1992 Annual Report

# MOTOROLA

## About The Company

Motorola is one of the world's leading providers of wireless communications and electronic equipment, systems, components and services for worldwide markets. Products include two-way radios, pagers, personal communications systems, cellular telephones and systems, discrete semiconductors and integrated circuits, defense and aerospace electronics, automotive and industrial electronics, computers, data communications and information processing and handling equipment. Motorola was a winner of the first Malcolm Baldrige National Quality Award, in recognition of its superior company-wide management of quality processes.

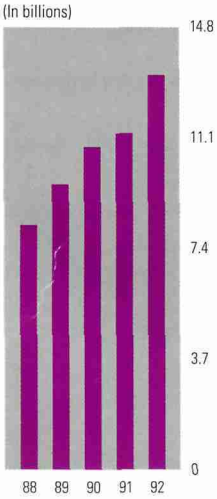
MOTOROLA

## Contents

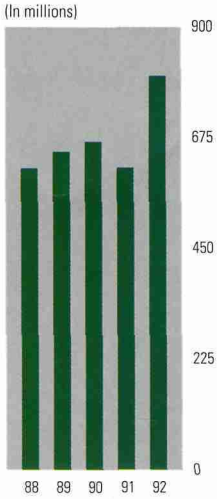
| (In millions, except as noted) | *Motorola, Inc. and Consolidated Subsidiaries* | |
|---|---|---|
| Years ended December 31 | **1992** | 1991 |
| Net sales | **$13,303** | $11,341 |
| Earnings before income taxes and cumulative effect of change in accounting principle | **800** | 613 |
| % to sales | **6.0%** | 5.4% |
| Net earnings before cumulative effect of change in accounting principle | **576** | 454 |
| % to sales | **4.3%** | 4.0% |
| Net earnings | **453** | 454 |
| % to sales | **3.4%** | 4.0% |
| Net earnings per share before cumulative effect of change in accounting principle (in dollars)[3] | **2.16** | 1.72 |
| Net earnings per share (in dollars)[3] | **1.70** | 1.72 |
| Research and development expenditures | **1,306** | 1,133 |
| Fixed asset expenditures[1] | **1,387** | 1,317 |
| Working capital | **1,883** | 1,424 |
| Current ratio | **1.56** | 1.46 |
| Return on average invested capital before cumulative effect of change in accounting principle[4] | **9.4%** | 7.8% |
| Return on average invested capital[4] | **7.5%** | 7.8% |
| % of net debt to net debt plus equity[2] | **15.2%** | 22.5% |
| Book value per common share (in dollars)[3] | **19.07** | 17.52 |
| Year-end employment (in thousands) | **107** | 102 |

[1]Includes expenditures related to capitalized leases.
[2]Includes short-term investments categorized as cash and cash equivalents.
[3]Includes adjustment for the two for one stock split.
[4]Average invested capital is defined as stockholders' equity plus long and short-term debt less short-term investments (includes short-term investments categorized as cash and cash equivalents).

**Net Sales**

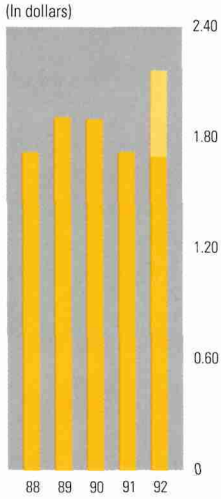



**Earnings Before Income Taxes***



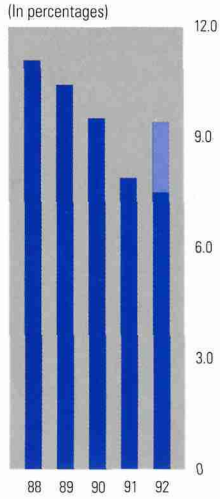

*And cumulative effect of change in accounting principle

**Net Earnings per Share**




Before cumulative effect of change in accounting principle

**Return on Average Invested Capital**




Before cumulative effect of change in accounting principle

Motorola's commitment to wireless communications, semiconductor technology and advanced electronics helped us achieve improved results in 1992 in terms of market leadership and sales growth, as well as in our efforts to improve our long-term financial performance.

In the pages that follow, we illustrate some of the strategic thrusts that are designed to enable us to reach ambitious financial objectives. The elements of that strategy include:

- Quality improvement to achieve total customer satisfaction and market leadership through the empowerment of our people.
- Cycle time reduction, both in customer service and product development, to reduce costs and lead new markets, as well as serving customers with products that help them manage time and become more productive.
- Technology leadership, leveraging strength in software, manufacturing, microelectronics and radio communications.

**George Fisher**

**Gary L. Tooker**

**Christopher B. Galvin**

- Investment in the future–in training, in research and development, in production tools and facilities, and in technology.
- Partnerships–with other companies, with customers, and within Motorola, to leverage available resources and enter exciting growth markets while making efficient use of our financial resources.

**Financial Results** Sales and operating earnings set records in 1992 as growth continued throughout our major communications and semiconductor businesses. Sales increased 17% to $13.3 billion from $11.3 billion in 1991. Before the cumulative (pre-1992) effect of the accounting change discussed below, earnings were $576 million, or $2.16 per share, compared with $454 million, or $1.72 per share, a year earlier. Net margin on sales was 4.3%, before the effect of the accounting change, compared with 4.0% a year ago.

Motorola adopted Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions," during the fourth quarter. Recognition of the net plan obligation reduced earnings by $123 million, or 46 cents per share, to $453 million, or $1.70 per share, for the full year.

Detailed operating and financial results of our various businesses in 1992 appear on pages 17-21.

**Stock Split, Dividend Increase** Earnings per share reflect a 2-for-1 stock split in the form of a 100% stock dividend, which was distributed Jan. 15, 1993 to stockholders of record Dec. 15, 1992. The quarterly dividend on the pre-split shares was raised to 22 cents a share from 19 cents, an increase of approximately 16%.

**Board of Directors** Lawrence Howe and Stephen L. Levy did not stand for reelection to the Board of Directors in 1992. We acknowledge with appreciation their many contributions to Motorola. Samuel C. Scott III, corporate vice president of CPC International, Inc. and president of Corn Products, was elected to the board in February 1993.

**Financial Objectives** We are guided by the belief that continuous investment in timely, leadership products will enable us to improve return on shareholder investment through appropriate sales growth and improving profitability.

We have financial performance objectives for each of our major business segments and for the corporation as a whole. Our sales objective is a compound average growth rate over the next five years of 13% to 16% a year. This is an ambitious target, given the steep learning curve pricing and short product life cycles in our businesses. But we are in businesses that we believe should outperform the general economy, with technologies well suited to emerging market economies as well as existing markets.

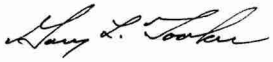
We are striving to improve our after-tax profit margins and asset utilization to a point where we will be able to achieve improving returns on equity, as well as fund our growth and maintain a strong balance sheet. As we grow, we will continue to focus on effective asset and cost management as an integral part of achieving our objective of funding our growth. Our financial performance is discussed further in the Financial Review on pages 22 and 23.

**The Future** The worldwide demand for Motorola's products and services has continued to grow, and underscores our confidence for the future. While economic conditions remain uncertain in Europe and Japan, robust growth should continue in Asia-Pacific markets. We expect North America to continue the modest recovery from the 1990-91 recession.

We plan to build on our leadership position in some of the most exciting parts of the electronics industry. Our products and technologies serve an increasingly mobile workforce and society.

We appreciate the spirit and hard work of our people in their efforts to serve our customers. Our focus on high quality, short cycle times and low costs is designed to achieve total customer satisfaction and improved financial performance.

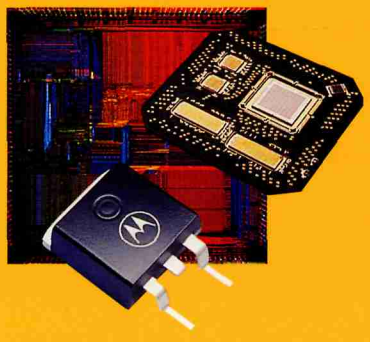
George Fisher
*Chairman of the Board and*
*Chief Executive Officer*



Gary L. Tooker
*President and*
*Chief Operating Officer*

Christopher B. Galvin
*Senior Executive Vice President and*
*Assistant Chief Operating Officer*

| Major Businesses | Semiconductor Products Sector | Land Mobile Products Sector | General Systems Sector |
|---|---|---|---|
| **Activities** | Designs and produces a broad line of discrete semiconductors and integrated circuits, including microprocessors, microcomputers and memories | Designs, manufactures and distributes two-way radios and other forms of electronic communications systems | Designs and manufactures computer-based cellular radio-telephones and systems, personal communications systems, computers, microcomputer boards, and information processing and handling equipment |
| **Major Markets** | Automotive, communications, computer, consumer, industrial and federal/military | Agriculture, commercial, construction, education, state, local and federal government, health care, industrial, mining, petroleum and transportation companies and utilities | Consumer, computer, automotive, industrial, government and telecommunications |
| **Representative Products** | Microprocessor<br>Multichip Module<br>Discrete Device | Astro™ Portable 2-Way Radio<br>MTS2000™ Flashport™ Portable 2-Way Radio | Motorola MultiPersonal™ Computer<br>GSM Cellular Base Station<br>MicroTAC® UltraLite™ Personal Cellular Telephone |
| **Organization** | Asia-Pacific Semiconductor Group<br>Communications, Power and Signal Technologies Group<br>European Semiconductor Group<br>Logic and Analog Technologies Group<br>Microprocessor and Memory Technologies Group<br>Semiconductor Products Division, NML | Worldwide Trunked Systems Group<br>Worldwide Radio Products Group<br>Worldwide Network Services Group<br>Communications and Electronics Group<br>Customer Service Group<br>European Group<br>Communications International Group | Cellular Infrastructure Group<br>Cellular Subscriber Group<br>Computer Group<br>Personal Communications Systems |



