, and commercial telecommunication carriers as services contracts become larger and more complicated. Expansion will bring us into contact with new regulatory requirements and restrictions, such as data security or data residency/localization obligations, with which we will have to comply and may increase the costs of doing business, reduce margins and delay or limit the range of new solutions and services which we will be able to offer. We may be required to agree to specific performance metrics that meet the customer's requirements for network security, availability, reliability, maintenance and support and, in some cases, if these performance metrics are not met we may not be paid.

Additionally, as our portfolio of products increases, we may be subject to additional compliance obligations and liabilities for our business. For example, in October 2021, the United Kingdom's Competition and Markets Authority (the "CMA") announced that it had opened a market investigation into the Mobile Radio Network for the Police and Emergency Services. This investigation affects Airwave, our private mobile radio communications network that we acquired in 2016. Airwave provides mission-critical voice and data communications to public service agencies in Great Britain. The market investigation by the CMA may result in additional compliance obligations for our business.

***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 products of ours are characterized by changing technologies and evolving industry standards and customer preferences. For example, the software industry is characterized by rapidly changing customer preferences in favor of digital capabilities, including public and private cloud solutions. In some cases, it is unclear what specific technology will be adopted in the market or what delivery model will prevail. In addition, new technologies such as voice over LTE and 5G or push-to-talk clients over LTE and 5G could reduce sales of our traditional products. The shift to smart public safety and the prevalence of data in our customer use cases results in our competing in a more fragmented marketplace. 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 public carriers, telecom equipment providers, consumer device manufacturers and software and video security companies. New products and services are expensive to develop and bring to market and additional complexities are added when this process is outsourced as we have done in certain cases or as we increase our reliance on third-party content and technology. Our success depends, in substantial part, on the timely and successful introduction of new products and services, upgrades and enhancements of current products to comply with emerging industry standards, laws and regulations, including country specific proprietary technology requirements, and to address competing technological and product developments carried out by our competitors. Developing new technologies to compete in a specific market may not be financially viable, resulting in our inability to compete in that market. The research and development of new, technologically-advanced products and services 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 services 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.

***We expect to 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) inability to realize our business plan with respect to the acquired businesses, (ii) the difficulty or inability in integrating newly-acquired businesses and operations in an efficient and effective manner, including ensuring proper integration of acquired businesses' legal and regulatory compliance programs, information technology systems and financial reporting and internal control systems, (iii) challenges in integrating acquired businesses to create the operating platform for public safety, (iv) the challenges in achieving strategic objectives, cost savings and other benefits from acquisitions, (v) the risk that our contractual relationships or the markets served do not evolve as anticipated and that the technologies acquired do not prove to be those needed to be successful in those markets, (vi) the potential loss of key employees of the acquired businesses, (vii) the risk of diverting the attention of senior management from our operations, (viii) the risks of entering new markets in which we have limited experience, and (ix) future impairments of goodwill. 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 recurring revenue businesses, software businesses and certain 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 and other shareholder employees, or as a result of 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.

### **Risks Related to Information Technology and Intellectual Property**

***Increased cybersecurity threats could lead to a security breach or other significant disruption of our IT systems, those of our outsource partners, suppliers or those we manufacture, install, and in some cases operate and maintain for our customers, and could have a negative impact on our operations, sales, and operating results.***

We rely extensively on our information systems to manage our business operations. All information technology systems are potentially vulnerable to damage, unauthorized access or interruption from a variety of sources, including but not limited to, cyberattack, cyber intrusion, computer viruses, security breach, ransomware, energy blackouts, natural disasters and severe weather conditions, terrorism, sabotage, war, insider trading, human error and computer and telecommunication failures. Similar to many other companies, we are consistently subject to attempts to compromise our information technology systems from both internal and external sources. As a provider of mission-critical communications systems for customers in critical infrastructure sectors of the U.S. and globally, including systems that we operate and maintain for certain customers of ours or as a software-based service, we face additional risk as a target of sophisticated attacks aimed at compromising both our company's and our customers' sensitive information and intellectual property. This risk is heightened because these systems may contain sensitive governmental information or personally identifiable or other protected information. As a result of the continuing COVID-19 pandemic, a large portion of our office workers continue to work from home, which may also increase our vulnerability to cyber and other information technology risks. Additionally, the sophistication of these threats continues to grow and the complexity and scale of the systems to be protected continues to increase. In an effort to protect against such attacks, we maintain insurance related to cybersecurity risks and employ a number of countermeasures and security controls, including training, audits, and utilization of commercial information security threat sharing networks. If we fail to effectively manage our investment in cybersecurity, our business, products, and services could suffer from the resulting weaknesses in our infrastructure, systems or controls.

Further, our company outsources certain business operations, including, but not limited to IT, network connectivity, HR information systems, manufacturing, repair, distribution and engineering services. We are dependent, in certain instances, upon our outsourced business partners, suppliers, and customers to adequately protect our IT systems and those IT systems that we manage for our customers, including the hosts of our cloud infrastructure on top of which our cloud-based solutions are built, as well as the network connectivity upon which some of our services are built. Some of our customers are exploring broadband solutions that use public carrier networks on which our solutions would operate. We do not have direct oversight or influence over how public carrier networks manage the security, quality, or resiliency of their networks, and because they are an attractive high value target due to their role in critical infrastructure, they expose customers to an elevated risk over our private networks. In addition, we maintain certain networked equipment at customer locations and are reliant on those customers to protect and maintain that equipment.

A cyberattack or other significant disruption involving our IT systems or those of our outsource partners, suppliers or our customers could result in substantial costs to repair or replace our IT systems or the loss of critical data and interruptions or delays in our ability to perform critical functions. Such disruption may also result in the unauthorized release of proprietary, confidential or sensitive information of us or our customers, or the disruption of services provided to customers and essential for their mission. Such unauthorized access to, or release of, information or disruption of services could: (i) allow others to unfairly compete with us, (ii) compromise safety or security, given the mission-critical nature of our customers' systems, (iii) subject us to claims for breach of contract, tort, and other civil claims without adequate indemnification from our suppliers, and (iv) damage our reputation. Our potential liability related to such claims by customers or third-parties described above may not be contractually capped nor fully covered by our insurance. We could face regulatory penalties, enforcement actions, remediation obligations and/or private litigation by parties whose data is improperly disclosed or misused. The continued global trend to enforce data sovereignty and negate legitimate cross border data flows increases the risk that we, directly or through some third party service provider, may inappropriately transfer personal data. Any or all of the foregoing could have a negative impact on our business, financial condition, results of operations, and cash flow.

***If we are unable to adequately protect our intellectual property, or if we, our customers and/or our suppliers are found to have infringed intellectual property rights of third parties, our competitive position and results of operations may be adversely impacted.***

Our intellectual property rights protect our innovations and technology, and they may also generate income under license agreements. We attempt to protect our proprietary technology with intellectual property in the form of 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. 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 markets 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. 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 and competitive position.

Additionally, because our products are comprised of complex technology, we are often involved in or impacted by assertions, including both requests for licenses and litigation, regarding third-party patents 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. Many of these assertions are brought by non-practicing entities whose principal 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 and services, seeking a percentage of sales as licenses 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. Third-parties may also seek 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. Such licenses, if available at all, may not 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 face risks relating to intellectual property licenses and intellectual property indemnities in our customer and supplier contracts, which may fail to fully protect us and subject us to unexpected liabilities or harm our financial condition and results of operations.***

We obtain some technology from suppliers through the purchase of components or licensing of software, and we attempt to negotiate favorable intellectual property indemnities with our suppliers for infringement of third-party intellectual property rights. With respect to such indemnities, we may not be successful in our negotiations, a supplier's indemnity may not fully protect us or cover all damages and losses suffered by us and our customers due to the infringing products, or a supplier may not choose to obtain a third-party license or modify or replace its products with non-infringing products which would otherwise mitigate such damages and losses. Such situations may subject us to unexpected liabilities or unfavorable conditions. 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 or operations 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 may stem from non-practicing entities that engage in patent enforcement and litigation, sometimes seeking 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.

Further, competitors may be able to negotiate significantly more favorable terms for intellectual property than we are able to, which puts them at a competitive advantage. Moreover, with respect to our internally developed proprietary software, we may be harmed if we are forced to make publicly available, under the relevant open-source licenses, some of that proprietary software as a result of either our use of open-source software code or the use of third-party software that contains open-source code.

***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 Lenovo. Our joint use of the Motorola Marks could result in product and market confusion and negatively impact our ability to expand 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.***

In 2010, we secured 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 us using the Motorola Marks and our loss of ownership of the Motorola Marks. As both we and Motorola Mobility use the Motorola Marks, confusion could arise in the market, including customer confusion regarding the products offered by and the actions of the two companies. Also, any negative publicity associated with either company in the future could adversely affect the public image of the other.

Motorola Mobility was acquired by Lenovo in 2014, which resulted in Lenovo having effective control over the Motorola Marks. Our risks under the license could increase if Lenovo expands its use of the Motorola Marks, or if our products and those of Lenovo converge. In addition, because our license of the Motorola Marks is limited to products and services within our specified fields of use, we are not permitted to use the Motorola Marks in other fields of use without the approval of Motorola Mobility. As we continue to expand our business into any other fields of use, we either must do so with a brand other than the Motorola brand, which could take considerable time and expense, or assume the risk that our expanded fields don't meet the definition of permitted fields of use under our license, which could result in loss of our rights to use the Motorola Marks.

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 certain rights 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 may require us to adopt modifications to the Motorola Marks, and this could negatively impact our business, including costs associated with rebranding.

Neither Motorola Mobility nor Lenovo are prohibited from selling the Motorola Marks. In the event of a liquidation by Lenovo or the then-owner of the Motorola Marks, it is possible that a bankruptcy court would either (i) permit the Motorola Marks to be assigned to a third-party whose interests may be incompatible with ours, thereby potentially making the license arrangement difficult to administer and increasing the costs and risks of sharing the Motorola Marks, or (ii) refuse to uphold the license or certain of its terms, which could negatively affect our business, results of operations and financial condition.

### **Risks Related to the Operation of Our Business**

***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 2021, 32% of our revenue was generated outside of North America. In addition, 47% of our employees were employed outside of North America in 2021. Most of our suppliers' operations are outside the U.S.

A significant amount of manufacturing and research and development of our products, as well as administrative and sales facilities, takes place outside of the U.S. If the operations in these facilities is disrupted, our business, financial condition, results of operation, and cash flows could be negatively impacted.

Because of these sizable sales and operations 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 our business, financial condition, results of operations, and cash flows, including but not limited to: (i) currency fluctuations, including but not limited to increased pressure to agree to established currency conversion rates and cost of living adjustments as a result of foreign currency fluctuations, (ii) 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, (iii) compliance with and changes in U.S. and non-U.S. laws or regulations related to antitrust, anti-corruption (such as the Foreign Corrupt Practices Act and the U.K. Bribery Act), trade, labor and employment, environmental, health and safety, technical standards, consumer protection, intellectual property and data privacy, (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, and difficulties in securing local country approvals for cash repatriations, (v) reduced financial flexibility given that a significant percentage of our cash and cash equivalents is currently held outside of the U.S., (vi) challenges in collecting accounts receivable, (vii) cultural and language differences, (viii) instability in economic or political conditions, including inflation, recession and actual or anticipated military or political conflicts and terrorism, (ix) natural disasters, (x) public health issues or outbreaks or pandemics, such as the continuing COVID-19 pandemic, and (xi) litigation in foreign court systems and foreign enforcement or administrative proceedings.

Additionally, the benefits we receive under various agreements we have entered into with non-U.S. governments and agencies relate to our operations and/or sales in such foreign jurisdictions. If our operations or sales are not at levels originally anticipated, we may be at risk of having to reimburse benefits already granted, which could increase our cost of doing business in such foreign jurisdictions.

***Over the last several years we have utilized third-parties to develop, design and/or manufacture many of our components and some of our products, and to perform portions of certain business operations such as IT, network connectivity, HR information systems, manufacturing, repair, distribution and engineering services. We expect to continue these practices in the future, which limit our control over these business operations and exposes us to additional risk as a result of the actions of our outsource partners.***

We rely on third-parties to develop, design and/or manufacture many of our components and some of our products (including software), and to assist in performing certain IT, network connectivity, HR information systems, manufacturing, repair, distribution and engineering services. As we outsource more of such operations we are not able to directly control these activities. 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 our desired level of performance or service, lack sufficient quality control or fail to deliver quality components, products, services or software on time and at reasonable prices, (iii) there are significant changes in the financial or business condition of such third-parties, (iv) our third-party providers fail to comply with legal or regulatory requirements, (v) we have difficulties transitioning operations to such third-parties, or (vi) such third-parties are disrupted by external events, such as natural disasters or other significant disruptions (including COVID-related impacts as described above, extreme weather conditions related to climate change, acts of terrorism, cyberattacks and labor disputes).

Our reliance on third-parties could also result in reputational damage in certain instances. For example, our supply chain is complex and if our suppliers are unable to verify that components and parts provided to us are free of defined "conflict minerals" originating from the Democratic Republic of Congo ("DRC") or an adjoining country, then we may be required to publicly disclose that we are not currently able to determine if the products we manufactured are DRC conflict-free, which could harm our reputation.

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, as described further above. 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 business, financial conditions, results of operations, and cash flows.

***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 or to adhere to our Human Rights Policy could negatively impact our business.***

We engage subcontractors, including third-party integrators, on many of our contracts and as we expand our 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 from a number of smaller companies. In addition, it is our policy to require our subcontractors and other third-parties with whom we work to operate in compliance with applicable laws, rules and regulations, including our Human Rights Policy (and, in addition, for our suppliers to comply with our Supplier Code of Conduct).

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 or a customer may otherwise look to us to cover a loss or damage, 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. Further, one of our subcontractors or other third-parties subject to our Human Rights Policy could fail to comply with such policies or with applicable law or may engage in unethical business practices. Any of the foregoing could cause orders to be canceled, relationships to be terminated or our reputation to be damaged, which could harm our business, financial condition and results of operations.

***Our future operating results depend on our ability to purchase at acceptable prices a sufficient amount of materials, parts, and components, as well as software and services, 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 or financial condition.***

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 software and services, from our suppliers. 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, financial issues or other factors, we could experience an interruption in supply or a significant increase in the price of supply. We have experienced shortages in the past that have negatively impacted our results of operations and may experience such shortages in the future. For example, as we progressed through 2021, our supply chain has been increasingly impacted by global issues related to the effects of the COVID-19 pandemic, particularly with respect to the semiconductor market. This has resulted in increased costs driven by delivery delays and the need to purchase semiconductor components from alternative sources, including brokers, during the latter part of the fourth quarter of 2021 as described further below. We attempted, and continue to attempt, to mitigate such supply disruptions by closely monitoring our supply chain; by maintaining an active dialogue, and in some cases developing plans, with key suppliers; and by having our engineering teams work to modify certain products in order to maximize the continuity of supply. We expect reduced supply of these materials in the semiconductor market and the related mitigation efforts described above to continue throughout 2022, which may impact our ability to meet customer demand and negatively impact our results of operations.

Our suppliers may significantly and quickly increase their prices in response to increases in costs of raw materials that they use to manufacture their parts or components. As a result, we may not be able to increase our prices commensurately with our increased costs, which could negatively impact our results of operations or financial condition. In addition, certain supplies, including for some of our critical components, software and services solutions, are available only from a single source or limited sources and we may not be able to diversify sources in a timely manner. Where certain supplies are not available from our direct suppliers, we may be required to move to an alternative source or source certain items through the open market, which involves significantly increased prices that are difficult to forecast or predict. For example, we have been required to take these steps in certain instances in connection with the impact on the semiconductor market described above. Each of these factors may impact our ability to meet customer demand and could negatively impact our results of operations or financial condition.

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

We enter into large, multi-year system and services contracts with municipal, state, and nationwide government and commercial customers. In some cases, we may not be the prime contractor and may be dependent on other third-parties such as commercial carriers or systems integrators. Our entry into these contracts exposes us to risks, including among others: (i) technological risks, (ii) risk of defaults by third-parties on whom we are relying for products or services as part of our offering or who are the prime contractors, (iii) financial risks, including the estimates inherent in projecting costs associated with large, long-term contracts, the impact of currency fluctuations, inflation, and the related impact on operating results, (iv) cybersecurity risk, especially in managed services contracts with public safety and commercial customers that process data, and (v) 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 cancellable on short notice with limited penalties. Recovery of front-loaded capital expenditures in long-term managed services contracts is dependent on the continued viability of such

customers. The termination of funding for a government program or insolvency of commercial customer could result in a loss of anticipated future revenue attributable to that program, which could have an adverse impact on our profitability.

*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, particularly in light of the mission-critical nature of our communications products. Such pre-shipment and post-shipment quality issues can have legal, financial and reputational ramifications, including: (i) delays in the recognition of revenue, loss of revenue or future orders, (ii) customer-imposed penalties 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 performance, safety or regulatory compliance, then such a "defective" product may need to be "stop-shipped" or recalled. Depending on the nature of the quality issue and the number of products in the field, it could cause us to incur substantial recall or corrective field action 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 and field actions involving regulatory non-compliance could also result in fines and additional costs. Recalls and field actions could result in third-party litigation by persons or companies alleging harm or economic damage as a result of the use of the products.

In addition, privacy advocacy groups and other technology and industry groups have established or may establish various new or different self-regulatory standards that may place additional obligations on us. Our customers may expect us to meet voluntary certifications or adhere to other standards established by third-parties. If we are unable to maintain these certifications or meet these standards, it could reduce demand for our products and adversely affect our business.

#### **Risks Related to Financial Performance or Economic Conditions**

*As we are a global company, we face a number of risks related to current global economic and political conditions in the markets in which we operate that have and could continue to unfavorably impact our business, financial condition, results of operations and cash flows.*

Global economic and political conditions, including impacts from the continuing COVID-19 pandemic, continue to be challenging for many of our government and commercial markets, as economic growth in many countries and emerging markets has remained low or declined, currency fluctuations have impacted profitability, credit markets have remained tight for certain counterparties of ours and some of our customers are dependent on government grants to fund purchases of our products and services.

In addition, conflicts in the Middle East and elsewhere have created many economic and political uncertainties that continue to impact worldwide markets. The length of time these adverse economic and political conditions may persist is unknown. These political uncertainties and conflicts include new or increased tariffs and potential trade wars, threats to national security vulnerabilities linked to country of origin (in response to which the U.S. implemented prohibitions on, via the National Defense Authorization Act for Fiscal Year 2019, the use of federal funds to purchase and/or use telecommunications equipment and services and video surveillance equipment and services from Chinese vendors), and the United Kingdom's decision to voluntarily exit the European Union on January 31, 2020 (commonly referred to as "Brexit").

These global economic and political conditions have impacted and could continue to impact our business, financial condition, results of operations, and cash flows in a number of ways, including:

- Requests by certain of our government and commercial customers that we provide vendor financing, including in response to financial challenges surrounding state and local governments, which may cause us to retain exposure to the credit quality of our customers who we finance if we are unable to sell these receivables on terms acceptable to us.
- The inability of certain of our customers to obtain financing in order to make purchases from us and/or maintain their business, which may negatively impact our financial results.
- Challenges we face in budgeting and forecasting due to economic uncertainties in various parts of the U.S. and world economy, which could negatively impact our financial results if such budgets or forecasts are inaccurate.
- Deferral or cancellation of purchases and orders by customers may occur due to uncertainty about current and future global economic conditions, which could reduce future demand for our products and negatively impact our financial results.
- Intensifying political instability in a number of markets in which we operate could have a significant impact on our ability to grow and, in some cases, operate in such locations, which could negatively impact our financial results.

*Returns on pension and retirement plan assets and interest rate changes could affect our earnings and cash flows 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 past divestitures, including the distribution

of Motorola Mobility, the sale of our Networks business and the sale of our Enterprise 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 capital market environments, the uncertainty of material changes in future minimum required contributions increases.

*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, which could limit our ability to repay our indebtedness and could cause liquidity issues.*

From time to time we access the capital markets to obtain financing. Our access to the capital markets and the bank loan markets at acceptable terms and conditions are impacted by many factors, including: (i) our credit ratings, (ii) the condition of the overall capital markets, (iii) strength and credit availability in the banking markets, and (iv) the state of the global economy. In addition, we frequently access the credit markets to obtain performance bonds, bid bonds, standby letters of credit and surety bonds, as well as to hedge foreign exchange risk and sell receivables. Furthermore, we may not be able to refinance our existing indebtedness (i) on commercially reasonable terms, (ii) on terms, including with respect to interest rates, as favorable as our current debt, or (iii) at all. We may not continue to have access to the capital markets or bank credit markets on terms acceptable to us and if we are unable to repay or refinance our debt, we cannot guarantee that we will be able to generate enough cash flows from operations or that we will be able to obtain enough capital to service our debt, fund our planned capital expenditures or pay future dividends.

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, if any amounts are borrowed under such facility, could negatively affect our operating cash flows. In addition, a downgrade in our credit ratings could limit our ability to: (i) access the capital markets or bank credit markets, (ii) issue commercial paper (iii) provide performance bonds, bid bonds, standby letters of credit and surety bonds, (iv) hedge foreign exchange risk, (v) fund our foreign affiliates, (vi) sell receivables, and (vii) obtain favorable trade terms with suppliers. 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.

#### **Risks Related to Human Capital Management**

*Our success depends in part upon our ability to attract and retain senior management and key employees, including engineers and other key technical employees, in order to remain competitive.*

The performance of our CEO, senior management and other key employees such as engineers and other key technical employees is critical to our success. If we are unable to retain talented, highly-qualified senior management, engineers and other key employees or attract them when needed, it could negatively impact our business.

We rely on the experience of our senior management, most of whom have been with the Company for many years and as a result 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 an engineer or other key employee particularly to a competitor, could also place us at a competitive disadvantage. In addition, we face increased demands for technical personnel in areas such as software development, which is an area of particularly high demand for skilled employees. 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 or services. In particular, competition for experienced software and cloud computing infrastructure engineers is intense. Our efforts to attract, develop, integrate and retain highly skilled employees with appropriate qualifications may be compounded by intensified restrictions on travel (including during the continuing COVID-19 pandemic), immigration, or the availability of work visas. Further, if we fail to adequately plan for the succession of our CEO, senior management and other key employees, our business could be negatively impacted.

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

None.

## Item 2: Properties

As of February 7, 2022, the material properties that we used in connection with our business, serving all segments, are as follows:

Location	Approximate Size in Sq. Ft. (In thousands)	Owned vs. Leased	Purpose
Schaumburg, Illinois, U.S.	345	Leased	Research & development and customer support
Elgin, Illinois, U.S.	301	Leased	Manufacturing and distribution
Krakow, Poland	301	Leased	Research & development and corporate administrative
Penang, Malaysia	300	Leased	Manufacturing and distribution, research & development and corporate administrative
Plantation, Florida, U.S.	182	Leased	Corporate administrative
Chicago, Illinois, U.S.	179	Leased	Corporate administrative (global headquarters)
Tel Aviv, Israel	152	Leased	Research & development and corporate administrative
British Columbia, Canada	108	Leased	Manufacturing and distribution and corporate administrative
Allen, Texas, U.S.	138	Owned	Manufacturing and distribution and corporate administrative
Richardson, Texas, U.S.	136	Leased	Manufacturing and distribution

## Item 3: Legal Proceedings

In addition to the matter referenced below, we are subject to legal proceedings and claims that have not been fully resolved and which have arisen in the ordinary 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, or in the periods in which more information is obtained that changes management's opinion of the ultimate disposition.

See "Note 12: Commitments and Contingencies" to our consolidated financial statements included in Part II, Item 8 of this Form 10-K for information regarding our legal proceedings.

## Item 4: Mine Safety Disclosures

Not applicable.

## Information about our Executive Officers

The following are the persons who are the executive officers of the Company, their ages, and current titles as of February 16, 2022 and the positions they have held during the last five years with the Company or as otherwise noted:

Gregory Q. Brown; age 61; Chairman and Chief Executive Officer since May 3, 2011.

Mark S. Hacker; age 50; Executive Vice President, General Counsel and Chief Administrative Officer since January 21, 2015.

John P. "Jack" Molloy; age 50; Executive Vice President and Chief Operating Officer since November 18, 2021; Executive Vice President, Products and Sales from August 2018 to November 2021; Executive Vice President, Worldwide Sales and Services from July 2017 to August 2018; and Executive Vice President, Worldwide Sales from January 2016 to July 2017.

Rajan S. Naik; age 50; Senior Vice President, Strategy and Ventures, since December 2017; and Corporate Vice President, Chief Strategy Officer from March 2016 to December 2017.

Daniel G. Pekofske; age 45; Corporate Vice President and Chief Accounting Officer since September 10, 2018; and Vice President and Treasurer from January 2016 to September 2018.

Mahesh Saptharishi; age 44; Executive Vice President and Chief Technology Officer since November 18, 2021; Senior Vice President, Software Enterprise and Mobile Video, and Chief Technology Officer from June 2021 to November 2021; Chief Technology Officer & Senior Vice President, Software Enterprise from April 2021 to June 2021; Senior Vice President, Chief Technology Officer from February 2019 to April 2021; and Chief Technology Officer, Senior Vice President of Avigilon from

September 2014 to January 2019. Avigilon, a provider of advanced security and video solutions, is a subsidiary of the Company, which the Company acquired in 2018.

Jason J. Winkler; age 47; Executive Vice President and Chief Financial Officer since July 1, 2020; Senior Vice President, Finance from September 2018 to June 2020; and Corporate Vice President, Finance, Global Sales & Services from February 2016 to September 2018.

Cynthia M. Yazdi; age 57; Senior Vice President, Communications & Brand since February 2, 2022; Senior Vice President, Chief of Staff, Communications & Brand and Motorola Solutions Foundation from November 2021 to February 2022; Senior Vice President, Chief of Staff, Marketing and Communications and Motorola Solutions Foundation from August 2018 to November 2021; Corporate Vice President, Chief of Staff to the Chairman and CEO, Global Marketing and Communications from February 2018 to August 2018; and Vice President, Chief of Staff, Global Marketing and Communications from September 2016 to February 2018.

The above executive officers will serve as executive officers of the Company until the regular meeting of the Board of Directors in May 2022 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 Stock Exchange and trades under the symbol "MSI." The number of stockholders of record of its common stock on February 7, 2022 was 19,475. This figure does not include a substantially greater number of “street name” holders whose shares are held of record by banks, brokers and other financial institutions.

During 2021, we declared regular quarterly dividends of \$0.71 per share of our common stock for each of the first three quarters of fiscal 2021, and \$0.79 per share of our common stock for the fourth quarter of fiscal 2021. While we expect to continue to pay comparable regular quarterly dividends in 2022, any future dividend payments will be at the discretion of our Board of Directors and will depend upon our profits, financial requirements and other factors, including legal restrictions on the payment of dividends, general business conditions and such other factors as our Board of Directors deems relevant.

#### *Unregistered Sales of Equity Securities*

On October 29, 2021, the Company issued 2,814 shares of common stock in connection with the acquisition of Envysion to certain former shareholders of Envysion. The stock was issued for an aggregate grant-date fair value of \$1 million that will be expensed over an average service period of one year. Additionally, on December 16, 2021, the Company issued 13,007 shares of common stock in connection with the acquisition of 911 Datamaster to certain former equityholders of 911 Datamaster. The stock was issued for an aggregate grant-date fair value of \$3 million that will be expensed over an average service period of two years. The foregoing transactions did not involve any underwriters, any underwriting discounts or commissions, or any public offerings. The shares with respect to both transactions were issued in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended, in privately negotiated transactions not involving any public offerings or solicitations.

#### *Issuer Purchases of Equity Securities*

The following table provides information with respect to acquisitions by the Company of shares of its common stock during the quarter ended December 31, 2021.

<i>Period</i>	<i>(a) Total Number of Shares Purchased</i>	<i>(b) Average Price Paid per Share (1)</i>	<i>(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Program (2)</i>	<i>(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Program (2)</i>
10/02/2021 to 10/27/2021	299,184	\$ 239.06	299,184	\$ 2,168,146,611
10/28/2021 to 11/23/2021	86,577	\$ 247.78	86,577	\$ 2,146,694,562
11/24/2021 to 12/31/2021	101,964	\$ 256.20	101,964	\$ 2,120,571,843
Total	<u>487,725</u>	\$ 244.19	<u>487,725</u>	

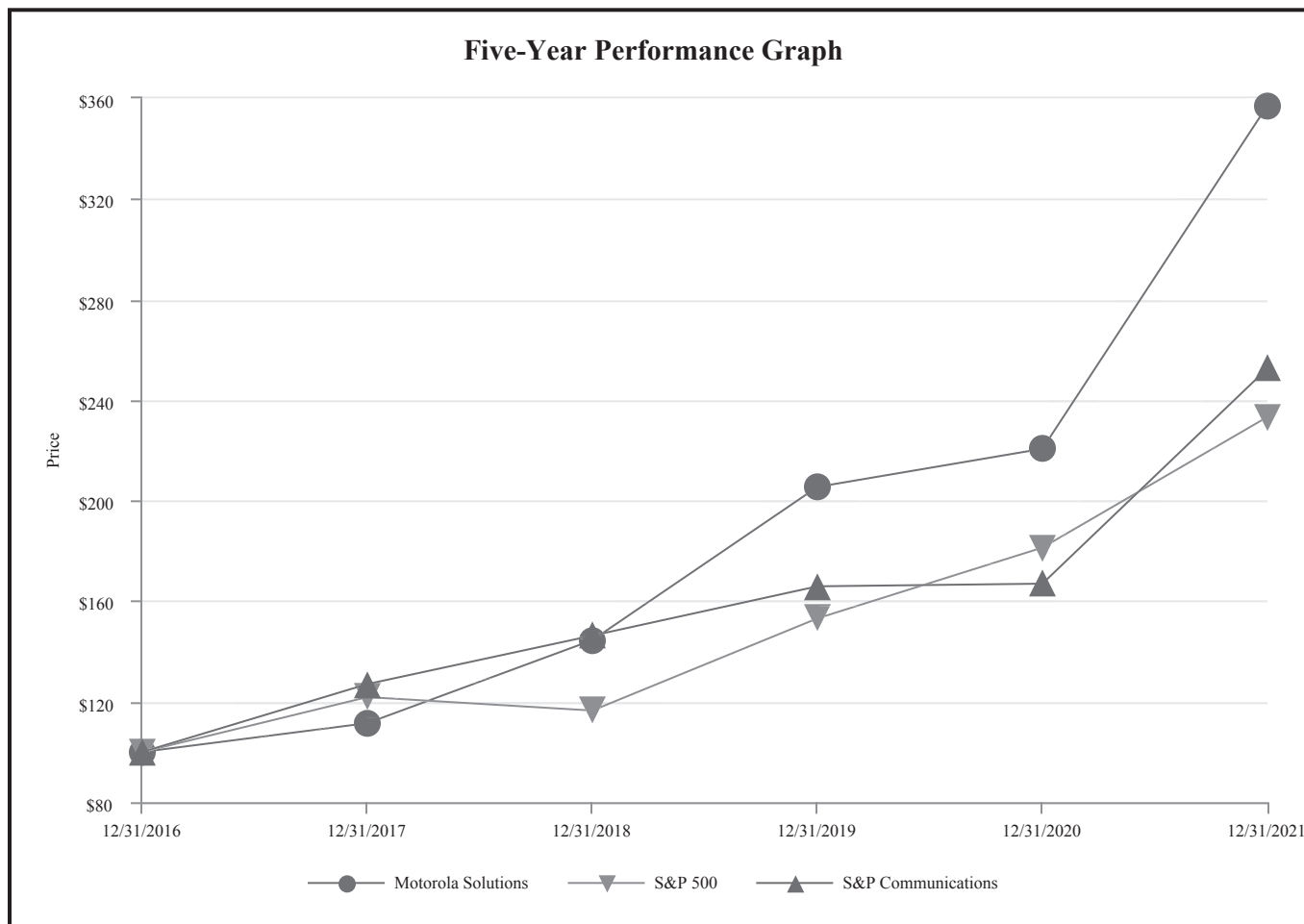
- (1) Average price paid per share of common stock repurchased is the execution price, including commissions paid to brokers.
- (2) As originally announced on July 28, 2011, and subsequently amended, including in May 2021, the Board of Directors has authorized the Company to repurchase an aggregate amount of up to \$16.0 billion of its outstanding shares of common stock (the “share repurchase program”). The share repurchase program does not have an expiration date. As of December 31, 2021, the Company had used approximately \$13.9 billion, including transaction costs, to repurchase shares, leaving \$2.1 billion of authority available for future repurchases.



