

Motorola Q1 2007 Earnings Conference Call

April 18, 2007

Dean Lindroth
Investor Relations Officer

Safe Harbor

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 16 through 24 in item 1A of Motorola's 2006 Annual Report on Form 10-K and in Motorola's other SEC filings.

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Ed Zander

Chairman & CEO

Overview

Disappointing Q1, in Line with Revised Guidance

Mobile Devices Going-Forward Plan in Place

Exceptional Quarter for Connected Home Solutions

Continued Growth in Networks & Enterprise

Completed Four Acquisitions: Good, Symbol, Netopia and Tut

Commitment to Improving Operating Cash Flow and Profitability

Cost Reductions Underway and More to Do

Enhanced Share Repurchase Program

Tom Meredith
Chief Financial Officer

Q1 2007 Financial Results

(\$ Millions)	<u>Q1 2007</u>	<u>Q4 2006</u>	<u>Q1 2006</u>
<u>GAAP</u>			
Sales	\$ 9,433	\$ 11,792	\$ 9,608
Operating Earnings (Loss)	\$ (366)	\$ 753	\$ 849
Operating Margin	(3.9)%	6.4%	8.8%
<u>Excluding Highlighted Items</u>			
Operating Earnings	\$ 11	\$ 825 *	\$ 920 *
Operating Margin	0.1%	7.0%*	9.6%*

* Includes stock compensation expense of \$70M and \$60M from Q1 '06 and Q4 '06, respectively

Highlighted Items

Q1 2007

Highlighted Items	EPS impact
Impact to cost of sales from purchase accounting adjustments to inventory	\$ (0.02)
In-process research & development charges	(0.04)
Legal settlement	(0.03)
Reorganization of business charges	(0.02)
Total Continuing Operations Impact	\$ (0.11)

Q1 2006

Highlighted Items	EPS impact
Gains on sales of investments, net of derivative loss	\$ 0.03
Reorganization of business charges	(0.02)
Stock compensation expense	(0.02)
Total Continuing Operations Impact	\$ (0.01)



Cash and Debt

(\$ in Billions)	<u>Q1 2007</u>	<u>Q4 2006</u>
Cash/Equiv/Mkt Sec	<u>\$ 9.0</u>	<u>\$ 15.6</u>
Short Term/ Current Debt	(1.8)	(1.7)
Long Term Debt	(2.6)	(2.7)
Total Debt	<u>(4.4)</u>	<u>(4.4)</u>
Net Cash	<u><u>\$ 4.6</u></u>	<u><u>\$ 11.2</u></u>

Cash Bridge Q1 '07 to Q4 '06

(\$ Millions)

Q4 2006 Cash/ Equiv/Mkt Sec	\$ 15.6
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Cash Uses Q1 '07

Net Cash Used for Acquisitions	4.1
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Cash Used for Share Repurchases	2.4
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Dividends/ Capex/ Other, Net	0.1
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Q1 2007 Cash/ Equiv/Mkt Sec	\$ 9.0
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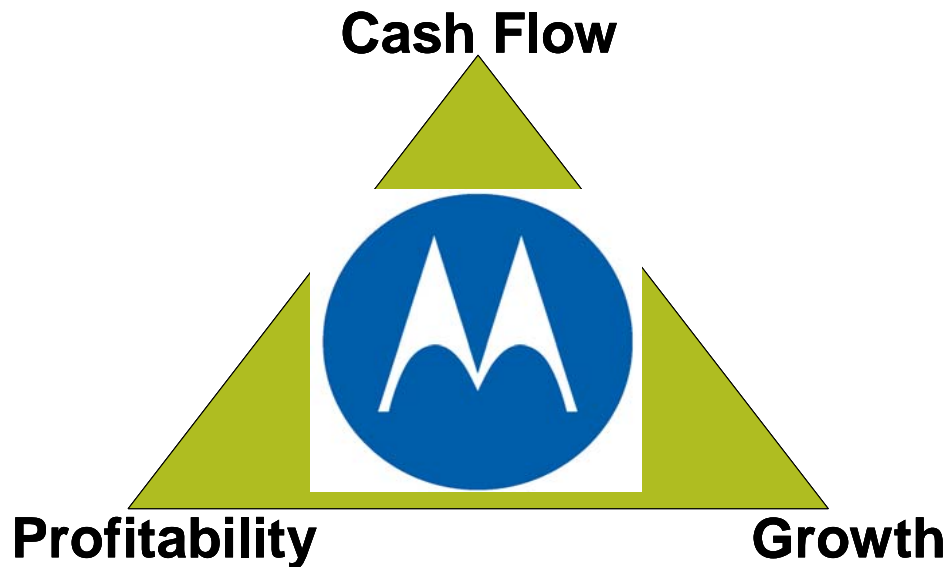
Stock Repurchase Update

