



# ***Motorola Q2 2010***

***Earnings Conference Call***

**July 29, 2010**



# *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 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. 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 presentation. Information about factors that could cause, and in some cases have caused, such differences can be found in this morning's press release, on pages 17 through 29 in item 1A of Motorola's 2009 Annual Report on Form 10-K and in Motorola's other SEC filings available for free on the SEC's website at [www.sec.gov](http://www.sec.gov) and on Motorola's website at [www.motorola.com](http://www.motorola.com).

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# *Sanjay Jha*

Co-CEO of Motorola &  
CEO of Motorola Mobility





***Ed Fitzpatrick***

Motorola Chief Financial Officer



# Motorola Q2 2010 Financial Results

(\$ in Millions, except per share amounts)

<b>GAAP</b>	<b>Q2, 2010</b>	<b>Q1, 2010</b>	<b>Q2, 2009</b>
Sales	\$5,414	\$5,044	\$5,497
Operating Earnings	363	76	10
Operating Margin	6.7%	1.5%	0.2%
Net Earnings*	162	69	26
Earnings Per Share*	\$0.07	\$0.03	\$0.01

<b>Non-GAAP**</b>	<b>Q2, 2010</b>	<b>Q1, 2010</b>	<b>Q2, 2009</b>
Operating Earnings	428	230	179
Operating Margin	7.9%	4.6%	3.3%
Net Earnings*	211	142	79
Earnings Per Share*	\$0.09	\$0.06	\$0.03

\* Amounts attributable to Motorola, Inc. common shareholders

\*\* Excluding highlighted items, stock-based compensation, and intangible amortization



# Cash Flow and Cash

(\$ in Millions)

<b>Cash Flow</b>	<b>Q2, 2010</b>	<b>Q1, 2010</b>	<b>Q2, 2009</b>
Earnings from Continuing Operations	\$166	\$68	\$35
Depreciation, Amortization, Deferred Income Taxes and Other, Net	490	194	389
Change in Assets and Liabilities, Net	<u>(414)</u>	<u>223</u>	<u>(274)</u>
Net Cash Provided by Operating Activities	\$242	\$485	\$150

(\$ in Millions)

<b>Cash</b>	<b>Q2, 2010</b>	<b>Q1, 2010</b>	<b>Q2, 2009</b>
Total Cash**	\$8,336	\$8,484	\$6,487
Total Debt	\$3,438	\$3,904	\$3,939
Net Cash***	\$4,898	\$4,580	\$2,548

\*\* Total Cash includes cash and cash equivalents, Sigma Fund (current and non-current) and short-term investments

\*\*\* Net Cash is Total Cash less Total Debt (Notes payable and current portion of long-term debt + Long-term debt)





# *Sanjay Jha*

Co-CEO of Motorola &  
CEO of Motorola Mobility





# MOBILE DEVICES



# Mobile Devices Financials

(\$ in Millions)

<b>GAAP</b>	<b>Q2, 2010</b>	<b>Q1, 2010</b>	<b>Q2, 2009</b>
Sales	\$1,724	\$1,641	\$1,829
Operating Earnings (Loss)	87	(192)	(287)
Operating Margin	5.0%	-11.7%	-15.7%

<b>Non-GAAP*</b>	<b>Q2, 2010</b>	<b>Q1, 2010</b>	<b>Q2, 2009</b>
Operating Loss	(109)	(148)	(239)
Operating Margin	-6.3%	-9.0%	-13.1%

\* Excluding highlighted items, stock-based compensation, and intangible amortization