| Paging and Wireless Data Group | Government Electronics Group | Information Systems Group | Automotive and Industrial Electronics Group |
|---|---|---|---|
| Designs, manufactures and distributes products for paging and wireless data systems | Specializes in research, development and production of electronic systems and equipment for the U.S. Department of Defense and other government agencies | Combines the capabilities of Codex Corporation and Universal Data Systems, Inc., to provide all the elements for distributed data and voice networks, from basic modems to network management systems | Designs and manufactures a variety of electronic components, modules and integrated electronic systems |
| Consumer, industrial, computer and telecommunications | U.S. Department of Defense, NASA, government agencies, commercial users and international customers | Computer, consumer, automotive, industrial, federal government/ military and telecommunications | Automotive, industrial, agriculture, transportation and navigation |
| InfoTAC™ Radio Packet Modem<br>Confidant™ pager | DAMA UHF Satellite Communications System | Codex 9800™ Network Management System<br>UDS V.32 Modem | Polybent™ Electronic Packaging<br>Electronic Ballast<br>Remote Keyless Entry System |
| Paging Products Group<br>Americas Paging Products Division<br>International Paging Products Division<br>Components Division<br>Wireless Data LAN Division<br>Mobile Data Division<br>International Networks Division | Communications Division<br>Strategic Electronics Division<br>Tactical Electronics Division | Codex Corporation<br>Universal Data Systems, Inc. | Automotive Powertrain and Chassis Electronics Division<br>Electronic Systems and Components Division<br>Motorola Lighting, Inc. |

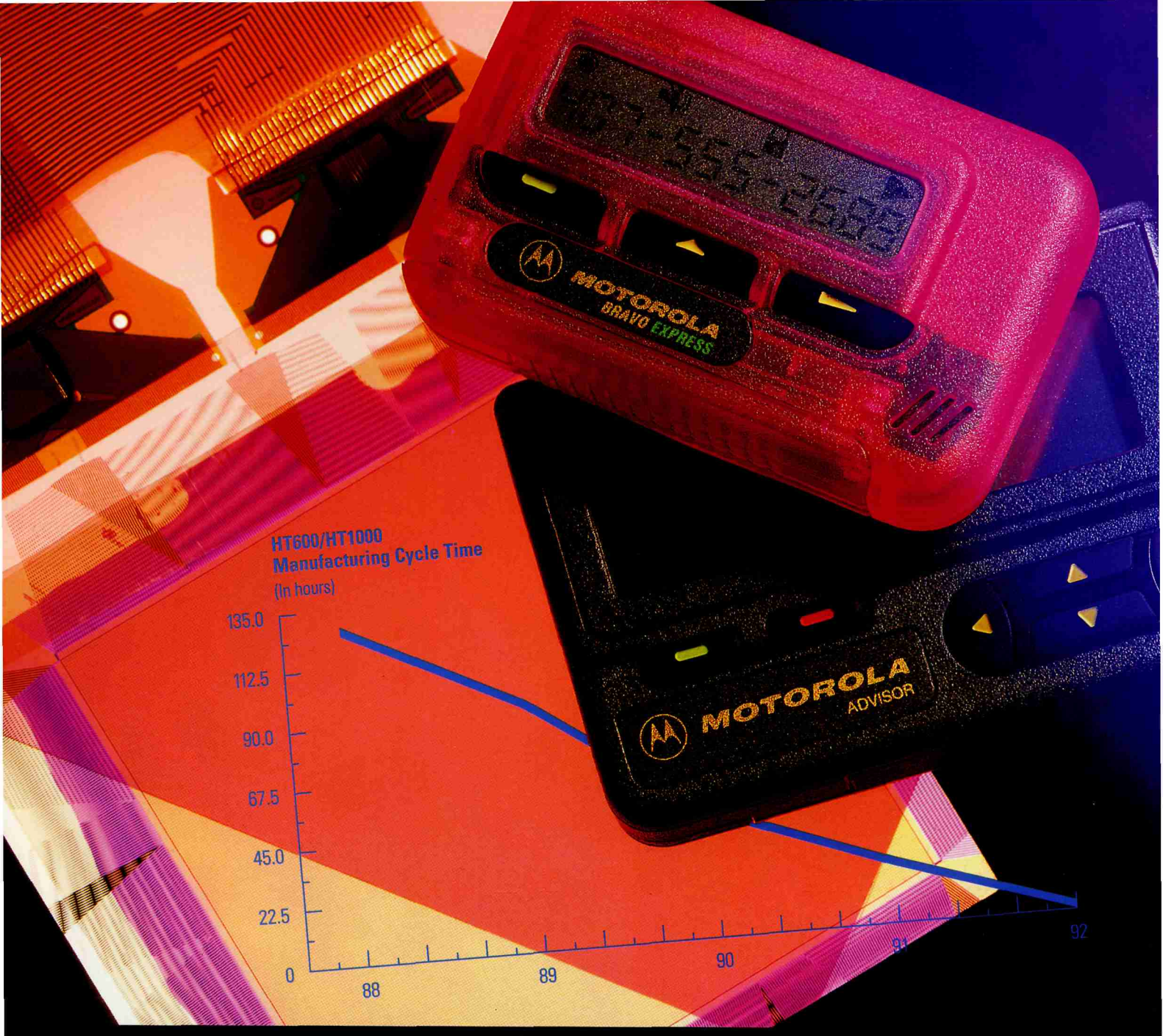
*In addition to these sectors and groups, the Corporate Ventures organization manages Motorola's entry into strategically relevant, emerging, high-growth and high-technology business arenas.*


Quality is our No. 1 operational initiative. Empowered people are making it happen. The team shown here, from Penang, Malaysia, is one of more than 4,000 Total Customer Satisfaction teams from throughout the world.

The results are reflected in the products we build and the services we provide. The MVME 187 computer board is used in manufacturing automation systems. They enable Motorola–and our customers–to improve productivity and quality.

The MicroTAC® Ultra Lite™ personal cellular telephone is one of the latest products of a revolution in the design and production process to improve quality. Weighing just 5.9 ounces, it has helped Motorola remain the world leader in the cellular industry.

The globe is the Dataquest Semiconductor Supplier of the Year award. We again ranked first in a survey of 250 European, Japanese and U.S. electronics companies that ranked all suppliers on quality, delivery, price, technical support and service. We have won the award four consecutive years.




A key element in achieving customer satisfaction is time, whether it's responding to opportunities quickly or developing new products ahead of the competition. We measure cycle time in all functions, including manufacturing, as shown in the above chart.

Components at the upper left will be part of an "active addressing" liquid crystal display being developed by Motif Inc., a joint venture of Motorola and In Focus Systems, Inc. Our goal is to transform this breakthrough technology quickly into flat-panel displays for wireless data products.

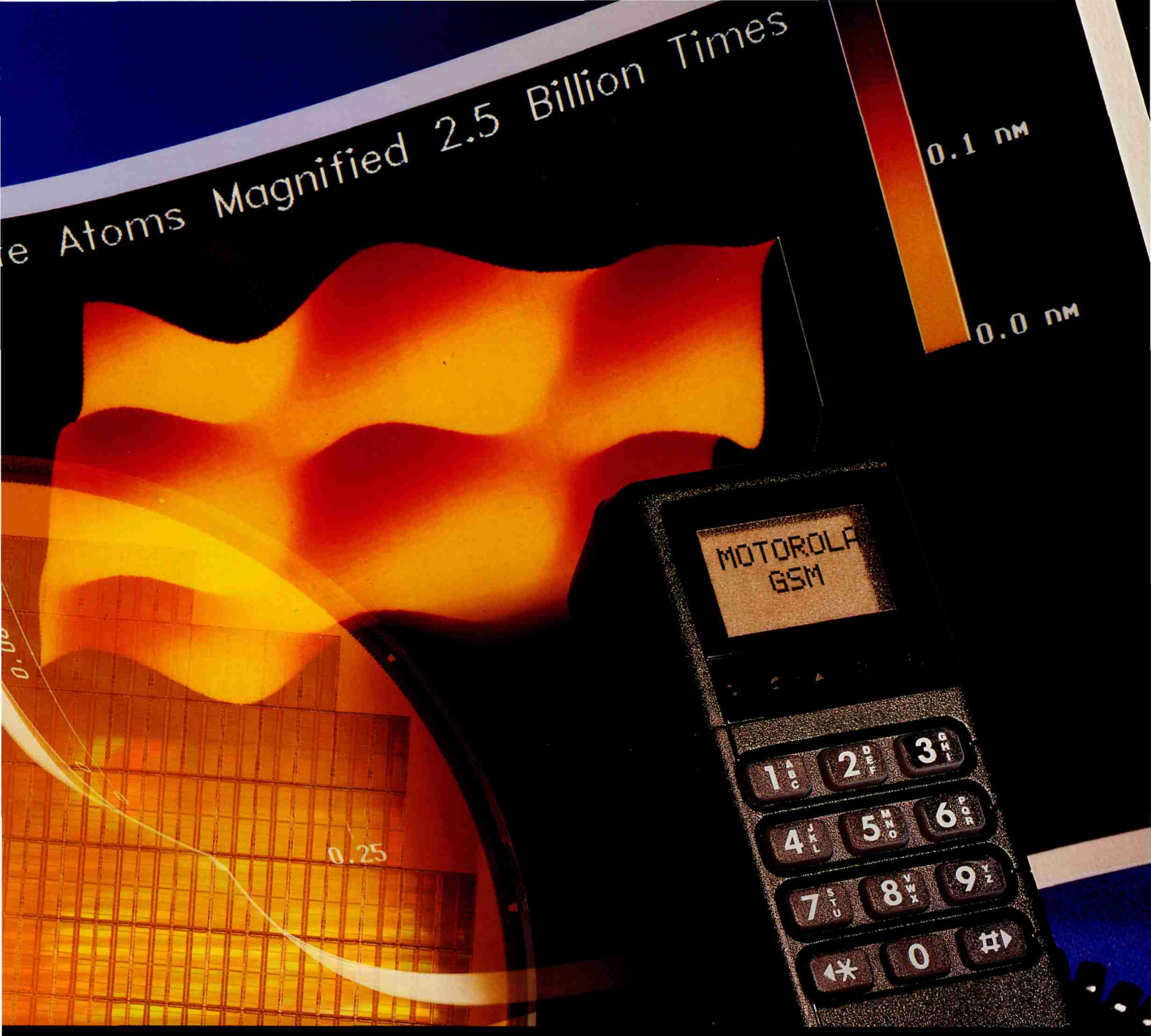

Rapid cycle time drives down costs and opens up whole new markets. Our 68000 microprocessor, used only in the most sophisticated applications a few years ago, has become so inexpensive that today, it can be embedded in consumer products like the Sega Genesis™ video game system.