## Performance Graph

The following graph compares the five-year cumulative total shareholder 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 indices on December 31, 2016 and reflects the reinvestment of dividends.



Years Ended	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Motorola Solutions	\$ 100.00	\$ 111.45	\$ 144.48	\$ 205.43	\$ 220.61	\$ 357.18
S&P 500	\$ 100.00	\$ 121.82	\$ 116.47	\$ 153.13	\$ 181.29	\$ 233.28
S&P Communications Equipment	\$ 100.00	\$ 127.11	\$ 146.28	\$ 165.89	\$ 166.94	\$ 252.61

Item 6: [Reserved.]



## 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 as of December 31, 2021 and 2020 and results of operations and cash flows for each of the three years in the period ended December 31, 2021. 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

#### *Our Business*

Motorola Solutions is a global leader in mission-critical communications and analytics. Our technologies in Land Mobile Radio Communications (“LMR” or “LMR Communications”), Video Security and Access Control and Command Center Software, bolstered by managed and support services, make communities safer and help businesses stay productive and secure. We serve more than 100,000 public safety and commercial customers in over 100 countries, providing “purpose-built” solutions designed for their unique needs, and we have a rich heritage of innovation focusing on advancing global safety for more than 90 years.

We manage our business organizationally through two segments: “Products and Systems Integration” and “Software and Services.” Within these segments, the Company has principal product lines that also follow our three major technologies: LMR Communications, Video Security and Access Control and Command Center Software. In January 2022 we renamed one of our three major products and services technologies from LMR Mission Critical Communications to LMR Communications in an effort to more succinctly brand our LMR technology. This change was to the name of the technology only and no financial information was reclassified from previous periods.

The Company has invested across these three technologies, evolving the Company’s LMR focus to purposefully integrate software, video security and access control solutions for public safety and enterprise customers globally.

Our strategy is to generate value through the integration of each technology into our ecosystem, uniting voice, software, video security, access control and analytics to interoperate. While each technology individually strives to make users safer and more productive, we believe we can enable better outcomes for individuals, businesses and agencies when we unite these technologies as one connected system. With our technology ecosystem, our goal is to help remove silos between systems, unify data, streamline workflows, simplify management and support evolving technologies. Across all three technologies, we offer cloud-based solutions, cybersecurity services and managed and support services.

An example of our integrated technology ecosystem in action is when our municipal governmental agency customers leverage communications, video security, analytics and cloud-based software to understand what is happening across their cities, which we believe helps to improve community collaboration and overall safety. Video Security and Access Control solutions help users identify and understand events, find lost people and protect property. Command Center Software informs and assists emergency response by unifying data across the 911 workflow, including call handling, dispatch, video analytics, field reporting, records, evidence and community input. Voice and data communications connect law enforcement, fire and emergency medical services from different agencies and jurisdictions in an effort to improve coordination and collaboration. The end-to-end integration of these technologies assists agencies in detecting, analyzing, communicating and responding to incidents.

The principal products within each segment, by technology, are described below:

#### **Products and Systems Integration Segment**

In 2021, the segment’s net sales were \$5.0 billion, representing 62% of our consolidated net sales.

#### *LMR Communications*

Our LMR Communications technology includes infrastructure and devices for LMR, public safety Long Term Evolution (“LTE”) and enterprise-grade private LTE. We are a global leader in the two-way radio category, including Project 25 (“P25”), Terrestrial Trunked Radio (“TETRA”) and Digital Mobile Radio (“DMR”), as well as other PCR solutions. We also deliver LTE solutions for public safety, government and commercial users, including infrastructure and devices operating in 700 MHz, 900 MHz and Citizens’ Broadband Radio Service (“CBRS”) frequencies. Primary sources of revenue for this technology come from selling devices and building telecommunications networks, including infrastructure, installation and integration with our customers’ technology environments.

Our technology enables voice and multimedia collaborations across different two-way radio, WiFi or public LTE and private broadband networks. We believe that first responders continue to trust LMR communications because they are purpose-built and designed for reliability, availability, security and resiliency to withstand the most challenging conditions. By adding broadband data capabilities to our two-way radios, we strive to provide our customers with greater functionality and multimedia access to the information and data they need in their workflows. Examples include application services such as GPS location to better protect lone workers, job dispatch to share information and over-the-air programming to optimize device uptime.

The LMR technology within the Products and Systems Integration segment represented 84% of the net sales of the total segment in 2021.

## ***Video Security and Access Control***

Our Video Security and Access Control technology includes video management infrastructure, AI-powered security cameras including fixed and mobile (body-worn and in-vehicle) and access control solutions. We deploy video security and access control solutions to thousands of government and commercial customers around the world including school campuses, transportation systems, healthcare centers, public venues, utilities, prisons, factories, casinos, airports, financial institutions, government facilities, state and local law enforcement agencies and retailers. Organizations such as these utilize video security and access control to enable continuous monitoring that can improve situational awareness, verify critical events or incidents in real-time and provide data to investigate an event or incident after it happens.

Our view is that government and public safety customers in particular are increasingly turning to video security technologies, including fixed street cameras, in-vehicle cameras and body-worn cameras, to increase visibility, accountability and safety for citizens, communities and first responders alike. Additionally, our view is that government, public safety agencies and businesses are increasingly turning to scalable, cloud-based multi-factor authentication access control to make their facilities more secure.

Since 2018, we have developed our video security and access control business through investments in research and development and through acquisitions, directly contributing to our growth strategy to serve as a leader in end-to-end video security solutions. These activities have supported the expansion of our portfolio, which started with fixed video, access control and AI-enabled analytics solutions and has evolved to include mobile video (body-worn and in-vehicle cameras) for both public safety and commercial markets, a broader range of fixed video security technologies, business analytics and cloud-based access control solutions.

### **Software and Services Segment**

In 2021, the segment's net sales were \$3.1 billion, representing 38% of our consolidated net sales.

#### ***LMR Communications***

LMR Communications services include support and managed services, which offer a broad continuum of support for our customers. Support services include repair and replacement, technical support and preventative maintenance, and more advanced offerings such as system monitoring, software updates and cybersecurity services. Managed services range from partial to full operational support of customer-owned or Motorola Solutions-owned networks. Our customers' systems often have multi-year or multi-decade lifespans that help drive demand for software upgrades, device and infrastructure refresh opportunities, as well as additional services to monitor, manage, maintain and secure these complex networks and solutions. We strive to deliver services to our customers that help improve performance across their systems, devices and applications for greater safety and productivity.

Given the mission-critical nature of our customers' operational environments, we aim to design the LMR networks they rely on for availability, security and resiliency, as well as to keep pace with technological advancements. We have a comprehensive approach to system upgrades that addresses hardware, software and implementation services. As new system releases become available, we work with our customers to upgrade software, hardware, or both, with respect to site controllers, comparators, routers, LAN switches, servers, dispatch consoles, logging equipment, network management terminals, network security devices such as firewalls and intrusion detection sensors, and more, on-site or remotely.

The LMR technology within the Software and Services segment represented 70% of the net sales of the total segment in 2021.

## ***Video Security and Access Control***

Video Security and Access Control software includes video management software, decision and digital evidence management software and advanced vehicle location data analysis software, including license plate recognition. Our software is designed to complement video hardware systems, serving as an ecosystem that provides end-to-end video security to strive to keep people, property and assets safe.

Our video network management software is embedded with artificial intelligence ("AI")-enabled analytics to deliver operational insights to our customers by bringing attention to important events within their video footage. Given the volume of video footage, we believe this is critical to monitor and manage to deliver meaningful, action-oriented insights.

For example, AI-enabled analytics can detect unusual behavior such as a person at a facility out of hours, locate a missing child at a theme park with Appearance Search, flag a denylisted vehicle at a school through license plate recognition, or send an alert through access control if doors are propped open at a hospital.

Video Security and Access Control services include our video-as-a-service offering for law enforcement, simplifying procurement by bundling hardware and software into a single subscription. Body-worn cameras and in-car video systems can be paired with either on-premises or cloud-based digital evidence management software and complementary command center software products. Additionally, Avigilon fixed video systems connected to Avigilon Cloud Services ("ACS") provide our customers with the ability to securely access video across their sites from a remote central monitoring location and more easily integrate with their other systems.

The Video Security and Access Control technology within the Software and Services segment represented 13% of the net sales of the total segment in 2021.

## **Command Center Software**

Our Command Center Software suite, CommandCentral, consists of native cloud and on-premises solutions that support the complex process of the public safety workflow from "911 call to case closure." The moment a citizen dials 911, an array of roles are involved in coordinating response and post-incident management, such as dispatchers who route calls to police, fire and emergency medical services, first responders in the field, intelligence analysts who manage real-time operations, records specialists who preserve the integrity of information and evidence, crime analysts who identify patterns and accelerate investigations, and corrections officers who oversee jail and inmate management.

CommandCentral software supports these roles through the three phases of incident response: incident awareness, incident management and post-incident resolution. Incident awareness software includes community engagement applications for tip submissions, crime mapping and evidence submission, and 911 call-handling software (including multimedia) and next-generation core services for 911 call routing. Incident management software includes computer aided dispatch ("CAD") for dispatch and coordinating first response, situational awareness software that shows a single, real-time view of video feeds and other alerts on a map, and field response and reporting to help frontline personnel collaborate, manage incident activity and file reports from the field. Post-incident resolution software includes centralized records and evidence management for record-keeping and judicial sharing, analytics including license plate recognition, and jail and inmate management to streamline the process and enable secure inter-agency information sharing.

As the public safety market continues to evolve toward software offerings that more efficiently run their operations, reduce response times and increase officer availability, we have focused on providing cloud-based software-as-a service ("SaaS") with ancillary implementation and managed services in addition to on-premises solutions. Our CommandCentral suite, hosted in Microsoft Azure Government, includes call handling, CAD, field reporting, records, evidence, investigations and jail in an integrated cloud-based offering. We believe that cloud deployment delivers agencies key benefits, including faster deployment, increased security, rapid scaling in the event of an emergency and a secure investment that keeps pace as technology advances. In addition to this native cloud suite, we offer a hybrid solution that delivers a migration path from on-premises software solutions to cloud-connected capabilities.

Another area of public safety evolution is increasing adoption of Next Generation 911 Core Services ("NGCS"), a group of products and services needed to create infrastructure connectivity in order to process a 911 call using Next Generation ("NG") technology. The NG infrastructure is an Emergency Service IP Network ("ESInet"), which can carry voice, data and multimedia. ESInet enables 911 call takers at public safety answering points to respond to text, video and data. Our NGCS can be offered as a managed service and includes call routing, ESInet, location services, Geographic Information Services, cybersecurity and our continuous network and security operations center dedicated to public safety. We believe that our solution is differentiated through its integration with our CommandCentral software suite to simplify the agency's workflow and ensure better incident management and real-time intelligence.

Additional Command Center Software includes interoperability software that ensures communication is not limited by coverage area, network technology or device type. Our solutions, including Kodiak, WAVE PTX and CriticalConnect, enable interoperability among devices across multiple networks. For example, a two-way radio network can connect with an LTE network making it possible for individuals to communicate securely and more easily across technologies.

The Command Center Software technology within the Software and Services segment represented 17% of the net sales of the total segment in 2021.

### **2021 Financial Results**

- Net sales were \$8.2 billion in 2021 compared to \$7.4 billion in 2020.
- Operating earnings were \$1.7 billion in 2021 compared to \$1.4 billion in 2020.
- Net earnings attributable to Motorola Solutions, Inc. were \$1.2 billion, or \$7.17 per diluted common share in 2021, compared to earnings of \$949 million, or \$5.45 per diluted common share in 2020.
- Our operating cash flow was \$1.8 billion in 2021 compared to \$1.6 billion in 2020.
- We returned over \$1.0 billion of capital to shareholders, in the form of \$528 million in share repurchases and \$482 million in dividends in 2021.
- We increased our quarterly dividend by 11% to \$0.79 per share in November 2021.
- We ended 2021 with a backlog position of \$13.6 billion, up \$2.2 billion compared to 2020.

## Segment Financial Highlights

- In the Products and Systems Integration segment, net sales were \$5.0 billion in 2021, an increase of \$399 million, or 9%, compared to \$4.6 billion in 2020. On a geographic basis, net sales increased in both the North America region and the International regions. Operating earnings were \$760 million in 2021, compared to \$656 million in 2020. Operating margins increased in 2021 to 15.1% from 14.2% in 2020 primarily due to increased sales volume, partially offset by higher operating expenses driven by a \$50 million gain on the sale of property, plant and equipment in 2020 that did not recur in 2021, higher employee incentive costs and higher expenses associated with acquired businesses. The overall increase in operating expenses was partially offset by \$43 million lower reorganization of business charges and \$16 million lower Hytera-related legal expenses.
- In the Software and Services segment, net sales were \$3.1 billion in 2021, an increase of \$358 million, or 13%, compared to \$2.8 billion in 2020. On a geographic basis, net sales increased in both the North America and International regions. Operating earnings were \$907 million in 2021, compared to \$727 million in 2020. Operating margin increased in 2021 to 28.9% from 26.2% in 2020 due to higher sales and gross margin contribution, partially offset by higher operating expenses driven by expenses associated with acquired businesses, higher employee incentive costs and higher intangible assets amortization expense. The overall increase in operating expenses was partially offset by \$11 million lower reorganization of business expenses and \$7 million lower share-based compensation expenses.

## COVID-19

In response to the COVID-19 pandemic, there have been a broad number of governmental and commercial actions taken to limit the spread of the virus, including social distancing measures, stay-at-home orders, travel restrictions, business shutdowns and slowdowns. The COVID-19 pandemic continues to be dynamic, and near-term challenges across the economy remain. Although vaccines are now being distributed and administered across many parts of the world, new variants of the virus have emerged and may continue to emerge that have continued to create uncertainty regarding the impact of COVID-19. In particular, the recent acceleration of the "omicron variant" of the virus and the highly contagious "delta variant" of the virus have caused recent surges of COVID-19 cases in the U.S. and other countries around the world. We continue to adhere to applicable governmental and commercial restrictions and to work to mitigate the impact of COVID-19 on our employees, customers, communities, liquidity and financial position.

We continue to abide by a number of measures in an effort to protect the health and well-being of our employees and customers, including encouraging office workers to work remotely, reducing employee travel, withdrawing from certain industry events, increasing the frequency of cleaning services, encouraging face coverings, and using thermal scanning. We have allowed essential business travel; however, we continue to carefully assess conditions on a geographical basis to determine when employees can safely return to our offices. We also facilitated the process for our employees in certain locations to receive the COVID-19 vaccine, as vaccines are distributed and administered throughout the U.S. and the global community.

As conditions continue to fluctuate around the world, with both vaccine administration and the rates of new variants of COVID-19 (particularly the omicron and delta variants) rising in certain regions, governments and organizations have responded by adjusting their restrictions and guidelines accordingly. The health and safety of our employees remains our top priority, and we continue to monitor the daily evolution of the pandemic, including the spread of the omicron and delta variants. As of the date of this filing, we are following the U.S. Centers for Disease Control and Prevention guidance and state and local restrictions with respect to our U.S. employees, as well as guidance from corresponding international authorities with respect to our non-U.S. employees.

Additionally, in September 2021, the President of the United States signed a series of executive orders, and related guidance was issued that, together, required certain employers to implement COVID-19 precautions, including mandatory COVID-19 vaccines for employees (subject to medical and religious exemptions). As a federal contractor, we were required to implement a mandatory vaccine policy. In January 2022, in response to various legal challenges to these orders, we suspended our requirement that our U.S. employees (subject to the exemptions described above) be vaccinated by February 9, 2022. We continue to evaluate our internal policy and the potential impact of the executive orders and legal responses to such executive orders on our business.

As we progressed through 2021, our supply chain has been increasingly impacted by global issues related to the effects of the COVID-19 pandemic, particularly with respect to materials in the semiconductor market, including part shortages, increased freight costs, diminished transportation capacity and labor constraints. This has resulted in disruptions in our supply chain, as well as difficulties and delays in procuring certain semiconductor components. During the latter part of the fourth quarter of 2021, costs increased driven by delivery delays and the need to purchase semiconductor components from alternative sources, including brokers. We anticipate increased costs to procure materials within the semiconductor market to continue into the first half of 2022. We are closely monitoring our supply chain and have maintained an active dialogue, and in some cases developed plans, with key suppliers in an effort to mitigate supply chain risks or otherwise minimize the impact from those risks. We will continue to actively manage our supply chain in an effort to prevent major delays in selling our products and services.

Although the COVID-19 pandemic continued to introduce challenges throughout 2021, we are encouraged by customer demand for our products and services. Specifically, in our Software and Services segment, with the largely recurring nature of the business and our strong backlog position, we continue to expect that the impacts on net sales and operating margin will be limited throughout 2022. Within the Products and Systems Integration segment, while we are encouraged by strong LMR backlog and the resiliency of the Video Security and Access Control technology that experienced growth in 2021, supply constraints continue to impact our LMR business and we expect demand for our products will continue to out-pace our ability to obtain

supply throughout 2022. In addition, in March 2021, the President of the United States signed into law the American Rescue Plan Act of 2021 ("ARPA"), which is intended to provide economic stimulus, specifically additional funding to state and local governments, education and healthcare, as well as other funding relief provisions, in order to address the impact of the COVID-19 pandemic. We experienced the positive impact of the ARPA funding on our business and results of operations during 2021 and anticipate that the ARPA will continue to have a positive impact throughout 2022.

We believe our existing balances of cash and cash equivalents, along with other short-term liquidity arrangements, will continue to be sufficient to satisfy our liquidity requirements associated with our existing operations. We were in compliance with all applicable covenants in the 2021 unsecured revolving credit facility as of December 31, 2021. Additionally, we have no bond maturities until 2024. We continue to assess our operating expenses and identify cost-reducing initiatives, including lower travel costs, contractor spend and reducing our real estate footprint.

Lastly, we evaluated whether there were any impairment indicators as of December 31, 2021, which included a review of our receivables and contract assets, inventory, right-of-use lease assets, long-lived assets, investments, goodwill and intangible assets. As of the end of the fourth quarter of 2021, we concluded our assets were fairly stated and recoverable.

For further information, please see "Part I. Item 1. Business" and "Part I. Item 1A. Risk Factors" in this Form 10-K. The Company's current expectations described above are forward-looking statements and our actual results may differ.

### Recent Acquisitions

Technology	Segment	Acquisition	Description	Purchase Price	Date of Acquisition
Command Center Software	Software and Services	911 Datamaster	Provider of Next Generation 911 data solutions that helps to ensure emergency calls are accurately located and routed based on the caller's location.	\$35 million and share-based compensation of \$3 million	December 16, 2021
Video Security and Access Control	Products and Systems Integration Software and Services	Envysion	Provider of enterprise video security and business analytics.	\$124 million and share-based compensation of \$1 million	October 29, 2021
Video Security and Access Control	Products and Systems Integration Software and Services	Openpath	Provider of cloud-based mobile access control.	\$298 million and share-based compensation of \$29 million	July 15, 2021
Command Center Software	Software and Services	Callyo	Provider of cloud-based mobile applications for law enforcement in North America, including critical mobile technological capabilities that enable information to flow seamlessly from the field to the command center.	\$63 million, inclusive of share-based compensation of \$3 million	August 28, 2020
Video Security and Access Control	Products and Systems Integration Software and Services	Pelco, Inc.	Global provider of video security solutions, adding a broad range of products for a variety of commercial and industrial environments and use cases.	\$110 million	July 31, 2020
Video Security and Access Control	Products and Systems Integration Software and Services	IndigoVision Group plc	Provider of video security solutions to enhance geographical reach across a wider customer base.	\$37 million	June 16, 2020
LMR	Software and Services	Unnamed cybersecurity services business	Provider of vulnerability assessments, cybersecurity consulting, and managed services, including security monitoring of network operations.	\$32 million	April 30, 2020
LMR	Software and Services	Unnamed cybersecurity services business	Provider of vulnerability assessments, cybersecurity consulting, managed services, and remediation and response capabilities.	\$40 million, inclusive of share-based compensation of \$6 million	March 3, 2020



Video Security and Access Control	Software and Services	Unnamed data solutions business for vehicle location information	Provider of additional data to our existing license plate recognition database.	\$85 million	October 16, 2019
Video Security and Access Control	Products and Systems Integration Software and Services	WatchGuard, Inc.	Provider of in-car and body-worn video solutions.	\$271 million, inclusive of share-based compensation of \$16 million	July 11, 2019
LMR	Products and Systems Integration Software and Services	Avtec, Inc.	Provider of dispatch communications for U.S. public safety and commercial customers to communicate, coordinate resources, and secure their facilities.	\$136 million	March 11, 2019
Video Security and Access Control	Products and Systems Integration Software and Services	VaaS International Holdings	Global provider of data and image analytics for vehicle location.	\$445 million, inclusive of share-based compensation of \$38 million	January 7, 2019

### Climate Change

We expect that our operations and supply chain will become increasingly subject to federal, state, local and foreign laws, regulations and international treaties and industry standards relating to climate change. For example, in October 2021 the U.K.'s Cabinet Office began requiring companies bidding on contracts with the U.K. government that have a value of over £5m per year to have carbon reduction plans that contain a commitment to achieving net zero emissions by 2050 for U.K. operations. This requirement applies to our operations in the U.K. Although Motorola Solutions UK Ltd. and Airwave Solutions Ltd., our U.K. subsidiaries, each committed to achieving net zero emissions by 2050 for such entities' U.K. operations, this requirement and any similar future requirements and other increased regulation of climate change concerns could subject us to additional costs and restrictions, impact our competitive position or require us to make certain changes to our manufacturing practices and/or product designs.

### Looking Forward

We expect continued growth within our global LMR installed base as a number of events such as natural disasters and large-scale incidents continue to reinforce the importance of having secure, reliable LMR for public safety. We believe our augmentation of LMR with broadband solutions will also drive growth, as we expect our customers will look to integrate valuable data capabilities. We expect to provide additional services to existing LMR customers as communication networks become more complex, software-centric and data-driven.

As public safety needs continue to evolve, we anticipate growth opportunities within the command center as our Command Center Software suite covers the mission-critical workflow, from 911 intake to case closure and management. We expect increased growth in our integrated software next generation core services and our cloud-based solutions, such as the PremierOne Cloud suite, as well as hybrid cloud solutions that provide a migration path from on-premises software solutions to cloud-connected capabilities.

Within Video Security and Access Control, we expect growth across our portfolio of fixed and mobile security solutions embedded with advanced analytics and access control solutions. We believe drivers include expansion of traditional video sales beyond commercial customers to government and public safety customers. Additionally, we expect customers to continue to embrace analytics that convert video into data and the scalability of the cloud to run their operations, and we also expect continued expansion of offerings such as video-as-a-service and Avigilon Cloud Services.

Finally, we anticipate new opportunities from the investments we are making to integrate our LMR, Video Security and Access Control and Command Center Software technologies into one unified ecosystem. We have made go-to-market and research and development investments in both Video Security and Access Control and our Command Center Software technologies with growth in mind. We have made a number of acquisitions and we see opportunities to continue to rationalize costs within both segments of our business, further driving operating leverage in our businesses. We believe our integrated ecosystem for public and enterprise safety can enable strong collaboration by removing system silos, simplifying management and automating workflows.

We expect our growth within LMR may be limited by supply in 2022. Refer to "COVID-19" set forth in this "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K for a further discussion of our outlook with respect to the continuing impact of COVID-19 on our financial condition, results of operations and cash flows.

## Results of Operations

Years ended December 31

<i>(Dollars in millions, except per share amounts)</i>	2021	% of Sales **	2020	% of Sales **	2019	% of Sales **
Net sales from products	\$ 4,606		\$ 4,087		\$ 4,746	
Net sales from services	3,565		3,327		3,141	
Net sales	8,171		7,414		7,887	
Costs of product sales	2,104	45.7 %	1,872	45.8 %	2,049	43.2 %
Costs of services sales	2,027	56.9 %	1,934	58.1 %	1,907	60.7 %
Costs of sales	4,131	50.6 %	3,806	51.3 %	3,956	50.2 %
Gross margin	4,040	49.4 %	3,608	48.7 %	3,931	49.8 %
Selling, general and administrative expenses	1,353	16.6 %	1,293	17.4 %	1,403	17.8 %
Research and development expenditures	734	9.0 %	686	9.3 %	687	8.7 %
Other charges	286	3.5 %	246	3.3 %	260	3.3 %
Operating earnings	1,667	20.4 %	1,383	18.7 %	1,581	20.0 %
Other income (expense):						
Interest expense, net	(208)	(2.5)%	(220)	(3.0)%	(220)	(2.8)%
Gains (losses) on sales of investments and businesses, net	1	— %	(2)	— %	5	0.1 %
Other	92	1.1 %	13	0.2 %	(365)	(4.6)%
Total other expense	(115)	(1.4)%	(209)	(2.8)%	(580)	(7.4)%
Net earnings before income taxes	1,552	19.0 %	1,174	15.8 %	1,001	12.7 %
Income tax expense	302	3.7 %	221	3.0 %	130	1.6 %
Net earnings	1,250	15.3 %	953	12.9 %	871	11.0 %
Less: Earnings attributable to noncontrolling interests	5	0.1 %	4	0.1 %	3	— %
Net earnings*	\$ 1,245	15.2 %	\$ 949	12.8 %	\$ 868	11.0 %
Earnings per diluted common share*	\$ 7.17		\$ 5.45		\$ 4.95	

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

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

## Geographic Market Sales by Locale of End Customer

	2021	2020	2019
North America	68 %	68 %	67 %
International	32 %	32 %	33 %
	100 %	100 %	100 %

## Results of Operations—2021 Compared to 2020

### Net Sales

(In millions)	Years ended December 31		
	2021	2020	% Change
Net sales from Products and Systems Integration	\$ 5,033	\$ 4,634	9 %
Net sales from Software and Services	3,138	2,780	13 %
Net sales	\$ 8,171	\$ 7,414	10 %

The Products and Systems Integration segment's net sales represented 62% of our net sales in 2021, compared to 63% in 2020. The Software and Services segment's net sales represented 38% of our net sales in 2021, compared to 37% in 2020.

Net sales increased by \$757 million, or 10%, compared to 2020. The 9% increase in net sales within the Products and Systems Integration segment was driven by a 9% increase in the North America region and an 8% increase in the International region. The 13% increase in the Software and Services segment was driven by a 14% increase in the North America region and a 11% increase in the International region. The increase in net sales included:

- an increase in the Products and Systems Integration segment, inclusive of \$89 million of revenue from acquisitions, driven by growth in LMR, inclusive of public safety LMR products and PCR, and Video Security and Access Control;
- growth in the Software and Services segment, inclusive of \$31 million of revenue from acquisitions, driven by an increase in LMR services, Video Security and Access Control and Command Center Software; and
- \$130 million from favorable currency rates.

Regional results included:

- an 11% increase in the North America region, inclusive of revenue from acquisitions, driven by growth in LMR, Video Security and Access Control and Command Center Software; and
- a 9% increase in the International region, inclusive of revenue from acquisitions, driven by growth in LMR, Video Security and Access Control and Command Center Software.

### Products and Systems Integration

The 9% increase in the Products and Systems Integration segment was driven by the following:

- \$211 million, or 5% growth in public safety LMR products and PCR, driven by both the North America and International regions;
- \$188 million, or 29% growth in Video Security and Access Control, inclusive of revenue from acquisitions, in both the North America and International regions; and
- \$60 million from favorable currency rates.

### Software and Services

The 13% increase in the Software and Services segment was driven by the following:

- \$197 million, or 10% growth in LMR services, driven by both the North America and International regions;
- \$112 million, or 39% growth in Video Security and Access Control software, inclusive of revenue from acquisitions, driven by both the North America and International regions;
- \$49 million, or 10% growth in Command Center Software, inclusive of revenue from acquisitions, driven by both the North America and International regions; and
- \$70 million from favorable currency rates.

### Gross Margin

(In millions)	Years ended December 31		
	2021	2020	% Change
Gross margin	\$ 4,040	\$ 3,608	12 %

Gross margin was 49.4% of net sales in 2021 compared to 48.7% of net sales in 2020. The \$432 million increase was driven by:



- higher gross margins within the Software and Services segment, inclusive of acquisitions, primarily driven by higher gross margin contribution from sales growth and improved mix of service offerings, partially offset by higher employee incentive costs; and
- consistent gross margin contribution in the Products and Systems Integration segment as a result of favorable product mix and reduced reorganization of business charges, offset by an increase in employee incentive costs.

### Selling, General and Administrative ("SG&A") Expenses

<i>(In millions)</i>	<i>Years ended December 31</i>		
	<b>2021</b>	2020	<i>% Change</i>
Selling, general and administrative expenses	<b>\$ 1,353</b>	\$ 1,293	5 %

SG&A expenses increased \$60 million, or 5% in 2021 compared to 2020. SG&A expenses were 16.6% of net sales in 2021 compared to 17.4% of net sales in 2020. The increase in SG&A expenses was primarily due to higher employee incentive costs, expenses associated with acquired businesses, higher travel expenses and increased share-based compensation expenses. The overall increase in SG&A expenses was partially offset by lower Hytera-related legal expenses.