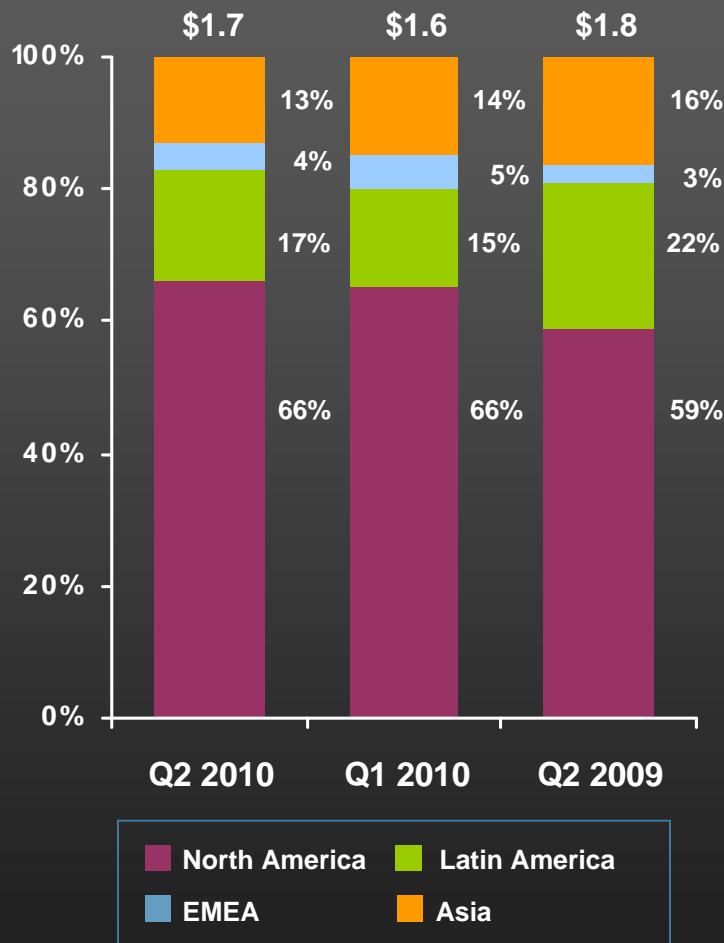
<b>Units</b>	<b>Q2, 2010</b>	<b>Q1, 2010</b>	<b>Q2, 2009</b>
Total (M)	8.3	8.5	14.8
Smartphones (M)	2.7	2.3	--



# Mobile Devices Highlights

(\$ in Billions)

## Sales By Region



## Highlights

- **Introduced** DROID X, a pocket-sized home theater with a 4.3 inch high-resolution display and powerful 1 GHz processor
- **Introduced** i1, the world's first push-to-talk Android-powered smartphone
- **Announced** FLIPOUT™ and CHARM™, both with enhanced MOTOBLUR™, bringing our smartphone portfolio to 12 devices
- **Announced** SHOP4APPS store in Argentina, Brazil, and Mexico





# HOME



# Home Financials

(\$ in Millions)

<b>GAAP</b>	<b>Q2, 2010</b>	<b>Q1, 2010</b>	<b>Q2, 2009</b>
Sales	\$886	\$838	\$1,013
Operating Earnings	29	20	18
Operating Margin	3.3%	2.4%	1.8%

<b>Non-GAAP*</b>	<b>Q2, 2010</b>	<b>Q1, 2010</b>	<b>Q2, 2009</b>
Operating Earnings	57	47	49
Operating Margin	6.4%	5.6%	4.8%

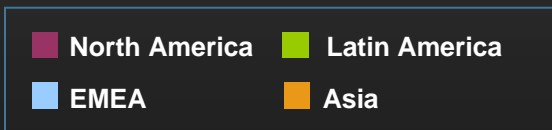
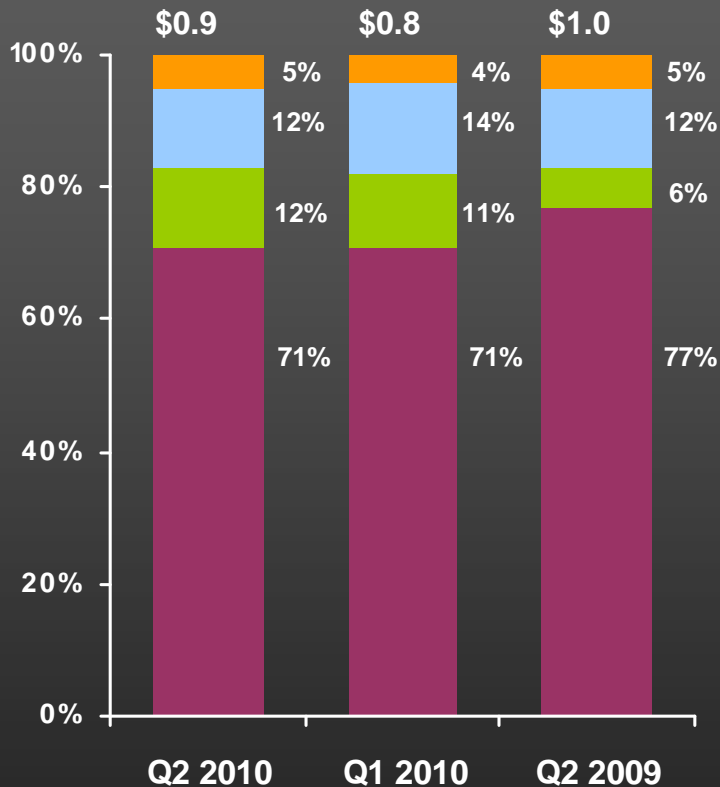
\* Excluding highlighted items, stock-based compensation, and intangible amortization