Our focus on time benefits our customers. The Advisor® and Bravo Express™ pagers shown here are products of a short-cycle production system. They help our customers use their time more efficiently.


Investment in the future is essential for long-term, profitable growth. First and foremost, we invest in people, our most important asset. Through Motorola University, our employees continuously upgrade their skills. We invested more than $100 million in training throughout the world in 1992.

We invest in the most modern factories and equipment. Our MOS-11 fabrication plant in Austin, Texas is the world's first commercial semiconductor facility to manufacture eight-inch wafers such as the one shown here.

Invest



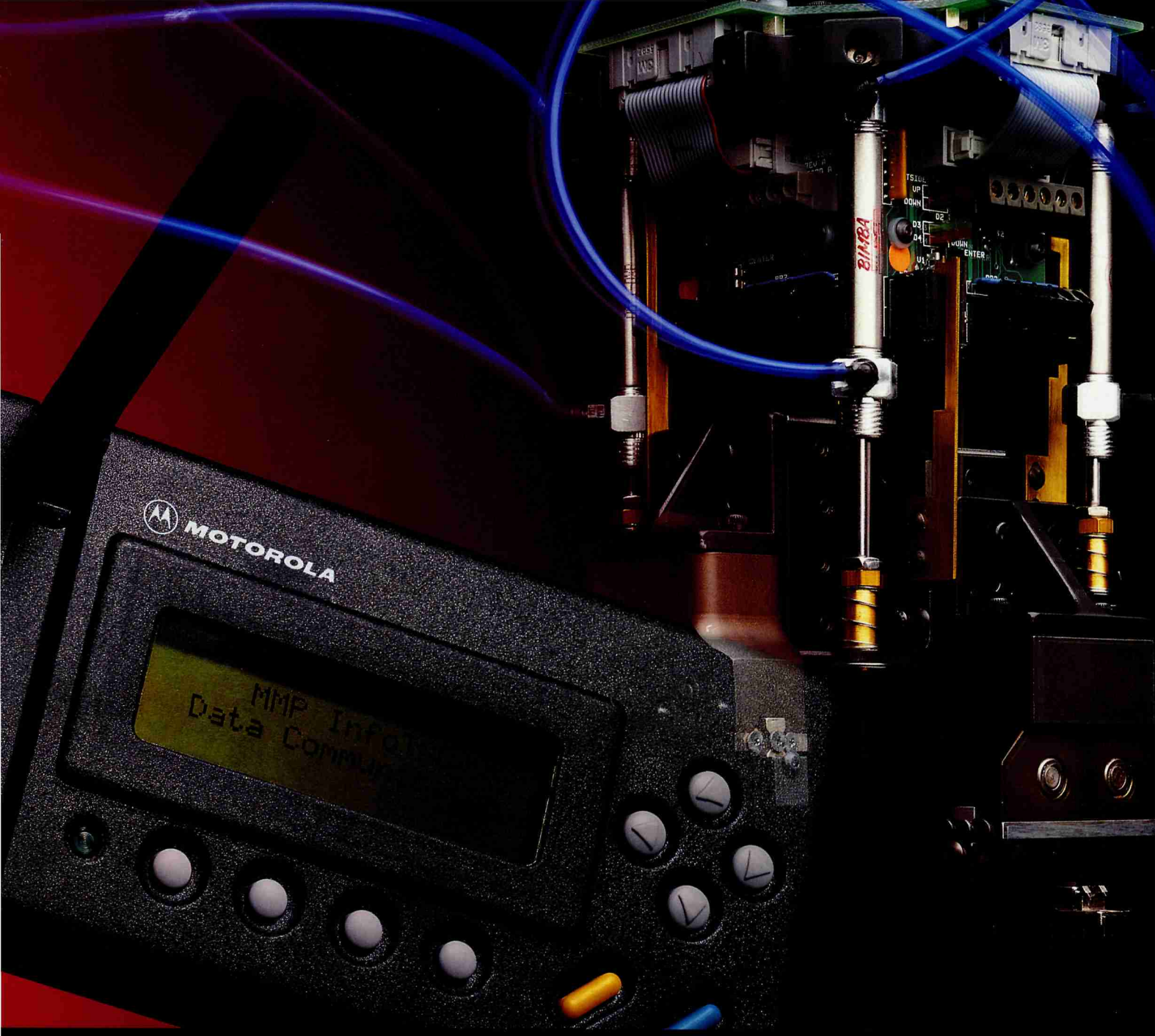

We invest in research and development, such as the work illustrated by this image from an atomic force microscope. R&D spending exceeded $1.3 billion in 1992, and by quickly moving discoveries from the laboratory to the customer, we were able to introduce an average of about four new products per business day.

We develop technology that transforms the global marketplace. The cellular phone at the right is used in the pan-European digital cellular system, which started commercial service in several countries during 1992.


At Motorola, we achieve leadership in technology by leveraging our strengths in software, microelectronics, radio frequency communications and manufacturing.

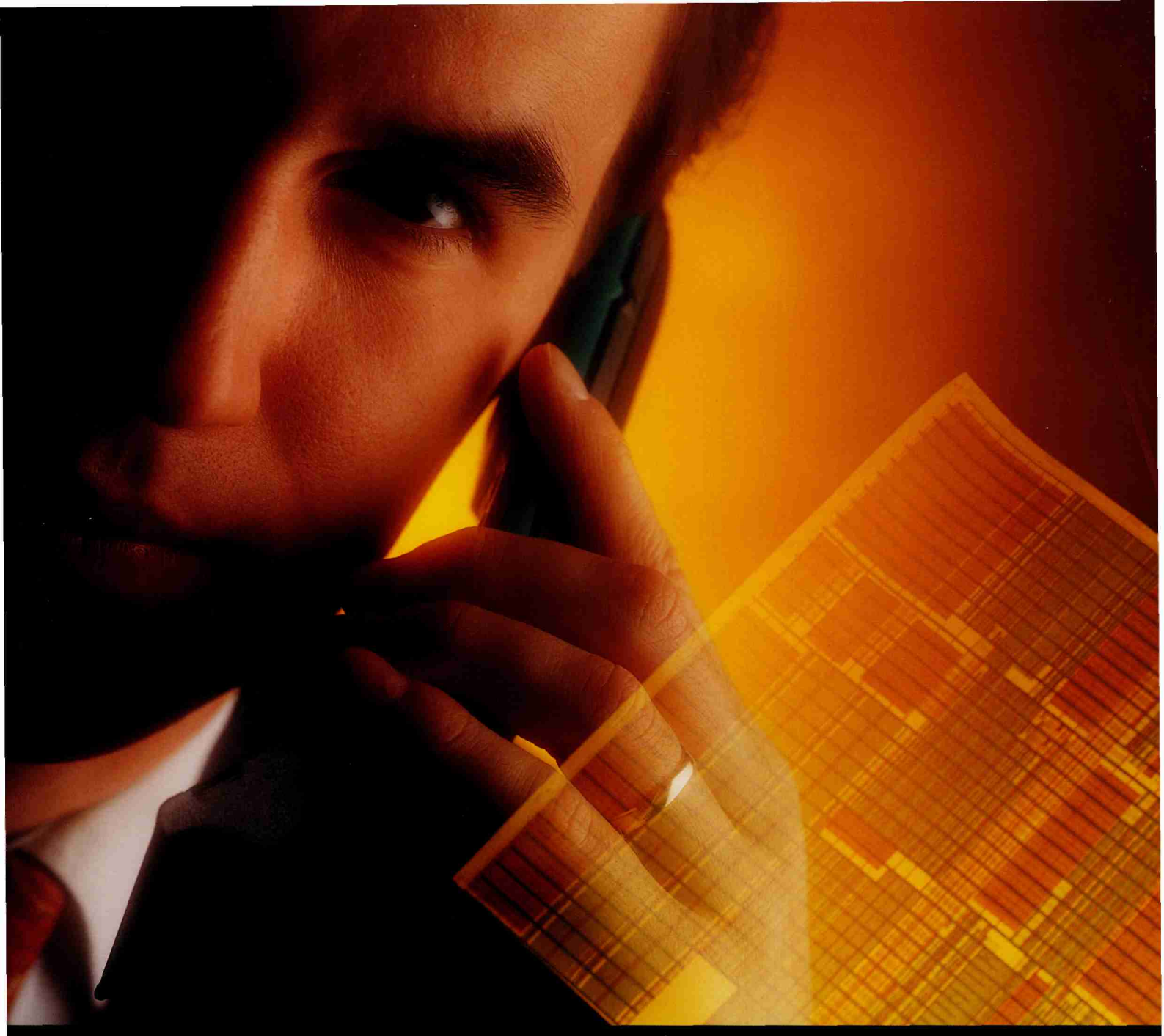
A new generation of compact portable two-way radios incorporates Flashport™, a new software capability that uses flash memory technology. This enables users to upgrade features by loading software into a radio in much the same way that software is loaded into a computer.