### Research and Development ("R&D") Expenditures

<i>(In millions)</i>	<i>Years ended December 31</i>		
	<b>2021</b>	2020	<i>% Change</i>
Research and development expenditures	<b>\$ 734</b>	\$ 686	7 %

R&D expenditures increased \$48 million, or 7% in 2021 compared to 2020 primarily due to higher employee incentive costs and higher expenses associated with acquired businesses, partially offset by lower share-based compensation expenses. R&D expenditures were 9.0% of net sales in 2021 and 9.3% of net sales in 2020.

### Other Charges

<i>(In millions)</i>	<i>Years ended December 31</i>	
	<b>2021</b>	2020
Other charges	<b>\$ 286</b>	\$ 246

Other charges increased \$40 million, or 16% in 2021 compared to 2020 primarily due to the following:

- \$50 million gain on the sale of property, plant and equipment in 2020 that did not recur in 2021;
- \$236 million of intangible asset amortization expense in 2021 compared to \$215 million in 2020;
- \$10 million of operating lease asset impairments in 2021 that did not occur in 2020; and
- \$15 million of charges for acquisition-related transaction fees in 2021 as compared to \$9 million in 2020; partially offset by
- \$24 million of net reorganization of business charges in 2021 compared to \$57 million in 2020 (see "Note 14: Reorganization of Businesses" to our consolidated financial statements in "Part II. Item 8. Financial Statements and Supplementary Data" of this Form 10-K for further information);
- \$3 million of legal settlements in 2021 compared to \$9 million in 2020; and
- \$5 million of fixed asset impairments in 2020 that did not recur in 2021.

### Operating Earnings

<i>(In millions)</i>	<i>Years ended December 31</i>	
	<b>2021</b>	2020
Operating earnings from Products and Systems Integration	<b>\$ 760</b>	\$ 656
Operating earnings from Software and Services	<b>907</b>	727
Operating earnings	<b>\$ 1,667</b>	\$ 1,383

Operating earnings increased \$284 million, or 21% in 2021 compared to 2020. The increase in Operating earnings was due to:

- Software and Services segment increased \$180 million from 2020 to 2021 driven by higher sales and gross margin contribution and an improved mix of service offerings, offset by higher operating expenses. The increase in operating expenses was driven by higher expenses associated with acquired businesses, higher employee incentive costs and higher intangible assets amortization expense, partially offset by \$11 million lower reorganization of business expenses and \$7 million lower share-based compensation expenses; and
- Products and Systems Integration increased \$104 million from 2020 to 2021 primarily driven by increased sales volume, partially offset by higher operating expenses. The increase in operating expenses was driven by a \$50 million gain on the sale of property, plant and equipment in 2020 that did not recur in 2021, higher employee incentive costs and higher expenses associated with acquired businesses, partially offset by: \$43 million lower reorganization of business charges and \$16 million lower Hytera-related legal expenses.

#### Interest Expense, net

	<i>Years ended December 31</i>	
<i>(In millions)</i>	<b>2021</b>	2020
Interest expense, net	\$ (208)	\$ (220)

The \$12 million decrease in net interest expense in 2021 compared to 2020 was a result of the reversal of an \$11 million non-cash interest accrual related to an international tax audit and lower interest rates on debt outstanding.

#### Gains (losses) on Sales of Investments and Businesses, net

	<i>Years ended December 31</i>	
<i>(In millions)</i>	<b>2021</b>	2020
Gains (losses) on sales of investments and businesses, net	\$ 1	\$ (2)

The net gains (losses) on sales of investments and businesses were primarily related to the sales of various equity investments.

#### Other, net

	<i>Years ended December 31</i>	
<i>(In millions)</i>	<b>2021</b>	2020
Other, net	\$ 92	\$ 13

Net Other income increased \$79 million in 2021 compared to 2020 primarily due to:

- \$17 million of foreign currency gains in 2021 compared to \$44 million of foreign currency losses in 2020;
- \$123 million of net periodic pension and postretirement benefits in 2021 compared to \$81 million of net periodic pension and postretirement benefits in 2020;
- an \$18 million loss on the extinguishment of long term debt in 2021 compared to a \$56 million loss on the extinguishment of long-term debt in 2020 (see "Note 5: Debt and Credit Facilities" to our consolidated financial statements in "Part II. Item 8. Financial Statements and Supplementary Data" of this Form 10-K for further information); and
- \$4 million of investment impairments in 2020 that did not occur in 2021; partially offset by
- \$30 million loss on derivatives in 2021 compared to a \$25 million gain on derivatives in 2020; and
- an \$8 million loss on fair value adjustments to equity investments in 2021 compared to a \$6 million gain on fair value adjustments to equity investments in 2020.

#### Effective Tax Rate

	<i>Years ended December 31</i>	
<i>(In millions)</i>	<b>2021</b>	2020
Income tax expense	\$ 302	\$ 221

Income tax expense increased by \$81 million in 2021 compared to 2020, for an effective tax rate of 19.5%, which is lower than the current U.S. federal statutory rate of 21% primarily due to:

- a \$34 million benefit due to a change in the Company's ability to utilize tax attribute carryforwards resulting in the partial release of valuation allowances (see "Note 7: Income Taxes" to our consolidated financial statements in "Part II. Item 8. Financial Statements and Supplementary Data" of this Form 10-K for further information); and

- \$32 million of benefits due to the recognition of excess tax benefits on share-based compensation.

Our effective tax rate in 2020 was 18.8%, which is lower than the current U.S. federal statutory rate of 21% primarily due to:

- \$48 million of benefits due to the recognition of excess tax benefits on share-based compensation; and
- \$28 million of benefits due to the recognition of increased prior and current R&D tax credits.

## Results of Operations—2020 Compared to 2019

### Net Sales

(In millions)	Years ended December 31		
	2020	2019	% Change
Net sales from Products and Systems Integration	\$ 4,634	\$ 5,329	(13)%
Net sales from Software and Services	2,780	2,558	9 %
Net sales	\$ 7,414	\$ 7,887	(6)%

The Products and Systems Integration segment's net sales represented 63% of our net sales in 2020, compared to 68% in 2019. The Software and Services segment's net sales represented 37% of our net sales in 2020, compared to 32% in 2019.

Net sales decreased by \$473 million, or 6% in 2020 compared to 2019. The 13% decline in net sales within the Products and Systems Integration segment was driven by an 11% decline in the North America region and an 18% decline in the International region. The 9% increase in the Software and Services segment was driven by a 12% increase in the North America region and a 4% increase in the International region. The decrease in net sales included:

- a decline in the Products and Systems Integration segment, inclusive of \$119 million of revenue from acquisitions, driven by a decline in public safety LMR and PCR, partially offset by growth in Video Security;
- growth in the Software and Services segment, inclusive of \$84 million of revenue from acquisitions, driven by an increase in Video Security and Access Control, Command Center Software, and LMR services due to strong demand in the North America region; and
- \$12 million from unfavorable currency rates.

Regional results include:

- a 5% decline in the North America region, inclusive of revenue from acquisitions, driven by declines in public safety LMR and PCR, partially offset by growth in Video Security and Access Control, LMR services, and Command Center Software; and
- a 9% decline in the International region, inclusive of revenue from acquisitions, driven by declines in public safety LMR and PCR, partially offset by growth in Video Security and Access Control, Command Center Software, and LMR public safety services.

### Products and Systems Integration

The 13% decrease in the Products and Systems Integration segment was driven by the following:

- \$838 million, or 17% decline in public safety LMR and PCR, inclusive of revenue from acquisitions, in both the International and North America regions, primarily driven by a delay in customer engagement due to the COVID-19 pandemic; partially offset by
- \$143 million, or 29% growth in Video Security and Access Control, inclusive of revenue from acquisitions, in both the International and North America regions; and
- \$3 million from favorable currency rates.

### Software and Services

The 9% increase in the Software and Services segment was driven by the following:

- \$117 million, or 6% growth in LMR services, inclusive of revenue from acquisitions, driven by the North America region;
- \$75 million, or 36% growth in Video Security and Access Control, inclusive of revenue from acquisitions, driven by both the North America and International regions; and
- \$30 million, or 7% growth in Command Center Software, inclusive of revenue from acquisitions, driven by both the North America and International regions; partially offset by
- \$15 million from unfavorable currency rates.

## Gross Margin

	Years ended December 31		
(In millions)	2020	2019	% Change
Gross margin	\$ 3,608	\$ 3,931	(8)%

Gross margin was 48.7% of net sales in 2020 and 49.8% of net sales in 2019. The \$323 million decrease was driven by:

- lower gross margin contribution in the Products and Systems Integration segment as a result of the decline in public safety LMR and PCR sales, as well as lower margins on projects driven by a delay in engagements from COVID-19, partially offset by lower incentive costs; partially offset by
- higher gross margins within the Software and Services segment, inclusive of acquisitions, primarily driven by higher gross margin contribution from sales growth, driven by improved mix of service offerings and lower travel and incentive costs.

## Selling, General and Administrative Expenses

	Years ended December 31		
(In millions)	2020	2019	% Change
Selling, general and administrative expenses	\$ 1,293	\$ 1,403	(8)%

SG&A expenses decreased \$110 million, or 8% in 2020 compared to 2019. SG&A expenses were 17.4% of net sales in 2020 compared to 17.8% of net sales in 2019. The decrease in SG&A expenses was primarily due to reduced employee incentive costs, travel expenses, and indirect expenses. The overall reduction in SG&A expenses was partially offset by expenses associated with acquired businesses.

## Research and Development Expenditures

	Years ended December 31		
(In millions)	2020	2019	% Change
Research and development expenditures	\$ 686	\$ 687	— %

R&D expenditures remained consistent in 2020 compared to 2019. R&D expenditures were 9.3% of net sales in 2020 and 8.7% of net sales in 2019.

## Other Charges

	Years ended December 31		
(In millions)	2020	2019	
Other charges	\$ 246	\$ 260	

Other charges decreased by \$14 million in 2020 compared to 2019 primarily due to the following:

- \$50 million gain on sale of a manufacturing facility in Europe in 2020; partially offset by
- \$57 million of net reorganization of business charges in 2020 as compared to \$40 million in 2019 (see "Note 14: Reorganization of Businesses" to our consolidated financial statements in "Part II. Item 8. Financial Statements and Supplementary Data" of this Form 10-K for further information);
- \$215 million of amortization of intangibles in 2020 compared to \$208 million in 2019;
- \$9 million of legal settlements in 2020 compared to \$3 million in 2019;
- \$9 million of charges for acquisition-related transaction fees in 2020 as compared to \$3 million in 2019; and
- \$5 million of fixed asset impairments.

## Operating Earnings

	<i>Years ended December 31</i>	
<i>(In millions)</i>	2020	2019
Operating earnings from Products and Systems Integration	\$ 656	\$ 994
Operating earnings from Software and Services	727	587
Operating earnings	\$ 1,383	\$ 1,581

Operating earnings decreased \$198 million, or 13% in 2020 compared to 2019. The decrease in Operating earnings was due to:

- Products and Systems Integration decreased by \$338 million from 2020 to 2019 driven by lower sales and gross margin contribution, partially offset by lower operating expenses driven by lower employee incentive costs, indirect expenses, and travel expenses. The overall reduction in operating expenses was offset by: \$23 million higher reorganization of business expenses, \$11 million higher share-based compensation expenses and higher operating expenses from acquisitions.
- Software and Services segment increased by \$140 million from 2020 to 2019 driven by higher sales and gross margin contribution, along with reduced operating expenses due to operating leverage, inclusive of lower employee incentive costs and travel expenses. The overall reduction in operating expenses was partially offset by: \$6 million higher reorganization of business expenses, \$5 million higher intangible amortization driven by acquisitions and higher operating expenses from acquisitions.

## Interest Expense, net

	<i>Years ended December 31</i>	
<i>(In millions)</i>	2020	2019
Interest expense, net	\$ (220)	\$ (220)

Interest expense, net in 2020 compared to 2019 remained relatively consistent due to a one-time receipt of interest income related to a tax refund and lower interest rates on debt outstanding, offset by lower interest income earned on cash due to lower interest rates.

## Gains (losses) on Sales of Investments and Businesses, net

	<i>Years ended December 31</i>	
<i>(In millions)</i>	2020	2019
Gains on sales of investments and businesses, net	\$ (2)	\$ 5

The net gains (losses) in 2020 and 2019 were primarily related to the sales of various equity investments.

## Other, net

	<i>Years ended December 31</i>	
<i>(In millions)</i>	2020	2019
Other, net	\$ 13	\$ (365)

Net Other income (Loss) increased \$378 million in 2020 compared to 2019 primarily due to:

- \$359 million U.S pension settlement loss in 2019 (see "Note 8: Retirement Benefits" to our consolidated financial statements in "Part II. Item 8. Financial Statements and Supplementary Data" of this Form 10-K for further information);
- \$25 million gain on derivatives in 2020 compared to an \$8 million loss on derivatives in 2019;
- \$4 million of investment impairments in 2020 compared to \$18 million in 2019; partially offset by
- \$44 million of foreign currency losses in 2020 compared to \$22 million in 2019; and
- \$56 million of net losses from repurchases of long term debt in 2020 as compared to a loss of \$46 million in 2019 (see "Note 5: Debt and Credit Facilities" to our consolidated financial statements in "Part II. Item 8. Financial Statements and Supplementary Data" of this Form 10-K for further information).

## Effective Tax Rate

(In millions)	Years ended December 31	
	2020	2019
Income tax expense	\$ 221	\$ 130

Income tax expense increased by \$91 million in 2020 compared to 2019, for an effective tax rate of 18.8%, which is lower than the current U.S. federal statutory rate of 21% primarily due to:

- \$48 million of benefits due to the recognition of excess tax benefits on share-based compensation; and
- \$28 million of benefits due to the recognition of increased prior and current R&D tax credits.

Our effective tax rate in 2019 was 13.0%, which is lower than the current U.S. federal statutory rate of 21% primarily related to:

- a \$77 million benefit due to the partial release of a valuation allowance to our U.S. foreign tax credit carryforward (see "Note 7: Income Taxes" to our consolidated financial statements in "Part II. Item 8. Financial Statements and Supplementary Data" of this Form 10-K for further information); and
- \$27 million of benefits due to the recognition of excess tax benefits on share-based compensation.

## Reorganization of Businesses

In 2021, we recorded net reorganization of business charges of \$32 million relating to the separation of 600 employees, of which 200 were indirect employees and 400 were direct employees. The \$32 million of charges included \$8 million recorded to Cost of sales and \$24 million recorded to Other charges. Included in the aggregate \$32 million are charges of \$42 million for employee separation costs partially offset by \$10 million of reversals for accruals no longer needed.

During 2020, we recorded net reorganization of business charges of \$86 million relating to the separation of 1,200 employees, of which 400 were indirect employees and 800 were direct employees. The \$86 million of charges included \$29 million recorded to Cost of sales and \$57 million recorded to Other charges. Included in the aggregate \$86 million were charges of \$100 million for employee separation costs and \$2 million for exit costs, partially offset by \$16 million of reversals for accruals no longer needed.

During 2019, we recorded net reorganization of business charges of \$57 million relating to the separation of 700 employees, of which 500 were indirect employees and 200 were direct employees. The \$57 million of charges included \$17 million recorded to Cost of sales and \$40 million recorded to Other charges. Included in the aggregate \$57 million were charges of \$64 million for employee separation costs and \$5 million for exit costs, partially offset by \$12 million of reversals for accruals no longer needed.

The following table displays the net charges incurred by business segment due to such reorganizations:

Years ended December 31	2021	2020	2019
Products and Systems Integration	\$ 25	\$ 69	\$ 45
Software and Services	7	17	12
	<b>32</b>	<b>\$ 86</b>	<b>\$ 57</b>

Cash payments for employee severance in connection with the reorganization of business plans were \$77 million, \$85 million, and \$63 million in 2021, 2020, and 2019, respectively. The reorganization of business accruals for employee separation costs at December 31, 2021 were \$34 million which we expect to pay within one year.

## Liquidity and Capital Resources

	Years Ended December 31		
	2021	2020	2019
Cash flows provided by (used for):			
Operating activities	\$ 1,837	\$ 1,613	\$ 1,823
Investing activities	(742)	(437)	(934)
Financing activities	(429)	(966)	(1,144)
Effect of exchange rates on cash and cash equivalents	(46)	43	(1)
Increase (decrease) in cash and cash equivalents	\$ 620	\$ 253	\$ (256)

## **Cash and Cash Equivalents**

At December 31, 2021, \$1.3 billion of our \$1.9 billion cash and cash equivalents balance was held in the U.S. and \$568 million was held in other countries, with \$180 million held in the United Kingdom. Restricted cash was \$2 million at December 31, 2021 and December 31, 2020.

In 2021, we repatriated \$527 million in cash to the U.S. from international jurisdictions. We routinely repatriate a portion of non-U.S. earnings each year. We have recorded income tax expense for foreign withholding tax and distribution taxes on such earnings and, under current U.S. tax laws, do not expect to incur material incremental U.S. tax on repatriation.

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 due to local country approvals.

## **Operating Activities**

The increase in operating cash flows from 2020 to 2021 was driven by:

- an increase of operating earnings as a result of higher sales volume; partially offset by
- \$76 million of higher income tax payments.

The decrease in operating cash flows from 2019 to 2020 was driven by:

- a reduction of operating earnings as a result of lower sales volume;
- \$43 million of higher income tax payments; partially offset by
- improvements in working capital.

## **Investing Activities**

The increase in net cash used by investing activities from 2020 to 2021 was primarily due to:

- \$234 million increase in acquisitions and investments, driven by acquisitions of \$521 million in 2021 compared to \$287 million in 2020;
- \$50 million decrease in proceeds from the sale of property, plant and equipment in 2020 that did not recur in 2021; and
- \$26 million increase in capital expenditures in 2021 compared to 2020 due to higher expenditures for the Airwave and ESN networks.

The decrease in net cash used by investing activities from 2019 to 2020 was primarily due to:

- \$422 million decrease in acquisitions and investments, driven by acquisitions of \$287 million in 2020 compared to \$709 million in 2019;
- \$56 million increase in proceeds from the sale of property, plant and equipment driven by the sale of a European manufacturing facility in 2020; and
- \$31 million decrease in capital expenditures in 2020 compared 2019 due to lower expenditures for the Airwave and ESN networks.

## **Financing Activities**

The decrease in cash used by financing activities in 2021 compared to cash used by financing activities in 2020 was driven by (also see further discussion in "Debt," "Credit Facilities," "Share Repurchase Program" and "Dividends" in this section below):

- \$844 million net proceeds from the issuance of \$850 million of 2.75% senior notes due 2031 in the second quarter of 2021, which was subsequently used to repurchase \$324 million principal amount of our 3.5% senior notes due 2023 for a purchase price of \$341 million, excluding \$3 million of accrued interest; and
- \$528 million used for purchases under our share repurchase program in 2021 as compared to \$612 million in 2020; partially offset by
- \$482 million cash used for the payment of dividends in 2021 as compared to \$436 million in 2020.

The decrease in cash used by financing activities in 2020 compared to cash used by financing activities in 2019 was driven by:

- \$400 million used for the repayment of the term loan in 2019;
- \$1.0 billion received from the issuance of 1.75% senior convertible notes due 2024 in 2019 which was subsequently used for the settlement of \$1.1 billion of the 2.00% senior convertible notes, inclusive of the \$326 million conversion premium in 2019;
- \$804 million net proceeds from the issuance of \$800 million of 4.6% senior notes due 2029 in 2019, which was subsequently used to repurchase \$614 million principal amount of long-term debt under a tender offer and



\$150 million principal amount for the 3.5% senior notes due 2021 for a total purchase price of \$809 million in 2019;

- \$892 million net proceeds from the issuance of \$900 million of 2.30% senior notes due 2030 in the third quarter of 2020, which was subsequently used to repurchase \$552 million principal amount of 3.75% senior notes due 2022 and \$293 million principal amount of long-term debt under a tender offer for a total purchase price of \$897 million in 2020;
- \$800 million net proceeds from the draw on our syndicated, unsecured revolving credit facility during 2020 which was subsequently repaid during the year; partially offset by
- \$612 million used for purchases under our share repurchase program in 2020 as compared to \$315 million in 2019; and
- \$436 million cash used for the payment of dividends in 2020 as compared to \$379 million in 2019.

### Sales of Receivables

We may choose to sell accounts receivable and long-term receivables to third-parties under one-time arrangements. We 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, 2021, 2020, and 2019:

Years ended December 31	2021	2020	2019
Contract-specific discounting facility	\$ 211	\$ 228	\$ —
Accounts receivable sales proceeds	56	74	34
Long-term receivables sales proceeds	248	181	265
Total proceeds from receivable sales	\$ 515	\$ 483	\$ 299

During the year ended December 31, 2021, we utilized a cost-efficient receivable discounting facility, implemented in 2020, to neutralize the impact of increased payment terms under a renegotiated and extended long-term contract in Europe resulting in accounts receivable sales of \$211 million during the year ended December 31, 2021. The proceeds of our receivable sales are included in "Operating Activities" within our Consolidated Statements of Cash Flows.

At December 31, 2021, the Company had retained servicing obligations for \$940 million of long-term receivables, compared to \$983 million of long-term receivables at December 31, 2020. Servicing obligations are limited to collection activities related to the sales of accounts receivables and long-term receivables.

### Debt

We had outstanding long-term debt of \$5.7 billion and \$5.2 billion, including the current portions of \$5 million and \$12 million, at December 31, 2021 and December 31, 2020, respectively.

On September 5, 2019, in connection with our repurchase and settlement of the outstanding principal amount of 2.00% senior convertible notes due 2020 issued to Silver Lake Partners, we entered into an agreement with Silver Lake Partners to issue \$1.0 billion of 1.75% senior convertible notes which mature in September 2024 (the "Senior Convertible Notes"). Interest on these notes is payable semiannually. The Senior Notes became fully convertible on September 5, 2021. The notes are convertible based on a conversion rate of 4.9140 per \$1,000 principal amount (which is equal to an initial conversion price of \$203.50 per share). In November 2021, the Company's Board of Directors approved an irrevocable determination requiring the future settlement of the principal amount of the Senior Convertible Notes to be settled in cash. We recorded a debt liability associated with the Senior Convertible Notes by determining the fair value of an equivalent debt instrument without a conversion option. Using a discount rate of 2.45%, which was determined based on a review of relevant market data, we calculated the debt liability to be \$986 million, indicating a \$14 million discount to be amortized over the expected life of the debt instrument. As of December 31, 2021, the debt discount has been fully amortized as a component of interest expense. Our off-balance sheet arrangement of the obligation to settle the conversion option under the Senior Convertible Notes is more fully discussed in "Note 5: Debt and Credit Facilities" to our consolidated financial statements in "Part II. Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

In August of 2020, we issued \$900 million of 2.30% senior notes due 2030. We recognized net proceeds of \$892 million after debt issuance costs and debt discounts. A portion of these proceeds were then used to redeem \$552 million in principal amount outstanding of the 3.75% senior notes due 2022 for a redemption price of \$582 million, excluding \$7 million of accrued interest. The remaining proceeds were used to repurchase \$293 million in principal amount outstanding of our long-term debt under a tender offer, for a purchase price of \$315 million, excluding \$5 million of accrued interest. After accelerating the amortization of debt issuance costs and debt discounts, we recognized a loss of \$56 million related to the redemption and the repurchase in Other, net within Other income (expense) in our Consolidated Statements of Operations.



In May of 2021, we issued \$850 million of 2.75% senior notes due 2031. We recognized net proceeds of \$844 million after debt issuance costs. A portion of these proceeds was then used to redeem \$324 million in principal amount of our outstanding long-term debt for a purchase price of \$341 million, excluding \$3 million of accrued interest. After accelerating the amortization of debt issuance costs, we recognized a loss of \$18 million related to the redemption in Other, net within Other income (expense) in our Consolidated Statements of Operations.

We have an unsecured commercial paper program, backed by the revolving credit facility described below, under which we may issue unsecured commercial paper notes up to a maximum aggregate principal amount of \$2.2 billion outstanding at any one time. At maturity, the notes are paid back in full including the interest component. The notes are not redeemable prior to maturity. As of December 31, 2021, we had no outstanding debt under the commercial paper program.

### **Credit Facilities**

On March 24, 2021, we entered into a \$2.25 billion syndicated, unsecured revolving credit facility scheduled to mature in March 2026 (the "2021 Motorola Solutions Credit Agreement"). The 2021 Motorola Solutions Credit Agreement includes a letter of credit sub-limit and fronting commitments of \$450 million. Borrowings under the facility bear interest at the prime rate plus the applicable margin, or at a spread above the London Interbank Offered Rate ("LIBOR"), at our option. The 2021 Motorola Solutions Credit Agreement includes provisions allowing us to replace LIBOR with a replacement benchmark rate in the future under certain conditions defined in the agreement. An annual facility fee is payable on the undrawn amount of the credit line. The interest rate and facility fee are subject to adjustment if our credit rating changes. We must comply with certain customary covenants including a maximum leverage ratio, as defined in the 2021 Motorola Solutions Credit Agreement. We were in compliance with the financial covenants as of December 31, 2021.

### **Share Repurchase Program**

Through a series of actions, including approval in May 2021 to increase the authorized amount by \$2.0 billion, the Board of Directors has authorized an aggregate share repurchase amount of up to \$16.0 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, 2021, we used approximately \$13.9 billion of the share repurchase authority, including transaction costs, to repurchase shares, leaving approximately \$2.1 billion of authority available for future repurchases.

Our share repurchases, including transaction costs, for 2021, 2020, and 2019 are summarized as follows:

<i>Year</i>	<i>Shares Repurchased (in millions)</i>	<i>Average Price</i>	<i>Amount (in millions)</i>
2021	2.5	\$ 208.41	\$ 528
2020	3.9	155.93	612
2019	2.3	137.35	315

### **Dividends**

We paid cash dividends to holders of our common stock of \$482 million in 2021, \$436 million in 2020, and \$379 million in 2019. On January 14, 2022, we paid an additional \$134 million in cash dividends to holders of our common stock.

### **Adequate Internal Funding Resources**

We believe that we have adequate internal resources available to generate adequate amounts of cash to meet our expected working capital, capital expenditure and cash requirements for the next twelve months and the foreseeable future, as supported by the level of cash and cash equivalents in the U.S., the ability to repatriate funds from foreign jurisdictions, cash provided by operations, as well as liquidity provided by our commercial paper program backed by the 2021 Motorola Solutions Credit Agreement.

We do not anticipate a material decrease to net future cash flows generated from operations. We expect to use our available cash, investments, and debt facilities to support and invest in our business. This includes investing in our existing products and technologies, seeking new acquisition opportunities related to our strategic growth initiatives and returning cash to shareholders through common stock cash dividend payments (subject to the discretion of our Board of Directors) and share repurchases. Refer to "COVID-19" in this section of the Form 10-K for a discussion of the impact of COVID-19 on our liquidity, as well as "Part I. Item 1A. Risk Factors" for further discussion regarding access to the capital markets.

## Material Cash Requirements from Contractual and Other Obligations

Summarized in the table and text below are our short-term (within the next twelve months) and long-term material cash requirements as of December 31, 2021, which we expect to fund with a combination of operating cash flows, existing cash balances or, as needed, borrowings under new or existing debt:

(in millions)	Payments Due by Period			
	Short-term		Long-term	
Long-term debt obligations, gross <sup>(1)</sup>	\$	5	\$	5,737
Lease obligations <sup>(2)</sup>		136		345
Purchase obligations <sup>(3)</sup>		113		223
Total obligations	\$	254	\$	6,348

<sup>(1)</sup>Amounts included represent the estimated principal payments applicable to outstanding debt. Refer to "Note 5: Debt and Credit Facilities" in "Part II. Item 8. Financial Statements and Supplementary Data" of this Form 10-K for discussion related to our long-term debt obligations.

<sup>(2)</sup>We lease certain office, factory and warehouse space, land, and other equipment, principally under non-cancelable operating leases. In light of the uncertain COVID-19 environment, we are evaluating our needs for office space opportunities to reduce long-term cash requirements for office space where practicable. Refer to "Note 3: Leases" to our consolidated financial statements in "Part II. Item 8. Financial Statements and Supplementary Data" of this Form 10-K for further discussion of these material lease obligations.

<sup>(3)</sup>Amounts included represent firm, non-cancelable commitments. Such commitments include license agreements and 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. 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.

### Other Contingencies

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

**Indemnification Provisions:** We may provide indemnifications for losses that result from the breach of general warranties contained in certain commercial and intellectual property 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.

**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 or liquidity. However, an unfavorable resolution could have a material adverse effect on our results of operations in the periods in which the matters are ultimately resolved, or in the periods in which more information is obtained that changes management's opinion of the ultimate disposition.

### 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 \$56 million at December 31, 2021 and at December 31, 2020.

## Critical Accounting Policies and Estimates

This 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 ("GAAP"). 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. The Company believes that the following discussion addresses the Company's most critical accounting policies and estimates, which are those that are most important to the portrayal of the Company's financial condition and results of operations and require management's most difficult, subjective and complex judgments.

### ***Revenue Recognition***

We enter into arrangements which consist of multiple promises to our customers. We evaluate whether the promised goods and services are distinct or a series of distinct goods or services. Where contracts contain multiple performance obligations, we generally allocate the total estimated consideration to each performance obligation based on applying an estimated selling price ("ESP") as our best estimate of standalone selling price. We determine ESP by: (i) collecting all reasonably available data points including sales, cost and margin analyses of the product or services, 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 major product or service, type of customer, geographic market, and sales volume.

We account for certain system contracts on an over-time basis, electing an input method of estimated costs as a measure of performance completed. The selection of the measurement of progress using estimated costs was based on a thorough consideration of alternatives of various output and input measures, including contract milestones and labor hours. However, we have determined that other input and output measures are not an appropriate measure of progress as they do not accurately align with the transfer of control on our customized systems. The selection of costs incurred as a measure of progress aligns the transfer of control to the overall production of the customized system.

For system contracts accounted for over time using estimated costs as a measure of performance completed, we rely on estimates around the total estimated costs to complete the contract ("Estimated Costs at Completion"). Total Estimated Costs at Completion include direct labor, material and subcontracting costs. Due to the nature of the efforts required to be performed to meet the underlying performance obligation, determining Estimated Costs at Completion may be complex and subject to many variables. We have a standard and disciplined quarterly process in which management reviews the progress and performance of open contracts in order to determine the best estimate of Estimated Costs at Completion. 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 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 work to be performed, the availability and cost of materials, and performance by subcontractors, among other variables. Based on this analysis, any quarterly adjustment to net sales, cost of sales, and the related impact to operating income are recorded as necessary in the period they become known. When estimates of total costs to be incurred on a contract exceed estimates of total revenue to be earned, a provision for the entire loss on the contract is recorded in the period in which the loss is determined.