- \$2B Accelerated Repurchase During Q1 '07, Increased Authorized Repurchases Under Program by \$3B to \$7.5B
- Cash Used in Q1 '07 ~\$2.4 B, to Acquire ~121 M Shares*
- May 2005 to Q1 '07: Cash Used ~\$7.1 B, to Acquire ~334 M Shares*
- \$4.4 B Remains Authorized for Repurchases Through June '09

* Note- As part of the accelerated share buyback, ~ 34 M shares delivered to Motorola after the close of Q1 '07 are reflected in total shares purchased in the quarter.

Cost Reduction

- Programs Being Implemented
 - Reduction in Force
 - Site Rationalization
 - Acquisition Synergies
- More Opportunities to Reduce Cost



Outlook

2nd Quarter

Sales Essentially Flat With First Quarter 2007

EPS* \$0.02 – \$0.03

***Excludes any reorganization of business charges associated with the company's operating expense reduction initiatives as well as any other items of the variety highlighted by the company in its quarter earnings releases.**

Greg Brown

President & Chief Operating Officer



Q1 Results

***Consistent with the press release issued
on March 21st, the first quarter was
challenging for Mobile Devices.***



Mobile Devices Financials

(\$ Millions)	<u>Q1 2007</u>	<u>Q4 2006</u>	<u>Q1 2006</u>
<u>GAAP</u>			
Sales	\$ 5,412	\$ 7,806	\$ 6,403
Operating Earnings (Loss)	\$ (260)	\$ 341	\$ 702
Operating Margin	(4.8)%	4.4%	11.0%
<u>Excluding Highlighted Items</u>			
Operating Earnings	\$ (231)	\$ 341	\$ 701
Operating Margin	(4.3)%	4.4%	10.9%
Units (M)	45.4	65.7	46.1
Market Share (Estimate)	17.5%	23.3%	21.0%

Q1: 8 new products launched

***3 Mass-Market and 1 Mid-Tier
GSM Devices***



W370



W205



W215



W510



Q1: 8 new products launched

3 CDMA Devices



W355



StarTac III



RAZR maxx V

***... and
1 UMTS
Device***



KRZR K3



Q1: 18 new products announced

Highlights



MOTORIZR Z8



MOTOROKR Z6m



MOTO Q gsm



MOTO Q 9h



Our Focus

Improvement Opportunities

- 1. New Software and Silicon Platforms***
 - 2. UMTS Portfolio Expansion***
 - 3. Low-Tier Portfolio Competitiveness***
 - 4. Cost Reductions***
 - 5. Distribution Channel Rationalization***
- ... and Business Simplification***



Mobile Devices: ***Our Strategy***

Grow profitably with ...

Compelling products ...

and Rich Experiences ...

with Quality and Efficiency.

Networks & Enterprise Financials

(\$ Millions)	<u>Q1 2007</u>	<u>Q4 2006</u>	<u>Q1 2006</u>
<u>GAAP</u>			
Sales	\$ 3,014	\$ 3,043	\$ 2,520
Operating Earnings	\$ 183	\$ 428	\$ 307
Operating Margin	6.1%	14.1%	12.2%
<u>Excluding Highlighted Items</u>			
Operating Earnings	\$ 343	\$ 501	\$ 328
Operating Margin	11.4%	16.5%	13.0%

Networks & Enterprise

Leadership in the Government Market

Government/public safety business remains solid

Major wins

Product introductions: ML910, MW810 rugged computers

**GCN BEST
OF
FOSE
2007 WINNER**



Networks & Enterprise

Transforming Enterprise Mobility

Symbol Integration: on schedule

Strong growth trend

4 new products, including dual-mode MC35 EDA



Networks & Enterprise

Carrier Networks

- Signed 2007 CDMA extension agreement with Sprint Nextel***
- Reached agreement for CDMA network expansion for KDDI***
- Announced new CDMA Universal Base Station***
- Announced GSM contract with Celtel Nigeria***
- Achieved 20 percent growth in iDEN international sales vs. prior year***