# Home Highlights

(\$ in Billions)

## Sales By Region



## Highlights

- **Launched** 3D TV set-top solution in North America and next-generation HD IP set-top solution with KDDI in Japan
- **Introduced** Motorola M3 Media Server family, which delivers multimedia content and services across multiple devices
- **Introduced** Medios software suite for content distribution across multi-screen environments and advanced on-demand services
- **Launched** DCX700 next-generation, cost-effective HD set-top solution for whole-home content sharing





# ***Greg Brown***

Co-CEO of Motorola &  
CEO of Motorola Solutions



# ***ENTERPRISE MOBILITY SOLUTIONS***



# Enterprise Mobility Solutions Financials

(\$ in Millions)

<b>GAAP</b>	<b>Q2, 2010</b>	<b>Q1, 2010</b>	<b>Q2, 2009</b>
Sales	\$1,850	\$1,694	\$1,685
Operating Earnings	181	141	141
Operating Margin	9.8%	8.3%	8.4%

<b>Non-GAAP*</b>	<b>Q2, 2010</b>	<b>Q1, 2010</b>	<b>Q2, 2009</b>
Operating Earnings	292	217	225
Operating Margin	15.8%	12.8%	13.4%

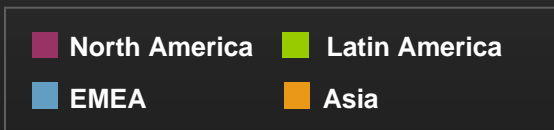
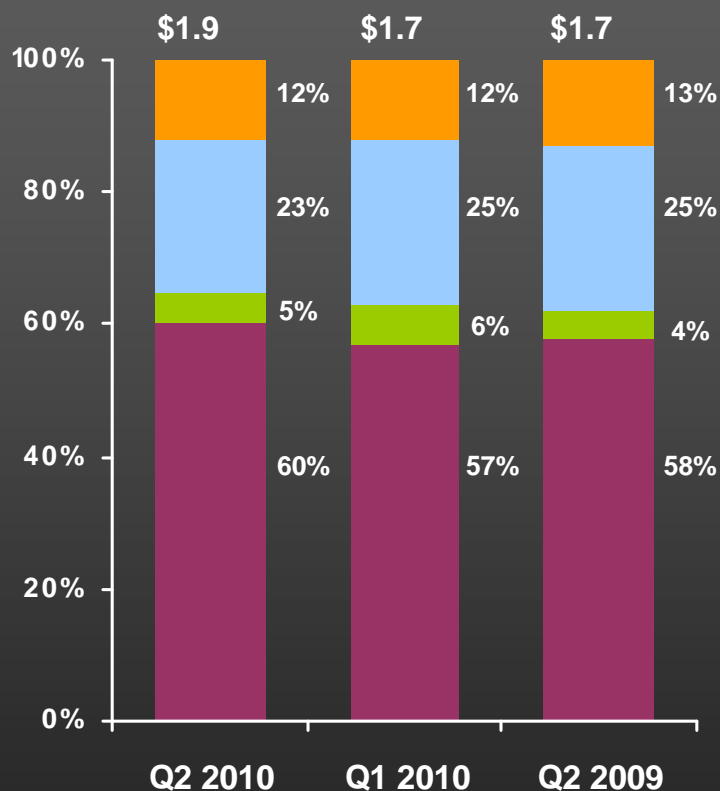
\* Excluding highlighted items, stock-based compensation, and intangible amortization