### ***Retirement Benefits***

Our benefit obligations and net periodic pension costs (benefits) associated with our domestic noncontributory pension plans ("U.S. Pension Benefit Plans"), our foreign noncontributory pension plans ("Non-U.S. Plans"), as well as our domestic postretirement health care plan ("Postretirement Health Care Benefits"), are determined using actuarial assumptions. The assumptions are based on management's best estimates, after consulting with outside investment advisors and actuaries.

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 costs (benefits) 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 (benefit) and the net postretirement health care benefit. Our investment return assumption for the U.S. Pension Benefit Plans was 6.75% in 2021 and 6.85% in 2020. Our investment return assumption for the Postretirement Health Care Benefits Plan was 6.75% in 2021 and 6.90% in 2020. Our weighted average investment return assumption for the Non-U.S. Plans was 4.54% in 2021 and 4.66% in 2020. For the U.S. Pension Benefit Plans, a 25 bps increase in expected return on plan assets would result in \$9 million of additional net periodic pension cost and a 25 bps decrease would result in a \$9 million benefit to net periodic pension cost. The impact of a similar increase or decrease on the Non-U.S. Plans and the Postretirement Health Care Benefits plan would be de minimis.

A second key assumption is the discount rate. The discount rate assumptions used for the U.S. Pension Benefit Plans, the Non-U.S. Plans and the Postretirement Health Care Benefits Plan 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 Benefit Plan obligations were 2.98% and 2.63% at December 31, 2021 and 2020, respectively. Our weighted average discount rates for measuring our Non-U.S. Plans were 1.82% and 1.24% at December 31, 2021 and 2020, respectively. Our discount rates for measuring the Postretirement Health Care Benefits Plan obligation were 2.78% and 2.39% at December 31, 2021 and 2020, respectively.

A change in our discount rate on the Postretirement Health Care Benefits Plan would be de minimis. The effects of a change in the discount rate on the projected benefit obligation for both the U.S. and Non-U.S. Pension Benefit Plans are as follows:

		<i>2021 Projected Benefit Obligation</i>	
<i>(in millions)</i>		<i>U.S. Pension Benefit Plans</i>	<i>Non-U.S. Pension Benefit Plans</i>
Discount rate	25 bps increase	\$ (184)	\$ (11)
	25 bps decrease	195	12

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, depending on the specific plan, we amortize gains and losses over periods ranging from nine to thirty years. Prior service costs are being amortized over periods ranging from two to thirty years. Benefits under all pension plans are valued based on the projected unit credit cost method.

### ***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: (i) adverse changes in macroeconomic conditions, (ii) adverse changes in the industry or market in which we transact, (iii) changes in cost factors negatively impacting earnings and cash flows, (iv) negative or declining overall financial performance, (v) events affecting the carrying value or composition of a reporting unit, or (vi) 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 Products and Systems Integration and Software and Services segments are comprised of three and two reporting units, respectively. 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 the fiscal years 2021, 2020, and 2019. 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 enterprise value, and entity-specific events. For fiscal years 2021, 2020, and 2019, we concluded it was more-likely-than-not that the fair value of each reporting unit exceeded its carrying value.

### ***Valuation of Deferred Tax Assets and Liabilities***

We use the asset and liability method of accounting for income taxes. Under this method, income tax expense is recognized for the amount of taxes payable or refundable for the current year. In addition, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. Management makes assumptions, judgments and estimates to determine our current and deferred tax provision and also the deferred tax assets and liabilities. We evaluate our deferred tax assets quarterly to determine if adjustments to our valuation allowance are required based on the consideration of all available positive and negative evidence.

Our assumptions, judgments and estimates for computing the income tax provision takes into account current tax laws, our interpretation of current tax law and possible outcomes of current and future audits conducted by foreign and domestic tax authorities. We believe such estimates to be reasonable; however, the final determination of certain audits could significantly impact the amounts provided for income taxes in our financial statements.

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

See "Note 1: Summary of Significant Accounting Policies" to our consolidated financial statements in "Part II. Item 8: Financial Statements and Supplementary Data" of this Form 10-K.

## Item 7A. Quantitative and Qualitative Disclosures About Market Risk

### Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our long-term debt as interest rate fluctuations impact the fair value of our long-term debt. As of December 31, 2021, we had \$5.7 billion of long-term debt, including the current portion, which is primarily priced at long-term, fixed interest rates. A hypothetical 10% decrease in interest rates as of the end of 2021 would have increased the fair value of our debt by approximately \$60 million at December 31, 2021. See "Note 5: Debt and Credit Facilities" to the consolidated financial statements included in "Part II. Item 8: Financial Statements and Supplementary Data" of this Form 10-K for more information on our long-term debt.

### Foreign Currency Risk

We are exposed to foreign currency risk as a result of buying and selling in various currencies, our net investments in foreign entities, and monetary assets and liabilities denominated in a currency other than the functional currency of the legal entity holding the instrument. 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.

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, net investments or monetary assets and liabilities 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. Our policy permits us to use forward contracts and options to hedge these currency exposures. In addition, we enter into derivative contracts for some forecasted transactions or net investments in some of our overseas entities, 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, 2021, we had outstanding foreign exchange contracts totaling \$1.1 billion, compared to \$1.2 billion outstanding at December 31, 2020. Management does not believe these financial instruments should subject it to undue risk due to foreign exchange movements because gains and losses on these contracts should generally offset gains and losses on the underlying assets, liabilities and transactions.

The following table shows the five largest net notional amounts of the positions to buy or sell foreign currency as of December 31, 2021 and the corresponding positions as of December 31, 2020:

<i>Net Buy (Sell) by Currency</i>	<i>Notional Amount</i>	
	<b>2021</b>	<b>2020</b>
Euro	\$ <b>164</b>	\$ 177
British pound	<b>128</b>	86
Norwegian krone	<b>28</b>	32
Chinese renminbi	<b>(89)</b>	(90)
Australian dollar	<b>(76)</b>	(88)

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. Currently, our derivative financial instruments consist primarily of currency forward contracts. Other monetary assets and liabilities denominated in a currency other than the functional currency of the legal entity consist primarily of cash, cash equivalents, accounts payable and accounts receivable. 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 at December 31, 2021 would reduce the value of those monetary assets and liabilities by approximately \$59 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.

## Item 8: Financial Statements and Supplementary Data

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# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Motorola Solutions, Inc.

## ***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Motorola Solutions, Inc. and its subsidiaries (the “Company”) as of December 31, 2021 and 2020, and the related consolidated statements of operations, of comprehensive income (loss), of stockholders’ equity (deficit), and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

## ***Basis for Opinions***

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting 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 audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

## ***Definition and Limitations of Internal Control over Financial Reporting***

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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

## ***Critical Audit Matters***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated



financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Revenue Recognition - Estimated Costs to Complete System Contracts*

As described in Note 1 to the consolidated financial statements, \$1.9 billion of the Company's total revenues for the year ended December 31, 2021 was generated from System contracts. The Company recognizes revenue on a significant portion of System contracts on an over-time basis, electing an input method of estimated costs as a measure of performance completed. For contracts accounted for over-time using estimated costs as a measure of performance completed, the Company relies on estimates of the total estimated costs to complete the contract ("Estimated Costs at Completion"). Total Estimated Costs at Completion include direct labor, material and subcontracting costs. Due to the nature of the efforts required to meet the underlying performance obligation, determining Estimated Costs at Completion may be complex and subject to many variables. As disclosed by management, management reviews the progress and performance of open contracts in order to determine the best estimate of Estimated Costs at Completion. 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 costs. The risks and opportunities include management's judgments about the ability and the cost to achieve the project schedule, technical requirements, and other contract requirements.

The principal considerations for our determination that performing procedures relating to the Estimated Costs at Completion for System contracts is a critical audit matter are the significant judgments by management when developing the Estimated Costs at Completion, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate management's estimates related to management's judgments about the cost to achieve the project schedule, technical requirements, and other contract requirements.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls over the determination of Estimated Costs at Completion. These procedures also included, among others, evaluating and testing management's process for determining the Estimated Costs at Completion for a sample of contracts. Management's process for determining the Estimated Costs at Completion was evaluated for reasonableness by (i) performing a comparison of the originally estimated and actual costs incurred on completed contracts; (ii) evaluating the timely identification of circumstances that may warrant a modification to Estimated Costs at Completion; and (iii) analyzing contracts and project schedules that support those estimates.

/s/ PricewaterhouseCoopers LLP  
Chicago, Illinois  
February 16, 2022

We have served as the Company's auditor since 2018.

## Consolidated Statements of Operations

Years ended December 31

<i>(In millions, except per share amounts)</i>	2021	2020	2019
Net sales from products	\$ 4,606	\$ 4,087	\$ 4,746
Net sales from services	3,565	3,327	3,141
Net sales	8,171	7,414	7,887
Costs of products sales	2,104	1,872	2,049
Costs of services sales	2,027	1,934	1,907
Costs of sales	4,131	3,806	3,956
Gross margin	4,040	3,608	3,931
Selling, general and administrative expenses	1,353	1,293	1,403
Research and development expenditures	734	686	687
Other charges	286	246	260
Operating earnings	1,667	1,383	1,581
Other income (expense):			
Interest expense, net	(208)	(220)	(220)
Gains (losses) on sales of investments and businesses, net	1	(2)	5
Other, net	92	13	(365)
Total other expense	(115)	(209)	(580)
Net earnings before income taxes	1,552	1,174	1,001
Income tax expense	302	221	130
Net earnings	1,250	953	871
Less: Earnings attributable to noncontrolling interests	5	4	3
Net earnings attributable to Motorola Solutions, Inc.	\$ 1,245	\$ 949	\$ 868
<i>Earnings per common share:</i>			
Basic:	\$ 7.36	\$ 5.58	\$ 5.21
Diluted:	7.17	5.45	4.95
<i>Weighted average common shares outstanding:</i>			
Basic	169.2	170.0	166.6
Diluted	173.6	174.1	175.6
Dividends declared per share	\$ 2.92	\$ 2.63	\$ 2.35

See accompanying notes to consolidated financial statements.

## Consolidated Statements of Comprehensive Income (Loss)

Years ended December 31

<i>(In millions)</i>	2021	2020	2019
Net earnings	\$ 1,250	\$ 953	\$ 871
Other comprehensive income (loss), net of tax (Note 4):			
Foreign currency translation adjustments	(24)	50	34
Defined benefit plans	91	(56)	291
Total other comprehensive income (loss), net of tax	67	(6)	325
Comprehensive income	1,317	947	1,196
Less: Earnings attributable to noncontrolling interests	5	4	3
Comprehensive income attributable to Motorola Solutions, Inc.	\$ 1,312	\$ 943	\$ 1,193

See accompanying notes to consolidated financial statements.

## Consolidated Balance Sheets

<i>(In millions, except par value)</i>	<i>December 31</i>	
	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,874	\$ 1,254
Accounts receivable, net	1,386	1,390
Contract assets	1,105	933
Inventories, net	788	508
Other current assets	259	242
Total current assets	5,412	4,327
Property, plant and equipment, net	1,042	1,022
Operating lease assets	382	468
Investments	209	158
Deferred income taxes	916	966
Goodwill	2,565	2,219
Intangible assets, net	1,105	1,234
Other assets	558	482
Total assets	\$ 12,189	\$ 10,876
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current portion of long-term debt	\$ 5	\$ 12
Accounts payable	851	612
Contract liabilities	1,650	1,554
Accrued liabilities	1,557	1,311
Total current liabilities	4,063	3,489
Long-term debt	5,688	5,163
Operating lease liabilities	313	402
Other liabilities	2,148	2,363
Preferred stock, \$100 par value: 0.5 shares authorized; none issued and outstanding	—	—
Common stock, \$0.01 par value:	2	2
Authorized shares: 600.0		
Issued shares: 12/31/21—169.6; 12/31/20—170.2		
Outstanding shares: 12/31/21—168.7; 12/31/20—169.4		
Additional paid-in capital	987	759
Retained earnings	1,350	1,127
Accumulated other comprehensive loss	(2,379)	(2,446)
Total Motorola Solutions, Inc. stockholders' equity (deficit)	(40)	(558)
Noncontrolling interests	17	17
Total stockholders' equity (deficit)	(23)	(541)
Total liabilities and stockholders' equity (deficit)	\$ 12,189	\$ 10,876

See accompanying notes to consolidated financial statements.

## Consolidated Statements of Stockholders' Equity (Deficit)

<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, 2019</b>	<b>164.0</b>	<b>\$ 421</b>	<b>\$ (2,765)</b>	<b>\$ 1,051</b>	<b>\$ 17</b>
Net earnings				868	3
ASU 2016-16 beginning balance adjustment				30	
Other comprehensive income			325		
Issuance of common stock and stock options exercised	2.4	122			
Share repurchase program	(2.3)			(315)	
Issuances of common stock for acquisition	1.4	160			
Share-based compensation expenses		118			
Issuance of common stock for 2.00% senior convertible notes	5.5	988			
Dividends paid to noncontrolling interest in subsidiary common stock					(3)
Equity component of 1.75% senior convertible notes		10			
Dividends declared				(395)	
Repurchase of 2.00% senior convertible notes		(1,318)			
<b>Balance as of December 31, 2019</b>	<b>171.0</b>	<b>\$ 501</b>	<b>\$ (2,440)</b>	<b>\$ 1,239</b>	<b>\$ 17</b>
Net earnings				949	4
Other comprehensive loss			(6)		
Issuance of common stock and stock options exercised	3.1	131			
Share repurchase program	(3.9)			(612)	
Share-based compensation expenses		129			
Dividends paid to noncontrolling interest in subsidiary common stock					(4)
Dividends declared				(449)	
<b>Balance as of December 31, 2020</b>	<b>170.2</b>	<b>\$ 761</b>	<b>\$ (2,446)</b>	<b>\$ 1,127</b>	<b>\$ 17</b>
Net earnings				1,245	5
Other comprehensive income			67		
Issuance of common stock and stock options exercised	1.9	99			
Share repurchase program	(2.5)			(528)	
Share-based compensation expenses		129			
Dividends paid to noncontrolling interest in subsidiary common stock					(5)
Dividends declared				(494)	
<b>Balance as of December 31, 2021</b>	<b>169.6</b>	<b>\$ 989</b>	<b>\$ (2,379)</b>	<b>\$ 1,350</b>	<b>\$ 17</b>

See accompanying notes to consolidated financial statements.

## Consolidated Statements of Cash Flows

(In millions)	Years ended December 31		
	2021	2020	2019
<b>Operating</b>			
Net earnings	\$ 1,250	\$ 953	\$ 871
Adjustments to reconcile Net earnings to Net cash provided by operating activities:			
Depreciation and amortization	438	409	394
Non-cash other charges (income)	3	(13)	35
U.S. pension settlement loss	—	—	359
Gain from the extinguishment of 2.00% senior convertible notes	—	—	(4)
Share-based compensation expense	129	129	118
Losses (gains) on sales of investments and businesses, net	(1)	2	(5)
Losses from the extinguishment of long-term debt	18	56	50
Changes in assets and liabilities, net of effects of acquisitions, dispositions, and foreign currency translation adjustments:			
Accounts receivable	3	90	(79)
Inventories	(284)	(14)	(74)
Other current assets and contract assets	(205)	167	49
Accounts payable, accrued liabilities, and contract liabilities	578	(116)	198
Other assets and liabilities	(126)	(25)	(5)
Deferred income taxes	34	(25)	(84)
Net cash provided by operating activities	1,837	1,613	1,823
<b>Investing</b>			
Acquisitions and investments, net	(521)	(287)	(709)
Proceeds from sales of investments	16	11	16
Capital expenditures	(243)	(217)	(248)
Proceeds from sales of property, plant and equipment	6	56	7
Net cash used for investing activities	(742)	(437)	(934)
<b>Financing</b>			
Net proceeds from issuance of debt	844	892	1,804
Repayment of debt	(353)	(914)	(2,039)
Repayment of unsecured revolving credit facility draw	—	(800)	—
Proceeds from unsecured revolving credit facility draw	—	800	—
Revolving credit facility renewal fees	(7)	—	—
Issuances of common stock	102	108	114
Purchases of common stock	(528)	(612)	(315)
Settlement of conversion premium on 2.00% senior convertible notes	—	—	(326)
Payment of dividends	(482)	(436)	(379)
Payment of dividends to noncontrolling interest	(5)	(4)	(3)
Net cash used for financing activities	(429)	(966)	(1,144)
Effect of exchange rate changes on cash and cash equivalents	(46)	43	(1)
Net increase (decrease) in cash and cash equivalents	620	253	(256)
Cash and cash equivalents, beginning of period	1,254	1,001	1,257
Cash and cash equivalents, end of period	\$ 1,874	\$ 1,254	\$ 1,001
<i>Supplemental Cash Flow Information</i>			
<b>Cash paid during the period for:</b>			
Interest, net	\$ 207	\$ 217	\$ 221
Income and withholding taxes, net of refunds	257	181	138

See accompanying notes to consolidated financial statements.

# 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, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, 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, and statements of stockholders' equity and cash flows for all periods presented.

**Use of Estimates:** 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 goods and services including the delivery of devices, systems and system integration and a full set of software and service offerings. The Company recognizes revenue to reflect the transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services.

The Products and Systems Integration segment is comprised of devices, systems, and systems integration for our LMR and Video Security and Access Control technologies. Direct customers of the Products and Systems Integration segment are typically government, public safety agencies, procuring at state, local, and federal levels as well as large commercial customers with secure mission-critical needs. Indirect customers are defined as customers purchasing professional commercial radios and video security, which are primarily sold through the Company's reseller partners to an end-customer base, composed of various industries where private communications networks and video security are used to secure operations and enable a mobile workforce. Contracts with the Company's customers are typically fixed fee, with consideration measured net of associated sales taxes, and, as it relates to our direct customers, funded through government appropriations. For Products and Systems Integration sales, the Company records consideration from shipping and handling on a gross basis within Net sales.

LMR and Video Security and Access Control devices include two-way portable and vehicle-mounted radios, fixed and mobile video cameras and accessories. Devices are considered capable of being distinct and distinct within the context of the Company's contracts. Revenue is recognized upon the transfer of control of the devices to the customer at a point in time, typically consistent with delivery under the applicable shipping terms. Devices are sold by both the direct sales force and through reseller partners. Revenue is generally recognized upon transfer of devices to reseller partners, rather than the end-customer, except for limited consignment arrangements. Provisions for returns and reseller discounts are made on a portfolio basis using historical data.

The Products and Systems Integration segment includes both customized radio networks and video security solutions, including the integration of these networks with devices, software, and applications within both LMR and Video Security and Access Control technologies. For systems contracts, revenue for the year ended December 31, 2021 was \$1.9 billion compared to \$1.8 billion for the year ended December 31, 2020 and \$1.9 billion for the year ended December 31, 2019. The networks include the aggregation of promises to the customer to provide i) a radio network core and central processing software, base stations, consoles, and repeaters or ii) a video security solution including video analytics, network video management hardware and software, and access control solutions. The individual promises of the radio network are not distinct in the context of the contract, as the Company provides a significant service of integrating and customizing the goods and services promised. The radio network represents a distinct performance obligation for which revenue is recognized over time, as the Company creates an asset with no alternative use and has an enforceable right to payment for work performed. The Company's revenue recognition over time is based on an input measure of costs incurred, which depicts the transfer of control to its customers under its contracts. Products and Systems Integration revenue is recognized over an average duration of approximately one to two years. Individual promises of the video security solution are capable of being distinct and distinct in the context of the contract. Video security solutions are traditionally sold through reseller partners, with contracts negotiated under fixed pricing. Revenue is recognized upon the transfer of control of the video solution to the reseller partners, typically upon shipment.

The Software and Services segment provides a full set of offerings for government, public safety and commercial communication networks. Direct customers of the Software and Services segment are typically government, public safety and first-responder agencies and municipalities. Indirect customers are commercial customers who distribute broadband push-to-talk services to a final end customer base. Contracts with our customers are typically fixed fee, with consideration measured net of associated sales taxes, and, as it relates to our direct customers, funded through government appropriations.

Software offerings primarily include Command Center Software and Video Security and Access Control software and services which can be delivered either "as a service" or on-premise. Solutions delivered as a service consist of a range of promises including hosted software, technical support and the right to unspecified future software enhancements. Software is not distinct from the hosting service since the customer does not have the right to take possession of the software at any time during the term of the arrangement. The hosted software, technical support, and right to unspecified future software enhancements each represent a series of distinct services that are delivered concurrently using the same over-time method. As such, the promises are accounted for as a single performance obligation with revenue recognized on a straight-line basis.



On-premise offerings consist of multiple promises primarily including software licenses and post-contract customer support. The promises are generally each distinct and distinct within the context of the contract as the customer benefits from each promise individually without any significant integration or interrelationship between the promises. On-premise software revenue is generally recognized at the point in time when the customer can benefit from the software which generally aligns with the beginning of the license period. Revenue for post-contract customer support is recognized over time as the customer simultaneously receives and consumes the services on a straight-line basis. In certain situations when the software license is not distinct within the context of the contract, revenue for the software license is recognized over time following the transfer of control under the arrangement.

Services include a continuum of service offerings beginning with repair, technical support and maintenance. More advanced offerings include: monitoring, software updates and cybersecurity services. Managed service offerings range from partial to full operation of customer-owned or Motorola Solutions-owned networks. Services are provided across all technologies and are both distinct and capable of being distinct in the context of the contract, representing a series of recurring services that the Company stands ready to perform over the contract term. Since services contracts typically allow for customers to terminate for convenience or for non-appropriations of fiscal funding, the contract term is generally considered to be limited to a monthly or annual basis, subject to customer renewal. While contracts with customers are typically fixed fee, certain managed services contracts may be subject to variable consideration related to the achievement of service level agreement performance measurements. The Company has not historically paid significant penalties under service level agreements, and accordingly, it does not constrain its contract price. Certain contracts may also contain variable consideration driven by the number of users. Revenue is typically recognized on services over time as a series of services performed over the contract term on a straight-line basis.

The Company enters into arrangements which consist of multiple promises to our customers. The Company evaluates whether the promised goods and services are distinct or a series of distinct goods or services. Where contracts contain multiple performance obligations, the Company generally allocates the total estimated consideration to each performance obligation based on applying an estimated selling price ("ESP") as our best estimate of standalone selling price. The Company determines ESP by: (i) collecting all reasonably available data points including sales, cost and margin analyses of the product or services, 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 major product or service, type of customer, geographic market, and sales volume.

The Company accounts for certain system contracts on an over-time basis, electing an input method of estimated costs as a measure of performance completed. The selection of the measurement of progress using estimated costs was based on a thorough consideration of alternatives of various output and input measures, including contract milestones and labor hours. However, the Company has determined that other input and output measures are not an appropriate measure of progress as they do not accurately align with the transfer of control on its customized systems. The selection of costs incurred as a measure of progress aligns the transfer of control to the overall production of the customized system.

For system contracts accounted for over time using estimated costs as a measure of performance completed, the Company relies on estimates around the total estimated costs to complete the contract ("Estimated Costs at Completion"). Total Estimated Costs at Completion include direct labor, material and subcontracting costs. Due to the nature of the efforts required to be performed to meet the underlying performance obligation, determining Estimated Costs at Completion may be complex and subject to many variables. The Company has a standard and disciplined quarterly process in which management reviews the progress and performance of open contracts in order to determine the best estimate of Estimated Costs at Completion. 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 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 work to be performed, the availability and cost of materials, and performance by subcontractors, among other variables. Based on this analysis, any quarterly adjustment to net sales, cost of sales, and the related impact to operating income are recorded as necessary in the period they become known. When estimates of total costs to be incurred on a contract exceed estimates of total revenue to be earned, a provision for the entire loss on the contract is recorded in the period in which the loss is determined.

**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 \$2 million at both December 31, 2021 and December 31, 2020.

**Investments:** The Company generally invests in debt and equity securities of a strategic nature.

The Company applies the equity method of accounting for equity investments if the Company has significant influence over the issuing entity. The Company's share of the investee's underlying net income or loss is recorded to Other within Other income (expense).

Equity securities with readily determinable fair values are carried at fair value with changes in fair value recorded in Other, net within Other income (expense). Equity securities without readily determinable fair values are carried at cost, less impairments, if any, and adjusted for observable price changes for the identical or a similar investment of the same issuer. The Company performs a qualitative impairment assessment to determine if such investments are impaired. The qualitative assessment considers all available information, including declines in the financial performance of the issuing entity, the issuing



entity's operating environment, and general market conditions. Impairments of equity securities without readily determinable fair values are recorded in Other, net within Other income (expense).

Investments in debt securities are classified as available-for-sale and held-to-maturity on the basis of the Company's intent and ability to hold the investments. Investments classified as available-for-sale are carried at fair value with changes reflected in other comprehensive income. Any credit-related impairment is recognized through an allowance for expected credit losses, and adjusted subsequently if conditions change, with a corresponding impact in earnings. Where there is an intention or a requirement to sell an impaired available-for-sale debt security, the entire impairment is recognized in earnings with a corresponding adjustment to the amortized cost basis of the security. Investments classified as held-to-maturity are carried at amortized cost less allowance for credit losses recorded through net income.

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

**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 (leasehold improvements, one to twenty years; machinery and equipment, one to fifteen years) and commences once the assets are ready for their intended use. When certain events or changes in operating conditions occur, useful lives of the assets may be adjusted or an impairment assessment may be performed on the recoverability of the carrying value.

**Goodwill and Intangible Assets:** Goodwill is assessed for impairment at least annually at the reporting unit, or more frequently if events or circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying value level. The Company performs its annual assessment of goodwill for impairment in the fourth quarter of each fiscal year, typically through a qualitative assessment. Indicators of impairment include: (i) macroeconomic conditions, (ii) industry and market conditions, (iii) cost factors, including product and selling, general and administrative costs, (iv) overall financial performance of the Company, (v) changes in share price, and (vi) other relevant company-specific events. If it is determined that it is more-likely-than-not that the fair value of the reporting unit is less than its carrying amount, the Company will perform a quantitative goodwill impairment test, which compares the fair value of the reporting unit to its carrying value. If the carrying amount of a reporting unit exceeds its fair value, the Company would recognize an impairment loss in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. 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 twenty years. The Company has no intangible assets with indefinite useful lives.

**Leases:** The Company leases certain office, factory and warehouse space, land and other equipment, principally under non-cancelable operating leases.

The Company determines if an arrangement is a lease at inception of the contract. The Company's key considerations in determining whether a contract is or contains a lease include establishing whether the supplier has the ability to use other assets to fulfill its service or whether the terms of the agreement enable the Company to control the use of a dedicated asset during the contract term. In the majority of the Company's contracts where it must identify whether a lease is present, it is readily determinable that the Company controls the use of the assets and obtains substantially all of the economic benefit during the term of the contract. In those contracts where identification is not readily determinable, the Company has determined that the supplier has either the ability to use another asset to provide the service or the terms of the contract give the supplier the right to operate the asset at its discretion during the term of the contract.

Right-of-use ("ROU") assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. The Company's lease payments are typically fixed or contain fixed escalators. The Company has elected to not separate lease and non-lease components for all of its current lease categories and therefore, all consideration is included in lease payments. For the Company's leases consisting of land and other equipment (i.e. "communication network sites"), future payments are subject to variability due to changes in indices or rates. The Company values its ROU assets and lease liabilities based on the index or rate in effect at lease commencement. Future changes in the indices or rates are accounted for as variable lease costs. Other variable lease costs include items that are not fixed at lease commencement including property taxes, insurance, and operating charges that vary based on usage. ROU assets also include lease payments made in advance and are net of lease incentives.

As the majority of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rates based on the information available at the commencement date in determining the present value of future payments. The Company's incremental borrowing rates are based on the term of the lease, the economic environment of the lease, and the effect of collateralization.

The Company's lease terms range from one to twenty-one years and may include options to extend the lease by one to ten years or terminate the lease after the initial non-cancelable term. The Company does not include options in the determination of the lease term for the majority of leases as sufficient economic factors do not exist that would compel it to continue to use the underlying asset beyond the initial non-cancelable term. However, for the Company's communication network site leases that are necessary to provide services to customers under managed service arrangements, the Company includes options in the lease term to the extent of the customer contracts to which those leases relate.

**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 comparable analysis. Assets held for sale, if any, are reported at the lower of the carrying amount or fair value less cost to sell.

**Income Taxes:** The Company records deferred income tax assets and liabilities based on the estimated future tax effects of differences between the financial and tax bases of assets and liabilities based on currently enacted tax laws. The Company's deferred and other tax balances are based on management's interpretation of the tax regulations and rulings in numerous tax jurisdictions. Income tax expenses and liabilities recognized by the Company also reflect its best estimates and assumptions regarding, among other things, the level of future taxable income, the effect of the Company's various tax planning strategies, and uncertain tax positions. Future tax authority rulings and changes in tax laws, changes in projected levels of taxable income, and future tax planning strategies could affect the actual effective tax rate and tax balances recorded by the Company.

**Long-Term Receivables:** Long-term receivables include trade receivables where contractual terms of the note agreement are greater than one year. The Company estimates credit losses on accounts receivable based on historical losses and then takes into account estimates of current and future economic conditions. Long-term receivables are considered past due if payments have not been received according to the contractual terms of the note agreement, including principal and interest. 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 restructuring for four consecutive quarters.

**Environmental Liabilities:** The Company maintains a liability related to ongoing remediation efforts of environmental media such as groundwater, soil, and soil vapor, as well as related legal fees for a designated Superfund site under the Comprehensive Environmental Response, Compensation and Liability Act (commonly known as the "Superfund Act") incurred by a legacy business. It is the Company's policy to re-evaluate the reserve when certain events become known that will impact the future cash payments. When the timing and amount of the future cash payments are fixed or reliably determinable, the Company discounts the future cash flows used in estimating the accrual using a risk-free treasury rate. The current portion of the estimated environmental liability is included in the Accrued liabilities statement line and the non-current portion is included in the Other liabilities statement line within the Company's Consolidated Balance Sheet.

**Foreign Currency:** Certain non-U.S. operations within the Company 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 income (loss) in the Company's Consolidated Balance Sheet. 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.

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 fluctuations, trading in currencies for which there are no underlying exposures, or entering into transactions for any currency to intentionally increase the underlying exposure.

The Company's strategy related to foreign exchange exposure management is to offset the gains or losses on the financial instruments against gains or losses on the underlying operational cash flows, net investments or monetary assets and liabilities 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 has entered into derivative contracts for some forecasted transactions or net investments in some of its overseas entities, 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.