2G/3G



Networks & Enterprise

WiMAX Leadership

Now participating in 25 trials globally

9 signed WiMAX contracts

Q1: Chile, Brazil, the Netherlands

Plus awarded five new markets by Sprint



2007

Networks & Enterprise: ***Our Strategy***

Expand Public Safety

Category Leadership in Enterprise Mobility

Next-Generation Networks Growth

Connected Home Solutions Financials

(\$ Millions)	<u>Q1 2007</u>	<u>Q4 2006</u>	<u>Q1 2006</u>
<u>GAAP</u>			
Sales	\$ 1,036	\$ 980	\$ 732
Operating Earnings (Loss)	\$ 142	\$ 118	\$ (4)
Operating Margin	13.7%	12.0%	(.5)%
<u>Excluding Highlighted Items</u>			
Operating Earnings	\$ 113	\$ 117	\$ 47
Operating Margin	10.9%	11.9%	6.4%

Connected Home Solutions Highlights

***Record quarter
for digital entertainment device shipments***

4.9M digital entertainment devices



1M IP Set-tops



2.6M Voice and Data Modems



Investing in the End-to-End Connected Home Network

Achieved 500K video-stream milestone

netopia®



BROADBUS

Connected Home Solutions: ***Our Strategy***

Leveraging our leadership position

Delivering innovative end-to-end solutions, and ...

***Enabling new experiences that will define
the home as the Hub of Seamless Mobility***

Q&A Participants

Ed Zander
Chief Executive Officer

Tom Meredith
Chief Financial Officer

Greg Brown
President and Chief
Operating Officer

Dean Lindroth
Investor Relations Officer

Safe Harbor

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Use of Non-GAAP Measures

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 not 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 April 18, 2007 (which had this morning'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.

Additional Information And Where to Find It

While Motorola does not believe that this communication constitutes solicitation material in respect of Motorola's solicitation of proxies in connection with its 2007 Annual Stockholders Meeting, this communication may be deemed to be solicitation material. In connection with the solicitation of proxies, Motorola has filed with the Securities and Exchange Commission (the "SEC") a definitive proxy statement on March 15, 2007 (the "Proxy Statement"). THE PROXY STATEMENT CONTAINS IMPORTANT INFORMATION ABOUT MOTOROLA AND THE 2007 ANNUAL STOCKHOLDERS MEETING. MOTOROLA'S STOCKHOLDERS ARE URGED TO READ THE PROXY STATEMENT CAREFULLY.

On March 19, 2007, Motorola began the process of mailing the Proxy Statement, together with a WHITE proxy card. Stockholders may obtain additional free copies of the Proxy Statement and other documents filed with the SEC by Motorola through the website maintained by the SEC at www.sec.gov. The Proxy Statement and other relevant documents may also be obtained free of charge from Motorola by contacting Investor Relations in writing at Motorola, Inc., 1303 E. Algonquin Road, Schaumburg, IL 60196; or by phone at 1-800-262-8509; or by email at investors@motorola.com. The Proxy Statement is also available on Motorola's website at www.motorola.com/investor. The contents of the websites referenced above are not deemed to be incorporated by reference into the Proxy Statement. In addition, copies of the Proxy Statement may be requested contacting our proxy solicitor, D.F. King & Co. Inc. by phone toll-free at 1-800-488-8095.

Motorola and its directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in connection with the 2007 Annual Stockholders Meeting. You can find information about Motorola's executive officers and directors in the Proxy Statement.

Non-GAAP Measures

Total Debt = Notes payable and current portion of long-term debt + Long-term debt

$$\$4,353 = \$1,757 + \$2,596$$

Debt to Capital Ratio = Total Debt / (Total Debt + Stockholders Equity)

$$22.8\% = \$4,353 / (\$4,353 + \$14,778)$$

Cash Conversation Cycle = DSO + DIO – APD

$$55 = 65 + 42 - 52$$

- Days sales outstanding (DSO) = (Accounts receivable + Long term receivables) / (Three months of net sales / 90)

- Q1 2007: **65** = $(\$6,811 + \$31) / (\$9,433 / 90)$

- Days inventory outstanding (DIO) = 360 / Net inventory turns

- Q1 2007: **42** = $360 / 8.5$

- Net inventory turns = Annualized three months cost of sales / Net inventory

- Q1 2007: $8.5 = \$27,916 / \$3,301$

- Accounts payable days (APD) = Accounts Payable / (Three months of cost of sales / 90)

