Why Motorola?
Why now?
What’s next?

Good questions …the same ones I asked before becoming Motorola’s new Chairman and CEO.

My answers:
Motorola is a great global brand with even greater potential.

It’s the original high-tech startup, with over 75 years of world-changing innovation, a rich portfolio of patents, an amazing team of technologists and a passionate commitment to R&D. It’s a company built by engineers, visionaries and those who are both.

No company is more strongly positioned to make new technologies converge to create compelling new possibilities for the home, the automobile, mission-critical mobile, the enterprise, and the cell phone.


Our challenge: Convert our strengths into growth and a high level of financial return to our stockholders.

I see opportunity everywhere.
Intelligence Everywhere™
really means opportunity everywhere.
But where is everywhere?

As consumer choice gets broader, as devices get smarter, as the world and everything in it get more connected,
Motorola is everywhere:
automotive electronics and telematics systems
commercial and industrial communications
embedded computer systems
embedded microprocessors
government and public safety communications
personal communications
portable energy products
wireless telecom networks
wireless and wired broadband networks

This is how we performed everywhere... I invite you to take a look at the new Motorola and its opportunities everywhere.
Financial Highlights

Years ended December 31,
Dollars in millions, except per share amounts and as noted

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$27,058</td>
<td>$27,279</td>
</tr>
<tr>
<td>Operating earnings (loss)</td>
<td>1,084</td>
<td>(1,813)</td>
</tr>
<tr>
<td>% to sales</td>
<td>4.0%</td>
<td>(6.6)%</td>
</tr>
<tr>
<td>Earnings (loss) before income taxes</td>
<td>1,293</td>
<td>(3,446)</td>
</tr>
<tr>
<td>% to sales</td>
<td>4.8%</td>
<td>(12.6)%</td>
</tr>
<tr>
<td>Net earnings (loss)</td>
<td>893</td>
<td>(2,485)</td>
</tr>
<tr>
<td>% to sales</td>
<td>3.3%</td>
<td>(9.1)%</td>
</tr>
<tr>
<td>Diluted earnings (loss) per common share</td>
<td>0.38</td>
<td>(1.09)</td>
</tr>
<tr>
<td>Research and development expenditures</td>
<td>3,771</td>
<td>3,716</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>655</td>
<td>607</td>
</tr>
<tr>
<td>Year-end employment (in thousands)</td>
<td>88</td>
<td>97</td>
</tr>
</tbody>
</table>

2003 Net Sales by Business Segment
(before intercompany eliminations)

- Personal Communications Segment: 38%
- Semiconductor Products Segment: 17%
- Global Telecom Solutions Segment: 15%
- Commercial, Government & Industrial Solutions Segment: 14%
- Integrated Electronic Systems Segment: 8%
- Broadband Communications Segment: 6%
- Other Products Segment: 2%

2003 Market Sales by Region

- United States: 50%
- Europe: 14%
- China: 10%
- Asia-Pacific: 10%
- Latin America: 8%
- Other Markets: 5%
- Japan: 3%
Opportunity: Third Generation Wireless Services (3G)
Sales for 3G handsets are expected to grow rapidly in 2004 – with current estimates of more than 15M 3G handsets being sold to consumers in 2004.

source: Motorola Business Intelligence

Where is everywhere?
Everywhere is wherever you are.
It’s in your life.
It’s in your hand.
It’s in your pocket.
It’s in your fun.
It’s in your games.
It’s what you hear, what you see and what you share...

Personal Mobile Broadband is the next big thing in wireless communications.

We are making Third Generation (3G) wireless services a reality with Hutchison 3G UK Limited.

With the new Motorola A920 color screen handset consumers can:
- Make real time video calls via a digital, built-in video camera
- View music videos, movie trailers, sports or news clips
- Find the nearest café, restaurant, shops or cinema, thanks to A-GPS capability
- Listen to music using the integrated MP3 player
- Make or receive calls at the same time as accessing content and downloading video or audio
- Use the phone internationally
Opportunity: Push-To-Talk over Cellular

51% of mobile handset users worldwide who do not already have Push-To-Talk say they want it!

source: Motorola Business Intelligence

Push 2 Talk
Push 2 Music
Push 2 Pictures
Push 2 Data

Not far in the future.

We are bringing our Push-To-Talk leadership to Cellular for CDMA and GSM networks.

what telecom operators need in their networks + the features consumers want in their handsets

Motorola V400p
Push-To-Talk over Cellular with style and flair!
Retail availability is expected in June 2004

Motorola wireless communications technology is behind the scenes.

need style  want flair
Opportunity: Mobile
66% of mobile handset users say they want an integrated digital camera with their next purchase.
source: Motorola Consumer Insights and Intelligence

New! Motorola HS810 hands-free wireless Bluetooth® headset
*Bluetooth...cutting-edge wireless protocol for connecting mobile devices.