**Derivative Instruments:** Gains and losses on hedging instruments that do not qualify for hedge accounting are recorded immediately in Other income (expense) within the Consolidated Statements of Operations. Gains and losses pertaining to instruments designated as net investment hedges that qualify for hedge accounting are recognized as a component of Accumulated other comprehensive income. Components excluded from the assessment of hedge ineffectiveness in net investment hedges are included in Accumulated other comprehensive income at their initial value and amortized into Interest expense, net on a straight-line basis.

**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. 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 and is measured using the fair value hierarchy. This hierarchy prescribes 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.

**Earnings Per Share:** The Company calculates its basic earnings per share based on the weighted-average number of 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 net earnings attributable to Motorola Solutions, Inc. for all periods presented.

**Share-Based Compensation Costs:** The Company grants share-based compensation awards and offers 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. Performance-based stock options, performance-contingent stock options, and market stock units vest based on market conditions and are therefore measured under a Monte Carlo simulation in order to simulate a range of possible future unit prices for Motorola Solutions over the performance period. Compensation cost for share-based awards is recognized on a straight-line basis over the vesting period.

**Defined Benefit Plans:** The Company records annual expenses relating to its defined benefit plans based on calculations which include various actuarial assumptions, including discount rates, assumed asset rates of return, compensation increases, and turnover rates. The Company reviews its actuarial assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends. Under relevant accounting rules, when almost all of the plan participants are considered inactive, the amortization period for certain unrecognized gains and losses changes from the average remaining service period to the average remaining lifetime of the participants. As such, depending on the specific plan, the Company amortizes gains and losses over periods ranging from nine to thirty years. Prior service costs will be amortized over periods ranging from two to thirty years. Benefits under all pension plans are valued based on the projected unit credit cost method.

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.

The benefit obligation and plan assets for the Company's U.S. Pension Benefit Plan and Postretirement Health Care Benefit Plan are measured as of December 31, 2021. The Company utilizes a five-year, market-related asset value method of recognizing asset related gains and losses.

#### **Recent Acquisitions:**

On December 16, 2021, the Company acquired 911 Datamaster, Inc. ("911 Datamaster"), a Next Generation 911 ("NG911") data solutions provider, for \$35 million, net of cash acquired. In addition, the Company issued restricted stock at a fair value of \$3 million to certain key employees that will be expensed over a service of two years. This acquisition reinforces the Company's strategy to be a leader in command center solutions and further supports 911 call centers' unique organizational workflows as they transition to NG911 technologies. The business is a part of the Software and Services segment.

On October 29, 2021, the Company acquired Envysion, Inc. ("Envysion"), a leader in enterprise video security and business analytics, for \$124 million, net of cash acquired. In addition, the Company issued restricted stock at a fair value of \$1 million to certain key employees that will be expensed over a service period of one year. This acquisition expands the Company's presence in the industry and reinforces the Company's strategy as a global leader in end-to-end video security solutions within Video Security and Access Control. The business is a part of both the Products and Systems Integration segment and the Software and Services segment.

On July 15, 2021, the Company acquired Openpath Security Inc. ("Openpath"), a cloud-based mobile access control provider for \$298 million, net of cash acquired. In addition, the Company issued restricted stock at a fair value of \$29 million to certain key employees that will be expensed over an average service period of three years. The transaction also includes the potential for the Company to make earn-out payments based on Openpath's achievement of certain financial targets from January 1, 2022 through December 31, 2022. This acquisition expands the Company's ability to combine video security and

access control solutions within Video Security and Access Control to help support enterprise customers. The business is a part of both the Products and Systems Integration segment and the Software and Services segment.

On August 28, 2020, the Company acquired the Callyo business ("Callyo"), a cloud-based mobile applications provider for law enforcement in North America for \$63 million, inclusive of share-based compensation withheld at a fair value of \$3 million that will be expensed over an average service period of two years. The acquisition was settled with \$61 million in cash, net of cash acquired. This acquisition adds to the Company's existing Command Center Software suite critical mobile technological capabilities that enable information to flow seamlessly from the field to the command center. The business is a part of the Software and Services segment.

On July 31, 2020, the Company acquired Pelco, Inc. ("Pelco"), a global provider of video security solutions for a purchase price of \$110 million. The acquisition was settled with \$107 million of cash, net of cash acquired. The acquisition demonstrates the Company's continued investment in Video Security and Access Control, adding a broad range of products that can be used in a variety of commercial and industrial environments and use cases. The business is part of both the Products and Systems Integration segment and the Software and Services segment.

On June 16, 2020 the Company acquired IndigoVision Group plc ("IndigoVision") for a purchase price of \$37 million. The acquisition was settled with \$35 million of cash, net of cash acquired and debt assumed. The acquisition complements the Company's Video Security and Access Control technology, providing enhanced geographical reach across a wider customer base. The business is a part of both the Products and Systems Integration segment and the Software and Services segment.

On April 30, 2020, the Company acquired a cybersecurity services business for \$32 million of cash, net of cash acquired. The acquisition expands the Company's ability to assist customers with cybersecurity needs through vulnerability assessments, cybersecurity consulting, and managed services including security monitoring of network operations. The business is a part of the Software and Services segment.

On March 3, 2020, the Company acquired a cybersecurity services business for \$40 million, inclusive of share-based compensation withheld at a fair value of \$6 million that will be expensed over a service period of two years. The acquisition was settled with \$33 million of cash, net of cash acquired. The acquisition expands the Company's ability to assist customers with cybersecurity needs through vulnerability assessments, cybersecurity consulting, managed services and remediation and response capabilities. The business is a part of the Software and Services segment.

On October 16, 2019, the Company acquired a data solutions business for vehicle location information for a purchase price of \$85 million, net of cash acquired. The acquisition enhances the Company's Video Security and Access Control technology by adding data to its existing license plate recognition ("LPR") database within the Software and Services segment.

On July 11, 2019, the Company acquired WatchGuard, Inc. ("WatchGuard"), a provider of in-car and body-worn video solutions for \$271 million, inclusive of share-based compensation withheld at a fair value of \$16 million that will be expensed over an average service period of two years. The acquisition was settled with \$250 million of cash, net of cash acquired. The acquisition expands the Company's Video Security and Access Control technology within both the Products and Systems Integration segment and the Software and Services segment.

On March 11, 2019, the Company acquired Avtec, Inc. ("Avtec"), a provider of dispatch communications for U.S. public safety and commercial customers for a purchase price of \$136 million in cash, net of cash acquired. This acquisition expands the Company's commercial portfolio with new capabilities, allowing it to offer an enhanced platform for customers to communicate, coordinate resources and secure their facilities. The business is part of both the Products and Systems Integration segment and the Software and Services segment.

On January 7, 2019, the Company announced that it acquired VaaS International Holdings ("VaaS"), a company that is a global provider of data and image analytics for vehicle location for \$445 million, inclusive of share-based compensation withheld at a fair value of \$38 million that will be expensed over an average service period of one year. The acquisition was settled with \$231 million of cash, net of cash acquired, and 1.4 million of shares issued at a fair value of \$160 million for a purchase price of \$391 million. This acquisition expands Video Security and Access Control within both the Products and Systems Integration segment and the Software and Services segment.

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

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-06, "Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40) - Accounting for Convertible Instruments and Contracts in an Entity's Own Equity," which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments. The new guidance removes the separation models for convertible debt with a cash conversion feature or a beneficial conversion feature. In addition, the new standard provides guidance on calculating the dilutive impact of convertible debt on earnings per share. The ASU clarifies that the average market price should be used to calculate the diluted earnings per share denominator when the exercise price or the number of shares that may be issued is variable. The ASU became effective for the Company on January 1, 2022, including interim periods, with early adoption permitted. The ASU permits the use of either a full or modified retrospective method of adoption. The Company does not expect the adoption to have a material impact on its financial statements and disclosures.

In October 2021, the FASB issued ASU No. 2021-08, "Business Combinations (Topic 805) - Accounting for Contract Assets and Contract Liabilities from Contracts with Customers," which will require companies to recognize and measure contract assets and contract liabilities relating to contracts with customers that are acquired in a business combination in accordance with ASC



Topic 606. Under current GAAP, an acquirer generally recognizes assets acquired and liabilities assumed in a business combination, including contract assets and contract liabilities arising from revenue contracts with customers, at fair value on the acquisition date. ASU No. 2021-08 will result in the acquirer recording acquired contract assets and liabilities on the same basis that would have been recorded by the acquiree before the acquisition under ASC Topic 606. The ASU is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company adopted this ASU as of January 1, 2022 on a prospective basis and the adoption impact of the new standard will depend on the magnitude of future acquisitions. The standard will not impact acquired contract assets or liabilities from business combinations occurring prior to the adoption date.

In November 2021, the FASB issued ASU No. 2021-10, "Government Assistance (Topic 832) – Disclosures by Business Entities about Government Assistance." This ASU requires disclosures that are expected to increase the transparency of transactions with a governmental entity accounted for by applying a grant or contribution accounting model by analogy, including disclosures around: (1) the types of transactions, (2) the accounting for those transactions, and (3) the effect of those transactions on an entity's financial statements. The ASU is effective for the Company on January 1, 2022, including interim periods, with early adoption permitted. The Company adopted this ASU as of January 1, 2022 on a prospective basis and does not expect it to have a material impact on its financial statements and disclosures.

## 2. Revenue from Contracts with Customers

### Disaggregation of Revenue

In January 2022 the Company began using LMR Communications, eliminating the "Mission Critical" descriptor from LMR Mission Critical Communications, to enhance investor understanding; this name change does not require any financial information to be reclassified from previous periods.

The following table summarizes the disaggregation of our revenue by segment, geography, major product and service type and customer type for the years ended December 31, 2021, 2020 and 2019, consistent with the information reviewed by our chief operating decision maker for evaluating the financial performance of reportable segments:

(in millions)	Years Ended								
	2021			2020			2019		
	Products and Systems Integration	Software and Services	Total	Products and Systems Integration	Software and Services	Total	Products and Systems Integration	Software and Services	Total
<b>Regions</b>									
North America	\$ 3,723	\$ 1,838	\$ 5,561	\$ 3,418	\$ 1,606	\$ 5,024	\$ 3,846	\$ 1,430	\$ 5,276
International	1,310	1,300	2,610	1,216	1,174	2,390	1,483	1,128	2,611
	<u>\$ 5,033</u>	<u>\$ 3,138</u>	<u>\$ 8,171</u>	<u>\$ 4,634</u>	<u>\$ 2,780</u>	<u>\$ 7,414</u>	<u>\$ 5,329</u>	<u>\$ 2,558</u>	<u>\$ 7,887</u>
<b>Major Products and Services</b>									
LMR Communications	\$ 4,203	\$ 2,205	\$ 6,408	\$ 3,992	\$ 2,008	\$ 6,000	\$ 4,830	\$ 1,891	\$ 6,721
Video Security and Access Control	830	396	1,226	642	285	927	499	210	709
Command Center Software	—	537	537	—	487	487	—	457	457
	<u>\$ 5,033</u>	<u>\$ 3,138</u>	<u>\$ 8,171</u>	<u>\$ 4,634</u>	<u>\$ 2,780</u>	<u>\$ 7,414</u>	<u>\$ 5,329</u>	<u>\$ 2,558</u>	<u>\$ 7,887</u>
<b>Customer Type</b>									
Direct	\$ 3,147	\$ 2,842	\$ 5,989	\$ 2,991	\$ 2,558	\$ 5,549	\$ 3,441	\$ 2,395	\$ 5,836
Indirect	1,886	296	2,182	1,643	222	1,865	1,888	163	2,051
	<u>\$ 5,033</u>	<u>\$ 3,138</u>	<u>\$ 8,171</u>	<u>\$ 4,634</u>	<u>\$ 2,780</u>	<u>\$ 7,414</u>	<u>\$ 5,329</u>	<u>\$ 2,558</u>	<u>\$ 7,887</u>

### Remaining Performance Obligations

Remaining performance obligations represent the revenue that is expected to be recognized in future periods related to performance obligations that are unsatisfied, or partially unsatisfied, as of the end of a period. The transaction value associated with remaining performance obligations which were not yet satisfied as of December 31, 2021 was \$9.2 billion. A total of \$4.0 billion was from Products and Systems Integration performance obligations that were not yet satisfied, of which \$2.2 billion is expected to be recognized in the next twelve months. The remaining amounts will generally be satisfied over time as systems are implemented. A total of \$5.2 billion was from Software and Services performance obligations that were not yet satisfied as of December 31, 2021. The determination of Software and Services performance obligations that are not satisfied takes into

account a contract term that may be limited by the customer's ability to terminate for convenience. Where termination for convenience exists in the Company's services contracts, its disclosure of the remaining performance obligations that are unsatisfied assumes the contract term is limited until renewal. The Company expects to recognize \$1.6 billion from unsatisfied Software and Services performance obligations over the next twelve months, with the remaining performance obligations to be recognized over time as services are performed and software is implemented.

Payment terms on system contracts are typically tied to implementation milestones associated with progress on contracts, while revenue recognition is over time based on a cost-to-cost method of measuring performance. The Company may recognize a contract asset or contract liability, depending on whether revenue has been recognized in excess of billings or billings in excess of revenue. Services contracts are typically billed in advance, generating Contract liabilities until the Company has performed the services. The Company does not record a financing component to contracts when it expects, at contract inception, that the period between the transfer of a promised good or service and related payment terms are less than a year.

### **Contract Balances**

<i>December 31 (in millions)</i>	<b>2021</b>		<b>2020</b>		<b>2019</b>	
Accounts receivable, net	\$	<b>1,386</b>	\$	1,390	\$	1,412
Contract assets		<b>1,105</b>		933		1,046
Contract liabilities		<b>1,650</b>		1,554		1,449
Non-current contract liabilities		<b>306</b>		283		274

Revenue recognized during the year ended December 31, 2021 which was previously included in Contract liabilities as of January 1, 2021 was \$1.0 billion, compared to \$946 million of revenue recognized during the year ended December 31, 2020 which was previously included in Contract liabilities as of January 1, 2020, and \$854 million of revenue recognized during the year ended December 31, 2019 which was previously included in Contract liabilities as of January 1, 2019. Revenue of \$4 million was reversed during the year ended December 31, 2021 related to performance obligations satisfied, or partially satisfied, in previous periods, primarily driven by changes in the estimates of progress on system contracts, compared to \$53 million during the year ended December 31, 2020 and \$50 million during the year ended December 31, 2019.

There have been no material expected credit losses recognized on contract assets during the year ended December 31, 2021.

### **Contract Cost Balances**

<i>December 31 (in millions)</i>	<b>2021</b>		<b>2020</b>		<b>2019</b>	
Current contract cost assets	\$	<b>30</b>	\$	23	\$	24
Non-current contract cost assets		<b>124</b>		105		107

Contract cost assets represent incremental costs to obtain a contract, primarily related to the Company's sales incentive plans, and certain costs to fulfill contracts. Contract cost assets are amortized into expense over a period that follows the passage of control to the customer over time. Incremental costs to obtain a contract with the Company's sales incentive plans are accounted for under a portfolio approach, with amortization ranging from one year to eight years to approximate the recognition of revenues over time. Where incremental costs to obtain a contract will be recognized in one year or less, the Company applies a practical expedient around expensing amounts as incurred. Amortization of contract cost assets was \$52 million for the year ended December 31, 2021, compared to \$49 million as of the year ended December 31, 2020 and \$42 million as of the year ended December 31, 2019.

### 3. Leases

The Company leases certain office, factory and warehouse space, land and other equipment, principally under non-cancelable operating leases.

#### Components of Lease Expense

<i>(in millions)</i>	<b>December 31, 2021</b>	December 31, 2020
Lease expense:		
Operating lease cost	\$ 133	\$ 130
Finance lease cost		
Amortization of right-of-use assets	\$ 10	\$ 11
Interest on lease liabilities	—	1
Total finance lease cost	\$ 10	\$ 12
Short-term lease cost		
Short-term lease cost	\$ 2	\$ 3
Variable cost	36	37
Sublease income	(7)	(5)
Net lease expense	\$ 174	\$ 177

#### Lease Assets and Liabilities

<i>(in millions)</i>	<i>Statement Line Classification</i>	<b>December 31, 2021</b>	December 31, 2020
Assets:			
Operating lease assets	Operating lease assets	\$ 382	\$ 468
Finance lease assets	Property, plant, and equipment, net	16	30
		\$ 398	\$ 498
Current liabilities:			
Operating lease liabilities	Accrued liabilities	\$ 124	\$ 126
Finance lease liabilities	Current portion of long-term debt	4	11
		\$ 128	\$ 137
Non-current liabilities:			
Operating lease liabilities	Operating lease liabilities	\$ 313	\$ 402
Finance lease liabilities	Long-term debt	—	5
		\$ 313	\$ 407

For the year ended December 31, 2020, the Company exercised a break option reducing the term of an International office lease by five years. This resulted in a reduction to both the Operating lease asset and Operating lease liabilities by approximately \$47 million.

#### Other Information Related to Leases

<i>(in millions)</i>	<b>December 31, 2021</b>	December 31, 2020
Supplemental cash flow information:		
Net cash used for operating activities related to operating leases	\$ 145	\$ 144
Net cash used for operating activities related to finance leases	—	1
Net cash used for financing activities related to finance leases	11	12
Assets obtained in exchange for lease liabilities:		
Operating leases	\$ 40	\$ 84

**December 31, 2021**    December 31, 2020

Weighted average remaining lease terms (years):		
Operating leases	<b>6</b>	6
Finance leases	<b>1</b>	2
Weighted average discount rate:		
Operating leases	<b>3.11 %</b>	3.30 %
Finance leases	<b>3.99 %</b>	4.21 %

### **Future Lease Payments**

<i>December 31 (in millions)</i>	Operating Leases	Finance Leases	Total
2022	\$ 136	\$ 4	\$ 140
2023	82	—	82
2024	67	—	67
2025	53	—	53
2026	41	—	41
Thereafter	102	—	102
<b>Total lease payments</b>	<b>\$ 481</b>	<b>\$ 4</b>	<b>\$ 485</b>
Less: Interest	44	—	44
<b>Present value of lease liabilities</b>	<b>\$ 437</b>	<b>\$ 4</b>	<b>\$ 441</b>

## **4. Other Financial Data**

### **Statement of Operations Information**

#### **Other Charges (Income)**

Other charges (income) included in Operating earnings consist of the following:

<i>Years ended December 31 (in millions)</i>	<b>2021</b>	2020	2019
Other charges (income):			
Intangibles amortization (Note 15)	<b>\$ 236</b>	\$ 215	\$ 208
Reorganization of businesses (Note 14)	<b>24</b>	57	40
Losses on legal settlements	<b>3</b>	9	3
Asset impairments	—	5	—
Gain on sale of property, plant, and equipment	—	(50)	—
Operating lease asset impairments	<b>10</b>	—	5
Acquisition-related transaction fees	<b>15</b>	9	3
Other	<b>(2)</b>	1	1
	<b>\$ 286</b>	\$ 246	\$ 260

During the year ended December 31, 2021, the Company recognized \$10 million of operating lease impairments primarily relating to the consolidation of acquired U.S. manufacturing and distribution facilities. This loss has been recognized in Other charges in the Company's Consolidated Statements of Operations. During 2020, the Company recorded a \$50 million gain on the sale of a manufacturing facility in Europe.



## Other Income (Expense)

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

<i>Years ended December 31 (in millions)</i>	<b>2021</b>	2020	2019
<b>Interest expense, net:</b>			
Interest expense	\$ (215)	\$ (233)	\$ (237)
Interest income	7	13	17
	<u>\$ (208)</u>	<u>\$ (220)</u>	<u>\$ (220)</u>
<b>Other, net:</b>			
Net periodic pension and postretirement benefit (Note 8)	\$ 123	\$ 81	\$ 78
Loss from the extinguishment of long-term debt (Note 5)	(18)	(56)	(50)
Gains from the extinguishment of 2.00% senior convertible notes (Note 5)	—	—	4
Investment impairments	—	(4)	(18)
Foreign currency gain (loss)	17	(44)	(22)
Gain (loss) on derivative instruments	(30)	25	(8)
Gains on equity method investments	5	3	3
Fair value adjustments to equity investments	(8)	6	(3)
U.S. pension settlement (Note 8)	—	—	(359)
Other	3	2	10
	<u>\$ 92</u>	<u>\$ 13</u>	<u>\$ (365)</u>

## Earnings Per Common Share

Basic and diluted earnings per common share from net earnings attributable to Motorola Solutions, Inc. are computed as follows:

<i>Years ended December 31</i>	<i>Amounts attributable to Motorola Solutions, Inc. common stockholders</i>		
	<i>Net Earnings</i>		
	<b>2021</b>	2020	2019
<b>Basic earnings per common share:</b>			
Earnings	\$ 1,245	\$ 949	\$ 868
Weighted average common shares outstanding	169.2	170.0	166.6
Per share amount	<u>\$ 7.36</u>	<u>\$ 5.58</u>	<u>\$ 5.21</u>
<b>Diluted earnings per common share:</b>			
Earnings	\$ 1,245	\$ 949	\$ 868
Weighted average common shares outstanding	169.2	170.0	166.6
<b>Add effect of dilutive securities:</b>			
Share-based awards	4.0	4.1	4.7
2.00% senior convertible notes	—	—	4.3
1.75% senior convertible notes	0.4	—	—
Diluted weighted average common shares outstanding	173.6	174.1	175.6
Per share amount	<u>\$ 7.17</u>	<u>\$ 5.45</u>	<u>\$ 4.95</u>

In the computation of diluted earnings per common share for the year ended December 31, 2021, the assumed exercise of 0.2 million options, including 0.1 million subject to market-based contingent option agreements, were excluded because their inclusion would have been antidilutive. In the computation of diluted earnings per common share for the year ended December 31, 2020, the assumed exercise of 0.4 million options, including 0.1 million subject to market-based contingent option agreements, were excluded because their inclusion would have been antidilutive. In the computation of diluted earnings per common share for the year ended December 31, 2019, the assumed exercise of 0.3 million options, including 0.1 million subject to market-based contingent option agreements, were excluded because their inclusion would have been antidilutive.

As of December 31, 2021, the Company had \$1.0 billion of 1.75% senior convertible notes outstanding which mature on September 15, 2024 ("Senior Convertible Notes"). The notes became fully convertible as of September 5, 2021. The notes are convertible based on a conversion rate of 4.9140 per \$1,000 principal amount (which is equal to an initial conversion price of \$203.50 per share), adjusted for dividends declared through the date of settlement. In November 2021, the Company's Board of

Directors approved an irrevocable determination requiring the future settlement of the principal amount of the Senior Convertible Notes to be settled in cash. Because the company has irrevocably decided to settle the principal amount of the Senior Convertible Notes in cash, the Company did not reflect any shares underlying the Senior Convertible Notes in its diluted weighted average shares outstanding until the average stock price per share for the period exceeded the conversion price, which first occurred for the year ended December 31, 2021. The Company included the number of shares that would be issuable upon conversion (under the treasury stock method of accounting for share dilution) in the Company's computation of diluted earnings per share, based on the amount by which the average stock price exceeded the conversion price for the period ended December 31, 2021. The value by which the Senior Convertible Notes exceeded their principal amount if converted as of December 31, 2021 was \$286 million. Refer to "Note 5: Debt and Credit Facilities" for a further discussion of the Senior Convertible Notes.

### **Balance Sheet Information**

#### **Accounts Receivable, Net**

Accounts receivable, net, consists of the following:

<i>December 31</i>	<b>2021</b>	2020
Accounts receivable	\$ 1,456	\$ 1,465
Less allowance for credit losses	(70)	(75)
	<b>\$ 1,386</b>	<b>\$ 1,390</b>

#### **Inventories, Net**

Inventories, net, consist of the following:

<i>December 31</i>	<b>2021</b>	2020
Finished goods	\$ 268	\$ 271
Work-in-process and production materials	643	360
	<b>911</b>	631
Less inventory reserves	(123)	(123)
	<b>\$ 788</b>	<b>\$ 508</b>

#### **Other Current Assets**

Other current assets consist of the following:

<i>December 31</i>	<b>2021</b>	2020
Current contract cost assets (Note 2)	\$ 30	\$ 23
Tax-related deposits (Note 7)	41	52
Other	188	167
	<b>\$ 259</b>	<b>\$ 242</b>

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

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

<i>December 31</i>	<b>2021</b>	2020
Land	\$ 5	\$ 6
Leasehold improvements	474	439
Machinery and equipment	2,439	2,276
	<b>2,918</b>	2,721
Less accumulated depreciation	(1,876)	(1,699)
	<b>\$ 1,042</b>	<b>\$ 1,022</b>

Depreciation expense for the years ended December 31, 2021, 2020, and 2019 was \$202 million, \$194 million and \$186 million, respectively.

## Investments

Investments consist of the following:

<i>December 31</i>	<b>2021</b>	<b>2020</b>
Common stock	\$ 69	\$ 19
Strategic investments, at cost	35	46
Company-owned life insurance policies	81	77
Equity method investments	24	16
	<u>\$ 209</u>	<u>\$ 158</u>

The Company's common stock portfolio reflects investments in publicly-traded companies within the communications services sector and is valued utilizing active market prices for similar instruments. During the year ended December 31, 2021, the Company paid \$50 million for equity securities of NewHold Investment Corp. ("NHIC"), a special purpose acquisition company ("SPAC") that completed a business combination with Evolv Technologies, Inc. After the business combination, NHIC was renamed "Evolv Technologies Holdings, Inc." (together with its subsidiaries, "Evolv"). During the year ended December 31, 2021, the Company recognized a loss of \$30 million in Other income (expense) related to a decrease in the fair value of the investment.

Strategic investments include investments in non-public technology-driven startup companies. Strategic investments do not have a readily determinable fair value and are recorded at cost, less any impairment, and adjusted for changes resulting from observable, orderly transactions for identical or similar securities. The Company did not recognize any significant adjustments to the recorded cost basis during the year ended December 31, 2021.

The Company recorded a gain on the sale of investments and businesses of \$1 million during the year ended December 31, 2021, a loss on the sale of investments and businesses of \$2 million for the year ended December 31, 2020 and a gain on sale of investments and businesses of \$5 million during the year ended December 31, 2019.

During the year ended December 31, 2021, the Company recorded no investment impairment charges, compared to \$4 million during the year ended December 31, 2020 and \$18 million during the year ended December 31, 2019, representing other-than-temporary declines in the value of the Company's strategic equity investment portfolio.

## Other Assets

Other assets consist of the following:

<i>December 31</i>	<b>2021</b>	<b>2020</b>
Defined benefit plan assets (Note 8)	\$ 365	\$ 283
Non-current contract cost assets (Note 2)	124	105
Other	69	94
	<u>\$ 558</u>	<u>\$ 482</u>

## Accrued Liabilities

Accrued liabilities consist of the following:

<i>December 31</i>	<b>2021</b>	<b>2020</b>
Compensation	\$ 360	\$ 291
Tax liabilities (Note 7)	183	147
Dividend payable	134	120
Trade liabilities	235	164
Operating lease liabilities (Note 3)	124	126
Other	521	463
	<u>\$ 1,557</u>	<u>\$ 1,311</u>

## Other Liabilities

Other liabilities consist of the following:

<i>December 31</i>	<b>2021</b>	<b>2020</b>
Defined benefit plans (Note 8)	\$ 1,390	\$ 1,578
Non-current contract liabilities (Note 2)	306	283
Unrecognized tax benefits (Note 7)	36	49
Deferred income taxes (Note 7)	183	180
Other	233	273
	<b>\$ 2,148</b>	<b>\$ 2,363</b>

## Stockholders' Equity Information

**Share Repurchase Program:** Through a series of actions, including approval in May 2021 to increase the authorized amount by \$2.0 billion, the Board of Directors has authorized the Company to repurchase in the aggregate up to \$16.0 billion of its outstanding shares of common stock (the "share repurchase program"). The share repurchase program does not have an expiration date. As of December 31, 2021, the Company had used approximately \$13.9 billion of the share repurchase authority, including transaction costs, to repurchase shares, leaving \$2.1 billion of authority available for future repurchases.

The Company's share repurchases, including transaction costs, for 2021, 2020, and 2019 can be summarized as follows:

<i>Year</i>	<i>Shares Repurchased (in millions)</i>	<i>Average Price</i>	<i>Amount (in millions)</i>
2021	2.5	\$ 208.41	\$ 528
2020	3.9	155.93	612
2019	2.3	137.35	315

**Payment of Dividends:** On November 18, 2021, the Company announced that its Board of Directors approved an increase in the quarterly cash dividend from \$0.71 per share of common stock to \$0.79 per share of common stock. During the years ended December 31, 2021, 2020, and 2019 the Company paid \$482 million, \$436 million, and \$379 million, respectively, in cash dividends to holders of its common stock. On January 14, 2022, the Company paid an additional \$134 million in cash dividends to holders of its common stock.

## Accumulated Other Comprehensive Loss

The following table displays the changes in Accumulated other comprehensive loss, including amounts reclassified into income, and the affected line items in the Consolidated Statements of Operations during the years ended December 31, 2021, 2020, and 2019:

	<i>Years ended December 31</i>		
	<b>2021</b>	2020	2019
<b>Foreign Currency Translation Adjustments:</b>			
Balance at beginning of period	\$ (360)	\$ (410)	\$ (444)
Other comprehensive income (loss) before reclassification adjustment	(30)	55	35
Tax benefit (expense)	6	(5)	(1)
Other comprehensive income (loss), net of tax	(24)	50	34
Balance at end of period	<u>\$ (384)</u>	<u>\$ (360)</u>	<u>\$ (410)</u>
<b>Defined Benefit Plans:</b>			
Balance at beginning of period	\$ (2,086)	\$ (2,030)	\$ (2,321)
Other comprehensive income (loss) before reclassification adjustment	37	(130)	337
Tax benefit (expense)	(7)	30	(85)
Other comprehensive income (loss) before reclassification adjustment, net of tax	30	(100)	252
Reclassification adjustment - Actuarial net losses into Other income (expense)	89	76	65
Reclassification adjustment - Prior service benefits into Other income (expense)	(8)	(18)	(15)
Tax expense	(20)	(14)	(11)
Reclassification adjustments into Net earnings, net of tax	61	44	39
Other comprehensive income (loss), net of tax	91	(56)	291
Balance at end of period	<u>\$ (1,995)</u>	<u>\$ (2,086)</u>	<u>\$ (2,030)</u>
Total Accumulated other comprehensive loss	<u>\$ (2,379)</u>	<u>\$ (2,446)</u>	<u>\$ (2,440)</u>

## 5. Debt and Credit Facilities

### Long-Term Debt

December 31	2021	2020
3.5% senior notes due 2023	\$ —	\$ 323
4.0% senior notes due 2024	585	583
1.75% senior convertible notes due 2024	1,000	995
6.5% debentures due 2025	70	70
7.5% debentures due 2025	252	252
4.6% senior notes due 2028	693	692
6.5% debentures due 2028	24	24
4.6% senior notes due 2029	803	803
2.3% senior notes due 2030	893	892
2.75% senior notes due 2031	844	—
6.625% senior notes due 2037	38	37
5.5% senior notes due 2044	396	396
5.22% debentures due 2097	92	92
Other long-term debt	5	18
	<b>5,695</b>	<b>5,177</b>
Adjustments for unamortized gains on interest rate swap terminations	(2)	(2)
Less: current portion	(5)	(12)
Long-term debt	<b>\$ 5,688</b>	<b>\$ 5,163</b>

On September 5, 2019, in connection with the Company's repurchase and settlement of the outstanding principal amount of 2.00% senior convertible notes due 2020 issued to Silver Lake Partners, the Company entered into an agreement with Silver Lake Partners to issue the Senior Convertible Notes. Interest on these notes is payable semiannually. The notes became fully convertible as of September 5, 2021. The notes are convertible based on a conversion rate of 4.9140 per \$1,000 principal amount (which is equal to an initial conversion price of \$203.50 per share). The Company recorded a debt liability associated with the Senior Convertible Notes by determining the fair value of an equivalent debt instrument without a conversion option. Using a discount rate of 2.45%, which was determined based on a review of relevant market data, the Company calculated the debt liability to be \$986 million, indicating a \$14 million discount to be amortized over the expected life of the debt instrument. As of December 31, 2021, the debt discount had been fully amortized as a component of interest expense. In November 2021, the Company's Board of Directors approved an irrevocable determination requiring the future settlement of the principal amount of the Senior Convertible Notes to be settled in cash.

