

Motorola Q3 2006 Earnings Release Conference Call

October 17, 2006

Ed Gams

Corporate Vice President
of Investor Relations

Safe Harbor Statement

A number of forward-looking statements will be made during this presentation. Forward-looking statements are any statements that are not historical facts. These forward-looking statements are based on the current expectations of Motorola and there can be no assurance that such expectations will prove to be correct. Because forward-looking statements involve risks and uncertainties, Motorola's actual results could differ materially from these statements. Information about factors that could cause, and in some cases have caused, such differences can be found on pages 19 through 27 in item 1A of Motorola's 2005 Annual Report on Form 10-K and in Motorola's other SEC filings.

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Ed Zander

Chief Executive Officer

Motorola Highlights

- Record Q3 Sales of \$10.6 B, 17% Increase YoY
- Gross Margin Percent 31.8%, .9 Points Increase QoQ
- EPS From Continuing Operations of \$.34*, Up 17 % YoY*
- Mobile Devices – Record Units and Operating Earnings, QoQ Increase in Market Share, Operating Margin 11.9%*
- Networks & Enterprise – Operating Margin Increased QoQ to 15.4%*
- Connected Home – Increased Sales, Operating Earnings & Operating Margin*, YoY and QoQ

* Excluding Items Highlighted in our Press Release

David Devonshire
Chief Financial Officer

Motorola Inc. Financial Results

Q3 2006

Sales \$M	\$ 10,603
Operating Earnings \$M	\$ 968
Operating Margin	9.1%
EPS- Continuing Operations	\$ 0.29
<u>Excluding Highlighted Items</u>	
Operating Earnings \$M	\$ 1,234
Operating Margin	11.6%

Items Highlighted in Earnings Press Releases

Q3 2006

Highlighted Item	EPS impact
Stock compensation expense	\$ (0.02)
Reorganization of business charges	(0.01)
Legal reserve	(0.01)
Acquisition-related in-process research & development	(0.01)
Charitable contribution to Motorola Foundation	(0.01)
Tax benefits (expense)	(0.01)
Sprint Nextel derivative gain	0.02
Total Continuing Operations Impact	\$ (0.05)

Q3 2005

Highlighted Item	EPS impact
Gain on Sprint Nextel, including derivative gain	\$ 0.32
Tax benefits (expense)	0.13
Debt retirement costs	(0.03)
Reorganization of business charges	(0.03)
Total Continuing Operations Impact	\$ 0.39

Cash Flow and Debt

Cash Flow

Cash & Debt

(\$ in Billions)	<u>Q3 2006</u>	(\$ in Billions)	<u>Q3 2006</u>	<u>Year End 2005</u>
Operating Cash Flow	\$ 1.6	Cash/Equiv/Mkt Sec	\$ 14.8	\$ 14.8
CapEx	\$ (0.1)	Short Term/ Current Debt	\$ (0.5)	\$ (0.5)
Free Cash Flow	<u>\$ 1.5</u>	Long Term Debt	\$ (3.8)	\$ (3.8)
		Total Debt	\$ (4.3)	\$ (4.3)
		Net Cash/ (Net Debt)	<u>\$ 10.5</u>	<u>\$ 10.5</u>

Debt to Total Capital of 20.0% vs. 20.3% at 12/31/05

Stock Repurchase Update

- July 2006: Completed Initial \$4B Stock Repurchase Program With \$1.2B Accelerated Share Buyback
- July 2006: Board of Directors Authorized Additional \$4.5B Stock Repurchase Over 3 Years
- In Q3: Purchased ~62.4 M Shares, Average Price of \$23.61, Cash Used ~\$1.5 B
- Inception to Q3 2006: Purchased 180.1 M Shares, Cash Used \$4B

Q4 2006 Guidance

- Sales \$11.8B - \$12.1B
- Up 18-21% YoY
- Stock Compensation Expense Of \$.02 Per Share

Mobile Devices Highlights

continued momentum!

All-time Motorola record for units!

All-time Q3 record for Mobile Devices sales!

All-time record for Mobile Devices operating earnings!