# Enterprise Mobility Solutions Highlights

(\$ in Billions)

## Sales By Region



## Highlights

- **Achieved** year-over-year sales growth in all four regional markets
- **Received** multi-million dollar contracts in North America, including P25 system wins for counties in Georgia, Maryland, New York, and Washington
- **Announced** ES400, the smallest and lightest enterprise digital assistant for field workers
- **Awarded** first U.S. 700MHz LTE network for public safety in the San Francisco Bay area





# NETWORKS



# Networks Financials

(\$ in Millions)

<b>GAAP</b>	<b>Q2, 2010</b>	<b>Q1, 2010</b>	<b>Q2, 2009</b>
Sales	\$967	\$896	\$988
Operating Earnings	178	112	92
Operating Margin	18.4%	12.5%	9.3%

<b>Non-GAAP*</b>	<b>Q2, 2010</b>	<b>Q1, 2010</b>	<b>Q2, 2009</b>
Operating Earnings	191	125	147
Operating Margin	19.8%	14.0%	14.9%

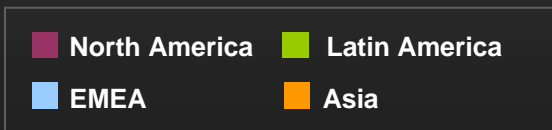
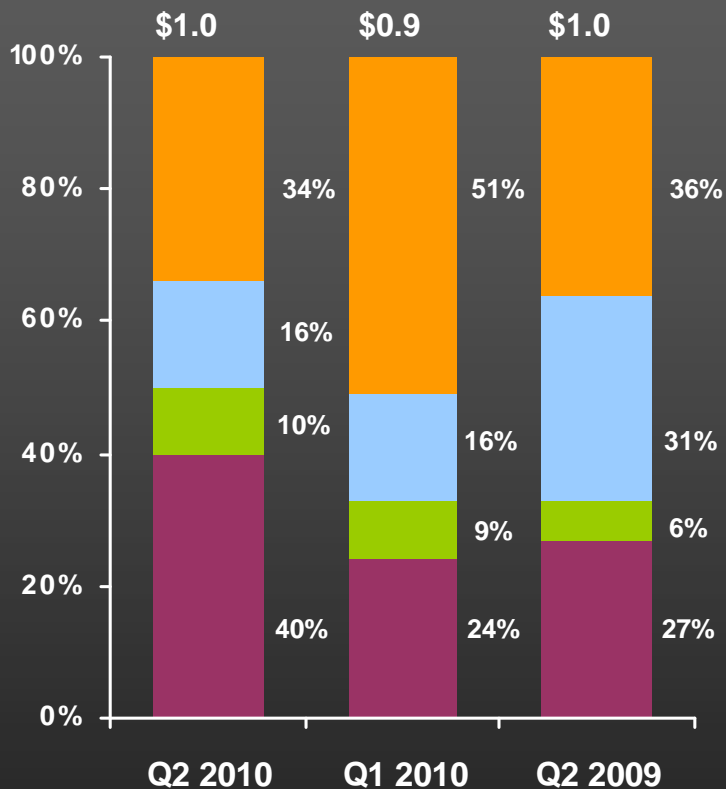
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# Networks Highlights

(\$ in Billions)

## Sales By Region



## Highlights

- **Announced** sale of majority of Networks assets to Nokia Siemens Networks
- **Completed** Phase I TD-LTE field trials with China's Ministry of Industry and Information Technology
- **Introduced** unique, cost-effective common platform base station solution for both WiMAX and LTE
- **Introduced** software release for KDDI to reuse existing CDMA base stations for LTE





***Earnings Conference Call***

# Q&A Participants

## ***Greg Brown***

Co-CEO of Motorola &  
CEO of Motorola Solutions

## ***Sanjay Jha***

Co-CEO of Motorola &  
CEO of Motorola Mobility

## ***Ed Fitzpatrick***

Motorola Chief Financial Officer

## ***Dean Lindroth***

Investor Relations Officer



# 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 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 at the end of the press release.



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