

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

	<u>Quarter Ended</u> <u>April 2, 2005</u>	<u>Quarter Ended</u> <u>April 3, 2004</u>
Net sales	\$ 8,161	\$ 7,441
Costs of sales	5,491	5,075
Gross margin	<u>2,670</u>	<u>2,366</u>
Selling, general and administrative expenses	1,001	970
Research and development expenditures	811	725
Other charges	(7)	(14)
Operating earnings	<u>865</u>	<u>685</u>
Other income (expense):		
Interest expense, net	(8)	(68)
Gains on sales of investments and businesses	239	138
Other	(9)	(21)
Total other income	<u>222</u>	<u>49</u>
Earnings from continuing operations before income taxes	1,087	734
Income tax expense	395	268
Earnings from continuing operations	<u>692</u>	<u>466</u>
Earnings from discontinued operations, net of tax	-	143
Net earnings	<u>\$ 692</u>	<u>\$ 609</u>
 <u>Earnings per common share</u>		
Basic:		
Continuing operations	\$ 0.28	\$ 0.20
Discontinued operations	-	0.06
	<u>\$ 0.28</u>	<u>\$ 0.26</u>
Diluted:		
Continuing operations	\$ 0.28	\$ 0.19
Discontinued operations	-	0.06
	<u>\$ 0.28</u>	<u>\$ 0.25</u>
 <u>Weighted average common shares outstanding</u>		
Basic	2,447.1	2,337.2
Diluted	2,487.1	2,451.0
Dividends paid per share	\$ 0.04	\$ 0.04

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

ASSETS	April 2, 2005	December 31, 2004
Cash, cash equivalents and ST investments	\$ 11,300	\$ 10,708
Accounts receivable, net	4,666	4,525
Inventories, net	2,480	2,546
Deferred income taxes	1,383	1,541
Other current assets	1,857	1,795
Total current assets	<u>21,686</u>	<u>21,115</u>
Property, plant and equipment, net	2,292	2,332
Investments	2,754	3,241
Deferred income taxes	2,370	2,353
Other assets	1,881	1,881
Total assets	<u>\$ 30,983</u>	<u>\$ 30,922</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Notes payable and current portion of long-term debt	\$ 712	\$ 717
Accounts payable	2,952	3,330
Accrued liabilities	6,640	6,559
Total current liabilities	<u>10,304</u>	<u>10,606</u>
Long-term debt	4,577	4,578
Other liabilities	2,324	2,407
Stockholders' equity	<u>13,778</u>	<u>13,331</u>
Total liabilities and stockholders' equity	<u>\$ 30,983</u>	<u>\$ 30,922</u>

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

Summarized below are the Company's net sales and operating earnings (loss) by reportable segment for the quarters ended April 2, 2005 and April 3, 2004.

	<b>Segment Net Sales</b>		
	<b>Quarter Ended April 2, 2005</b>	<b>Quarter Ended April 3, 2004</b>	<b>% Change from 2004</b>
Mobile Devices	\$ 4,414	\$ 4,153	6%
Networks	1,657	1,444	15%
Government & Enterprise Mobility Solutions	1,503	1,444	4%
Connected Home Solutions	662	456	45%
Other/Eliminations	(75)	(56)	34%
Segment Totals	\$ 8,161	\$ 7,441	10%

	<b>Operating Earnings (Loss)</b>	
	<b>GAAP Results</b>	
	<b>Quarter Ended April 2, 2005</b>	<b>Quarter Ended April 3, 2004</b>
Mobile Devices	\$ 440	\$ 406
Networks	234	116
Government & Enterprise Mobility Solutions	167	209
Connected Home Solutions	19	25
Other	(4)	(69)
Eliminations	9	(2)
Segment Totals	\$ 865	\$ 685