11th consecutive quarter of Y/Y OE% improvement!*

8th consecutive quarter of Q/Q market-share growth!

... and we increased global market share to 22.4%

** Excluding Items Highlighted in Our Press Releases*

Mobile Devices Highlights

wickedly cool products!

The hotly anticipated MOTOKRZR has launched!

Demand for MOTORAZR family is stronger than ever!

*MOTORAZR and MOTOSLVR have joined RED
in the fight against AIDS in Africa*

Demand for MOTO-Q continues to re-define QWERTY

MOTOMusic is in a groove ... nearly 15 million units!

Mass-market devices drove >100% share growth in India

*iDEN is strongly positioned with a new 5-year supply agreement
with NII*

... and 8 new launches: 3 GSM, 3 CDMA & 2 iDEN

Mobile Devices Financials

Q3 2006

Sales \$M	\$ 7,034
Operating Earnings \$M	\$ 819
Operating Margin	11.6%
<u>Excluding Highlighted Items</u>	
Operating Earnings \$M	\$ 835
Operating Margin	11.9%
Units (M)	53.7
Market Share- Q3 Estimate	22.4%

Mobile Devices- Regional

north america ... #1 at 5 of the top 6 operators

latin america ... #1 at the top 3 operators

europa ... MOTORAZR #1-selling handset

north asia ... share up nearly 12 ppts vs. Q3 2005

high-growth... share up 10 ppts vs. Q3 2005

- india ... 2x share vs. Q2 2006

Source: Motorola, Inc. Shares are calculated on Q3 '06 Unit Shipments, includes iDEN.

Q3: MOTOKRZR!

the newest & hottest “must have” for CDMA EV-DO and GSM EDGE



MOTOKRZR K1m



MOTOKRZR K1



Q3: MOTORAZR – the standard



GSM

technologies



EDGE

colors



EV-DO

experiences

style

Q4: MOTORAZR xx

on track and ramping for UMTS ...



MOTORAZR xx

entertainment on the go!

- high-speed connectivity
- premium multimedia
- integrated MP3 player
- video capture / playback
- P2P video telephony
- HSDPA and EDGE

enabled

Q4: MOTORAZR maxx on track and ramping for HSDPA

the new standard for multimedia!

- ultra high-speed connectivity
- over-the-air music and video
 - P2P video telephony
 - blazing fast games
- integrated MP3 player
 - 50MB memory
- optional microSD card
- ARM II microprocessor
- HSDPA and EDGE enabled
 - and Bluetooth



MOTORAZR maxx

Q4: on track & ramping ...



style
on the
rise



MOTORIZR



dual-mode
CDMA and iDEN –
for high-
performance PTT
with CDMA voice
and data

NOW SHIPPING!

IC502 Dual-Mode iDEN/CDMA

Q4: on track & ramping ...

*MOTO*PHONE

Connecting the
next billion
subscribers with
aspirational
and affordable
style!



... announced in GSM, and now also coming in CDMA

2006 mobile devices our commitment

grow market share profitably with ...

wickedly compelling products ...

and rich experiences ...

with quality and efficiency.

2006 mobile devices industry outlook

expect market to grow by >15% for FY2006

expect Q4 to have typical seasonality
and strong demand ...

and expect that Mobile Devices will
continue to grow sequential share
and expand YoY OE%

Networks & Enterprise Highlights

Announced Sprint WiMAX Win

***Signed 5-year Extension for iDEN[®] with NII Holdings
(Nextel International)***

Completed Acquisition of NextNet and Invested in Clearwire

Announced Venture With Huawei for UMTS

New Data Capabilities for Public Safety Business

Announced Intention to Acquire Symbol Technologies



Networks & Enterprise Financials

Q3 2006

Sales \$M \$ 2,779

Operating Earnings \$M \$ 378

Operating Margin 13.6%

Excluding Highlighted Items

Operating Earnings \$M \$ 429

Operating Margin 15.4%

WiMAX leads the way to a wireless broadband future...