In August of 2020, the Company issued \$900 million of 2.30% senior notes due 2030. The Company recognized net proceeds of \$892 million after debt issuance costs and debt discounts. A portion of these proceeds were then used to redeem \$552 million in principal amount outstanding of the 3.75% senior notes due 2022 for a redemption price of \$582 million, excluding \$7 million of accrued interest. The remaining proceeds were used to repurchase \$293 million in principal amount outstanding of its long-term debt under a tender offer, for a purchase price of \$315 million, excluding \$5 million of accrued interest. After accelerating the amortization of debt issuance costs and debt discounts, the Company recognized a loss of \$56 million related to the redemption and the repurchase in Other, net within Other income (expense) in the Consolidated Statements of Operations.

In May of 2021, the Company issued \$850 million of 2.75% senior notes due 2031. The Company recognized net proceeds of \$844 million after debt issuance costs. A portion of these proceeds were then used to redeem \$324 million in principal amount of the 3.5% senior notes due 2023 for a purchase price of \$341 million, excluding \$3 million of accrued interest. After accelerating the amortization of debt discounts and debt issuance costs, the Company recognized a loss of \$18 million related to the redemption in Other, net within Other income (expense) in the Consolidated Statements of Operations.

The Company has an unsecured commercial paper program, backed by the 2021 Motorola Solutions Credit Agreement (defined below), under which the Company may issue unsecured commercial paper notes up to a maximum aggregate principal amount of \$2.2 billion outstanding at any one time. At maturity, the notes are paid back in full including the interest component. The notes are not redeemable prior to maturity. As of December 31, 2021, the Company had no outstanding debt under the commercial paper program.

Aggregate requirements for long-term debt maturities during the next five years are as follows: 2022—\$5 million; 2023—\$1 million; 2024—\$1.6 billion; 2025—\$322 million; and 2026—the Company does not have any long-term debt maturities.

### Credit Facilities

On March 24, 2021, the Company entered into a \$2.25 billion syndicated, unsecured revolving credit facility scheduled to mature in March 2026, which can be used for borrowing and letters of credit (the "2021 Motorola Solutions Credit Agreement").

The 2021 Motorola Solutions Credit Agreement includes a letter of credit sub-limit and fronting commitments of \$450 million. Borrowings under the facility bear interest at the prime rate plus the applicable margin, or at a spread above the London Interbank Offered Rate ("LIBOR"), at the Company's option. The 2021 Motorola Solutions Credit Agreement includes provisions allowing the Company to replace LIBOR with a replacement benchmark rate in the future under certain conditions defined in the agreement. An annual facility fee is payable on the undrawn amount of the credit line. The interest rate and facility fee are subject to adjustment if the Company's credit rating changes. The Company must comply with certain customary covenants including a maximum leverage ratio, as defined in the 2021 Motorola Solutions Credit Agreement. The Company was in compliance with its financial covenants as of December 31, 2021.

## 6. Risk Management

### Foreign Currency Risk

At December 31, 2021, the Company had outstanding foreign exchange contracts with notional amounts totaling \$1.1 billion, compared to \$1.2 billion outstanding at December 31, 2020. The Company does not believe these financial instruments should subject it to undue risk due to foreign exchange movements because gains and losses on these contracts should generally offset gains and losses on the underlying assets, liabilities and transactions.

The following table shows the Company's five largest net notional amounts of the positions to buy or sell foreign currency as of December 31, 2021 and the corresponding positions as of December 31, 2020:

<i>Net Buy (Sell) by Currency</i>	<i>Notional Amount</i>	
	<b>2021</b>	<b>2020</b>
Euro	\$ 164	\$ 177
British pound	128	86
Norwegian krone	28	32
Chinese renminbi	(89)	(90)
Australian dollar	(76)	(88)

### Net Investment Hedges

The Company uses foreign exchange forward contracts with contract terms of 12 to 15 months to hedge against the effect of the British pound and the Euro exchange rate fluctuations against the U.S. dollar on a portion of its net investment in certain European operations. The Company recognizes changes in the fair value of the net investment hedges as a component of foreign currency translation adjustments within other comprehensive income to offset a portion of the change in translated value of the net investment being hedged, until the investment is sold or liquidated. The Company has elected to exclude the difference between the spot rate and the forward rate of the forward contract from its assessment of hedge effectiveness. The effect of the excluded components will be amortized on a straight-line basis and recognized through interest expense. As of December 31, 2021, the Company had €100 million of net investment hedges in certain Euro functional subsidiaries and £100 million of net investment hedges in certain British pound functional subsidiaries.

### Counterparty Risk

The use of derivative financial instruments exposes the Company to counterparty credit risk in the event of non-performance 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. As of December 31, 2021, all of the counterparties had investment grade credit ratings. As of December 31, 2021, the credit risk with all derivative counterparties was approximately \$7 million.

## Derivative Financial Instruments

The following tables summarize the fair values and location in the Consolidated Balance Sheet of all derivative financial instruments held by the Company at December 31, 2021 and 2020:

	Fair Values of Derivative Instruments			
	Assets		Liabilities	
	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location
December 31, 2021				
Derivatives designated as hedging instruments:				
Foreign exchange contracts	\$ 5	Other assets	\$ —	Accrued liabilities
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	\$ 2	Other assets	\$ 5	Accrued liabilities

	Fair Values of Derivative Instruments			
	Assets		Liabilities	
	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location
December 31, 2020				
Derivatives designated as hedging instruments:				
Foreign exchange contracts	\$ —	Other assets	\$ 5	Accrued liabilities
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	\$ 14	Other assets	\$ 3	Accrued liabilities

The following table summarizes the effect of derivatives designated as hedging instruments, for the years ended December 31, 2021, 2020 and 2019:

Gain (Loss) on Derivative Instruments	December 31			Financial Statement Location
	2021	2020	2019	
Foreign exchange contracts	\$ 13	\$ (7)	\$ 8	Other comprehensive income (loss)

The following table summarizes the effect of derivatives not designated as hedging instruments, for the years ended December 31, 2021, 2020 and 2019:

Gain (Loss) on Derivative Instruments	December 31			Financial Statement Location
	2021	2020	2019	
Foreign exchange contracts	\$ (30)	\$ 25	\$ (8)	Other income (expense)

## 7. Income Taxes

### Components of Income Tax Expense

Components of earnings before income taxes are as follows:

Years ended December 31	2021	2020	2019
United States	\$ 1,030	\$ 1,029	\$ 714
Other nations	522	145	287
	\$ 1,552	\$ 1,174	\$ 1,001



Components of income tax expense are as follows:

<i>Years ended December 31</i>	<b>2021</b>	2020	2019
United States	<b>\$ 134</b>	\$ 117	\$ 94
Other nations	<b>98</b>	98	93
States (U.S.)	<b>36</b>	31	27
Current income tax expense	<b>268</b>	246	214
United States	<b>(2)</b>	(21)	(61)
Other nations	<b>22</b>	8	(22)
States (U.S.)	<b>14</b>	(12)	(1)
Deferred income tax expense (benefit)	<b>34</b>	(25)	(84)
Total income tax expense	<b>\$ 302</b>	\$ 221	\$ 130

Differences between income tax expense computed at the U.S. federal statutory tax rate of 21% and income tax expense as reflected in the Consolidated Statements of Operations are as follows:

<i>Years ended December 31</i>	<b>2021</b>		2020		2019	
Income tax expense at statutory rate	<b>\$ 326</b>	<b>21.0 %</b>	\$ 246	21.0 %	\$ 210	21.0 %
State income taxes, net of federal benefit	<b>55</b>	<b>3.5 %</b>	39	3.3 %	32	3.2 %
U.S. tax expense (benefit) on undistributed non-U.S. earnings	<b>6</b>	<b>0.4 %</b>	(2)	(0.2)%	6	0.6 %
Non-U.S. tax expense on non-U.S. earnings	<b>8</b>	<b>0.5 %</b>	5	0.5 %	4	0.4 %
Reserve for uncertain tax positions	<b>(10)</b>	<b>(0.6)%</b>	—	— %	(3)	(0.3)%
Other tax expense (benefit)	<b>3</b>	<b>0.2 %</b>	5	0.4 %	(3)	(0.3)%
Research credits	<b>(20)</b>	<b>(1.3)%</b>	(28)	(2.4)%	(10)	(1.0)%
Stock compensation	<b>(32)</b>	<b>(2.1)%</b>	(48)	(4.1)%	(27)	(2.7)%
Valuation allowances	<b>(34)</b>	<b>(2.2)%</b>	4	0.3 %	(79)	(7.9)%
	<b>\$ 302</b>	<b>19.5 %</b>	\$ 221	18.8 %	\$ 130	13.0 %

The effective tax rate for 2021 was below the current U.S. federal statutory rate of 21% primarily due to the partial release of the valuation allowance recorded on the U.S. foreign tax credit carryforward and the recognition of excess tax benefits of share-based compensation.

Deferred tax balances that were recorded within Accumulated other comprehensive loss in the Company's Consolidated Balance Sheet, rather than Income tax expense, are the result of retirement benefit adjustments and currency translation adjustments. The adjustments were charges of \$21 million for the year ended December 31, 2021, benefits of \$11 million for the year ended December 31, 2020 and charges of \$97 million for the year ended December 31, 2019.

The Company evaluates its permanent reinvestment assertions with respect to foreign earnings at each reporting period and generally, 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. As a result of the 2017 U.S. Tax Cuts and Jobs Act ("the Tax Act"), dividends from foreign subsidiaries are now exempt or the earnings have been previously subject to U.S. tax. As a result, the tax accrual for undistributed foreign earnings is limited primarily to foreign withholding taxes and tax on inherent capital gains that would result from distribution of foreign earnings which are not permanently reinvested, and such earnings may be distributed without an additional charge.

Undistributed foreign earnings that the Company intends to reinvest indefinitely amounted to, in the aggregate, \$1.5 billion at December 31, 2021. It is impracticable to determine the exact amount of unrecognized deferred tax liabilities on such earnings; however, due to the above-mentioned changes made under the Tax Act, the Company believes that the additional U.S. or foreign income tax charge with respect to such earnings, if distributed, would be immaterial.

Gross deferred tax assets were \$2.0 billion and \$2.1 billion for December 31, 2021 and December 31, 2020, respectively. Deferred tax assets, net of valuation allowances, were \$1.8 billion and \$1.7 billion at December 31, 2021 and December 31, 2020, respectively. Gross deferred tax liabilities were \$1.0 billion and \$926 million at December 31, 2021 and 2020, respectively.

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

<i>December 31</i>	<b>2021</b>	<b>2020</b>
Inventory	\$ 29	\$ 22
Accrued liabilities and allowances	86	67
Employee benefits	321	372
Capitalized items	(86)	(61)
Tax basis differences on investments	(1)	(3)
Depreciation tax basis differences on fixed assets	23	52
Undistributed non-U.S. earnings	(36)	(33)
Tax attribute carryforwards	410	449
Business reorganization	8	16
Warranty and customer liabilities	27	24
Deferred revenue and costs	213	203
Valuation allowances	(275)	(341)
Operating lease assets	(95)	(103)
Operating lease liabilities	108	119
Other	1	3
	<u>\$ 733</u>	<u>\$ 786</u>

At December 31, 2021 and 2020, the Company had valuation allowances of \$275 million and \$341 million, respectively, against its deferred tax assets, including \$53 million and \$81 million, respectively, relating to deferred tax assets for non-U.S. subsidiaries. The Company's U.S. valuation allowance decreased \$38 million during 2021 primarily due to a change in the Company's ability to utilize U.S. foreign tax credits and the expiration of tax attributes. The Company's non-U.S. valuation allowance decreased \$28 million during 2021 primarily due to the expiration of tax attributes. The Company's valuation allowance for U.S. and non-U.S. decreased \$5 million and \$4 million, respectively, during 2020 primarily due to the expiration of tax attributes. 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 attribute carryforwards are as follows:

<i>December 31, 2021</i>	<i>Gross Tax Loss</i>	<i>Tax Effected</i>	<i>Expiration Period</i>
<b>United States:</b>			
U.S. tax losses	\$ 144	\$ 28	2028-2037
Foreign tax credits	—	264	2022-2023
General business credits	—	3	2030-2033
State tax losses	—	21	2022-2040
State tax credits	—	12	2022-2040
<b>Non-U.S. subsidiaries:</b>			
Japan tax losses	11	3	2022-2029
United Kingdom tax losses	111	28	Unlimited
Singapore tax losses	7	1	Unlimited
Canada tax losses	19	5	2034-2040
Spain tax credits	—	19	2022-2029
Other subsidiaries tax losses	74	16	Various
Other subsidiaries tax credits	—	10	Various
	<u>\$</u>	<u>410</u>	

The Company had unrecognized tax benefits of \$43 million and \$64 million at December 31, 2021 and December 31, 2020, respectively, of which approximately \$36 million and \$53 million, if recognized, would have affected the effective tax rate for 2021 and 2020, respectively.

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

<i>(in millions)</i>	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 64	\$ 70
Additions based on tax positions related to current year	1	8
Additions for tax positions of prior years	2	2
Reductions for tax positions of prior years	—	(6)
Settlements and agreements	(18)	(8)
Lapse of statute of limitations	(6)	(2)
Balance at December 31	\$ 43	\$ 64

The Company recorded \$36 million and \$49 million of unrecognized tax benefits in other liabilities at December 31, 2021 and December 31, 2020, respectively.

The Internal Revenue Service ("IRS") has concluded the examination of the Company's 2014 and 2015 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	2018-2021
Australia	2017-2021
Canada	2017-2021
Germany	2017-2021
India	1997-2021
Israel	2019-2021
Poland	2018-2021
Malaysia	2014-2021
United Kingdom	2020-2021

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 or liquidity. However, an unfavorable resolution of the Company's global tax disputes could have a material adverse effect on the Company's results of operations in the periods, and as of the dates, on 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 up to a \$7 million tax benefit.

At December 31, 2021, the Company had \$22 million accrued for interest and \$15 million accrued for penalties on unrecognized tax benefits. At December 31, 2020, the Company had \$33 million and \$15 million accrued for interest and penalties, respectively, on unrecognized tax benefits. The Company's policy is to classify the interest and penalty as a component of interest expense and other expense, respectively.

## 8. Retirement Benefits

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

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

The Company's non-contributory U.S. defined benefit plan (the "U.S. Pension Plan") provide benefits to U.S. employees hired prior to January 1, 2005, who became eligible after one year of service. The Company also has an additional non-contributory supplemental retirement benefit plan, the Motorola Supplemental Pension Plan ("MSPP"), which provided supplemental benefits to individuals by replacing benefits that are lost by such individuals under the retirement formula due to application of the limitations imposed by the Internal Revenue Code. In December 2008, the Company amended the U.S. Pension Plan and MSPP (together 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.

In December 2019, the Company completed a voluntary lump-sum election window offered to certain participants of the U.S. Pension Plan. The aggregate dollar amount of lump-sum elections by approximately 6,300 participants was \$836 million,

and accordingly, this amount was paid out of plan assets prior to December 31, 2019. These actions resulted in a reduction of the Company's projected benefit obligation, absent of actuarial losses experienced from decreases in interest rates, of \$1.0 billion and a settlement loss of \$359 million recorded within "Other charges" on the Consolidated Statement of Operations.

#### Postretirement Health Care Benefits Plan

Certain health care benefits are available to eligible domestic employees hired prior to January 1, 2002 and meeting certain age and service requirements upon termination of employment (the "Postretirement Health Care Benefits Plan"). As of January 1, 2005, the Postretirement Health Care Benefits Plan was closed to new participants. After a series of amendments, all eligible retirees under the age of 65 will be provided an annual subsidy per household, versus per individual, toward the purchase of their own health care coverage from private insurance companies and for the reimbursement of eligible health care expenses. All eligible retirees over the age of 65 are entitled to one fixed-rate subsidy capped at \$560 per participant.

These series of amendments to the Postretirement Health Care Benefits Plan resulted in a reduction in the postretirement benefit obligation. A substantial portion of the decrease related to prior service credits and was amortized as a credit to the Consolidated Statements of Operations over approximately five years, or the period in which the remaining employees eligible for the plan qualify for benefits under the plan. These amendments were fully amortized during fiscal year 2021.

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

The Company also provides defined benefit plans which cover non-U.S. employees in certain jurisdictions, principally the U.K. and Germany (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.

In June 2015, the Company amended its non-U.S. defined benefit plan within the United Kingdom by closing future benefit accruals to all participants effective December 31, 2015.

In 2019, the Motorola Solutions United Kingdom defined benefit plan trustees decided to exercise their discretion on early retirement benefit reductions. This action resulted in a reduction of the projected benefit obligation of approximately \$83 million related to prior service credits that will be amortized as a credit to the Consolidated Statements of Operations over approximately twenty-nine years, or the period in which the remaining employees eligible for the plan qualify for benefits under the plan.

#### Net Periodic Cost (Benefit)

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

Years ended December 31	U.S. Pension Benefit Plans			Non-U.S. Pension Benefit Plans			Postretirement Health Care Benefits Plan		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Service cost	\$ —	\$ —	\$ —	\$ 1	\$ 2	\$ 2	\$ —	\$ —	\$ —
Interest cost	115	144	202	21	29	36	1	2	3
Expected return on plan assets	(235)	(225)	(275)	(99)	(85)	(85)	(11)	(10)	(10)
Amortization of:									
Unrecognized net loss	70	58	46	16	15	15	3	3	4
Unrecognized prior service benefit	—	—	—	(3)	(3)	—	(5)	(15)	(15)
Settlement loss	—	—	359	—	—	—	—	—	—
Net periodic cost (benefit)	\$ (50)	\$ (23)	\$ 332	\$ (64)	\$ (42)	\$ (32)	\$ (12)	\$ (20)	\$ (18)

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

	U.S. Pension Benefit Plans		Non-U.S. Pension Benefit Plans		Postretirement Health Care Benefits Plan	
	2021	2020	2021	2020	2021	2020
<b>Change in benefit obligation:</b>						
Benefit obligation at January 1	\$ 5,226	\$ 4,727	\$ 2,058	\$ 1,814	\$ 71	\$ 73
Service cost	—	—	1	2	—	—
Interest cost	115	144	21	29	1	2
Plan amendments	—	—	—	1	—	—
Actuarial loss (gain)	(71)	480	(61)	171	10	1
Foreign exchange valuation adjustment	—	—	(31)	88	—	—
Benefit payments	(130)	(125)	(53)	(47)	(4)	(5)
Benefit obligation at December 31	\$ 5,140	\$ 5,226	\$ 1,935	\$ 2,058	\$ 78	\$ 71
<b>Change in plan assets:</b>						
Fair value at January 1	\$ 4,083	\$ 3,601	\$ 1,880	\$ 1,641	\$ 181	\$ 160
Return on plan assets	201	604	43	214	9	26
Company contributions	3	3	9	9	—	—
Foreign exchange valuation adjustment	—	—	(9)	63	—	—
Benefit payments	(130)	(125)	(53)	(47)	(4)	(5)
Fair value at December 31	\$ 4,157	\$ 4,083	\$ 1,870	\$ 1,880	\$ 186	\$ 181
Funded status of the plan	\$ (983)	\$ (1,143)	\$ (65)	\$ (178)	\$ 108	\$ 110
Unrecognized net loss	1,871	1,977	655	675	31	23
Unrecognized prior service benefit	—	—	(77)	(80)	—	(5)
Prepaid pension cost	\$ 888	\$ 834	\$ 513	\$ 417	\$ 139	\$ 128
<b>Components of prepaid (accrued) pension cost:</b>						
Current benefit liability	\$ (3)	\$ (3)	\$ —	\$ —	\$ —	\$ —
Non-current benefit liability	(980)	(1,140)	(297)	(330)	—	—
Non-current benefit asset	—	—	232	152	108	110
Deferred income taxes	454	480	61	65	11	7
Accumulated other comprehensive loss	1,417	1,497	517	530	20	11
Prepaid pension cost	\$ 888	\$ 834	\$ 513	\$ 417	\$ 139	\$ 128

For the year ended December 31, 2021, the primary driver of the decrease in the U.S. Pension Benefit Plans benefit obligation was higher actuarial gains due to an increase in the discount rate from 2.63% as of December 31, 2020 to 2.98% as of December 31, 2021, partially offset by increases in the benefit obligation due to demographic assumption updates. For the year ended December 31, 2020, the primary driver of the increase in the U.S. Pension Benefit Plans benefit obligation was higher actuarial losses due to a decrease in the discount rate from 3.32% as of December 31, 2019 to 2.63% as of December 31, 2020.

For the year ended December 31, 2021, the most significant drivers of the decrease in Non-U.S. Pension Benefit Plans benefit obligation were the higher actuarial gains coupled with favorable foreign exchange effects. The Non-U.S. Pension Benefit Plans incurred actuarial gains primarily due to increases in the discount rates from 1.24% as of December 31, 2020 to 1.82% as of December 31, 2021. For the year ended December 31, 2020, the most significant drivers of the increase in Non-U.S. Pension Benefit Plans benefit obligation were the higher actuarial losses coupled with unfavorable foreign exchange effects. The Non-U.S. Pension Benefit Plans incurred actuarial losses primarily due to decreases in the discount rates from 1.82% as of December 31, 2019 to 1.24% as of December 31, 2020.

## 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 the 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.

The Company uses a full yield curve approach to estimate interest and service cost components of net periodic cost (benefit) for defined benefit pension and other post-retirement benefit plans. The full yield curve approach requires the application of the specific spot rate along the yield curve used in the determination of the projected benefit obligation to the relevant projected cash flows.

The Company used "Mortality Improvement Scale MP-2021" to calculate the 2021 U.S. projected benefit obligations and the "Mortality Improvement Scale MP-2018" to calculate the 2020 U.S. projected benefit obligations.

Weighted average actuarial assumptions used to determine costs for the plans at the beginning of the fiscal year 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>2021</b>	2020	<b>2021</b>	2020	<b>2021</b>	2020
Discount rate	<b>2.25 %</b>	3.10 %	<b>1.02 %</b>	1.61 %	<b>1.57 %</b>	2.66 %
Investment return assumption	<b>6.75 %</b>	6.85 %	<b>4.54 %</b>	4.66 %	<b>6.75 %</b>	6.90 %

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>2021</b>	2020	<b>2021</b>	2020	<b>2021</b>	2020
Discount rate	<b>2.98 %</b>	2.63 %	<b>1.82 %</b>	1.24 %	<b>2.78 %</b>	2.39 %
Future compensation increase rate	<b>n/a</b>	n/a	<b>0.54 %</b>	0.43 %	<b>n/a</b>	n/a

The following table presents the accumulated benefit obligation, projected benefit obligation and fair value of plan assets for our plans that have an accumulated benefit obligation and projected benefit obligation in excess of plan assets:

<i>December 31</i>	<i>U.S. Pension Benefit Plans</i>		<i>Non U.S. Pension Benefit Plans</i>	
	<b>2021</b>	2020	<b>2021</b>	2020
Accumulated benefit obligation	<b>\$ 5,140</b>	\$ 5,226	<b>\$ 1,933</b>	\$ 2,055
Projected benefit obligation	<b>5,140</b>	5,226	<b>1,935</b>	2,058
Fair value of plan assets	<b>4,157</b>	4,083	<b>1,870</b>	1,880

## Investment Policy

The individual plans have 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 advisors and investment managers that invest plan assets into various classes including, but not limited to: equity and fixed income securities, cash, cash equivalents, hedge funds, infrastructure/utilities, insurance contracts, leveraged loan funds and real estate. 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 individual plans have target mixes for these asset classes, 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 plan were as follows:

<i>December 31</i>	<i>All Pension Benefit Plans</i>		<i>Postretirement Health Care Benefits Plan</i>	
	<b>2021</b>	2020	<b>2021</b>	2020
<b>Target Mix:</b>				
Equity securities	<b>26 %</b>	25 %	<b>28 %</b>	28 %
Fixed income securities	<b>57 %</b>	57 %	<b>52 %</b>	51 %
Cash and other investments	<b>17 %</b>	18 %	<b>20 %</b>	21 %
<b>Actual Mix:</b>				
Equity securities	<b>26 %</b>	26 %	<b>29 %</b>	30 %
Fixed income securities	<b>58 %</b>	58 %	<b>53 %</b>	53 %
Cash and other investments	<b>16 %</b>	16 %	<b>18 %</b>	17 %

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 include, but are not limited to: cash, cash equivalents, commodities, hedge funds, infrastructure/utilities, insurance contracts, leveraged loan funds and real estate.

### **Cash Funding**

The Company made \$3 million of contributions to its U.S. Pension Benefit Plans during each of 2021 and 2020. The Company contributed \$9 million to its Non U.S. Pension Benefit Plans during 2021 and 2020. The Company made no contributions to its Postretirement Health Care Benefits Plan in 2021 or 2020.

### **Expected Future Benefit Payments**

The following benefit payments are expected to be paid:

<i>Year</i>	<i>U.S. Pension Benefit Plans</i>	<i>Non-U.S. Pension Benefit Plans</i>	<i>Postretirement Health Care Benefits Plan</i>
2022	\$ 161	\$ 53	\$ 7
2023	178	54	6
2024	197	56	6
2025	217	57	6
2026	240	58	5
2027-2031	1,370	310	23

### **Other Benefit Plans**

#### **Split-Dollar Life Insurance Arrangements**

The Company maintains a number of endorsement split-dollar life insurance policies on now-retired officers under a frozen plan. 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, 2021, 2020 and 2019. The Company has recorded a liability representing the actuarial present value of the future death benefits as of the employees' expected retirement date of \$68 million and \$73 million as of December 31, 2021 and December 31, 2020, respectively.



## Deferred Compensation Plan

The Company maintains a deferred compensation plan ("the Plan") for certain eligible participants. Under the Plan, participants 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 401(k) plan (as defined below). 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 has various defined contribution plans, in which all eligible employees may participate. In the U.S., the Motorola Solutions 401(k) plan (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, 2021, 2020 and 2019 were \$36 million, \$15 million and \$32 million, respectively.

Due to the economic uncertainties caused by the COVID-19 pandemic, the Company took action in a number of areas to reduce its operating expenses, including by suspending all Company match contributions to the 401(k) plan for the period from May 15, 2020 through December 31, 2020, which were reinstated on January 1, 2021.

Under the 401(k) plan, the Company may make an additional discretionary matching contribution to eligible employees. For the years ended December 31, 2021, 2020, and 2019 the Company made no discretionary contributions.

## 9. Share-Based Compensation and Other Incentive Plans

The Company grants options and stock appreciation rights 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 and stock appreciation right granted 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 ten years and vest over two to three years. In conjunction with a change in control, stock options and stock appreciation rights assumed or replaced with comparable stock options or stock appreciation rights only become exercisable if the holder is also involuntarily terminated (for a reason other than cause) or resigns for good reason within 24 months of a change in control.

Restricted stock grants consist of shares or the rights to shares of the Company's common stock which are awarded to certain employees. The grants are restricted in such that they are subject to vesting conditions; however, restricted stock holders have voting rights, and the rights to earn dividends on unvested shares.

Restricted stock unit ("RSU") grants consist of shares or the rights to shares of the Company's common stock which are awarded to certain 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. In conjunction with a change in control, shares of RSUs assumed or replaced with comparable shares of RSUs will only have the restrictions lapse if the holder is also involuntarily terminated (for a reason other than cause) or resigns for good reason within 24 months of a change in control.

Performance-based stock options ("performance options"), market stock units ("MSUs"), and performance stock units ("PSUs") have been granted to certain Company executive officers. Performance options have a three-year performance period and are granted as a target number of units subject to adjustment based on company performance. Each performance option granted 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 ten years. Shares ultimately issued for performance option awards granted are based on the actual total shareholder return ("TSR") compared to the S&P 500 over the three-year performance period based on a payout factor that corresponds to actual TSR results as established at the date of grant. Vesting occurs on the third anniversary of the grant date. Under the terms of the MSUs, vesting is conditioned upon continuous employment until the vesting date and the payout factor is at least 60% of the share price on the award date. The payout factor is the share price on vesting date divided by share price on award date, with a maximum of 200%. The share price used in the payout factor is calculated using an average of the closing prices on the grant or vesting date, and the 30 calendar days immediately preceding the grant or vesting date. Vesting occurs ratably over three years. PSUs have been granted as a portion of the Long Range Incentive Plan ("LRIP") awards issued to certain Company executive officers. The PSUs have a three-year performance period and were granted at a target number of units subject to adjustment based on company performance. The number of PSUs earned will be based on the actual TSR compared to the S&P 500 over the three-year performance period.

On August 25, 2015 and on March 9, 2017, the Company approved grants of performance-contingent stock options ("PCSOs") to certain executive officers which were fully vested as of December 31, 2021. The August 25, 2015 awards have a seven-year term and a per share exercise price of \$68.50. The March 9, 2017 awards have a five-and-a-half-year term and a per share exercise price of \$81.37.

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, 2021, 2020 and 2019, employees purchased 0.6 million, 0.7 million and 0.6 million shares, respectively, at purchase prices of \$133.27 and \$160.11, \$112.98 and \$107.18, and \$108.96 and \$120.12, respectively.