Tech




The increasing use of radio to transmit data is ushering in a new era of personal communications. The new InfoTAC™ radio packet modem can receive, store and respond to messages, and can be connected to laptop, notebook or pen-based computers.

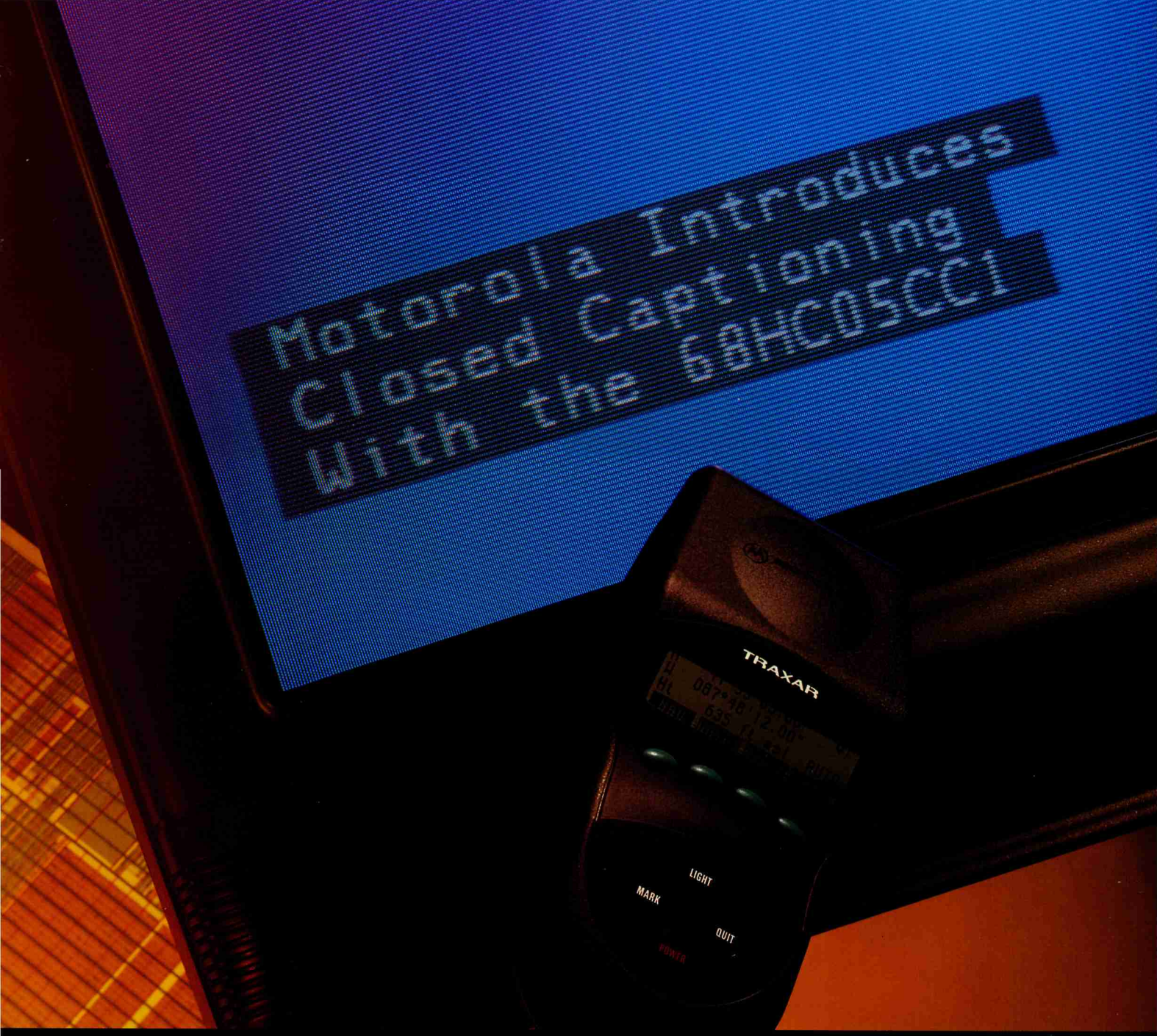
Motorola quickly and efficiently transforms the dreams of the designer into products of the highest quality that fit the individual needs of the customer. One way we do this is by developing the world's most advanced automated manufacturing systems. The robotic assembly at the right is a component of such a system.



We leverage our investments and enter exciting growth markets by nurturing a spirit of partnership–with our customers, with other companies, and with various internal partnerships among Motorola businesses.

Working with telephone companies, we supplied equipment for CT2, or Telepoint, the second-generation cordless telephone system. New systems began operating in several Asian and European countries, and are being tested in North America.

The schematic of one of IBM's PowerPC™ family of RISC microprocessors came out of Somerset, the joint design center




in Austin, Texas. It is part of our alliance with Apple Computer and IBM.

An 8-bit microcontroller jointly developed with Thomson Consumer Electronics is used for closed-captioned television, to help the hearing impaired. It can also help children and adults improve reading and language skills.

The Traxar™ GPS Navigator combines technologies developed in our Automotive and Industrial Electronics Group and our Government Electronics Group. The handheld navigation device provides outdoor enthusiasts with location information.

Motorola's commitment to quality and continuous improvement extends to the stewardship of our environment and the communities in which we live. It begins with training. A new course on environmental awareness is being offered to Motorola employees throughout the world. In addition, engineers will receive training on how to incorporate environmental considerations into product design, development, manufacturing, procurement and disposal through recycling.

Motorola has eliminated emissions of chlorofluorocarbons (CFCs) in all facilities worldwide except one, which is scheduled to be CFC-free in April 1993. We are within reach of eliminating all Class I ozone-depleting substances by mid-1993. In partnership with the U.S. Environmental Protection Agency (EPA) and the World Bank, we plan to sponsor a CFC elimination program for Malaysia.

We endorse the International Chamber of Commerce's Business Charter on Sustainable Development and the 16 principles for worldwide environmental management. With two U.S. national laboratories in New Mexico, we are working on new technologies to reduce waste and hazardous materials in electronics manufacturing.

As part of the EPA's 33/50 Industrial Toxins program, we made a commitment to reduce emissions of 17 targeted chemicals by 33% by 1993 and 50% by 1995. We have already exceeded those goals by achieving a reduction of more than 50% by the end of 1992. In energy conservation, we are committed to installing energy-efficient lighting products and systems in all U.S. facilities by the end of 1996. An ally of the EPA's Operation Green Lights program, Motorola manufactures energy-saving electronic ballasts for fluorescent lamps.

**1992 Volunteerism Award Winners**

We believe that environmental leadership is in the best interests of our stockholders. Throughout Motorola, we provide our customers with new products and technologies that promote economic progress without environmental damage.

**CEO Award for Volunteerism** Motorola employees devote time and energy to improve their communities. In 1992, we recognized these efforts by creating the CEO Award for Volunteerism. Achievements range from founding a shelter for homeless families to establishing a Teen Court in which juvenile referrals are sentenced by their peers. The award winners are (front row, left to right): Joy Wilson, Mount Pleasant, Iowa; Joe Power, Scottsdale, Ariz.; Rose Wheeler, Austin, Texas; Marge Stock, Schaumburg, Ill.; and Cheryl Lee Cimini, Mansfield, Mass. Back row: Steve Wilson, Mount Pleasant, Iowa; Jim Cason, Atlanta, Ga.; Darwin Kell, New Cumberland, Pa.; Jeff Allen, Huntsville, Ala.; Don Kauts, Boynton Beach, Fla.; Jess Diaz, Mesa, Ariz.; and Steven Kohn, Northbrook, Ill.

**Semiconductor Products Sector**

Motorola's spectrum of leadership products and technologies helped our worldwide customers succeed. The sector posted record sales, orders and operating profits as it improved its market share.

Sales increased 22% to $4.48 billion, and orders grew 31%. Operating profits rose to $464 million from $356 million. We began 1992 with the sector's first billion dollar sales quarter and ended it with the 16th consecutive quarter of sales growth.

Double-digit order growth was recorded in the Asia-Pacific, European and North American regions. Orders were slightly lower in Japan, which went through a recession. Our sales growth enabled us to gain market share in each region.

Most market segments posted double-digit growth, paced by exceptional order strength in personal computer/workstation and communications. The automotive, consumer and industrial segments were strong and mainframe computer was somewhat higher. Only the federal/military segment was lower. Distributor orders were substantially ahead of 1991.

Higher demand was spread across the sector's broad product portfolio, with all major product categories except military ICs and military discretes posting double-digit growth. Strongest order gains were seen in memories, microcontrollers and microprocessors, mixed-signal, analog, MOS gate arrays and communications modules/components. Most of these products feature custom, proprietary or application/customer-specific functionality.

Our range of product technologies and ability to create on-chip system solutions produced a number of new or expanded customer partnerships across market segments and regions.

Our technology alliance with Apple Computer and IBM resulted in initial production of the first PowerPC™ reduced instruction set microprocessor. Called the PowerPC 601,™ it contains 2.8 million transistors and was designed and fabricated jointly with IBM in just 12 months. The "601" is the first in a family of four powerful RISC microprocessors spanning applications from portables to high-end servers. Bull and Thomson-CSF announced their choice of the "PowerPC" for future systems designs.*

New technology partnerships with key computer customers included a major ASIC (application-specific integrated circuit) agreement with Cray Computer to support product introductions into the next century.

We introduced a number of new products to support our computer customers, including a 33 MHz version of our MC68040 microprocessor, a family of BiCMOS fast static RAMs tailored to high-performance systems, and our ALExIS™ line of advanced bus interface circuits. A custom color monitor chip, developed for Apple Computer by our Asia-Pacific design center in Hong Kong, went into volume production.