Q3

leads the way on
Motorola WiMAX

Sprint chooses WiMAX...and Motorola

Clearwire to deploy Motorola WiMAX

NextNet acquired by Motorola

WiMAX World award for Industry Innovation



Traditional Network Segment

Smart Moves and New Contracts

iDEN[®] - contract extension

New contract with NII Holdings for Motorola iDEN[®] infrastructure and handsets through 2011

UMTS - great venture with Huawei

R&D center in Shanghai
Positive customer momentum



HUAWEI

Innovating in a Segment We Lead

**Motorola
innovations
bring first
responders
new **DATA****

applications

devices

networks

services



Enterprise Mobility

is changing the game

Motorola

symbol



symbol[®]
The Enterprise Mobility Company™

SEAMLESS MOBILITY

ENTERPRISE MOBILITY

A complementary set of products and services

New customer segments

A strong intellectual property portfolio



2006 Networks & Enterprise outlook

expect Q4 sales to be up sequentially

expect Q4 operating earnings to be up sequentially

expect continued strength in worldwide public safety

Connected Home

Global Market Leadership

North America



#1 Set-tops
#1 Cable Modems

EMEA



#1 Cable Modems
#1 IP Set-tops

Latin America

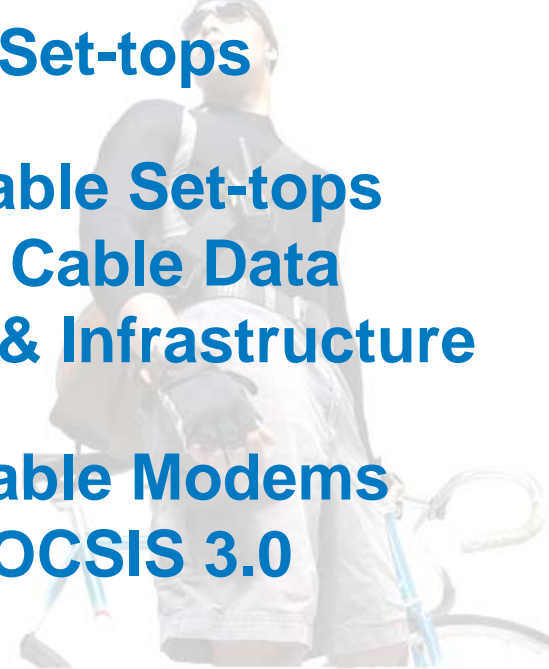


#1 Cable Set-tops
#1 in Cable Data
CPE & Infrastructure

Asia Pacific



#1 Cable Modems
1st DOCSIS 3.0



Connected Home Financials

Q3 2006

Sales \$M \$ 812

Operating Earnings \$M \$ 21

Operating Margin 2.6%

Excluding Highlighted Items

Operating Earnings \$M \$ 63

Operating Margin 7.8%

Connected Home Highlights

Completed Two Strategic Acquisitions

BROADBUS

Motorola's new On Demand Solutions business – record quarter

VERTASENT

Software that manages the technology elements for switched digital video networks.

Expanding Motorola's end-to-end digital video solution portfolio to enable the delivery of advanced video services and improved bandwidth management