### **Significant Assumptions Used in the Estimate of Fair Value**

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 2021, 2020 and 2019 was \$41.57, \$39.98 and \$29.14, respectively, using the following weighted-average assumptions:

	2021	2020	2019
Expected volatility	27.3 %	33.7 %	23.8 %
Risk-free interest rate	0.8 %	0.6 %	2.3 %
Dividend yield	2.2 %	2.7 %	2.5 %
Expected life (years)	5.9	5.9	6.0

The Company calculates the value of each performance option, MSU, and PSU using a Monte Carlo simulation option pricing model, estimated on the date of grant. The fair values of performance options, MSUs, and PSUs granted during 2021 were \$60.42, \$184.71 and \$203.57, respectively. The fair values of performance options, MSUs, and PSUs granted during 2020 were \$77.82, \$112.17 and \$233.96, respectively. The fair value of performance options, MSUs and PSUs granted during 2019 was \$46.15, \$138.00 and \$203.61, respectively. The following assumptions were used for the calculations.

	2021 Performance Options	2020 Performance Options	2019 Performance Options
Expected volatility of common stock	28.5 %	34.7 %	22.4 %
Expected volatility of the S&P 500	38.7 %	29.0 %	25.1 %
Risk-free interest rate	1.2 %	0.8 %	2.3 %
Dividend yield	2.3 %	2.6 %	2.7 %
Expected life (years)	6.5	6.5	6.5

	2021 Market Stock Unit	2020 Market Stock Unit	2019 Market Stock Units
Expected volatility of common stock	28.5 %	34.7 %	22.4 %
Risk-free interest rate	0.3 %	0.6 %	2.2 %
Dividend yield	1.8 %	1.7 %	2.0 %

	2021 Performance Stock Units	2020 Performance Stock Units
Expected volatility of common stock	28.5 %	34.7 %
Expected volatility of the S&P 500	38.7 %	29.0 %
Risk-free interest rate	0.3 %	0.6 %
Dividend yield	1.8 %	1.7 %

The Company uses the implied volatility for traded options on the Company's stock as the expected volatility assumption in the valuation of stock options, performance options, MSUs, and PSUs. 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. At the conclusion of each three-year PSU and performance option cycle, the Company uses the historical volatility as the expected volatility to calculate the actual TSR compared to the S&P 500.

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 grant. The dividend yield assumption is based on the Company's future expectation of dividend payouts. The expected life 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% to the stock option fair values calculated by the Black-Scholes option pricing model and 15% to RSUs. 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.

The following table summarizes information about the total stock options outstanding and exercisable under all stock option plans, at December 31, 2021 (in thousands, except exercise price and years):

Exercise price range	Options Outstanding			Options Exercisable		
	No. of options	Wtd. avg. Exercise Price	Wtd. avg. contractual life (in yrs.)	No. of options	Wtd. avg. Exercise Price	Wtd. avg. contractual life (in yrs.)
\$51-\$70	1,982	63	1	1,982	63	1
\$71-\$90	795	77	5	795	77	5
\$91-\$110	276	108	6	276	108	6
\$111-\$130	59	122	7	38	123	7
\$131-\$150	251	139	7	46	139	7
\$151-\$170	252	156	8	50	159	8
\$171-\$190	306	180	9	1	175	8
\$191 and over	34	223	10	—	—	—
	3,955			3,188		

As of December 31, 2021, the weighted average contractual life for options outstanding and exercisable was four and three years, respectively.

### Current Year Activity

Total share-based compensation activity was as follows (in thousands, except exercise price):

	Stock Options		Restricted Stock Units		Restricted Stock	
	No. of Options Outstanding	Wtd. Avg. Exercise Price of Shares	No. of Non-Vested Awards	Wtd. Avg. Grant Date Fair Value	No. of Non-Vested Awards	Wtd. Avg. Grant Date Fair Value
Balance as of January 1, 2021	2,240	\$ 74	987	\$ 138	125	\$ 132
Granted	203	187	471	186	147	227
Releases/Exercised	(828)	66	(435)	132	(63)	115
Forfeited/Canceled	(28)	169	(99)	137	—	—
Balance as of December 31, 2021	1,587	\$ 92	924	\$ 199	209	\$ 203
Awards exercisable	1,244	70	—	—	—	—

	Performance Options*		Market Stock Units		Performance Stock Units	
	No. of Options Outstanding	Wtd. Avg. Exercise Price of Shares	No. of Non-Vested Awards	Wtd. Avg. Grant Date Fair Value	No. of Non-Vested Awards	Wtd. Avg. Grant Date Fair Value
Balance as of January 1, 2021	2,160	\$ 84	131	\$ 121	55	\$ 219
Granted	160	179	52	185	123	204
Releases/Exercised	(94)	100	(80)	124	(47)	182
Adjustment for payout factor	142	108	18	127	—	—
Forfeited/Canceled	—	—	(1)	125	(3)	204
Balance as of December 31, 2021	2,368	\$ 91	120	\$ 147	128	\$ 210
Awards exercisable	1,944	76	—	—	—	—

\* Inclusive of PCSO awards

At December 31, 2021 and 2020, 4.9 million and 5.9 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.

## Total Share-Based Compensation Expense

Compensation expense for the Company's share-based compensation plans was as follows:

Years ended December 31	2021	2020	2019
Share-based compensation expense included in:			
Costs of sales	\$ 16	\$ 16	\$ 14
Selling, general and administrative expenses	79	73	62
Research and development expenditures	34	40	42
Share-based compensation expense included in Operating earnings	129	129	118
Tax benefit	15	30	22
Share-based compensation expense, net of tax	\$ 114	\$ 99	\$ 96
Decrease in basic earnings per share	\$ (0.67)	\$ (0.58)	\$ (0.57)
Decrease in diluted earnings per share	\$ (0.66)	\$ (0.57)	\$ (0.55)

At December 31, 2021, the Company had unrecognized compensation expense related to all share based awards of \$162 million, net of estimated forfeitures, expected to be recognized over the weighted average period of approximately three years and \$6 million of unrecognized compensation expense related to the employee stock purchase plan that will be recognized over the remaining purchase period. The aggregate fair value of outstanding share based awards as of December 31, 2021 was \$315 million.

Cash received from stock option exercises and the employee stock purchase plan was \$102 million, \$108 million, and \$114 million for the years ended December 31, 2021, 2020, and 2019, respectively. The total intrinsic value of options exercised during the years ended December 31, 2021, 2020, and 2019 was \$186 million, \$149 million, and \$113 million, respectively. The aggregate intrinsic value for options outstanding and exercisable as of December 31, 2021 was \$712 million and \$628 million, respectively, based on a December 31, 2021 stock price of \$271.09 per share.

### 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, 2021, 2020 and 2019 was \$161 million, \$78 million and \$146 million, respectively.

### Long-Range Incentive Plan

The LRIP rewards 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 those LRIP awards with cash settlement terms was \$8 million, \$9 million and \$21 million for the years ended December 31, 2021, 2020 and 2019, respectively.

## 10. Fair Value Measurements

### 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, 2021 and December 31, 2020 were as follows:

December 31, 2021	Level 1	Level 2	Total
Assets:			
Foreign exchange derivative contracts	\$ —	\$ 7	\$ 7
Common stock and equivalents	69	—	69
Liabilities:			
Foreign exchange derivative contracts	\$ —	\$ 5	\$ 5
December 31, 2020			
Assets:			
Foreign exchange derivative contracts	\$ —	\$ 14	\$ 14
Common stock and equivalents	19	—	19
Liabilities:			
Foreign exchange derivative contracts	\$ —	\$ 8	\$ 8

### 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, 2021 and 2020 were as follows:

#### U.S. Pension Benefit Plans

<i>December 31, 2021</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Equities	\$ 41	\$ —	\$ —	\$ 41
Commingled funds	1,601	505	—	2,106
Government fixed income securities	—	412	—	412
Corporate fixed income securities	—	1,145	—	1,145
Short-term investment funds	338	—	—	338
Private funds	—	—	60	60
Total investment securities	\$ 1,980	\$ 2,062	\$ 60	\$ 4,102
Accrued income receivable				49
Cash				6
Fair value plan assets				\$ 4,157

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

	<i>2021</i>
Fair value at January 1, 2021	—
Transfers from Level 2	17
Actual return on plan assets	5
Purchases	38
Fair value at December 31, 2021	60

<i>December 31, 2020</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Equities	\$ 45	\$ —	\$ 45
Commingled funds	1,603	463	2,066
Government fixed income securities	—	516	516
Corporate fixed income securities	—	1,070	1,070
Short-term investment funds	327	—	327
Total investment securities	\$ 1,975	\$ 2,049	\$ 4,024
Accrued income receivable			44
Cash			15
Fair value plan assets			\$ 4,083

## Non-U.S. Pension Benefit Plans

<i>December 31, 2021</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Equities	\$ 94	\$ —	\$ 94
Commingled funds	458	75	533
Government fixed income securities	2	1,004	1,006
Short-term investment funds	105	—	105
Total investment securities	\$ 659	\$ 1,079	\$ 1,738
Cash			4
Accrued income receivable			78
Insurance contracts			50
Fair value plan assets			\$ 1,870

<i>December 31, 2020</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Equities	\$ 78	\$ —	\$ 78
Commingled funds	458	71	529
Government fixed income securities	—	1,076	1,076
Short-term investment funds	106	—	106
Total investment securities	\$ 642	\$ 1,147	\$ 1,789
Cash			7
Accrued income receivable			30
Insurance contracts			54
Fair value plan assets			\$ 1,880

## Postretirement Health Care Benefits Plan

<i>December 31, 2021</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Equities	\$ 2	\$ —	\$ —	\$ 2
Commingled funds	72	23	—	95
Government fixed income securities	—	18	—	18
Corporate fixed income securities	—	51	—	51
Short-term investment funds	15	—	—	15
Private funds	—	—	3	3
Total investment securities	\$ 89	\$ 92	3	184
Accrued income receivable				2
Fair value plan assets				\$ 186

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

	<i>2021</i>
Fair value at January 1, 2021	—
Transfers from Level 2	1
Purchases	2
Fair value at December 31, 2021	3

<i>December 31, 2020</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Equities	\$ 2	\$ —	\$ 2
Commingled funds	71	20	91
Government fixed income securities	—	23	23
Corporate fixed income securities	—	48	48
Short-term investment funds	15	—	15
Total investment securities	\$ 88	\$ 91	\$ 179
Cash			2
Fair value plan assets			\$ 181

The following is a description of the categories of investments:

*Equities* — A diversified portfolio of corporate common and preferred stocks.

*Commingled funds* — A diversified portfolio of assets that includes corporate common and preferred stocks, emerging market and high-yield fixed income securities among others.

*Government fixed income securities* — Securities issued by municipal, domestic and foreign government agencies, index-linked government bonds as well as interest rate derivatives.

*Corporate fixed income securities* — A diversified portfolio of primarily investment grade bonds issued by corporations.

*Short-term investment funds* — Investments in money market accounts and derivatives with a liquidity of less than 90 days.

*Private funds* — A diversified portfolio of assets that includes private equity funds and private loans.

Level 1 investments include securities which are valued at the closing price reported on the active market in which the individual securities are traded. Level 2 investments consist principally of securities which are valued using independent third party pricing sources. Level 3 investments include securities with valuations derived from valuation techniques, in which one or more significant inputs are unobservable. A variety of inputs are utilized by the independent pricing sources including market based inputs, binding quotes, indicative quotes, and ongoing redemption and subscription activity. Inputs may be weighted differently for any security, and not all inputs are used for each security evaluation.

At December 31, 2021, the Company had \$685 million of investments in money market government and U.S. treasury funds (Level 1) classified as Cash and cash equivalents in its Consolidated Balance Sheet, compared to \$448 million at December 31, 2020. The money market funds had quoted market prices that are approximately at par.

Using quoted market prices and market interest rates, the Company determined that the fair value of long-term debt at December 31, 2021 was \$6.2 billion (Level 2), compared to a face value of \$5.7 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.

## 11. Long-term Financing and Sales of Receivables

### *Long-term Financing*

Long-term receivables consist of 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>2021</b>	<b>2020</b>
Long-term receivables, gross	\$ 49	\$ 76
Less allowance for losses	(2)	(3)
Long-term receivables	\$ 47	\$ 73
Less current portion	(20)	(19)
Non-current long-term receivables	\$ 27	\$ 54

The current portion of long-term receivables is included in Accounts receivable, net and the non-current portion of long-term receivables is included in Other assets in the Company's Consolidated Balance Sheet. The Company recognized interest income on long-term receivables of \$1 million for each of the years ended December 31, 2021, 2020 and 2019.

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 \$56 million at December 31, 2021 and \$78 million at December 31, 2020.

### Sales of Receivables

From time to time, the Company sells accounts receivable and long-term receivables to third-parties under one-time arrangements.

The following table summarizes the proceeds received from sales of accounts receivable and long-term receivables for the years ended December 31, 2021, 2020 and 2019.

<i>Years ended December 31</i>	<b>2021</b>	2020	2019
Contract-specific discounting facility	\$ 211	\$ 228	\$ —
Accounts receivable sales proceeds	56	74	34
Long-term receivables sales proceeds	<b>248</b>	181	265
Total proceeds from receivable sales	<b>\$ 515</b>	\$ 483	\$ 299

The Company may or may not retain the obligation to service the sold accounts receivable and long-term receivables.

At December 31, 2021, the Company had retained servicing obligations for \$940 million of long-term receivables, compared to \$983 million of long-term receivables at December 31, 2020. Servicing obligations are limited to collection activities of sold accounts receivables and long-term receivables.

During the year ended December 31, 2021, the Company utilized a cost-efficient receivable discounting facility, implemented in 2020, to neutralize the impact of increased payment terms under a renegotiated and extended long-term contract in Europe resulting in accounts receivable sales of \$211 million during the year ended December 31, 2021. The proceeds of the Company's receivable sales are included in "Operating Activities" within its Consolidated Statements of Cash Flows.

### Credit Quality of Long-Term Receivables and Allowance for Credit Losses

An aging analysis of financing receivables at December 31, 2021 and December 31, 2020 is as follows:

<i>December 31, 2021</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	\$ 28	\$ —	\$ —	\$ —
Commercial loans and leases secured	21	1	—	2
Long-term receivables, including current portion	<b>\$ 49</b>	<b>\$ 1</b>	<b>\$ —</b>	<b>\$ 2</b>

<i>December 31, 2020</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	\$ 50	\$ —	\$ —	\$ —
Commercial loans and leases secured	26	2	1	4
Long-term receivables, including current portion	<b>\$ 76</b>	<b>\$ 2</b>	<b>\$ 1</b>	<b>\$ 4</b>

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

## 12. Commitments and Contingencies

### 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 it 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 cancellable.

As of December 31, 2021, the Company had entered into firm, non-cancelable, and unconditional commitments under such arrangements through 2026. The Company expects to make total payments of \$336 million under these arrangements as follows: \$113 million in 2022, \$103 million in 2023, \$91 million in 2024, \$18 million in 2025, and \$11 million in 2026.



The Company outsources certain corporate functions, such as benefit administration and information technology-related services, under various contracts, the longest of which is expected to expire in 2025. The remaining payments under these contracts are approximately \$24 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 Matters**

On March 14, 2017, the Company filed a complaint in the U.S. District Court for the Northern District of Illinois (the "Court") against Hytera Communications Corporation Limited of Shenzhen, China; Hytera America, Inc.; and Hytera Communications America (West), Inc. (collectively, "Hytera"), alleging trade secret theft and copyright infringement and seeking, among other things, injunctive relief, compensatory damages, and punitive damages. On February 14, 2020, the Company announced that a jury in the Court decided in the Company's favor in its trade secret theft and copyright infringement case. In connection with this verdict, the jury awarded the Company \$345.8 million in compensatory damages and \$418.8 million in punitive damages, for a total of \$764.6 million. The Court denied Hytera's motion for a new trial on October 20, 2020. On December 17, 2020, the Court denied the Company's motion for a permanent injunction, finding instead that Hytera must pay the Company a forward-looking reasonable royalty on products that use the Company's stolen trade secrets. As the parties were unable to agree on a reasonable royalty rate, the Court entered an order favorable to the Company on December 15, 2021, and, consistent with the Company's requests, set royalty rates for Hytera's sale of relevant products from July 1, 2019 forward. The Court also ordered the parties to jointly file by February 22, 2022, a proposed royalty agreement for the Court's review and approval.

In response to the Court's decision to award the Company \$764.6 million in compensatory and punitive damages, Hytera motioned for certain equitable relief. On January 8, 2021, the Court granted Hytera's motion for certain equitable relief and reduced the \$764.6 million judgment award to \$543.7 million. That same day, the Court also granted the Company's motion for pre-judgment interest. On August 10, 2021, the Court ruled that Hytera must pay the Company \$51.1 million in pre-judgment interest and \$2.6 million in costs. On March 25, 2021, the Court entered rulings favorable to the Company with respect to several of the Company's post-trial motions, including the Company's motion for attorneys' fees and its motion to require Hytera to turn over certain assets in satisfaction of the Company's judgment award. On September 7, 2021, Hytera filed a notice of appeal of the Court's judgment with the U.S. Court of Appeals for the Seventh Circuit (the "Court of Appeals"). The parties have briefed a jurisdictional issue raised by the Court of Appeals in response to Hytera's notice of appeal and await the Court's determination. On September 29, 2021, the Company filed two additional motions with the Court, requesting the Court to reconsider its order denying the Company's request for an injunction, and requesting that the Court enforce its ruling requiring Hytera to turn over certain assets in satisfaction of the Company's judgment award, or, in the alternative, hold Hytera in contempt. On October 15, 2021, the Court granted the Company's request for \$34.2 million in attorneys' fees against Hytera.

Separate from the Company's litigation with Hytera, on May 27, 2020, Hytera America, Inc. and Hytera Communications America (West), Inc. each filed for Chapter 11 bankruptcy protection in the U.S. Bankruptcy Court for the Central District of California (the "Bankruptcy Court"). The Company filed motions in the Bankruptcy Court to dismiss the bankruptcy proceedings in July 2020. On January 22, 2021, the Bankruptcy Court entered an agreed order, allowing a partial sale of Hytera's U.S. assets in the bankruptcy proceedings. The proposed sale does not include Hytera inventory accused of including the Company's intellectual property. On February 11, 2022, the Court entered an order to confirm the liquidation plan for the two Hytera entities.

### **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.

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.

## **13. Information by Segment and Geographic Region**

The Company conducts its business globally and manages it through the following two segments:

**Products and Systems Integration:** The Products and Systems Integration segment offers an extensive portfolio of infrastructure, devices, accessories, video security devices and infrastructure, and the implementation and integration of such systems, devices, and applications. Within LMR Communications, the Company is a global leader in the two-way radio category, including the Company's Project 25 ("P25"), Terrestrial Trunked Radio ("TETRA"), Digital Mobile Radio ("DMR"), as well as other professional and commercial radio ("PCR") solutions. The Company provides LTE solutions for public safety, government and commercial users, including infrastructure and devices operating in 700 MHz, 900 MHz and Citizens' Broadband Radio Service ("CBRS") frequencies. The Company's Video Security and Access Control technology includes network video management infrastructure, fixed security and mobile video cameras (body-worn and in-vehicle) and access control solutions. The primary customers of the Products and Systems Integration segment are government, public safety and commercial customers who operate private communications networks and video security solutions and typically manage a mobile workforce. In 2021, the segment's net sales were \$5.0 billion, representing 62% of the Company's consolidated net sales.



**Software and Services:** The Software and Services segment provides a broad range of solution offerings for government, public safety and commercial customers. Software includes public safety and enterprise Command Center Software, unified communications applications, and video software solutions, delivered both on-premise and “as a service.” Services includes a continuum of service offerings beginning with repair, technical support and maintenance. More advanced technologies include monitoring, software updates and cybersecurity services. Managed services range from partial to full operation of customer-owned or Motorola Solutions-owned networks. In 2021, the segment’s net sales were \$3.1 billion, representing 38% of the Company’s consolidated net sales.

For the years ended December 31, 2021, 2020 and 2019, no single customer accounted for more than 10% of the Company’s net sales.

### Segment Information

The following table summarizes Net sales and Operating earnings by segment:

Years ended December 31	Net Sales			Operating Earnings		
	2021	2020	2019	2021	2020	2019
Products and Systems Integration	\$ 5,033	\$ 4,634	\$ 5,329	\$ 760	\$ 656	\$ 994
Software and Services	3,138	2,780	2,558	907	727	587
	<b>\$ 8,171</b>	<b>\$ 7,414</b>	<b>\$ 7,887</b>	<b>\$ 1,667</b>	<b>\$ 1,383</b>	<b>\$ 1,581</b>
Total other expense				(115)	(209)	(580)
Net earnings before income taxes				<b>\$ 1,552</b>	<b>\$ 1,174</b>	<b>\$ 1,001</b>

The following table summarizes the Company’s capital expenditures and depreciation expense by segment:

Years ended December 31	Capital Expenditures			Depreciation Expense		
	2021	2020	2019	2021	2020	2019
Products and Systems Integration	\$ 90	\$ 91	\$ 98	\$ 87	\$ 90	\$ 82
Software and Services	153	126	150	115	104	104
	<b>\$ 243</b>	<b>\$ 217</b>	<b>\$ 248</b>	<b>\$ 202</b>	<b>\$ 194</b>	<b>\$ 186</b>

The Company’s “chief operating decision maker” does not review or allocate resources based on segment assets.

### Geographic Area Information

Years ended December 31	Net Sales			Assets		
	2021	2020	2019	2021	2020	2019
United States	\$ 5,236	\$ 4,770	\$ 5,006	\$ 9,420	\$ 7,009	\$ 6,749
United Kingdom	849	740	692	1,588	2,460	2,460
Canada	324	254	270	950	1,016	1,040
Other, net of eliminations	1,762	1,650	1,919	231	391	393
	<b>\$ 8,171</b>	<b>\$ 7,414</b>	<b>\$ 7,887</b>	<b>\$ 12,189</b>	<b>\$ 10,876</b>	<b>\$ 10,642</b>

Net sales attributed to geographic area are predominately based on the ultimate destination of the Company’s products and services.

## 14. 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 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 contractual lease terminations costs. 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.

During 2021, 2020, and 2019 the Company continued to implement various productivity improvement plans aimed at achieving long-term, sustainable profitability by driving efficiencies and reducing operating costs. During 2020, 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 different based on employment level grade and capped at nine months of salary, were equalized for all employment level grades and capped at a full year's salary for the voluntary applicants. The remainder of the initiatives impacted both of the Company's segments and affected employees located in all geographic regions.

### 2021 Charges

During 2021, the Company recorded net reorganization of business charges of \$32 million, including \$8 million of charges in Costs of sales and \$24 million of charges in Other charges in the Company's Consolidated Statements of Operations. Included in the \$32 million were charges of \$42 million for employee separation costs, partially offset by \$10 million of reversals of accruals no longer needed.

The following table displays the net charges incurred by segment:

Year ended December 31	2021
Products and Systems Integration	\$ 25
Software and Services	7
	<u>\$ 32</u>

### Reorganization of Businesses Accruals

Accruals at January 1, 2021	Additional Charges	Adjustments	Amount Used	Accruals at December 31, 2021
\$ 79	\$ 42	\$ (10)	\$ (77)	\$ 34

### Employee Separation Costs

At January 1, 2021, the Company had an accrual of \$79 million for employee separation costs. The 2021 additional charges of \$42 million include severance costs for approximately 600 employees, of which 400 were direct employees and 200 were indirect employees. The adjustments of \$10 million reflect reversals of accruals no longer needed. The \$77 million used in 2021 reflects cash payments to severed employees. The remaining accrual of \$34 million, which is included in Accrued liabilities in the Company's Consolidated Balance Sheet at December 31, 2021, is expected to be paid, primarily within one year to: (i) severed employees who have already begun to receive payments and (ii) approximately 100 employees to be separated in 2022.

### 2020 Charges

During 2020, the Company recorded net reorganization of business charges of \$86 million, including \$29 million of charges in Costs of sales and \$57 million of charges under Other charges in the Company's Consolidated Statements of Operations. Included in the aggregate \$86 million were charges of \$100 million for employee separation costs and \$2 million for exit costs, partially offset by \$16 million of reversals of accruals no longer needed.

The following table displays the net charges incurred by segment:

Year ended December 31	2020
Products and Systems Integration	\$ 69
Software and Services	17
	<u>\$ 86</u>

### Reorganization of Businesses Accruals

Accruals at January 1, 2020	Additional Charges	Adjustments	Amount Used	Accruals at December 31, 2020
\$ 78	\$ 102	\$ (16)	\$ (85)	\$ 79

### Employee Separation Costs

At January 1, 2020, the Company had an accrual of \$78 million for employee separation costs. The additional 2020 charges of \$102 million represent severance costs for approximately an additional 1,200 employees, of which 800 were direct employees and 400 were indirect employees. The adjustments of \$16 million reflect reversals of accruals no longer needed. The \$85 million used in 2020 reflects cash payments to severed employees. The remaining accrual of \$79 million was included in Accrued liabilities in the Company's Consolidated Balance Sheet at December 31, 2020.

### 2019 Charges

During 2019, the Company recorded net reorganization of business charges of \$57 million, including \$17 million of charges in Costs of sales and \$40 million of charges in Other charges in the Company's Consolidated Statements of Operations. Included in the aggregate \$57 million are charges of \$64 million for employee separation costs and \$5 million of charges for exit costs, partially offset by \$12 million of reversals for accruals no longer needed.

The following table displays the net charges incurred by segment:

<i>Year ended December 31</i>	2019
Products and Systems integration	\$ 45
Software and Services	12
	<u>\$ 57</u>

## 15. 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.

### *Recent Acquisitions*

On December 16, 2021, the Company acquired 911 Datamaster, an NG911 data solutions provider, for \$35 million, net of cash acquired. In addition, the Company issued restricted stock at a fair value of \$3 million to certain key employees that will be expensed over a service period of two years. This acquisition reinforces Motorola Solutions' commitment to being a leader in command center solutions and further supports 911 call centers' unique organizational workflows as they transition to NG911 technologies. As the purchase accounting is not yet complete, the Company recognized \$36 million of goodwill, representing the excess of the purchase price over acquired net liabilities of \$1 million as of December 31, 2021. The final allocation of purchase consideration among income tax accounts, intangible assets, net liabilities and goodwill may be subject to change. The goodwill is deductible for tax purposes. The business is a part of the Software and Services segment.

On October 29, 2021, the Company acquired Envysion, a leader in enterprise video security and business analytics, for \$124 million, net of cash acquired. In addition, the Company issued restricted stock at a fair value of \$1 million to certain key employees that will be expensed over a service period of one year. This acquisition expands the Company's presence in the industry and reinforces the Company's strategy as a global leader in end-to-end video security solutions within Video Security and Access Control. The Company recognized \$80 million of goodwill, \$37 million of identifiable intangible assets, and \$7 million of net assets. The goodwill is not deductible for tax purposes. The identifiable intangible assets were classified as \$26 million of customer relationships, \$6 million of developed technology, and \$5 million of trade names that will be amortized over a period of fifteen, four, and nine years, respectively. The business is a part of both the Products and Systems Integration segment and the Software and Services segment. The purchase accounting is not yet complete and as such, the final allocation among income tax accounts, intangible assets, net assets and goodwill may be subject to change.

On July 15, 2021, the Company acquired Openpath, a cloud-based mobile access control provider for \$298 million, net of cash acquired. In addition, the Company issued restricted stock at a fair value of \$29 million to certain key employees that will be expensed over an average service period of three years. The transaction also includes the potential for the Company to make earn-out payments of up to \$40 million based on Openpath's achievement of certain financial targets from January 1, 2022 through December 31, 2022. The Company estimated there will be no payout related to the earn-out payments. This acquisition expands the Company's ability to combine video security and access control solutions within Video Security and Access Control to help support enterprise customers. The Company recognized \$234 million of goodwill, \$73 million of identifiable intangible assets, and \$9 million of net liabilities. The goodwill is not deductible for tax purposes. The identifiable intangible assets were classified as \$57 million of developed technology and \$16 million of customer relationships that will be amortized over a period of sixteen and two years, respectively. The business is a part of both the Products and Systems Integration segment and the Software and Services segment. The purchase accounting is not yet complete and as such, the final allocation among income tax accounts, net liabilities and goodwill may be subject to change.

On August 28, 2020, the Company acquired Callyo, a cloud-based mobile applications provider for law enforcement in North America for \$63 million, inclusive of share-based compensation withheld at a fair value of \$3 million that will be expensed over an average service period of two years. The acquisition was settled with \$61 million in cash, net of cash acquired. This acquisition adds to Motorola Solutions' existing Command Center Software suite critical mobile technology capabilities that enable information to flow seamlessly from the field to the command center. The Company recognized \$38 million of goodwill, \$31 million of identifiable intangible assets, and \$8 million of net liabilities. The goodwill is not deductible for tax purposes. The identifiable intangible assets were classified as \$27 million of customer relationships and \$4 million of developed technology that will be amortized over a period of fourteen and seven years, respectively. The business is part of the Software and Services segment. The purchase accounting was completed as of the first quarter of 2021.

On July 31, 2020, the Company acquired Pelco, a global provider of video security solutions for a purchase price of \$110 million. The acquisition was settled with \$107 million of cash, net of cash acquired. The acquisition demonstrates Motorola Solutions' continued investment in Video Security and Access Control, adding a broad range of products that can be used in a variety of commercial and industrial environments and use cases. The Company recognized \$38 million of goodwill, \$30 million of identifiable intangible assets, and \$39 million of net assets. The goodwill is not deductible for tax purposes. The identifiable intangible assets were classified as \$23 million of customer relationships, \$4 million of developed technology, and \$3 million of trade names that will be amortized over a period of fifteen, two, and five years, respectively. The business is a part of both the Products and Systems Integration segment and the Software and Services segment. The purchase accounting was completed as of the third quarter of 2021.

On June 16, 2020, the Company acquired IndigoVision for a purchase price of \$37 million. The acquisition was settled with \$35 million of cash, net of cash acquired and debt assumed. The acquisition complements the Company's Video Security and Access Control technology, providing enhanced geographical reach across a wider customer base. The Company recognized \$18 million of goodwill, \$22 million of identifiable intangible assets, and \$5 million of net liabilities. The goodwill is not deductible for tax purposes. The identifiable intangible asset was classified as \$22 million of customer relationships that will be amortized over a period of eleven years. The business is a part of both the Products and Systems Integration and Software and Services segments. The purchase accounting was completed as of the second quarter of 2021.

On April 30, 2020, the Company acquired a cybersecurity services business for a purchase price of \$32 million of cash, net of cash acquired. The Company recognized \$23 million of goodwill, \$10 million of identifiable intangible assets and \$1 million of net liabilities. The goodwill is deductible for tax purposes. The identifiable intangible assets were classified as \$8 million of customer relationships and \$2 million of developed technology that will be amortized over a period of twelve years and three years, respectively. The acquisition expands the Company's ability to assist customers with cybersecurity needs through vulnerability assessments, cybersecurity consulting, and managed services including security monitoring of network operations. The business is a part of the Software and Services segment. The purchase accounting was completed as of the first quarter of 2021.