- Q1 2007: **52** = $\$4,010 / (\$6,979 / 90)$



Motorola, Inc

Highlighted items

Q1 2007

Highlighted Items	Statement Line	Q1 2007 PBT (Inc)/Exp	Q1 2007 Tax Inc/(Exp)	Q1 2007 PAT (Inc)/Exp	EPS impact
Impact to cost of sales from purchase accounting adjustments to inventory	Cost of sales	89	33	56	\$ (0.02)
In-process research & development charges	Intangibles Amortization and IPR&D	95	-	95	(0.04)
Legal settlement	Other charges (income)	115	43	72	(0.03)
Reorganization of business charges	Cost of sales and Other charges (income)	78	34	44	(0.02)
Total Continuing Operations Impact		\$ 377	\$ 110	\$ 267	\$ (0.11)

Q1 2006

Highlighted Items	Statement Line	Q1 2006 PBT (Inc)/Exp	Q1 2006 Tax Inc/(Exp)	Q1 2006 PAT (Inc)/Exp	EPS impact
Gains on sales of investments, net of derivative loss	Other income (expense) - Other and Gains on sales of investments and	(118)	(45)	(73)	\$ 0.03
Reorganization of business charges	Cost of sales and Other charges (income)	71	15	56	(0.02)
Stock compensation expense	Cost of sales, R&D and SG&A	70	23	47	(0.02)
Total Continuing Operations Impact		23	(7)	30	\$ (0.01)

Motorola, Inc

Operating earnings excluding highlighted items

Q1 2007

	TOTAL	Mobile Devices	N&E	Conn.Home	Other/Elims
Net Sales	\$ 9,433	\$ 5,412	\$ 3,014	\$ 1,036	\$ (29)
Operating earnings	(366)	(260)	183	142	(431)
Operating earnings as a percentage of net sales	-3.9%	-4.8%	6.1%	13.7%	1486.2%
Operating earnings	\$ (366)	\$ (260)	\$ 183	\$ 142	\$ (431)
Less: Highlighted items discussed	377	29	160	(29)	217
Operating earnings excluding highlighted items discussed	\$ 11	\$ (231)	\$ 343	\$ 113	\$ (214)
Operating earnings as a percentage of net sales	0.1%	-4.3%	11.4%	10.9%	737.9%

Q1 2006

	TOTAL	Mobile Devices	N&E	Conn.Home	Other/Elims
Net Sales	\$ 9,608	\$ 6,403	\$ 2,520	\$ 732	\$ (47)
Operating earnings	849	702	307	(4)	(156)
Operating earnings as a percentage of net sales	8.8%	11.0%	12.2%	-0.5%	331.9%
Operating earnings	\$ 849	\$ 702	\$ 307	\$ (4)	\$ (156)
Less: Highlighted items discussed	141	(1)	21	51	70
Operating earnings excluding Highlighted items discussed	\$ 990	\$ 701	\$ 328	\$ 47	\$ (86)
Operating earnings as a percentage of net sales	10.3%	10.9%	13.0%	6.4%	183.0%

Motorola, Inc

Operating earnings excluding highlighted items

Q4 2006

	TOTAL	Mobile Devices	N&E	Conn.Home	Other/Elims
Net Sales	\$ 11,792	\$ 7,806	\$ 3,043	\$ 980	\$ (37)
Operating earnings	753	341	428	118	(134)
Operating earnings as a percentage of net sales	6.4%	4.4%	14.1%	12.0%	362.2%
Operating earnings	753	341	428	118	(134)
Less: Highlighted items discussed	132	0	73	(1)	60
Operating earnings excluding highlighted items discussed	\$ 885	\$ 341	\$ 501	\$ 117	\$ (74)
Operating earnings as a percentage of net sales	7.5%	4.4%	16.5%	11.9%	200.0%

Motorola, Inc

Stock compensation expense

2006 Stock Compensation Expense

(Dollars in millions)

	Q1-06	Q2-06	Q3-06	Q4-06
Costs of Sales	\$ 8	\$ 7	\$ 8	\$ 7
Selling, general and administrative expenses	39	33	33	33
Research and development expenditures	23	20	21	20
Total Stock Compensation Expense	\$ 70	\$ 60	\$ 62	\$ 60