On Demand

Switched Digital

Network DVR

VOD

50 Million Digital Set-Tops



Connected Home Outlook

2006

Broadband Connected Home Market

- Mid/High Single Digit Growth

Motorola Connected Home Solutions

- Maintain/Grow Share and Improve Operating Margin

Motorola Connected Home Solutions Q4

- Sales and Operating Margin Up QoQ
- Sales and Operating Margin Up YoY



Growth & Profitability

Motorola Q&A Participants

Ed Zander

Chief Executive Officer

David Devonshire

Chief Financial Officer

Ron Garriques

President, Mobile Devices Business

Greg Brown

President, Networks and Enterprise Business

Dan Moloney

President, Connected Home Business

Ed Gams

Vice President, Investor Relations

Use of Non-GAAP Measurements

In addition to the GAAP results provided during this conference call, Motorola has presented certain non-GAAP measurements. Motorola has provided these non-GAAP measurements as a measure to help investors better understand its core operating performance, enhance comparisons of Motorola's core operating performance from period to period and to allow better comparisons of Motorola's operating performance to that of its competitors. Among other things, the Company's management uses these operating results, excluding the identified items, to evaluate the performance of its businesses and to evaluate results relative to incentive compensation targets. Management uses operating results excluding these items because they believe this measure enables them to make better period-to-period evaluations of the financial performance of its core business operations. There are inherent limitations in the use of operating results excluding these items because the company's GAAP results do include the impact of these items. The non-GAAP measures are intended only as a supplement to the comparable GAAP measures and the company compensates for the limitations inherent in the use of non-GAAP measures by using GAAP measures in conjunction with the non-GAAP measures. As a result, investors should consider these non-GAAP measures in addition to, and not in substitution for, or as superior to, measures of financial performance prepared in accordance with GAAP.

Details of these items and reconciliations of the non-GAAP measurements provided during this call to GAAP measurements can be found: (i) in the Form 8-K filed by Motorola on October 17, 2006 (which had this afternoon's earnings press release attached), (ii) within the text of the slides that accompany this webcast, or (iii) on the company's website. Each of these items can be found on Motorola's website at www.motorola.com/investor.

OE Reconciliation By Segment of Highlighted Items

Q3 2006

	TOTAL	Mobile Devices	N&E	Conn.Home	Other/Elims
Net Sales	\$ 10,603	\$ 7,034	\$ 2,779	\$ 812	\$ (22)
Operating earnings	968	819	378	21	(250)
Operating earnings as a percentage of net sales	9.1%	11.6%	13.6%	2.6%	1136.4%
Operating earnings	968	819	378	21	(250)
Less: Highlighted items discussed	266	16	51	42	157
Operating earnings excluding highlighted items discussed	\$ 1,234	\$ 835	\$ 429	\$ 63	\$ (93)
Operating earnings as a percentage of net sales	11.6%	11.9%	15.4%	7.8%	422.7%

Q3 2005

	TOTAL	Mobile Devices	N&E	Conn.Home	Other/Elims
Net Sales	\$ 9,048	\$ 5,604	\$ 2,766	\$ 743	\$ (65)
Operating earnings	1,080	593	465	39	(17)
Operating earnings as a percentage of net sales	11.9%	10.6%	16.8%	5.2%	26.2%
Operating earnings	1,080	593	465	39	(17)
Less: Highlighted items discussed	87	22	52	4	9
Operating earnings excluding highlighted items discussed	\$ 1,167	\$ 615	\$ 517	\$ 43	\$ (8)
Operating earnings as a percentage of net sales	12.9%	11.0%	18.7%	5.8%	12.3%

Highlighted Items Discussed

Q3 2006

Highlighted Item	Statement Line	Q3 2006 PBT (Inc)/Exp	Q3 2006 Tax Inc/(Exp)	Q3 2006 PAT (Inc)/Exp
Stock compensation expense	Cost of sales, R&D and SG&A	\$ 62	\$ 21	\$ 41
Reorganization of business charges	Cost of sales and Other charges (income)	58	20	38
Legal reserve	Other charges (income)	25	9	16
Acquisition-related in-process research & development	Other charges (income)	33	2	31
Charitable contribution to Motorola Foundation	Other charges (income)	88	63	25
Tax benefits (expense)	Income tax expense	-	(13)	13
Sprint Nextel derivative gain	Other income (expense) - Other	(93)	(35)	(58)
Total Continuing Operations Impact		\$ 173	\$ 67	\$ 106

Q3 2005

Highlighted Item	Statement Line	Q3 2005 PBT (Inc)/Exp	Q3 2005 Tax Inc/(Exp)	Q3 2005 PAT (Inc)/Exp
Gain on Sprint Nextel, including derivative gain	Other income (expense) - Other and Gains on sales of investments and businesses	\$ (1,322)	\$ (503)	\$ (819)
Tax benefits (expense)	Income tax expense	-	333	(333)
Debt retirement costs	Other income (expense)	137	52	85
Reorganization of business charges	Cost of sales and Other charges (income)	87	18	68
Total Continuing Operations Impact		\$ (1,098)	\$ (100)	\$ (999)

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