On March 3, 2020, the Company acquired a cybersecurity services business for \$40 million, inclusive of share-based compensation withheld at a fair value of \$6 million that will be expensed over a service period of two years. The acquisition was settled with \$33 million of cash, net of cash acquired. The Company recognized \$28 million of goodwill, \$7 million of intangible assets and \$2 million of net liabilities. The goodwill is not deductible for tax purposes. The identifiable intangible asset of \$7 million was classified as a customer relationship that will be amortized over a period of thirteen years. The acquisition expands the Company's ability to assist customers with cybersecurity needs through vulnerability assessments, cybersecurity consulting, managed services and remediation and response capabilities. The business is a part of the Software and Services segment. The purchase accounting was completed as of the first quarter of 2021.

On October 16, 2019, the Company acquired a data solutions business for vehicle location information for a purchase price of \$85 million in cash, net of cash acquired. The acquisition enhances the Company's Video Security and Access Control technology by adding data to the Company's existing LPR database within the Software and Services segment. The Company recognized \$54 million of goodwill, \$28 million of identifiable intangible assets, and \$3 million of net assets. The goodwill is deductible for tax purposes. The identifiable intangible assets were classified as \$22 million of customer relationships and \$6 million of developed technology and will be amortized over a period of sixteen years and five years, respectively. The purchase accounting was completed as of the fourth quarter of 2020.

On July 11, 2019, the Company acquired WatchGuard, a provider of in-car and body-worn video solutions for \$271 million, inclusive of share-based compensation withheld at a fair value of \$16 million that will be expensed over an average service period of two years. The acquisition was settled with \$250 million, net of cash acquired. The acquisition expands the Company's Video Security and Access Control technology. The business is part of both the Products and Systems Integration and Software and Services segments. The Company recognized \$156 million of goodwill, \$63 million of identifiable intangible assets, and \$31 million of net assets. The goodwill is not deductible for tax purposes. The identifiable intangible assets were classified as \$33 million of customer relationships and \$30 million of developed technology that will be amortized over a period of thirteen years and seven years, respectively. The purchase accounting was completed as of the third quarter of 2020.

On March 11, 2019, the Company acquired Avtec, a provider of dispatch communication equipment for U.S. public safety and commercial customers for a purchase price of \$136 million in cash, net of cash acquired. This acquisition expands the Company's commercial portfolio with new capabilities, allowing it to offer an enhanced platform for customers to communicate, coordinate resources, and secure their facilities. The business is part of both the Products and Systems Integration and Software and Services segments. The Company recognized \$68 million of goodwill, \$64 million of identifiable intangible assets, and \$4 million of net assets. The goodwill is deductible for tax purposes. The identifiable intangible assets were classified as \$43 million of developed technology and \$21 million of customer relationship intangibles and will be amortized over a period of fifteen years. The purchase accounting was completed as of the third quarter of 2019.

On January 7, 2019, the Company announced that it acquired VaaS, a company that is a global provider of data and image analytics for vehicle location for \$445 million, inclusive of share-based compensation withheld at a fair value of \$38 million that will be expensed over an average service period of one year. The acquisition was settled with \$231 million of cash, net of cash acquired, and 1.4 million of shares issued at a fair value of \$160 million for a purchase price of \$391 million to be utilized in the purchase price allocation. The business is part of both the Products and Systems Integration and Software and Services segments. The Company recognized \$261 million of goodwill, \$141 million of identifiable intangible assets, and \$11 million of net liabilities. The goodwill is not deductible for tax purposes. The identifiable intangible assets were classified as \$99 million of developed technology that will be amortized over a period of ten years and \$42 million of customer relationship intangibles that will be amortized over a period of fifteen years. The purchase accounting was completed as of the first quarter of 2020.

The results of operations for these acquisitions have been included in the Company's Consolidated Statements of Operations subsequent to the acquisition date. The pro forma effects of these acquisitions are not significant individually or in the aggregate.

## Intangible Assets

Amortized intangible assets are comprised of the following:

December 31 (in millions)	2021		2020	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Intangible assets:				
Developed technology	\$ 828	\$ 278	\$ 766	\$ 210
Patents	2	2	2	2
Customer-related	1,367	836	1,335	685
Other intangibles	82	58	78	50
	<b>\$ 2,279</b>	<b>\$ 1,174</b>	<b>\$ 2,181</b>	<b>\$ 947</b>

Amortization expense on intangible assets, which is included within Other charges in the Consolidated Statements of Operations, was \$236 million, \$215 million, and \$208 million for the years ended December 31, 2021, 2020, and 2019, respectively. As of December 31, 2021, future amortization expense is estimated to be \$238 million in 2022, \$129 million in 2023, \$99 million in 2024, \$88 million in 2025, and \$81 million in 2026.

Amortized intangible assets, excluding goodwill, were comprised of the following by segment:

December 31 (in millions)	2021		2020	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Products and Systems Integration	\$ 766	\$ 184	\$ 692	\$ 129
Software and Services	1,513	990	1,489	818
	<b>\$ 2,279</b>	<b>\$ 1,174</b>	<b>\$ 2,181</b>	<b>\$ 947</b>

## Goodwill

The following table displays a rollforward of the carrying amount of goodwill, net of impairment losses, by segment from January 1, 2020 to December 31, 2021:

(in millions)	Products and Systems Integration	Software and Services	Total
<b>Balance as of January 1, 2020</b>	\$ 973	\$ 1,094	\$ 2,067
Goodwill acquired	46	100	146
Foreign currency translation	—	6	6
<b>Balance as of December 31, 2020</b>	\$ 1,019	\$ 1,200	\$ 2,219
Goodwill acquired	218	131	349
Purchase accounting adjustments	(1)	(1)	(2)
Foreign currency translation	—	(1)	(1)
<b>Balance as of December 31, 2021</b>	\$ 1,236	\$ 1,329	\$ 2,565

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 which is an operating segment or one level below an operating segment.

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 the fiscal years 2021, 2020, and 2019. 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. For fiscal years 2021, 2020, and 2019, the Company concluded it was more-likely-than-not that the fair value of each reporting unit exceeded its carrying value. Therefore, a quantitative goodwill impairment test was not required and there was no impairment of goodwill.

## 16. Valuation and Qualifying Accounts

The following table presents the valuation and qualifying account activity for the years ended December 31, 2021, 2020, and 2019:

	<i>Balance at Beginning of Period</i>	<i>Charged to Earnings</i>	<i>Used</i>	<i>Adjustments*</i>	<i>Balance at End of Period</i>
<b>2021</b>					
Allowance for credit losses	\$ 75	\$ 22	\$ (26)	\$ (1)	\$ 70
<b>2020</b>					
Allowance for credit losses	63	47	(34)	(1)	75
<b>2019</b>					
Allowance for credit losses	51	39	(26)	(1)	63

\* Adjustments include translation adjustments



## 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) or 15d-15(e) under the Exchange Act, as of December 31, 2021 (the "Evaluation Date"), the end of the period covered by this Form 10-K. 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 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.**

The Company's 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, 2021, using the criteria set forth in the *Internal Control-Integrated Framework* (2013) 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 was effective as of December 31, 2021.

The Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, has issued an attestation report on the Company's internal control over financial reporting. The report on the audit of internal control over financial reporting appears in Part II, Item 8 of 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 our most recent fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

### *Item 9B. Other Information*

During the fourth quarter of 2021 and effective as of January 1, 2022, the Company and Kelly Mark entered into a Service Agreement upon Mr. Mark's retirement from the Company (the "Service Agreement"). As previously announced, Mr. Mark, the Company's former Executive Vice President, Software and Services, stepped down from his position leading the Software and Services segment of the Company effective June 1, 2021, and retired from the Company effective December 31, 2021. Pursuant to the Service Agreement, Mr. Mark will continue to provide consulting services to the Company until January 1, 2023 (with an option to renew his services). As compensation for Mr. Mark's services, Mr. Mark will be allowed to continue his medical benefits as described in the Service Agreement. The foregoing description of the Service Agreement is qualified in its entirety by reference to the full text of such agreement, a copy of which is filed as Exhibit 10.53 to this Form 10-K.

### *Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections*

Not applicable.

## PART III

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

The response to this Item with respect to directors is incorporated herein by reference to the information under the caption “Our Board - Who We Are” of our Proxy Statement; with respect to executive officers, is contained in Part I hereof under the caption “Information About our Executive Officers”; and, with respect to the audit committee, is incorporated herein by reference to the information under the caption “Committees of the Board” 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 in the Corporate Governance section on Motorola Solutions’ Internet website, [www.motorolasolutions.com/investors](http://www.motorolasolutions.com/investors), and is available electronically and without charge by contacting Investor Relations at [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. The Code 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 is incorporated herein by reference to the information under the captions “How We Determine Director Compensation,” “How Our Directors Are Compensated,” “Compensation Discussion and Analysis,” “Compensation and Leadership Committee Report,” “Compensation and Leadership Committee Interlocks and Insider Participation,” “Named Executive Officer Compensation,” and “CEO Pay Ratio” of the Proxy Statement.

### Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The response to this Item is incorporated herein by reference to 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 is incorporated herein by reference to the information under the captions “Related Person Transaction Policy and Procedures” and “Independence” of the Proxy Statement.

### Item 14. Principal Accounting Fees and Services

The response to this Item is incorporated by reference to the information under the captions “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*

All schedules omitted are inapplicable or the information required is shown in the consolidated financial statements or notes thereto.

#### 3. *Exhibits*

Exhibit numbers 10.5 through 10.53 listed in this Exhibit Index are management contracts or compensatory plans or arrangements required to be filed as exhibits to this form by Item 15(b) hereof.

- 2.1 Arrangement Agreement, dated February 1, 2018, among Motorola Solutions, Inc., Motorola Solutions Canada Holdings Inc. and Avigilon Corporation (incorporated by reference to Exhibit 2.1 to Motorola Solutions, Inc.'s Current Report on Form 8-K filed on March 28, 2018).
- 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).
- 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, Inc.'s Current Report on Form 8-K filed on January 10, 2011).
- 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, Inc.'s Current Report on Form 8-K filed on January 10, 2011).
- 3.2 Amended and Restated Bylaws of Motorola Solutions, Inc. as of August 27, 2020 (incorporated by reference to Exhibit 3.1 to Motorola Solutions, Inc.'s Current Report on Form 8-K filed on August 27, 2020).
- 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 filed on September 25, 1995).
- 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).
- 4.1 (c) Indenture, dated as of August 19, 2014, between Motorola Solutions, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to Motorola Solutions, Inc.'s Current Report on Form 8-K filed on August 19, 2014).
- 4.1 (d) Indenture, dated as of September 5, 2019, between Motorola Solutions, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, related to the 1.75% Convertible Senior Notes Due 2024 (incorporated by reference to Exhibit 10.2 to Motorola Solutions, Inc.'s Current Report on Form 8-K filed on September 5, 2019).

Certain instruments defining the rights of holders of long-term debt of Motorola Solutions, 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, Inc. agrees to furnish a copy of any such instrument to the Commission upon request.
- 4.2 Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.1(e) to Motorola Solutions, Inc.'s Annual Report on Form 10-K filed on February 12, 2021).
- 10.1 Amended and Restated Master Separation and Distribution Agreement, effective as of July 31, 2010, among Motorola Mobility Holdings, Inc. (f/k/a Motorola SpinCo Holdings Corporation), Motorola Mobility, Inc. and Motorola, Inc. (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)).
- 10.2 Amended and Restated Intellectual Property License Agreement, effective as of July 31, 2010, between Motorola Mobility, Inc. and Motorola, Inc. (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)).
- 10.3 Amended and Restated Exclusive License Agreement, effective as of July 30, 2010, between Motorola Trademark Holdings, LLC and Motorola, Inc. (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, effective as of July 31, 2010, among Motorola Mobility Holdings, Inc. (f/k/a Motorola SpinCo Holdings Corporation), Motorola Mobility, Inc. and Motorola, Inc. (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)).

- 10.5 Motorola Solutions Omnibus Incentive Plan of 2015 (f/k/a the Motorola Omnibus Incentive Plan of 2006), as amended and restated effective May 18, 2015 (incorporated by reference to Exhibit 10.1 to Motorola Solutions, Inc.'s Current Report on Form 8-K filed on May 21, 2015).
- 10.6 First Amendment to the Motorola Solutions Omnibus Incentive Plan of 2015 (f/k/a the Motorola Omnibus Incentive Plan of 2006), as amended and restated effective May 18, 2015 (incorporated by reference to Exhibit 10.1 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended September 26, 2020).
- 10.7 Form of Motorola Solutions, Inc. Terms and Conditions Related to Employee Performance Contingent Stock Options (CEO) (incorporated by reference to Exhibit 10.4 to Motorola Solutions, Inc.'s Current Report on Form 8-K filed on August 26, 2015).
- 10.8 Form of Motorola Solutions, Inc. Performance Option Award Agreement for grants to Section 16 Officers on or after February 14, 2019 (incorporated by reference to Exhibit 10.2 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2019).
- 10.9 Form of Motorola Solutions, Inc. Performance Option Award Agreement for grants to Section 16 Officers from March 9, 2015 to February 13, 2019 (incorporated by reference to Exhibit 10.1 to Motorola Solutions, Inc.'s Current Report on Form 8-K filed on March 11, 2015).
- 10.10 Form of Motorola Solutions, Inc. Terms and Conditions Related to Employee Performance-Contingent Stock Options (non-CEO) (incorporated by reference to Exhibit 10.3 to Motorola Solutions, Inc.'s Current Report on Form 8-K filed on August 26, 2015).
- 10.11 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 Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2013).
- 10.12 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 2015 for grants on or after February 15, 2018 (incorporated by reference to Exhibit 10.4 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2018).
- 10.13 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 2015 for grants from March 9, 2017 to February 14, 2018 (incorporated by reference to Exhibit 10.6 to Motorola Solutions' Quarterly Report on Form 10-Q for the fiscal quarter ended April 1, 2017).
- 10.14 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 from February 3, 2014 to March 8, 2017 (incorporated by reference to Exhibit 10.9 to Motorola Solutions, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2013).
- 10.15 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 from January 4, 2011 to February 2, 2014 (incorporated by reference to Exhibit 10.11 to Motorola Solutions, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2010).
- 10.16 Form of Motorola Solutions, Inc. Stock Option Consideration Agreement for grants on or after March 9, 2017 (incorporated by reference to Exhibit 10.7 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 1, 2017).
- 10.17 Form of Motorola Solutions Stock Option Consideration Agreement for grants from February 3, 2014 to March 8, 2017 (incorporated by reference to Exhibit 10.14 to Motorola Solutions, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2013).
- 10.18 Form of Motorola Solutions Stock Option Consideration Agreement for grants from January 4, 2011 to February 2, 2014 (incorporated by reference to Exhibit 10.15 to Motorola Solutions, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2010).
- 10.19 Form of Motorola Solutions, Inc. Market Stock Unit Agreement for grants to Section 16 Officers on or after March 9, 2017 (incorporated by reference to Exhibit 10.2 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 1, 2017).
- 10.20 Form of Motorola Solutions, Inc. Restricted Stock Unit Agreement relating to the Motorola Solutions Omnibus Incentive Plan of 2015 for grants to Section 16 Officers on or after March 9, 2017 (incorporated by reference to Exhibit 10.5 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 1, 2017).
- 10.21 Form of Motorola Solutions, Inc. Restricted Stock Unit Agreement relating to the Motorola Solutions Omnibus Incentive Plan of 2015 for grants to Appointed Vice Presidents and Elected Officers on or after February 15, 2018 (incorporated by reference to Exhibit 10.2 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2018).
- 10.22 Form of Motorola Solutions, Inc. Restricted Stock Unit Agreement relating to the Motorola Solutions Omnibus Incentive Plan of 2015 for grants to Employees on or after February 15, 2018 (incorporated by reference to Exhibit 10.3 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2018).
- 10.23 Form of Motorola Solutions, Inc. Performance Stock Unit Award Agreement for grants to non-Section 16 Officers on or after February 11, 2021 (incorporated by reference to Exhibit 10.4 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2021).
- 10.24 Form of Motorola Solutions, Inc. Performance Stock Unit Award Agreement for grants to Section 16 Officers on or after May 13, 2019 (incorporated by reference to Exhibit 10.1 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2019).

- 10.25 Form of Motorola Solutions, Inc. Performance Stock Unit Award Agreement for grants to Section 16 Officers on or after February 11, 2021 (incorporated by reference to Exhibit 10.3 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2021).
- 10.26 Form of Motorola Solutions, Inc. Performance Stock Unit Award Agreement for grants to Gregory Q. Brown on or after May 13, 2019 (incorporated by reference to Exhibit 10.2 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2019).
- 10.27 Form of Motorola Solutions, Inc. Performance Stock Unit Award Agreement for grants to Gregory Q. Brown on or after February 11, 2021 (incorporated by reference to Exhibit 10.2 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2021).
- 10.28 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, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2010).
- 10.29 Form of Motorola Solutions, Inc. Performance Option Award Agreement for grants to Gregory Q. Brown on or after March 9, 2015 (incorporated by reference to Exhibit 10.3 to Motorola Solutions, Inc.'s Current Report on Form 8-K filed on March 11, 2015).
- 10.30 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, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2010).
- 10.31 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, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2010).
- 10.32 Form of Motorola Solutions, Inc. Market Stock Unit Agreement for grants to Gregory Q. Brown on or after March 9, 2015 (incorporated by reference to Exhibit 10.4 to Motorola Solutions, Inc.'s Current Report on Form 8-K filed on March 11, 2015).
- 10.33 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, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2011).
- 10.34 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, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2010).
- 10.35 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, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2011).
- 10.36 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 from January 4, 2011 to December 31, 2011 (incorporated by reference to Exhibit 10.39 to Motorola Solutions, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2010).
- 10.37 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)).
- 10.38 Motorola Solutions Executive Officer Short Term Incentive Plan Term Sheet (incorporated by reference to Exhibit 10.51 to Motorola Solutions, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012).
- 10.39 Motorola Solutions Long Range Incentive Plan (LRIP), as Amended and Restated February 11, 2021 (incorporated by reference to Exhibit 10.1 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2021).
- 10.40 Motorola Solutions Long Range Incentive Plan (LRIP), as Amended and Restated May 13, 2019 (incorporated by reference to Exhibit 10.3 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2019).
- 10.41 2019-2021 Performance Measures under the Motorola Solutions Long Range Incentive Plan (LRIP), as approved on February 14, 2019 (incorporated by reference to Exhibit 10.1 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2019).
- 10.42 2020-2022 Performance Measures under the Motorola Solutions Long Range Incentive Plan (LRIP), as approved on February 13, 2020 (incorporated by reference to Exhibit 10.1 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 28, 2020).
- 10.43 2021-2023 Performance Measures under the Motorola Solutions Long Range Incentive Plan (LRIP), as approved on February 11, 2021 (incorporated by reference to Exhibit 10.5 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2021).

- 10.44 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, Inc.'s Current Report on Form 8-K filed on June 5, 2013).
- 10.45 Motorola Solutions, Inc. 2011 Senior Officer Change in Control Severance Plan, as amended and restated November 13, 2014 (incorporated by reference to Exhibit No. 10.54 to Motorola Solutions, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2014).
- 10.46 Motorola Solutions, Inc. 2011 Executive Severance Plan, as amended and restated November 13, 2014 (incorporated by reference to Exhibit No. 10.55 to Motorola Solutions, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2014).
- 10.47 Arrangement for directors' fees for non-employee directors (description incorporated by reference from the information under the caption "How our Directors are Compensated" of Motorola Solutions Inc.'s Proxy Statement on Schedule 14A for the 2021 Annual Meeting of Shareholders filed on April 1, 2021 ("Motorola Solutions' Proxy Statement")).
- 10.48 Description of insurance covering non-employee directors and their spouses (including a description incorporated by reference from the information under the caption "How our Directors are Compensated" of the Motorola Solutions' Proxy Statement, and incorporated by reference to Exhibit 10.1 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended on July 3, 2021).
- 10.49 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).
- 10.50 Amendment made on December 15, 2008, to the Employment Agreement dated August 27, 2008 by and between Motorola, Inc. and Gregory Q. Brown (incorporated by reference to Exhibit No. 10.50 to Motorola, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2008).
- 10.51 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 ).
- 10.52 Third Amendment, dated March 10, 2014, to the Employment Agreement dated August 27, 2008, as amended, by and between Motorola Solutions, Inc. and Gregory Q. Brown (incorporated by reference to Exhibit 10.1 to Motorola Solutions, Inc.'s Current Report on Form 8-K filed on March 13, 2014).
- \*10.53 Service Agreement, effective as of January 1, 2022, by and between Motorola Solutions, Inc. and Kelly Mark.
- 10.54 Revolving Credit Agreement, dated as of March 24, 2021, among Motorola Solutions, Inc., JPMorgan 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, Inc.'s Current Report on Form 8-K filed on March 25, 2021).
- 10.55 Revised and Amended Aircraft Time Sharing Agreement, dated as of October 1, 2015, between Motorola Solutions, Inc. and Gregory Q. Brown (incorporated by reference to Exhibit 10.4 to Motorola Solutions, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended October 3, 2015).
- 10.56 Investment Agreement, dated as of September 5, 2019, among Motorola Solutions, Inc., Silver Lake Alpine, L.P. and Silver Lake Alpine (Offshore Master) L.P. (incorporated by reference to Exhibit 10.1 to Motorola Solutions, Inc.'s Current Report on Form 8-K filed on September 5, 2019).
- \*21 Subsidiaries of Motorola Solutions, Inc.
- \*23.1 Consent of Independent Registered Public Accounting Firm.
- \*31.1 Certification of Gregory Q. Brown pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- \*31.2 Certification of Jason J. Winkler 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 Jason J. Winkler pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101.INS Inline XBRL Instance Document
- 101.SCH Inline XBRL Taxonomy Extension Scheme Document
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104 Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

\* Filed herewith

\*\* Furnished herewith

**(b) Exhibits:**

See Item 15(a) 3 above.

## Item 16. Form 10-K Summary

None.





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## SHAREHOLDER REFERENCE INFORMATION

### Share transfer, registrar, dividend disbursing, direct share purchase and dividend reinvestment agent

EQ Shareowner Services  
1110 Centre Pointe Curve, Suite 101  
Mendota Heights, MN 55120 U.S.A.

**Toll-free:** +1 800 704 4098

**International:** +1 651 450 4064

**Website:** [www.shareowneronline.com](http://www.shareowneronline.com)

### Shareholder correspondence should be mailed to:

EQ Shareowner Services  
P.O. Box 64874  
St. Paul, MN 55164-0874 U.S.A.

### Certified and overnight correspondence should be mailed to:

EQ Shareowner Services  
1110 Centre Point Curve, Suite 101  
Mendota Heights, MN 55120 U.S.A.

### Investor Relations

Security analysts, investment professionals and shareholders can find investor relations information online at [www.motorolasolutions.com/investors](http://www.motorolasolutions.com/investors).

### Inquiries should be directed to:

Investor Relations  
Motorola Solutions, Inc.  
500 West Monroe Street  
Chicago, IL 60661 U.S.A.

**Email:** [investors@motorolasolutions.com](mailto:investors@motorolasolutions.com)

**Telephone:** +1 847 538 7367

### Common Stock

Motorola Solutions common stock is listed on the New York Stock Exchange.

### Virtual Annual Meeting of Shareholders

May 17, 2022, 9:30 a.m. Central Time  
[www.virtualshareholdermeeting.com/MSI2022](http://www.virtualshareholdermeeting.com/MSI2022)

### Availability of Proxy Statement and Form 10-K

The Proxy Statement and the Form 10-K are available on the Internet at <https://investors.motorolasolutions.com/AnnualReports>. A copy of the Proxy Statement and/or Form 10-K may be obtained without charge by contacting the Investor Relations Department as listed above.

### Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP  
One North Wacker Drive  
Chicago, IL 60606 U.S.A.

### Non-Incorporation

Motorola Solutions' 2021 Form 10-K, as filed with the SEC, is included within this Annual Report. Other than the Form 10-K, all other portions of this Annual Report are not "filed" with the SEC and should not be deemed so.



**MOTOROLA SOLUTIONS**

Motorola Solutions, Inc.  
500 West Monroe Street  
Chicago, IL 60661 U.S.A.

+1 847 576 5000  
[www.motorolasolutions.com](http://www.motorolasolutions.com)

**MSI**  
**LISTED**  
**NYSE**

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Motorola Solutions, Inc. trades under the symbol MSI and is proud to meet the listing requirements of the NYSE, the world's leading equities market.

ACTION: S

VENDOR NUMBER= \*\*\*\*\*5800

OFFSET: 00 OF 00

VENDOR NAME: \*

CLAIMING AGENCY NUMBER: \*

CLAIMING AGENCY NAME: \*

CLAIMING AGENCY PHONE NUMBER: \*

## DISCLAIMER:

AS OF 01/04/23 AT 16:20 OUR INVOLUNTARY WITHHOLDING SYSTEM DOES NOT HAVE AN ACTIVE CLAIM AGAINST VENDOR NUMBER \*\*\*\*\*5800. PLEASE BE ADVISED THAT OUR SYSTEM ONLY CONTAINS CLAIMS FILED BY STATE AGENCIES PURSUANT TO 15 ILCS 405/10.05. A VENDOR MAY BE DELIQUENT IN A DEBT TO THE STATE OF ILLINOIS, BUT THE DEBT MAY NOT BE RECORDED ON OUR INVOLUNTARY WITHHOLDING SYSTEM.

\*

ENTER=PROCESS, PF3=IOCM, PF12=REFRESH



Office of the Secretary of State Jesse White

ilsos.gov

## Corporation/LLC Search/Certificate of Good Standing

### Corporation File Detail Report

File Number	50232859
Entity Name	MOTOROLA SOLUTIONS, INC.
Status	ACTIVE

#### Entity Information

Entity Type  
CORPORATION

Type of Corp  
FOREIGN BCA

Qualification Date (Foreign)  
Friday, 4 May 1973

State  
DELAWARE

Duration Date  
PERPETUAL

#### Agent Information

Name

<b>C T CORPORATION SYSTEM</b>
Address 208 SO LASALLE ST, SUITE 814 CHICAGO , IL 60604
Change Date 00/00/0000

<b>Annual Report</b>
Filing Date Friday, 10 June 2022
For Year 2022

<b>Officers</b>
President Name & Address VACANT
Secretary Name & Address KRISTIN KRUSKA 500 W MONROE ST CHICAGO 60661

<b>Assumed Name</b>
INACTIVE AVONT INNOVATIONS

<b>Old Corp Name</b>
01/05/2011 MOTOROLA, INC.

[Return to Search](#)

[File Annual Report](#)

[Adopting Assumed Name](#)

[Change of Registered Agent and/or Registered Office](#)

(One Certificate per Transaction)

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Wed Jan 04 2023

## ILLINOIS STATE BOARD OF ELECTIONS

Information For  
VotersCampaign  
DisclosureRunning for  
OfficeCandidate Filing and  
ResultsBusiness  
RegistrationPress  
RoomAbout The  
Board

State of Illinois Coronavirus Response Site

X

**Motorola Solutions, Inc**

**Address:** "Note: For security and privacy reasons,  
Motorola  
500 West Monroe, 43rd Floor  
Chicago, IL 60661

**Last Activity:** 2/4/2020 2:02:22 PM

**Business Status:** Active ⓘ

[View Business Status History](#)

Download This List

## Affiliates

Name	Address
<a href="#">555 Robson Operating Limited</a>	555 Robson Street 3rd Floor Vancouver, CA V6B 1A6
<a href="#">Airwave Application Services Limited</a>	3 Melville Street GB, EH3 7PE
<a href="#">Airwave Solutions Deutschland GmbH</a>	184 Hohenzollerndamm DE, 10713
<a href="#">Airwave Solutions International Limited</a>	Nova South, 160 Victoria Street GB, SW1E 5LB
<a href="#">Airwave Solutions Limited</a>	Nova South, 160 Victoria Street GB, SW1E 5LB

First Prev 1 2 3 4 5 6 7 8 9 10 ... Next Last Page Size  160 Total Records 32 Total Pages

## Activity

Activity Date	Details
2/4/2020 2:02:22 PM	Motorola Solutions Services Limited has been removed as an affiliated organization.
2/4/2020 2:02:22 PM	Motorola Solutions Switzerland AG, SA, Limited has been removed as an affiliated organization.
2/4/2020 2:02:22 PM	Motorola Solutions CZ s.r.o. has been removed as an affiliated organization.
2/4/2020 2:02:22 PM	Motorola Solutions Polska Sp.z.o.o Line #1 address changed from 82, ul. Czerwone Maki, woj. Malopolskie, powiat, K to 5, ul. Woloska, woj. Mazowieckie, powiat, Warszawski

2/4/2020 2:02:22 PM

Motorola Solutions Polska Sp.z.o.o Line #2 address changed from gmina Krakow to gmina m.s. Warszawa

First Prev 1 2 3 4 5 6 7 8 9 10 ... Next Last Page Size 5 ▼

1386 Total Records 278 Total Pages

**Search For Contributions (How accurate is this match?)**

Match contributions for:

- Entire Business
- Business Only, No Affiliates

Match contributions by:

- By Name
- By Address
- By Name and Address (Both must match)

Search

Return to Previous Page

Springfield Office  
2329 S. MacArthur Blvd.  
Springfield, IL 62704  
Phone: 217-782-4141  
Fax: 217-782-5959

Chicago Office  
69 W. Washington Suite LL08  
Chicago, IL 60602  
Phone: 312-814-6440  
Fax: 312-814-6485

External Links  
[Illinois Amber Alert](#)  
[National Center for Missing and Exploited Children](#)  
[Illinois Election Statutes](#)  
[Federal Election Commission](#)  
[State of Illinois Homepage](#)  
[Election Assistance Commission](#)

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[Frequently Asked Questions](#)





ACTION: S

VENDOR NUMBER= \*\*\*\*\*9194

OFFSET: 00 OF 00

VENDOR NAME: \*

CLAIMING AGENCY NUMBER: \*

CLAIMING AGENCY NAME: \*

CLAIMING AGENCY PHONE NUMBER: \*

## DISCLAIMER:

AS OF 01/03/23 AT 16:16 OUR INVOLUNTARY WITHHOLDING SYSTEM DOES NOT HAVE AN ACTIVE CLAIM AGAINST VENDOR NUMBER \*\*\*\*\*9194. PLEASE BE ADVISED THAT OUR SYSTEM ONLY CONTAINS CLAIMS FILED BY STATE AGENCIES PURSUANT TO 15 ILCS 405/10.05. A VENDOR MAY BE DELIQUENT IN A DEBT TO THE STATE OF ILLINOIS, BUT THE DEBT MAY NOT BE RECORDED ON OUR INVOLUNTARY WITHHOLDING SYSTEM.

\*

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