

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

For the Quarters Ended

	April 3, 2004	July 3, 2004	October 2, 2004
Net sales	\$ 7,441	\$ 7,541	\$ 7,499
Costs of sales	5,075	4,938	4,926
Gross Margin	<u>2,366</u>	<u>2,603</u>	<u>2,573</u>
Selling, general and administrative expenses	970	1,096	1,042
Research and development expenditures	725	748	771
Reorganization of businesses	(12)	(19)	46
Other charges (income)	(2)	(7)	70
Operating earnings (loss)	<u>685</u>	<u>785</u>	<u>644</u>
Other income (expense):			
Interest expense, net	(67)	(60)	(48)
Gains on sales of investments and businesses, net	138	15	195
Other	(21)	1	(98)
Total other income (expense)	<u>50</u>	<u>(44)</u>	<u>49</u>
Earnings (loss) before income taxes	735	741	693
Income tax expense (benefit)	268	122	267
Earnings from continuing operations	<u>\$ 467</u>	<u>\$ 619</u>	<u>\$ 426</u>
Earnings from discontinued operations	\$ 142	\$ (822)	\$ 53
Net Earnings	<u>\$ 609</u>	<u>\$ (203)</u>	<u>\$ 479</u>
<u>Net earnings per common share</u>			
Basic:			
Continuing operations	\$ 0.20	\$ 0.26	\$ 0.18
Discontinued operations	0.06	(0.35)	0.02
	<u>0.26</u>	<u>(0.09)</u>	<u>0.20</u>
Diluted:			
Continuing operations	\$ 0.19	\$ 0.25	\$ 0.18
Discontinued operations	0.06	(0.33)	0.02
	<u>0.25</u>	<u>(0.08)</u>	<u>0.20</u>
<u>Weighted average common shares outstanding</u>			
Basic	2,337.2	2,351.7	2,359.6
Diluted	2,451.0	2,472.2	2,466.0

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	For the Quarters Ended			
	March 29, 2003	June 28, 2003	September 27, 2003	December 31, 2003
Net sales	\$ 5,119	\$ 5,219	\$ 5,882	\$ 6,935
Costs of sales	3,421	3,504	3,930	4,733
Gross Margin	1,698	1,715	1,952	2,202
Selling, general and administrative expenses	812	792	918	1,007
Research and development expenditures	695	700	705	699
Reorganization of businesses	15	(28)	25	11
Other charges (income)	(61)	(9)	(4)	17
Operating earnings (loss)	237	260	308	468
Other income (expense):				
Interest expense, net	(91)	(57)	(82)	(60)
Gains on sales of investments and businesses, net	279	28	14	218
Other	(60)	(27)	(33)	(22)
Total other income (expense)	128	(56)	(101)	136
Earnings (loss) before income taxes	365	204	207	604
Income tax expense (benefit)	128	70	86	164
Earnings from continuing operations	\$ 237	\$ 134	\$ 121	\$ 440
Earnings from discontinued operations	\$ (68)	\$ (15)	\$ (5)	\$ 49
Net Earnings	\$ 169	\$ 119	\$ 116	\$ 489
 <u>Net earnings per common share</u>				
Basic:				
Continuing operations	\$ 0.10	\$ 0.06	\$ 0.05	\$ 0.19
Discontinued operations	(0.03)	(0.01)	(0.00)	0.02
	0.07	0.05	0.05	0.21
Diluted:				
Continuing operations	\$ 0.10	\$ 0.06	\$ 0.05	\$ 0.18
Discontinued operations	(0.03)	(0.01)	(0.00)	0.02
	0.07	0.05	0.05	0.20
 <u>Weighted average common shares outstanding</u>				
Basic	2,311.5	2,319.6	2,322.8	2,331.5
Diluted	2,325.1	2,337.0	2,358.0	2,457.4