

MOTOROLA INC
Form 424B5
October 29, 2007

Table of Contents

The information in this preliminary prospectus supplement and accompanying prospectus is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission and is effective. This preliminary prospectus supplement and accompanying prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

**Filed Pursuant to Rule 424(b)(5)
Registration Statement No. 333-75940**

Subject to completion, dated October 29, 2007

**Preliminary Prospectus supplement
(To Prospectus dated October 29, 2007)**

\$

**\$ % Senior Notes due November , 2012
\$ % Senior Notes due November , 2017**

We are offering \$ aggregate principal amount of our % Senior Notes due November , 2012 (the 2012 notes) and \$ aggregate principal amount of our % Senior Notes due November , 2017 (the 2017 notes and, together with the 2012 notes, the notes).

The 2012 notes will bear interest at a rate of % per annum, and the 2017 notes will bear interest at a rate of % per annum. We will pay interest semi-annually on the notes on and of each year, beginning on , 2008. Interest on the notes will accrue from , 2007. The 2012 notes will mature on November , 2012, and the 2017 notes will mature on November , 2017.

We may redeem all or a portion of the 2012 notes and the 2017 notes at any time at the redemption prices described in this prospectus supplement. Upon the occurrence of a change of control repurchase event, we will be required to make an offer to repurchase the notes at a price equal to 101% of their principal amount plus accrued and unpaid interest to, but not including, the date of repurchase.

The notes will be our senior unsecured obligations and will rank equally with our other senior unsecured indebtedness. The notes will be issued only in denominations of \$2,000 and integral multiples of \$1,000. The notes are not and will not be listed on any securities exchange.

Investing in these securities involves certain risks. See Risk Factors beginning on page S-8 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the notes or determined that this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

Initial public Underwriting Proceeds, before

	offering prices	discounts	expenses, to Motorola
Per 2012 note	%	%	%
Per 2017 note	%	%	%
Total	\$	\$	\$

The initial public offering prices set forth above do not include accrued interest, if any. Interest on the notes will accrue from , 2007 and must be paid by the purchaser if the notes are delivered after , 2007.

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company and its participants, Clearstream Banking and the Euroclear System, on or about , 2007.

Joint Book-Running Managers

JPMorgan

Citi

Deutsche Bank Securities

October , 2007

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or in any related free writing prospectus. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on the prospectus supplement. We have not, and the underwriters have not, authorized anyone to provide you with different information. We are not, and the underwriters are not, making an offer of these securities in any state where the offer or sale is not permitted. You should not assume that the information provided in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference in this prospectus supplement and in the accompanying prospectus is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

Table of contents

	Page
Prospectus Supplement	
<u>About this Prospectus Supplement</u>	i
<u>Summary</u>	S-1
<u>Risk Factors</u>	S-8
<u>Special Note on Forward-Looking Statements</u>	S-11
<u>Use of Proceeds</u>	S-11
<u>Capitalization</u>	S-12
<u>Description of the Notes</u>	S-13
<u>Underwriting</u>	S-22
<u>Legal Matters</u>	S-24
<u>Experts</u>	S-24
<u>Where You Can Find More Information</u>	S-24
<u>Incorporation of Documents By Reference</u>	S-25
Prospectus	
About This Prospectus	2
Where You Can Find More Information	2
The Company	3
Use of Proceeds	3
Ratio of Earnings to Fixed Charges	4
Description of Debt Securities	4
Description of Capital Stock	16
Description of Securities Warrants	16
Description of the Stock Purchase Contracts and the Stock Purchase Units	19
Plan of Distribution	19
Legal Matters	20
Experts	20

Table of Contents

About this prospectus supplement

This prospectus supplement is part of a registration statement that we filed with the Securities and Exchange Commission using a shelf registration process. Under this shelf process, the document we use to offer debt securities from time to time is divided into two parts. The first part is this prospectus supplement, which describes the terms of the offering of debt securities and also adds to, updates and changes information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which provides you with a general description of the securities we may offer. You should read both this prospectus supplement and the accompanying prospectus together with additional information described below under the heading **Where You Can Find More Information**.

The information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus is accurate only as of the respective dates thereof, regardless of the time of delivery of this prospectus supplement, the accompanying prospectus or any related free writing prospectus, or of any sale of our debt securities.

If the description of this offering that is contained in this prospectus supplement differs from the description contained in the accompanying prospectus, you should rely on the information in this prospectus supplement.