Originally triplets, our family’s expanded to quads, the Motorola V300, V400, V500 and V600......
and...more siblings are on the way!

Each is built on Motorola’s i.250 chipset. Now, this is manufacturing efficiency deluxe!
This common hardware and software platform includes:
large color display
Bluetooth® technology capabilities
flash memory
VGA camera
intuitive user interface
Opportunity: Networking
Motorola sells equipment to 13 of the top 18 telecom network operators worldwide.
source: EMC Database March 2003

The Motorola SoftSwitch represents a new paradigm in switching technology.

Benefits to network operators include reduced operating costs, easy upgradability and migration capability to technologies that support voice, data, video and Push-To-Talk over Cellular applications:
requires less space and power to operate compared with legacy switches
is faster and easier to deploy than legacy switches
takes the operator to the world of multimedia data applications

Big Business in China!
Over the past several years, China Mobile Communication Corporation (CMCC), one of the largest mobile operators in the world, has consistently chosen Motorola to build out its network. The latest contract deployment will prepare CMCC for the evolution to 3G and the applications it can deliver to its customers. Motorola is also expanding and upgrading the networks of China United Telecommunications Corporation (China Unicom), another of the world’s largest mobile operators.

Commercial SoftSwitch Deployments: Portugal_RadioMovel + India_Tata Teleservices, Ltd.
Opportunity: Mission-Critical Communications
From complex wide-area communications and information systems to a small enterprise—our opportunities are broad and deep. They include solutions for:

- **Public Safety** Police, Fire, Emergency Medical Services
- **Government** Municipal Services, National Ministries, Federal Agencies, Military
- **Utilities** Gas, Water, Electric, Telephone
- **Transportation** Airlines, Transit, Railroad, Courier
- **Manufacturing** Automotive, Industrial, High-Tech, Aerospace
- **Other Enterprise** Construction, Petrochemical, Retail

We are the **leading provider** of digital two-way radio communications equipment **worldwide**.

That’s more than 750 digital systems **installed** in more than 65 countries.

In your building
In your company
In your small business
In your office
In your town
In your nation
In your world

Motorola’s innovative software applications in a centralized 311/Customer Service Request System help the City of Chicago deliver services efficiently to its residents.
Opportunity: Meeting and Exceeding the Standard
Motorola is the only provider delivering communications and information systems compliant with both industry digital standards, TETRA and Project 25.

Connect To Protect
Motorola is a leader in providing hometown and homeland security communications solutions. In Phoenix and Mesa, Arizona, Motorola is implementing a regional, multi-agency Project 25 digital communications system, providing interoperability for government agencies to communicate effectively in emergencies. According to the United States Department of Homeland Security, new or upgraded systems should be compatible with the Project 25 standard.

This is Hong Kong... over and out!
In 2003, the Hong Kong Police Department awarded Motorola the prime contract in a multi-vendor, integrated command-and-control communications solution, including a nine-year maintenance agreement. This digital system, built on the TETRA standard, includes innovative mobile computing and vehicle location capabilities.

Let the games begin
Motorola* was selected to provide the secure two-way radio communications system for use during Athens’ 2004 Olympic Games. The system will be used after the Games by Greek police, fire brigade, ambulance and coast guard services.

*Working with Science Applications International Corporation (SAIC) and Siemens

Digital Justice!
Motorola’s Integrated Digital Justice Solution in Henderson, Nevada provides interoperability among the city’s databases, software applications and wireless devices, including:
- Computer-aided dispatch
- Records & Corrections management
- Automated finger/palmprint identification
- Livescan and mugshot technologies

Motorola at the Olympics:
- Munich 1972
- Los Angeles 1984
- Sarajevo 1984
- Calgary 1988
- Lillehammer 1994
- Atlanta 1996
- Sydney 2000
- Salt Lake City 2002
- Athens 2004

The first of its kind in North America, enables information coordination and sharing among the city’s various departments.
Motorola Home Monitoring and Control

Our portfolio of advanced broadband applications enable people to stay connected to their homes even when they’re away. Remotely monitor security, control heating, cooling and lighting through any Web browser. The Motorola HM1000 Home Monitoring and Control System provides everything you need, including software and wireless camera.
We developed and delivered *the first system* on which today’s broadband industry is built.

**Now Motorola is:**
- **Number One** in digital set-top shipments
- **Number One** in cable modem shipments
- **Number One** in digital headend/encoders

*Opportunity: HDTV*

Worldwide HDTV shipments in 2003: 8 million

Worldwide HDTV shipments in 2007: 27 million projected

Source: IMS RESEARCH, 2003

The first specification for HDTV in 1990

The first commercial deployment of digital cable in 1996

The first digital set-top to integrate HD and DVR in 2003

Video on demand, HDTV and more = MOTOROLA

High Definition is changing how we see TV. Experience the crispest picture and clearest sound available today with the Motorola DCT6208 High-Definition Cable Receiver. Be ready for the advanced interactive features of tomorrow’s HDTV.

