

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

For the Quarter Ended December 31, 2003

	<u>GAAP Results</u>	<u>Special Items Inc (Exp)</u>	<u>Excluding Special Items</u>
Net sales	\$ 8,023	\$ -	\$ 8,023
Costs of sales	5,372	(50)	5,322
Gross margin	2,651	(50)	2,701
Selling, general and administrative expenses	1,161	-	1,161
Research and development expenditures	932	-	932
Reorganization of businesses	21	(21)	-
Other charges (income)	17	(17)	-
Operating earnings	520	(88)	608
Other income(expense):			
Interest expense, net	(59)	-	(59)
Gains on sales of investments and businesses, net	306	306	-
Other	(21)	(20)	(1)
Total other income (expense)	226	286	(60)
Earnings before income taxes	746	198	548
Income tax expense	257	(118)	139
Net earnings	<u>\$ 489</u>	<u>\$ 80</u>	<u>\$ 409</u>
<u>Earnings per common share</u>			
Basic	\$ 0.21		\$ 0.18
Diluted	\$ 0.20		\$ 0.17
<u>Weighted average common shares outstanding</u>			
Basic	2,331.5		2,331.5
Diluted	2,457.4		2,457.4
Dividends paid per share	\$ 0.04		\$ 0.04

For the Quarter Ended December 31, 2002

	<u>GAAP Results</u>	<u>Special Items Inc(Exp)</u>	<u>Excluding Special Items</u>
Net sales	\$ 7,697	\$ -	\$ 7,697
Costs of sales	5,138	12	5,150
Gross margin	2,559	12	2,547
Selling, general and administrative expenses	1,082	-	1,082
Research and development expenditures	937	-	937
Reorganization of businesses	87	(87)	-
Other charges	6	(6)	-
Operating earnings	447	(81)	528
Other income (expense):			
Interest expense, net	(56)	-	(56)
Gains on sales of investments and businesses, net	24	24	-
Other	(135)	(131)	(4)
Total other income (expense)	(167)	(107)	(60)
Earnings before income taxes	280	(188)	468
Income tax expense (benefit)	106	71	177
Net earnings (loss)	<u>\$ 174</u>	<u>\$ (117)</u>	<u>\$ 291</u>
<u>Earnings per common share</u>			
Basic	\$ 0.08		\$ 0.13
Diluted	\$ 0.08		\$ 0.13
<u>Weighted average common shares outstanding</u>			
Basic	2,305.5		2,305.5
Diluted	2,322.0		2,322.0
Dividends paid per share	\$ 0.04		\$ 0.04

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

For the Year Ended December 31, 2003

	GAAP Results	Special Items Inc (Exp)	Excluding Special Items
Net sales	\$ 27,058	\$ -	\$ 27,058
Costs of sales	18,101	(38)	18,063
Gross margin	8,957	(38)	8,995
Selling, general and administrative expenses	4,073	-	4,073
Research and development expenditures	3,771	-	3,771
Reorganization of businesses	86	(86)	-
Other charges (income)	(57)	57	-
Operating earnings	1,084	(67)	1,151
Other income (expense):			
Interest expense, net	(295)	-	(295)
Gains on sales of investments and businesses, net	644	644	-
Other	(140)	(100)	(40)
Total other income (expense)	209	544	(335)
Earnings before income taxes	1,293	477	816
Income tax expense (benefit)	400	(165)	235
Net earnings	\$ 893	\$ 312	\$ 581
<u>Earnings per common share</u>			
Basic	\$ 0.38		\$ 0.25
Diluted	\$ 0.38		\$ 0.25
<u>Weighted average common shares outstanding</u>			
Basic	2,321.9		2,321.9
Diluted	2,351.2		2,351.2
Dividends paid per share	\$ 0.16		\$ 0.16

For the Year Ended December 31, 2002

	GAAP Results	Special Items Inc (Exp)	Excluding Special Items
Net sales	\$ 27,279	\$ -	\$ 27,279
Costs of sales	18,307	(56)	18,251
Gross margin	8,972	(56)	9,028
Selling, general and administrative expenses	4,472	12	4,484
Research and development expenditures	3,716	-	3,716
Reorganization of businesses	1,764	(1,764)	-
Other charges	833	(833)	-
Operating earnings (loss)	(1,813)	(2,641)	828
Other income (expense):			
Interest expense, net	(356)	-	(356)
Gains on sales of investments and businesses, net	96	96	-
Other	(1,373)	(1,351)	(22)
Total other income (expense)	(1,633)	(1,255)	(378)
Loss before income taxes	(3,446)	(3,896)	450
Income tax expense (benefit)	(961)	1,132	171
Net earnings (loss)	\$ (2,485)	\$ (2,764)	\$ 279
<u>Earnings (loss) per common share</u>			
Basic	\$ (1.09)		\$ 0.12
Diluted	\$ (1.09)		\$ 0.12
<u>Weighted average common shares outstanding</u>			
Basic	2,282.3		2,282.3
Diluted	2,282.3		2,282.3
Dividends paid per share	\$ 0.16		\$ 0.16

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

ASSETS	December 31, 2003	December 31, 2002
Cash and cash equivalents	\$ 7,877	\$ 6,507
Short-term investments	139	59
Accounts receivable, net	4,436	4,437
Inventories, net	2,792	2,869
Deferred income taxes	1,678	2,358
Other current assets	985	904
Total current assets	<u>17,907</u>	<u>17,134</u>
Property, plant and equipment, net	5,164	6,104
Investments	3,335	2,053
Deferred income taxes	3,349	3,112
Other assets	2,343	2,749
Total assets	<u><u>\$ 32,098</u></u>	<u><u>\$ 31,152</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Notes payable and current portion of long-term debt	\$ 896	\$ 1,629
Accounts payable	2,789	2,268
Accrued liabilities	5,748	5,913
Total current liabilities	<u>9,433</u>	<u>9,810</u>
Long-term debt	6,675	7,189
Other liabilities	2,815	2,429
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely company- guaranteed debentures ("TOPrS")	486	485
Stockholders' equity	<u>12,689</u>	<u>11,239</u>
Total liabilities and stockholders' equity	<u><u>\$ 32,098</u></u>	<u><u>\$ 31,152</u></u>

Motorola, Inc. and Subsidiaries
Segment Information
(In millions)

Summarized below are the Company's net sales by reportable segment for the quarters and years ended December 31, 2003 and December 31, 2002.