Table of Contents

Summary

The following summary contains basic information about us and about this offering. It does not contain all of the information that is important to an investment in our securities. Before you make an investment decision you should review this prospectus supplement, the accompanying prospectus and the documents incorporated in the prospectus supplement and the accompanying prospectus in their entirety, including the risk factors, our financial statements and the related footnotes.

Motorola, Inc.

Motorola is known around the world for innovation and leadership in wireless and broadband communications. Inspired by our vision of seamless mobility, the people of Motorola are committed to helping consumers connect simply and seamlessly to the people, information and entertainment that they want and need. We do this by designing and delivering must have products, must do experiences and powerful networks along with a full complement of support services.

Business Segments

Motorola reports financial results in the following three operating business segments:

Mobile Devices

The Mobile Devices segment designs, manufactures, sells and services wireless handsets with integrated software and accessory products, and licenses intellectual property. In the first six months of 2007, the segment's net sales represented 53% of Motorola's consolidated net sales.

Home and Networks Mobility

The Home and Networks Mobility segment designs, manufactures, sells, installs and services: (i) end-to-end digital video system solutions and interactive set-top boxes, (ii) voice and data modems for digital subscriber line and cable networks, (iii) wireline broadband access systems, and (iv) wireless access systems, including cellular infrastructure systems, to cable and satellite television operators, wireline carriers and wireless service providers. In the first six months of 2007, the segment's net sales represented 27% of Motorola's consolidated net sales.

Enterprise Mobility Solutions

The Enterprise Mobility Solutions segment designs, manufactures, sells, installs and services analog and digital two-way radio, voice and data communications products and systems for private networks, wireless broadband systems and end-to-end enterprise mobility solutions to a wide range of enterprise markets, including government and public safety, as well as utility, transportation, retail and other commercial customers. In the first six months of 2007, the segment's net sales represented 20% of Motorola's consolidated net sales.

Table of Contents**Recent developments*****Third-Quarter 2007 Highlights***

On October 25, 2007, we announced our third-quarter 2007 financial results, including:

sales of \$8.8 billion in the third quarter of 2007, compared to sales of \$10.6 billion in the third quarter of 2006;

third-quarter 2007 GAAP earnings from continuing operations of \$0.02 per share, compared to third-quarter 2006 GAAP earnings from continuing operations of \$0.29 per share;

positive operating cash flow of \$342 million;

third-quarter 2007 Mobile Devices sales of \$4.5 billion, compared to third-quarter 2006 Mobile Devices sales of \$7.0 billion;

third-quarter 2007 Home and Networks Mobility sales of \$2.4 billion, compared to third-quarter 2006 Home and Networks Mobility sales of \$2.3 billion; and

third-quarter 2007 Enterprise Mobility Solutions sales of \$2.0 billion, compared to third-quarter 2006 Enterprise Mobility Solutions sales of \$1.3 billion.

Consolidated Results

A comparison of our reported unaudited financial results from operations for the nine months ended September 29, 2007 and our unaudited financial results from operations for the nine months ended September 30, 2006 is as follows:

(In millions, except per share amounts)	September 29, 2007	Nine months ended September 30, 2006
Net sales	\$ 26,976	\$ 31,055
Gross margin	7,412	9,658
Operating earnings (loss)	(534)	3,339
Earnings (loss) from continuing operations	(216)	2,732
Net earnings (loss)	(149)	3,038
Diluted earnings (loss) per common share:		
Continuing operations	\$ (0.09)	\$ 1.09
Discontinued operations	0.03	0.12
	\$ (0.06)	\$ 1.21
Weighted average diluted common shares outstanding	2,322.7	2,517.0