In the communications arena, we developed advanced products for Motorola's cellular, paging and two-way radio businesses. With BT (formerly British Telecom), we announced an expanded partnership to improve the quality and reduce the cost of videoconferencing technology. We will integrate BT's standards-based video coding technology in a personal computer multimedia chip set capable of simultaneously processing video, still images and data.

Important communications products introduced included a line of gallium arsenide RF power modules for use in portable cellular phones, and a family of UHF power modules for portable and mobile phones built for the GSM digital cellular system in Europe.

We expanded our support of customers in the consumer electronics market. In a partnership agreement with Philips Electronics, we established a joint chip design center in Eindhoven, the Netherlands, to accelerate the development of integrated circuits for CD-I (compact disc-interactive) and other multimedia products. The two companies also agreed to establish a 50/50 joint venture company in Seremban, Malaysia to assemble small signal surface-mount transistors and diodes, with production targeted in late 1993.

We agreed to develop integrated circuits for the General Instruments/MIT digital HDTV (high-definition TV) system and to support this technology as the U.S. standard. Our C-Quam™ AM stereo chip was designed-in by many leading Japanese customers.

We introduced a closed-captioned TV 8-bit microcontroller jointly developed with Thomson Consumer Electronics, a leading television set manufacturer. Providing both decoding and display functions for closed-captioned TV transmissions, the chip affords an easy and cost-effective way for TV manufacturers to provide closed-captioned service to millions of consumers.

A new, highly integrated phase-locked loop (PLL) was developed with Alps Electric in Europe for use in Alps' television tuner modules. Designed and manufactured by the sector's European Semiconductor Group, the new chip will be used by Alps' production facilities in the United Kingdom and Japan.

*Power PC is a trademark of IBM.

As the world's leading semiconductor supplier to the automotive market, we continued to expand our support of automotive customers worldwide. We debuted our innovative "High-G" micromachined silicon accelerometer for use in future air bag, suspension and vibration control systems. Chrysler Corp. awarded us the microcontroller design for its next-generation powertrain controller.

Key automotive introductions included our 24-bit Symphony™ digital signal processor for audio applications. The Symphony also is targeted to a variety of consumer audio applications. We introduced a line of ultra-high-density HDTMOS™ power MOSFETs for automotive use, and began general sampling of the industry's first 32-bit microcontroller with on-board flash EEPROM, which we developed in partnership with BMW.

In the industrial arena, we introduced the Neuron Chip®, the heart of Echelon's LonWorks™ intelligent distributed control technology. More than 300 development systems were in use by customers worldwide to develop these low-cost local operating networks.

Underscoring our leadership in 8-bit microcontrollers, we delivered our 100-millionth 68HC11 microcontroller during the third quarter. We continued to expand our families of standard and customer-specified 8-bit microcontrollers, fuzzy logic controllers and software, 16-bit offerings, and 32-bit specialized embedded controllers. We announced our entry into the programmable logic market under a licensing agreement with Pilkington Microelectronics Ltd. to co-develop a fourth-generation field-programmable gate array (FPGA) family. We also introduced a line of multichip modules that combine various integrated circuits into standard plastic Quad Flat Pack configurations.

We won several customer awards and our fourth consecutive Dataquest "Semiconductor Supplier of the Year" award. It is based upon a survey of 250 European, Japanese and U.S. electronics companies that ranked all suppliers on quality, delivery, price, technical support and customer service. Our MOS 11 wafer fab in Austin, Texas, the world's first 8-inch commercial line, was named "Fab of the Year" by *Semiconductor International* magazine. We expanded production of advanced fast static RAMs and MC68040 products in that facility.

We began production of integrated circuits and discrete devices in a leased facility in Tianjin, China, and continued construction of a permanent facility in that city for occupancy planned in late 1993. We also upgraded many of our existing facilities during the year. Our Asia-Pacific Semiconductor Division was elevated to Group status in recognition of its strong growth and future importance to Motorola's semiconductor business.

**Communications Segment**

Sales in the communications segment businesses, composed of the Land Mobile Products Sector (LMPS) and the Paging and Wireless Data Group, rose 14% to $4.14 billion and orders rose 24%. Operating profits were $237 million, up from $191 million in 1991.

Several wireless voice and data telephone businesses were realigned during the year. Beginning in 1993, financial reporting will reflect the realignment. The Telepoint Systems Division's results will be included with the General Systems Sector rather than the communications segment businesses, and the results of the former Wireless Enterprises will be included with the Paging and Wireless Data Group rather than the "Other Products" segment.

Land Mobile Products orders for the year increased in all major regions of the world, paced by Asia. The growth was driven by demand for trunked and secure voice radio systems. Demand also increased for Radius® two-way radios, sold through distributors and dealers.

A new generation of portable two-way radios was introduced, featuring compact designs, programmable power levels, and new noise-cancelling audio technology. The new family includes models for conventional systems, for private trunked and secure systems, and for shared trunked systems. Portables for shared systems are 25% smaller than the radios they replace yet offer features such as programmable channel scanning.

The MTS 2000™ radio is Motorola's smallest secure voice trunked portable and the first portable to operate on our Smartzone™ wide-area trunked systems. The Flashport™ software capability described on page 12 is also offered in the new Saber® SI advanced systems portable.

Our first FM two-way radio for outdoor enthusiasts will be distributed through specialty retailers.

LMPS received the largest international award in its history, an $81 million contract from the Royal Malaysia Police for a nationwide two-way radio system with voice encryption. We also received our first award for a trunked radio system in Korea. Other major orders for trunking systems were received in Israel, China, Hong Kong, and Australia.

In Japan, we received a major award for a Smartnet trunking system for the Kansai International Airport currently under construction near Osaka. This system will provide communications for airline operations including ground and service support personnel. Our Japan Specialized Mobile Radio (JSMR) business continues to grow, with more than 100 systems in operation and more than 100,000 subscriber units in service.

We established joint ventures in Brazil, Venezuela and the Czech Republic to install and operate shared trunking systems in the major cities in those countries.

In Denmark we received a major order for the first phase of a turnkey countrywide secure voice radio system with mobile data capabilities covering all major cities for the Danish police. Other key orders received in Europe were awards for two-way radio systems from the German and Spanish police forces and the national government in Poland.

We received several large orders for private wide-area trunking systems that allow a two-way radio user to roam throughout the communication area by automatically switching the user's radio from one site to the next. The first U.S. SmartZone system was shipped to South Carolina Electric & Gas during the year. The first system for the international marketplace was shipped to China Light & Power Co. Ltd., Hong Kong.

The city of Cleveland awarded Motorola a major order for a citywide system for use by a variety of agencies. The city plans to integrate our Astro™ digital technology into this system. Astro mobile and portable radios also will be used in a regional network in the Seattle, Wash., area. We received orders from Southern California Edison and Orange County, Florida for systems that will use both simulcast and SmartZone technology for densely populated areas. Astro and SmartZone technology will also be incorporated in a major wide-area system ordered by Hydro-Quebec of Montreal, Canada.

A new manufacturing facility in Swords, Ireland was officially dedicated during the year. This 100,000 square foot facility is producing two-way radios and paging products.

In the Paging and Wireless Data Group, sales of paging products grew rapidly, especially in the Asia-Pacific region. We opened a new manufacturing facility in China, the third-largest paging market in the world, and received major awards from the three largest paging operators in China. In Taiwan, we won a major contract for a countrywide paging system.

In Europe, we introduced a digital pager for public safety markets in Germany, France and the UK. The Bravo® Express™ numeric display pager was introduced throughout Europe. In Latin America, we formed two paging joint ventures in Brazil and Argentina.

New paging products include the Confidant™ numeric pager, which is the size of a credit card. The NewsStream™ one-way wireless data receiver enables portable computer users to receive electronic mail and other information by radio. The NewsCard™ receiver, a one-way wireless data receiver in card format, was announced for users of handheld computers. Our EMBARC™ (Electronic Mail Broadcast to A Roaming Computer) messaging service began operating during the year.

New packet radio products include the InfoTAC™ modem, which can receive, store and respond to messages, and also can be connected to laptop, notebook or pen-based computers. The PDT220™ handheld data terminal with radio communication also was introduced. It can be programmed to meet the needs of applications such as work order processing or inventory tracking.

We announced an open protocol standard of data transmission for public packet data networks. The new 19.2-kilobit protocol is being deployed on the ARDIS nationwide radio data network. ARDIS is a joint venture of IBM and Motorola.

We also won an award from United Parcel Service to provide modems and telecommunications equipment for a nationwide mobile data network. The circuit-switched data network provides UPS with tracking capability for air and ground package movements.

Motorola's Altair® wireless local-area network product was enhanced to provide higher capacity and network management support. A new version can link networks between buildings.

Motorola and In Focus Systems, Inc. of Tualatin, Ore., formed a joint venture called Motif, Inc. to manufacture liquid crystal displays. In Focus' proprietary active addressing technology will enable significant price/performance improvement in LCD displays, and will be applied to a broad range of portable computing and communications display products.

**General Systems Sector**

General Systems Sector sales advanced 26% to $3.59 billion and orders rose 38%. Operating profits rose to $457 million from $372 million in 1991.

Motorola's cellular infrastructure presence grew throughout the world, in both analog and digital systems. In China, for example, contract awards for systems increased more than five-fold from 1991. About half of these new systems were on-line by the end of 1992.

In Japan, our narrow-band TACS systems are supporting hundreds of thousands of subscribers nationwide. We received letters of intent from TU-KA Cellular Tokyo and TU-KA Cellular Tokai for Japan digital cellular systems at 1.5GHz.

We also recorded strong growth in Thailand, the Philippines, Indonesia, South Korea and Hong Kong. In Africa and the Middle East, we received system awards from six countries. In Latin America, our systems expanded in Argentina, Venezuela, Uruguay, Chile and Bolivia.

The pan-European digital cellular system (GSM) started commercial service in several countries. Motorola won GSM awards in Germany, Norway and Portugal, and our GSM system for Comvik in Sweden went into service in September. Our analog systems grew significantly in Austria and Spain.