WiFi is Surging!

22.7 million WiFi NIC cards and access points rolled out last year, an astounding increase of 215% versus 2002’s 7.2 million units shipped.

Source: IN-STAT/MDR
Opportunity: Automotive

The automotive electronics industry is growing at a rate triple that of the automotive industry itself.

source: Motorola Business Intelligence

Motorola, Inc.

2003 Annual Report

Our electronics are found in automotive brands, including:

- Aston Martin
- Audi
- BMW
- DaimlerChrysler
- Ferrari
- General Motors
- Honda
- Hyundai
- Jaguar
- Land Rover
- Opel
- Porsche
- PSA
- Saab
- SAIC Chery
- Tianjin Automotive
- Volvo
- Volkswagen
- Wuling

The automotive electronics market continues to grow and Motorola is an industry leader.

Our technology makes your time on the road safer + smarter. Every day!

Other things we do:

- Driving directions: Cool, Calm and Connected
- Navigation
- Remote diagnostics
- Remote door unlock
- Entertainment
- Concierge
- Hands-free calling
- Vehicle theft tracking
- Emergency assistance: Smart, Safe and Secure
- Airbag deployment notification
- Autonomous cruise control
- Side-object detection
- Lane departure warning
- Lane change support
- Vehicle workload manager

What we make in the automotive market:

- Telematics systems
- Engine control units
- Braking system sensors
- Global positioning systems
- Powertrain electronics
- Tire pressure sensors
- Interior electronics
- Transmission controls
- and the list goes on...

Telematics

66 models and millions of subscribers enabled by Motorola
**Opportunity: Leveraging Our Lead**

As a leading global semiconductor company we provide embedded processing and connectivity products to large markets, such as the automotive, networking and wireless communications industries.

We believe we have shipped more embedded processors than any other company worldwide.

#1 global market share in semiconductors for automotive applications

According to Strategy Analytics

in communications processors

According to International Data Corporation (IDC)

in radio frequency power products for cellular base station markets.

According to Allied Business Intelligence

**Pioneered** Magnetoresistive Random Access Memory (MRAM)

Copper interconnect

Silicon-on-insulator

Silicon germanium carbon

We make wireless smart.

Our i.MX family of application processors make the communication devices of tomorrow a reality today. More than 50 million shipped...now!
Intelligence Everywhere™
It’s a promise. Not to sound too dramatic, it’s our mission.

Now is our time.
We will leverage the power of a revitalized brand, terrific talent, a rekindled spirit of innovation and extraordinary execution to delight customers across the globe. As we have tried to illustrate in this report, our skills, our strategies and our technologies align remarkably with where the world is going.

In 2004, you will feel energy and urgency as never before from me and every single member of the Motorola team.

Edward J. Zander
Chairman of the Board and Chief Executive Officer
Motorola, Inc.
Our 10-K
available at www.motorola.com/investor
Corporate Management

Edward J. Zander
Chairman of the Board and Chief Executive Officer

Mike S. Zafirovski
President and Chief Operating Officer

Robert L. Barnett
Executive Vice President

Eugene A. Delaney
Executive Vice President and President, Global Relations and Resources Organization

David W. Devonsire
Executive Vice President and Chief Financial Officer

Glenn A. Gienko
Executive Vice President and Motorola Director, Human Resources

A. Peter Lawson
Executive Vice President, General Counsel and Secretary

Leif G. Soderberg
Senior Vice President and Director, Global Strategy and Corporate Development

Steven J. Strobel
Senior Vice President and Corporate Controller

Padmasree Warrior
Senior Vice President and Chief Technology Officer

Operating Management

Scott A. Anderson
Executive Vice President; President and CEO, Semiconductor Products Sector

Gregory Q. Brown
Executive Vice President; President and CEO, Commercial, Government and Industrial Solutions Sector

Dennis J. Carey
Executive Vice President; President and CEO, Integrated Electronic Systems Sector

Thomas J. Lynch
Executive Vice President; President and CEO, Personal Communications Sector

Daniel M. Moloney
Executive Vice President; President and CEO, Broadband Communications Sector

Adrian R. Nemcek
Executive Vice President; President and CEO, Global Telecom Solutions Sector

Business Risks

Statements that are not historical facts are forward-looking and involve risks and uncertainties. Motorola’s actual results could differ materially from those projected in the forward-looking statements. For a list of factors that could cause, and in some cases have caused, such differences please refer to the section entitled “Business Risks” in Motorola’s 2003 Form 10-K.

Non-Incorporation of Form 10-K “Wrap”

Motorola’s 2003 Form 10-K, as filed with the SEC, is included within this Annual Report. Other than the Form 10-K, all other portions of this Annual Report are not “filed” with the SEC and should not be deemed so.