Table of Contents

**Summary consolidated financial data
(in millions of dollars, except per share amounts)**

The summary consolidated financial data presented below under the captions Operating Results and Balance Sheet as of December 31, 2006 and 2005 and for the years ended December 31, 2006, 2005 and 2004 has been derived from the consolidated financial statements of Motorola, Inc. and its subsidiaries, which financial statements have been audited by KPMG LLP, an independent registered public accounting firm. The summary consolidated financial data presented below under the captions Operating Results and Balance Sheet as of December 31, 2004, 2003 and 2002 and for the years ended December 31, 2003 and 2002 has been derived from the unaudited consolidated financial statements of Motorola, Inc. and its subsidiaries. The consolidated financial statements as of December 31, 2006 and 2005, and for each of the years in the three-year period ended December 31, 2006, and the independent registered public accounting firm's report thereon, which contains an explanatory paragraph referring to the adoption by Motorola of the provisions of Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment*, effective January 1, 2006 and Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106 and 132(R)*, effective December 31, 2006, are incorporated by reference herein from the current report on Form 8-K filed with the Securities and Exchange Commission on August 3, 2007. The summary consolidated financial data as of and for the six months ended June 30, 2007 and July 1, 2006 has been derived from unaudited consolidated financial statements filed with the Securities and Exchange Commission and incorporated by reference herein and, in the opinion of management, contains all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the financial position and results of operations of Motorola, Inc. and its subsidiaries as of and for such periods. Operating results for the six months ended June 30, 2007 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2007. See Recent Developments. This information is qualified in its entirety by, and should be read in conjunction with, the consolidated financial statements, the notes thereto, and Management's Discussion and Analysis of Financial Condition and Results of Operations for Motorola incorporated by reference herein.

Table of Contents

	Six months ended				Years ended December 31,		
	June 30,	July 1,	2006	2005	2004	2003	2002
	2007	2006					
Operating Results:							
Net sales	\$ 18,165	\$ 20,452	\$ 42,847	\$ 35,310	\$ 29,680	\$ 21,718	\$ 22,105
Cost of sales	13,258	14,164	30,120	23,881	19,715	14,567	14,812
Gross margin	4,907	6,288	12,727	11,429	9,965	7,151	7,293
Selling, general and administrative expenses	2,609	2,223	4,504	3,628	3,508	3,084	3,703
Research and development expenditures	2,232	1,999	4,106	3,600	3,316	2,849	2,777
Other charges (income)	590	(305)	25	(404)	149	77	1,384
Operating earnings (losses)	(524)	2,371	4,092	4,605	2,992	1,141	(571)
Other income (expense):							
Interest income (expense), net	73	137	326	71	(200)	(296)	(347)
Gains on sales of investments and businesses, net	4	156	41	1,845	460	540	81
Other	16	107	151	(109)	(140)	(141)	(1,343)
Total other income (expense)	93	400	518	1,807	120	103	(1,609)
Earnings (loss) from continuing operations before income taxes	(431)	2,771	4,610	6,412	3,112	1,244	(2,180)
Income tax expense (benefit)	(175)	766	1,349	1,893	1,013	403	(760)
Earnings (loss) from continuing operations	(256)	2,005	3,261	4,519	2,099	841	(1,420)
Earnings (loss) from discontinued operations, net of tax	47	65	400	59	(567)	52	(1,065)

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Net earnings (loss)	\$	(209)	\$	2,070	\$	3,661	\$	4,578	\$	1,532	\$	893	\$	(2,485)
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Earnings (loss) per common share

Basic:

Continuing Operations	\$	(0.11)	\$	0.81	\$	1.33	\$	1.83	\$	0.89	\$	0.36	\$	(0.62)
Discontinued Operations		0.02		0.03		0.17		0.02		(0.24)		0.02		(0.47)

	\$	(0.09)	\$	0.84	\$	1.50	\$	1.85	\$	0.65	\$	0.38	\$	(1.09)
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Diluted:

Continuing Operations	\$	(0.11)	\$	0.79	\$	1.30	\$	1.79	\$	0.87	\$	0.36	\$	(0.62)
Discontinued Operations		0.02		0.03		0.16		0.02		(0.23)		0.02		(0.47)

	\$	(0.09)	\$	0.82	\$	1.46	\$	1.81	\$	0.64	\$	0.38	\$	(1.09)
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Balance Sheet:

Total assets	\$	34,613	\$	36,004	\$	38,593	\$	35,802	\$	30,922	\$	31,999	\$	31,152
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Long-term debt and redeemable preferred securities		2,590		3,758		2,704		3,806		4,581		6,007		6,477
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Total debt and redeemable preferred securities		4,365		4,248		4,397		4,254		5,298		6,876		7,975
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Total stockholders equity		14,963		17,277		17,142		16,673		13,331		12,689		11,239
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S-4

Table of Contents**Ratios of earnings to fixed charges**

The following are the unaudited consolidated ratios of earnings to fixed charges for the six months ended June 30, 2007 and each of the years in the five-year period ended December 31, 2006:

Six months ended June 30, 2007	Years ended December 31,				
	2006	2005	2004	2003	2002
0.0 ⁽¹⁾	12.2	16.7	7.9	3.1	0.0 ⁽²⁾

(1) Earnings were inadequate to cover fixed charges for the six months ended June 30, 2007 by approximately \$0.4 billion.