We advanced our open architecture strategy by certifying the interface between Motorola base stations and major switch suppliers. We have reached licensing agreements with Ericsson, Philips, Siemens and Alcatel. Current GSM system awards use Siemens switches, and Japan digital awards use NEC switches.

Motorola was the first manufacturer to ship both mobile and portable type-approved GSM telephones.

We have developed a Wireless Local Loop (WiLL™) product to provide basic telephone service to areas with poor or nonexistent wireline systems. We have deployed trial systems in a rural area of Sri Lanka and the port city of Vyorg, near St. Petersburg, Russia.

Our Narrowband AMPS technology was made an industry standard for analog cellular in the U.S. Like NTACS in Japan, it significantly increases subscriber capacity. Our first NAMPS system was commercially deployed in Centel Cellular's Las Vegas market. US West NewVector Group awarded Motorola three regions, Seattle, Denver and Minneapolis, for NAMPS conversion, and Bell Atlantic Metro Mobile chose NAMPS for the Phoenix area. NAMPS also has received customer commitments in Venezuela, Argentina, Thailand and Israel.

Motorola and Northern Telecom formed Motorola Nortel Communications Co., a joint venture to sell and service cellular telephone networks in North, Central and South America and the Caribbean.

US West NewVector Group signed an agreement with Motorola Nortel to purchase the world's first Code Division Multiple Access (CDMA) digital cellular system for the Seattle area.

We began our first Personal Phone Service (PPS®800) market trial with Bell Atlantic Mobile Systems in Pittsburgh. PPS-800 blends wireline and wireless technology to give customers a single phone number for use at home, at work and while traveling.

We introduced the world's lightest cellular phone, the MicroTAC® Ultra Lite™ telephone. It weighs 5.9 ounces and offers an option that enables a user to receive a call in a silent vibration mode instead of the usual ring. It was named "Best New Product of 1992" by *Time* magazine.

We also announced plans to ship nickel metal hydride batteries for personal and portable cellular telephones. The batteries provide up to 30% higher capacity compared with nickel cadmium batteries.

Early in 1993, questions arose in the mass media regarding the safety of cellular telephones. We have assured our customers and the public that all of our products are safe. They meet all applicable national and international safety standards on user exposure to radio frequency energy. For more than 40 years, we at Motorola and other scientists around the world have been researching the biological effects of radio frequency energy. Those many years of scientific inquiry support the safety of cellular telephones. The standard recently approved by the American National Standards Institute resulted from seven years of work by more than 100 scientists, physicians and engineers from academia and governmental agencies, as well as about 12 scientists from industry.

Motorola supported the launch of seven commercial CT-2 (telepoint) systems with both infrastructure and subscriber equipment. In Asia, systems include Singapore, Hong Kong, Thailand, Malaysia and the Shenzen Economic Zone in China. European systems are in the Netherlands and Finland. Canada awarded four telepoint licenses.

Countries that account for 75% of the world's telephone exchange access lines outside of the U.S. adopted the CT2/CAI open standard.

In the United States, Motorola continued tests of various personal communications services with Ameritech, American Personal Communications, Nynex and Pactel.

We announced a new Silverlink™ 2002 handset with an integrated numeric pager. We began shipping a dedicated two-line telepoint base station.

The Computer Group announced two new board-level products for a variety of industrial applications. The MVME 162 uses an embedded Motorola 68040 microprocessor, while the MVME 197 is based on the 88110 RISC microprocessor. We presented our one-millionth VMEbus module to 3M Medical Imaging Systems.

We began shipping Series 8000 Macintosh servers. They are sold directly through Motorola as well as major resellers. We signed a contract with Paging Network Inc. to replace its central batch computer systems with a distributed computing network built around the Series 8000. It is being installed in more than 40 offices nationwide.

**Government Electronics Group (GEG)**

Sales decreased 8% to $650 million and orders were down 2%. The group recorded an operating loss of $7 million, compared with an operating profit of $33 million in 1991. The loss was attributable to increased investments associated with the proposed Iridium™ global communications system, which are now included in the group's results. Prior to reclassification, they were included in the "Other Products" segment.

GEG is expanding into nonmilitary markets to augment its traditional defense businesses. For example, it received a major contract from the Federal Aviation Administration to begin replacing rackmount transmitters and receivers at air traffic control centers throughout the United States.

We introduced several Global Positioning Systems (GPS) products that cover applications ranging from handheld units to precision location systems. Our Secure Telecommunications business produced a video docking unit through which both audio and video signals are encrypted. We also introduced a multimedia terminal that can interface with existing phone lines and can be adapted to operate with Integrated Services Digital Network technology.

We announced a new GPS receiver/processor product for satellites. It is to be used by Orbital Sciences Corp. as part of the SeaStar program. An earlier version of the product was launched on NASA's Extreme Ultraviolet Explorer Satellite.

GEG purchased a 25% interest in ACTC Technologies Inc., a Canadian software engineering firm.

The proposed Iridium network moved forward when the World Administrative Radio Conference allocated spectrum for low earth orbit (LEO) satellites. Motorola received an experimental license from the Federal Communications Commission to launch and orbit LEO satellites.

By January 1993, 21 potential investors in Iridium, Inc. had signed nonbinding subscription agreements or letters of intent in connection with the initial round of financing, representing an investment level of more than $800 million. Iridium, Inc. is the planned consortium to own and operate the system. The number of investors and the investment level may change before closing.

**Information Systems Group**

Sales rose 7% to $625 million and orders were 7% higher. The group had an operating profit of $41 million, compared with a loss of $13 million in 1991.

New analog and digital transmission and networking products helped Codex post higher sales. Codex was the first company to announce a commitment to the V.fast standard by introducing the 326XFAST modem. It operates at 24 kilobits per second and can be upgraded to 28.8Kbps.

Codex and Proteon formed a strategic alliance that enables customers to create a single network view while allowing interoperability of local- and wide-area networks.

In the packet switching market segment, Codex introduced the 6500Plus communications processor, a platform designed to simplify branch office data networking.

Codex product development remains focused on network access and feeder products and next-generation backbone networking.

Universal Data Systems recorded higher sales, paced by growth in the V.32 modem market.

UDS continued developing products designed for telephone company central offices with the GlobalView™ product for use in dial-up management. UDS increased its minority ownership in XcelleNet Inc., a software company specializing in information delivery systems for business management applications.

International expansion continued, with new UDS offices in Japan, Hong Kong, the United Kingdom, Belgium, Brazil and Mexico. UDS received a major contract in Japan for LanFast™ modem servers.

**Automotive and Industrial Electronics Group (AIEG)**

Sales were up 24% and orders rose 26%. Operating profits were higher. The results reflect growth in electronic applications as well as a slight upturn in U.S. automotive production.

The group is providing a wide array of products for 1993 model year vehicles, including electronic engine controls, solid-state relays, vehicle wiper controls, keyless entry systems, vehicle maintenance monitors, thick-film ignition products and antilock braking system control modules for U.S. and European auto manufacturers. During 1992, the group shipped its 10-millionth electronic powertrain control to Ford Motor Company.

AIEG entered the Global Positioning System (GPS) consumer products arena with the Traxar™ GPS Navigator, a six-channel handheld receiver. This electronic navigation device provides boaters, hikers, fishermen, bikers and other outdoor enthusiasts with position, navigation, velocity and time information. The first production units of a GPS core receiver also were shipped during the year. It is specifically designed for embedded applications including automotive, aviation and marine navigation.

In 1992, AIEG assumed managerial responsibility for Motorola Lighting, Inc., a subsidiary that manufactures electronic ballasts for fluorescent lamps.

The group's results are included in the "Other Products" segment.

Motorola Management's Discussion and Analysis of Financial Condition and Results of Operations includes the Financial Results section of the Letter to Stockholders on pages 2-3 and the Review of Operations on pages 17-21, in addition to the following commentary. This commentary should be read in conjunction with the consolidated financial statements and notes, presented on pages 25-36, for a full understanding of Motorola's financial position and results of operations.

## Results of Operations

Sales increased 17% to $13.3 billion from $11.34 billion in 1991. Sales in 1990 were $10.88 billion. The Semiconductor Products segment continues to be the largest business segment, reporting 32% of total sales in 1992, up from 31% in 1991. The General Systems Products segment also continued its growth, representing 26% of total sales in 1992 compared with 24% a year ago. International market sales, as measured by the locale of the end customer, represented 52% of total sales in 1992, compared with 48% a year ago. The growth was primarily due to stronger markets in the Asia-Pacific region.

Operating profits were $1.14 billion. The Semiconductor Products segment again showed the most profit improvement in 1992, reflecting a very strong second half in the Asia-Pacific and North American regions. The General Systems Products segment maintained its position as one of the Company's most profitable segments in 1992. The Company's profitability was affected by continued robust growth in the Asia-Pacific region and by uncertain economic conditions in Europe and Japan. The Company continued investing in new technologies across business segments.

On November 3, 1992, a two for one stock split was declared in the form of a 100% stock dividend, to be distributed on January 15, 1993, to stockholders of record on December 15, 1992. All references to earnings per share and shares outstanding have been adjusted to reflect the stock split on a retroactive basis.

Net earnings in 1992, before the cumulative effect of change in accounting principle, were $576 million or $2.16 per share compared with $454 million, or $1.72 per share, a year earlier. In 1990, earnings were $499 million or $1.90 per share. Net margin on sales, before the cumulative effect of change in accounting principle, was 4.3%, compared with 4.0% a year ago.