	Segment Net Sales		
	GAAP Results		
	Quarter Ended December 31, 2003	Quarter Ended December 31, 2002	% Change from 2002
Personal Communications Segment	\$ 3,276	\$ 3,369	-3%
Semiconductor Products Segment	1,373	1,342	2%
Global Telecom Solutions Segment	1,365	1,235	11%
Commercial, Govt, and Industrial Solutions Segment	1,237	1,174	5%
Integrated Electronic Systems Segment	669	570	17%
Broadband Communications Segment	510	489	4%
Other Products Segment	132	130	2%
Adjustments & Eliminations	(539)	(612)	-12%
Segment Totals	<u>\$ 8,023</u>	<u>\$ 7,697</u>	<u>4%</u>

	Segment Net Sales		
	GAAP Results		
	Year Ended December 31, 2003	Year Ended December 31, 2002	% Change from 2002
Personal Communications Segment	\$ 10,978	\$ 11,174	-2%
Semiconductor Products Segment	4,864	5,000	-3%
Global Telecom Solutions Segment	4,417	4,611	-4%
Commercial, Govt, and Industrial Solutions Segment	4,131	3,749	10%
Integrated Electronic Systems Segment	2,265	2,189	3%
Broadband Communications Segment	1,745	2,087	-16%
Other Products Segment	435	486	-10%
Adjustments & Eliminations	(1,777)	(2,017)	-12%
Segment Totals	<u>\$ 27,058</u>	<u>\$ 27,279</u>	<u>-1%</u>

Motorola, Inc. and Subsidiaries
Segment Information
(In millions)

Summarized below are the Company's operating earnings by reportable segment for the quarters ended December 31, 2003 and December 31, 2002.

For the Quarter Ended December 31, 2003			
Segment Operating Earnings (Loss)			
	GAAP Results	Special Items Inc (Exp)	Excluding Special Items
Personal Communications Segment	\$ 127	\$ (52)	\$ 179
Semiconductor Products Segment	25	(26)	51
Global Telecom Solutions Segment	138	13	125
Commercial, Govt, and Industrial Solutions Segment	240	(7)	247
Integrated Electronic Systems Segment	66	(2)	68
Broadband Communications Segment	(40)	(75)	35
Other Products Segment	(25)	(2)	(23)
Adjustments & Eliminations	(9)	-	(9)
Segment Totals	522	(151)	673
General Corporate	(2)	63	(65)
Operating Earnings	\$ 520	\$ (88)	\$ 608

For the Quarter Ended December 31, 2002			
Segment Operating Earnings (Loss)			
	GAAP Results	Special Items Inc (Exp)	Excluding Special Items
Personal Communications Segment	\$ 294	\$ (7)	\$ 301
Semiconductor Products Segment	18	11	7
Global Telecom Solutions Segment	(22)	(25)	3
Commercial, Govt, and Industrial Solutions Segment	189	21	168
Integrated Electronic Systems Segment	26	(5)	31
Broadband Communications Segment	33	(22)	55
Other Products Segment	(39)	-	(39)
Adjustments & Eliminations	12	-	12
Segment Totals	511	(27)	538
General Corporate	(64)	(54)	(10)
Operating Earnings	\$ 447	\$ (81)	\$ 528

Motorola, Inc. and Subsidiaries
Segment Information
(In millions)

Summarized below are the Company's operating earnings (loss) by reportable segment for the years December 31, 2003 and December 31, 2002.

For the Years Ended December 31, 2003			
Segment Operating Earnings (Loss)			
	GAAP Results	Special Items Inc (Exp)	Excluding Special Items
Personal Communications Segment	\$ 479	\$ (51)	\$ 530
Semiconductor Products Segment	(297)	(85)	(212)
Global Telecom Solutions Segment	247	13	234
Commercial, Govt, and Industrial Solutions Segment	562	(29)	591
Integrated Electronic Systems Segment	161	1	160
Broadband Communications Segment	48	(67)	115
Other Products Segment	(130)	(6)	(124)
Adjustments & Eliminations	(19)	-	(19)
Segment Totals	1,051	(224)	1,275
General Corporate	33	157	(124)
Operating Earnings	\$ 1,084	\$ (67)	\$ 1,151

For the Years Ended December 31, 2002			
Segment Operating Earnings (Loss)			
	GAAP Results	Special Items Inc (Exp)	Excluding Special Items
Personal Communications Segment	\$ 503	\$ (301)	\$ 804
Semiconductor Products Segment	(1,515)	(1,226)	(289)
Global Telecom Solutions Segment	(621)	(610)	(11)
Commercial, Govt, and Industrial Solutions Segment	313	(43)	356
Integrated Electronic Systems Segment	52	(58)	110
Broadband Communications Segment	(150)	(369)	219
Other Products Segment	(280)	(11)	(269)
Adjustments & Eliminations	24	-	24
Segment Totals	(1,674)	(2,618)	944
General Corporate	(139)	(23)	(116)
Operating Earnings (Loss)	\$ (1,813)	\$ (2,641)	\$ 828