(2) Earnings were inadequate to cover fixed charges for the year ended December 31, 2002 by approximately \$2.2 billion.

For purposes of computing the ratios of earnings to fixed charges, we have divided earnings before income tax expense plus fixed charges by fixed charges. Fixed charges consist of interest costs and estimated interest included in rentals (one-third of net rental expense).

Table of Contents

The offering

Issuer	Motorola, Inc.
Securities Offered	\$ million aggregate principal amount of % Senior Notes due November , 2012 (the 2012 notes) and \$ million aggregate principal amount of % Senior Notes due November , 2017 (the 2017 notes).
Maturity	The 2012 notes will mature on November , 2012, and the 2017 notes will mature on November , 2017, in each case unless earlier redeemed or repurchased.
Interest Rate	The 2012 notes will bear interest from , 2007 at the rate of % per annum, and the 2017 notes will bear interest from , 2007 at the rate of % per annum.
Interest Payment Dates	and of each year, beginning , 2008.
Ranking of Notes	<p>The notes are unsecured and will rank equally in right of payment with all of our other existing and future senior unsecured indebtedness. The notes will effectively rank junior to all secured indebtedness of Motorola to the extent of the assets securing such indebtedness, and to all liabilities of its subsidiaries. As of the date of this prospectus supplement, Motorola did not have any outstanding secured indebtedness and, as of September 29, 2007, Motorola's subsidiaries had approximately \$7.1 billion of outstanding liabilities, including trade payables but excluding intercompany liabilities.</p> <p>Claims of creditors of Motorola's subsidiaries generally will have priority with respect to the assets and earnings of such subsidiaries over the claims of Motorola's creditors, including holders of the notes. Accordingly, the notes will be effectively subordinated to creditors, including trade creditors and preferred stockholders, if any, of Motorola's subsidiaries.</p>
Sinking Fund	None.
Optional Redemption	We may redeem the notes of either series, in whole or in part, at any time at redemption prices determined as set forth under the heading Description of The Notes Optional Redemption.
Change of Control Repurchase Event	Upon the occurrence of a change of control repurchase event, as defined under Description of The Notes Purchase of Notes upon a Change of Control Repurchase Event, we will be required to make an offer to purchase the notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to, but not including, the date of repurchase.
Certain Covenants	<p>The indenture governing the notes contains covenants limiting our ability and our subsidiaries' ability to:</p> <p>create certain liens;</p> <p>enter into sale and leaseback transactions; and</p>

Table of Contents

consolidate or merge with, or convey, transfer or lease all or substantially all our assets to, another person.

However, each of these covenants is subject to a number of significant exceptions. You should read "Description of Debt Securities" "Restrictive Covenants" in the accompanying prospectus for a description of these covenants.

Form and Denominations	<p>We will issue the notes in fully registered form only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. Each of the notes will be represented by one or more global securities registered in the name of a nominee of The Depository Trust Company, or DTC.</p> <p>You will hold beneficial interests in the notes through DTC, and DTC and its direct and indirect participants will record your beneficial interests in their books. We will not issue certificated notes.</p>
Further Issuances	<p>We may create and issue additional notes ranking equally with the notes of each series initially offered in this offering and otherwise similar in all respects (other than the issue date and public offering price or the first payment of interest following the issue date of such further notes). These additional notes would be consolidated and form a single series with the notes of the relevant series.</p>
Use of Proceeds	<p>We intend to use the net proceeds of this offering towards the retirement of our \$1.2 billion of 4.608% senior notes due November 16, 2007.</p>
Absence of Public Market for the Notes	<p>The notes are a new issue of securities and there is currently no established trading market for the notes. We do not intend to apply for a listing of the notes on any securities exchange or an automated dealer quotation system. Accordingly, there can be no assurance as to the development or liquidity of any market for the notes. The underwriters have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so, and any market making with respect to the notes may be discontinued at any time without notice.</p>
Governing Law	<p>New York.</p>

Table of Contents

Risk factors

Investing in the notes involves risk. We are subject to various regulatory, operating and other risks as a result of the nature of our operations and the marketplace in which we operate. Many of these risks are beyond our control and several pose significant challenges to our business, operations, revenues, net income and cash flows. These risks are described in Part I, Item 1A, Risk Factors, of our annual report on Form 10-K for the year ended December 31, 2006, in Part II, Item 1A, Risk Factors, of our quarterly report on Form 10-Q for the quarter ended Marc