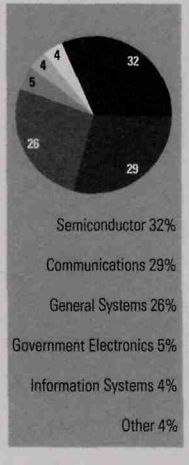
During 1992, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." SFAS No. 106 requires that the cost of postretirement benefits be accrued during the years that the employees render service, instead of on a pay-as-you-go basis. The Company chose to implement SFAS No. 106 by recognizing the transition obligation immediately. The net plan obligation reduced the Company's net earnings by $123 million, or 46 cents per share, to $453 million, or $1.70 per share for 1992.

Sales in the fourth quarter were $3.71 billion, up 22% from $3.04 billion in the fourth quarter of 1991. Earnings were $181 million, or 67 cents per share, compared with $126 million, or 48 cents per share, a year ago.

*Income Taxes:* The effective tax rate for 1992 of 28% is up from the 1991 rate of 26% and 1990 rate of 25%, principally due to continued growth in countries with higher tax rates. During 1992, the Company adopted SFAS No. 109, "Accounting for Income Taxes," which prescribes an asset and liability method of accounting for income taxes, instead of the deferred method. The impact of this accounting change was not material to the Company's financial position.

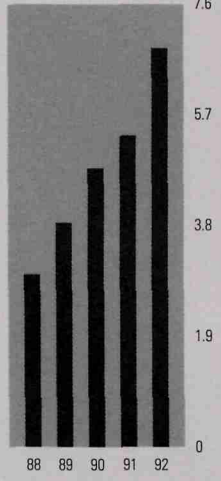
**1992 Net Sales by Business Segment**

(In percentages)



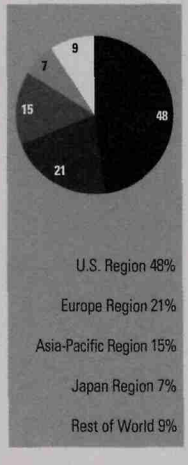

**International Market Sales**

(In billions)



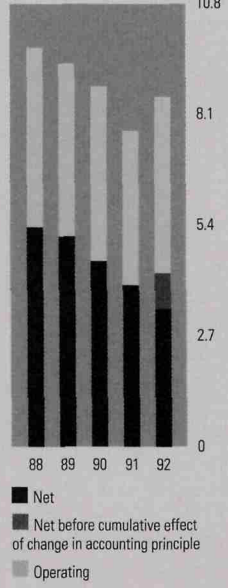

**1992 Market Sales by Region**

(In percentages)




**Profit Margins**

(In percentages)



*Strategic Investment:* The Company continued its strategic investment in the proposed Iridium™ global communications system, discussed on page 21. The Company intends to be a minority investor in the consortium and the prime contractor for the system. If the initial financing is successful, the Company will have rights and obligations under substantial contracts for equipment and services.

*Research and Development:* Expenditures increased to $1.31 billion in 1992, up from $1.13 billion in 1991 and $1.03 billion in 1990. As a percent of sales, the Company continues to invest slightly less than 10% of every sales dollar in product development and technological advances.

*Environmental Matters:* Regulating agencies are proposing regulations and interpreting legislation in a manner that allows retroactive imposition of remedial requirements. The Company is engaged in a number of remedial efforts, some of which have been identified as Superfund sites under the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, or similar state laws. Management does not believe such efforts will have a material adverse effect on the Company's consolidated financial position.

*Foreign Currencies:* The Company operates using many currencies, with the U.S. dollar being the functional currency for financial reporting purposes. Fluctuations in foreign currencies are generally hedged to minimize the impact on earnings. The impact on operations has not been material to the Company's consolidated financial position.

## Liquidity and Capital Resources

Net cash provided by operations reached a record $1.94 billion in 1992 compared with $1.36 billion in 1991 and $1.31 billion in 1990.

Accounts receivable levels grew at a slower pace than sales. The number of weeks that accounts receivable were outstanding was reduced to 7.1 for 1992 from 8.0 for 1991. While inventory levels grew slightly, the inventory turns, based upon the more stringent cost of goods sold definition used internally, improved to 5.1 in 1992 from 4.3 in 1991.

The Company's ratio of net debt to net debt plus equity was 15.2% for 1992 compared with 22.5% in 1991.

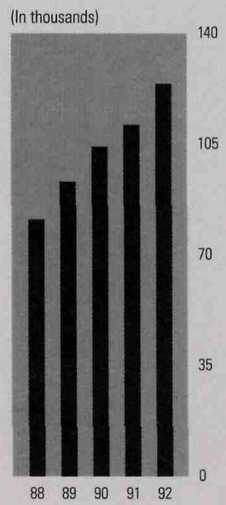
In January 1992, the Company issued $300 million of 15-year notes with a coupon rate of 7.6%, under a $500 million debt registration. The proceeds of this issue were used to reduce short-term corporate indebtedness and for other general corporate purposes.

As of December 31, 1992, the Company had domestic and international credit facilities totaling $1.77 billion, of which $1.33 billion remain unused. Cash generated from operations and available credit facilities provides support for near-term funding requirements.

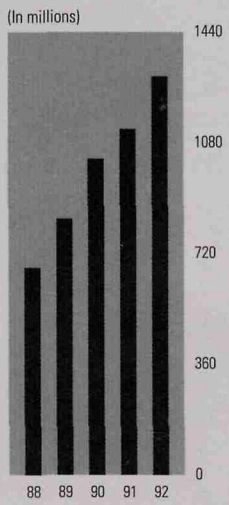
*Fixed Assets:* Capital expenditures required to support current and long-term growth increased to $1.39 billion from $1.32 billion in 1991. The 1990 expenditures totaled $1.26 billion. The Company's expenditure level in relation to sales was approximately 10% in 1992 versus 12% in 1991 and 1990.

The Semiconductor Products segment continues to comprise the largest portion of fixed asset expenditures, with 48% of all such investments.

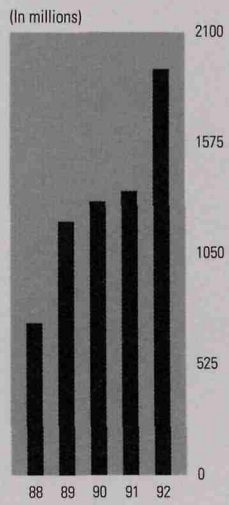
**Sales per Employee**



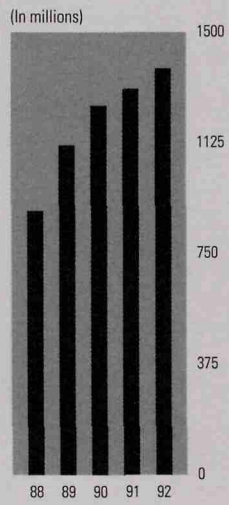

**Research and Development Expenditures**




**Net Cash Provided by Operations**




**Fixed Asset Expenditures**



## MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

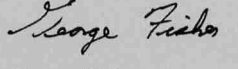
*Motorola, Inc. and Consolidated Subsidiaries*

Management is responsible for the preparation, integrity and objectivity of the consolidated financial statements and other financial information presented in this report. The accompanying consolidated financial statements were prepared in accordance with generally accepted accounting principles, applying certain estimates and judgments as required.

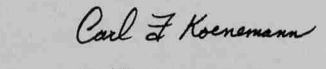
Motorola's internal controls are designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets. Such controls are based on established written policies and procedures, are implemented by trained, skilled personnel with an appropriate segregation of duties, and are monitored through a comprehensive internal audit program. These policies and procedures prescribe that the Company and all employees are to maintain the highest ethical standards and that its business practices throughout the world are to be conducted in a manner which is above reproach.

KPMG Peat Marwick, independent auditors, are retained to audit Motorola's financial statements. Their accompanying report is based on an audit conducted in accordance with generally accepted auditing standards, which includes the consideration of the Company's internal controls to establish a basis for reliance thereon in determining the nature, timing, and extent of audit tests to be applied.

The Board of Directors exercises its responsibility for these financial statements through its Audit Committee, which consists entirely of independent non-management Board members. The Audit Committee meets periodically with the independent auditors and with the Company's internal auditors, both privately and with management present, to review accounting, auditing, internal controls and financial reporting matters.



George Fisher
Chairman of the Board
and Chief Executive Officer



Carl F. Koenemann
Executive Vice President
and Chief Financial Officer

## INDEPENDENT AUDITORS' REPORT

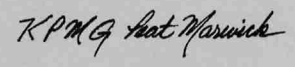
The Board of Directors and Stockholders of Motorola, Inc.:

We have audited the accompanying consolidated balance sheets of Motorola, Inc. and consolidated subsidiaries as of December 31, 1992 and 1991, and the related statements of consolidated earnings, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 1992. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Motorola, Inc. and consolidated subsidiaries at December 31, 1992 and 1991, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1992 in conformity with generally accepted accounting principles.

As discussed in notes 1, 2 and 5 to the consolidated financial statements, the Company adopted the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and SFAS No. 109, "Accounting for Income Taxes," in 1992.



KPMG Peat Marwick
Chicago, Illinois

January 13, 1993

## STATEMENTS OF CONSOLIDATED EARNINGS

| (In millions, except per share amounts) | *Motorola, Inc. and Consolidated Subsidiaries* | | |
|---|---|---|---|
| Years ended December 31 | **1992** | 1991 | 1990 |
| *Net sales* | **$13,303** | $11,341 | $10,885 |
| *Costs and expenses* | | | |
| Manufacturing and other costs of sales | **8,508** | 7,245 | 6,882 |
| Selling, general and administrative expenses | **2,838** | 2,468 | 2,414 |
| Depreciation expense | **1,000** | 886 | 790 |
| Interest expense, net | **157** | 129 | 133 |
| Total costs and expenses | **12,503** | 10,728 | 10,219 |
| *Earnings before income taxes and cumulative effect of change in accounting principle* | **800** | 613 | 666 |
| *Income taxes provided on earnings* | **224** | 159 | 167 |
| *Net earnings before cumulative effect of change in accounting principle* | **$ 576** | $ 454 | $ 499 |
| *Cumulative effect of change in accounting principle, net of tax* | **123** | – | – |
| *Net earnings* | **$ 453** | $ 454 | $ 499 |
| *Net earnings per share before cumulative effect of change in accounting principle* | **$ 2.16** | $ 1.72 | $ 1.90 |
| *Cumulative effect of change in accounting principle per share* | **0.46** | – | – |
| *Net earnings per share* | **$ 1.70** | $ 1.72 | $ 1.90 |
| Average shares outstanding | **267.0** | 263.9 | 262.5 |

See accompanying notes to consolidated financial statements.

## STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY

| (In millions, except per share amounts) | Common Stock and Additional Paid-in Capital | | | Retained Earnings | | |
|---|---|---|---|---|---|---|
| Years ended December 31 | **1992** | 1991 | 1990 | **1992** | 1991 | 1990 |
| Balances at January 1 | **$1,343** | $1,324 | $1,269 | **$3,287** | $2,933 | $2,534 |
| Net earnings | **–** | – | – | **453** | 454 | 499 |
| Stock options and other | **167** | 19 | 55 | **–** | – | – |
| Dividends declared ($.395 per share in 1992, and $.380 per share in 1991 and 1990) | **–** | – | – | **(106)** | (100) | (100) |
| Balances at December 31 | **$1,510** | $1,343 | $1,324 | **$3,634** | $3,287 | $2,933 |

Stock split: An amount equal to the par value of the additional shares issued has been transferred from additional paid-in capital to common stock due to the two for one stock split in the form of a 100 percent stock dividend. All references to shares outstanding and per share amounts have been adjusted on a retroactive basis.

See accompanying notes to consolidated financial statements.

## CONSOLIDATED BALANCE SHEETS

| (In millions, except per share amounts) | | *Motorola, Inc. and Consolidated Subsidiaries* | |
|---|---|---|---|
| December 31 | | **1992** | 1991 |
| **Assets** | *Current assets* | | |
| | Cash and cash equivalents | **$ 677** | $ 302 |
| | Short-term investments (at lower of cost or market) | **253** | 231 |
| | Accounts receivable, less allowance for doubtful accounts (1992, $69; 1991, $79) | **2,036** | 1,953 |
| | Inventories | **1,321** | 1,242 |
| | Future income tax benefits | **522** | 417 |
| | Other current assets | **409** | 342 |
| | Total current assets | **5,218** | 4,487 |
| | Property, plant and equipment, net | **4,576** | 4,194 |
| | Other assets | **835** | 694 |
| | Total assets | **$10,629** | $9,375 |
| **Liabilities and Stockholders' Equity** | *Current liabilities* | | |
| | Notes payable and current portion of long-term debt | **$ 437** | $ 852 |
| | Accounts payable | **1,127** | 897 |
| | Accrued liabilities | **1,771** | 1,314 |
| | Total current liabilities | **3,335** | 3,063 |
| | Long-term debt | **1,258** | 954 |
| | Deferred income taxes | **230** | 196 |
| | Other liabilities | **662** | 532 |
| | *Stockholders' equity* | | |
| | Common stock, $3 par value<br>Authorized shares: 1992 and 1991, 300.0<br>Outstanding shares: 1992, 269.7; 1991, 264.3[1] | **809** | 398 |
| | Preferred stock, $100 par value issuable in series<br>Authorized shares: 0.5 (none issued) | **–** | – |
| | Additional paid-in capital | **701** | 945 |
| | Retained earnings | **3,634** | 3,287 |
| | Total stockholders' equity | **5,144** | 4,630 |
| | Total liabilities and stockholders' equity | **$10,629** | $9,375 |

[1]Outstanding shares have been adjusted for the two for one stock split on a retroactive basis.

See accompanying notes to consolidated financial statements.

## STATEMENTS OF CONSOLIDATED CASH FLOWS

| (In millions) | | *Motorola, Inc. and Consolidated Subsidiaries* | | |
|---|---|---|---|---|
| Years ended December 31 | | **1992** | 1991 | 1990 |
| **Operating** | Net earnings | **$ 453** | $ 454 | $ 499 |
| | Add (deduct) non-cash items | | | |
| | Cumulative effect of change in accounting principle | **123** | – | – |
| | Depreciation | **1,000** | 886 | 790 |
| | Net change in deferred income taxes | **(23)** | (5) | (62) |
| | Amortization of debt discount | **29** | 27 | 26 |
| | Change in assets and liabilities, net of effects of acquisitions and dispositions | | | |
| | Accounts receivable, net | **(82)** | (96) | (173) |
| | Inventories | **(77)** | 3 | (74) |
| | Other current assets | **(67)** | 12 | (65) |
| | Accounts payable and accrued liabilities | **675** | 154 | 187 |
| | Gain on disposition of investments in affiliated companies | **(12)** | (22) | – |
| | Other assets | **(35)** | (145) | 28 |
| | Other liabilities | **(42)** | 90 | 151 |
| | Net cash provided by operations | **1,942** | 1,358 | 1,307 |
| **Investing** | Acquisitions and advances to affiliated companies | **(117)** | (52) | (117) |
| | Disposition of investments in affiliated companies | **28** | 40 | 2 |
| | Payments for property, plant and equipment | **(1,386)** | (1,317) | (1,256) |
| | Other changes to property, plant and equipment, net | **3** | 16 | 38 |
| | (Increase) decrease in short-term investments | **(22)** | 81 | (110) |
| | Net cash used for investing activities | **(1,494)** | (1,232) | (1,443) |
| **Financing** | Increase (decrease) in notes payable and current portion of long-term debt | **(415)** | (143) | 208 |
| | Increase in long-term debt | **275** | 135 | 7 |
| | Issuance of common stock | **167** | 19 | 55 |
| | Payment of dividends to stockholders | **(100)** | (100) | (100) |
| | Net cash provided by (used for) financing activities | **(73)** | (89) | 170 |
| **Increase in Cash and Cash Equivalents** | | **$ 375** | $ 37 | $ 34 |

See accompanying notes to consolidated financial statements.

(In millions, except as noted) *Motorola, Inc. and Consolidated Subsidiaries*

## 1. Summary of Significant Accounting Policies

*Consolidation:* The consolidated financial statements include the accounts of the Company and all majority-owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

*Cash Equivalents:* The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

*Inventories:* Inventories are valued at the lower of average cost (which approximates computation on a first-in, first-out basis) or market (i.e., net realizable value or replacement cost), less progress payments on long-term contracts.

*Property, Plant and Equipment:* Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is recorded principally using the declining-balance method, based on the estimated useful lives of the assets (buildings and building equipment, 5-50 years; machinery and equipment, 2-12 years).

*Foreign Currency Translation:* The Company uses the U.S. dollar as the functional currency for financial reporting. Gains and losses from remeasurement to U.S. dollars are included in net earnings. The Company enters into foreign exchange contracts to hedge its investments in foreign subsidiaries. Gains and losses on these hedges are also included in net earnings.

The Company periodically enters into foreign exchange contracts to hedge identifiable transactions. Gains and losses from these contracts are classified in earnings in the same category and accounting period as the underlying transaction.

*Income Taxes:* Effective January 1, 1992, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes." SFAS No. 109 requires a change from the deferred method of accounting for income taxes of APB Opinion 11 to the asset and liability method of accounting for income taxes.

*Postretirement Benefits Other Than Pensions:* Effective January 1, 1992, the Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." SFAS No. 106 requires that the cost of postretirement benefits be accrued during the years that employees render service. The Company implemented SFAS No. 106 by recognizing the transition obligation immediately.

*Reclassifications:* Certain amounts in the 1991 and 1990 financial statements and related notes have been reclassified to conform to the 1992 presentation.

## 2. Income Taxes

The Company adopted, in 1992, Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." The impact of this accounting change is not material. Prior years' financial statements have not been restated to apply the provisions of SFAS No. 109.

*Components of earnings before income taxes and cumulative effect of change in accounting principle*

| | **1992** | 1991 | 1990 |
|---|---|---|---|
| United States | **$146** | $166 | $381 |
| Other nations | **654** | 447 | 285 |
| Total | **$800** | $613 | $666 |

*Components of income taxes provided on earnings*

| | **1992** | 1991 | 1990 |
|---|---|---|---|
| Current: | | | |
| United States | **$ 75** | $ 54 | $147 |
| Other nations | **147** | 104 | 51 |
| State income taxes (U.S.) | **7** | 6 | 31 |
| | **229** | 164 | 229 |
| Deferred | **(5)** | (5) | (62) |
| Income taxes before cumulative effect of change in accounting principle | **$224** | $159 | $167 |

Income tax payments were $132 million in 1992, $150 million in 1991 and $236 million in 1990.

Income taxes are not provided on cumulative undistributed earnings of certain non-U.S. subsidiaries amounting to $1.7 billion and $1.4 billion at December 31, 1992 and 1991, respectively. It is intended that these earnings will be permanently reinvested in operations outside the U.S. Should these earnings be distributed, foreign tax credits would reduce the additional U.S. income tax which would be payable.

At December 31, 1992, certain non-U.S. subsidiaries had loss carryforwards for income tax reporting purposes of $82 million, with expiration dates starting in 1993.

*Differences between income tax expense computed at the U.S. federal statutory tax rate of 34% and income taxes provided on earnings*

| | **1992** | 1991 | 1990 |
|---|---|---|---|
| Income tax expense at statutory rate | **$272** | $208 | $226 |
| Taxes on non-U.S. earnings | **(31)** | (24) | (37) |
| State income taxes | **7** | 5 | 20 |
| Foreign Sales Corporation | **(18)** | (22) | (23) |
| Tax credits | **(2)** | (7) | (4) |
| Other | **(4)** | (1) | (15) |
| Income taxes before cumulative effect of change in accounting principle | **$224** | $159 | $167 |

(In millions, except as noted) *Motorola, Inc. and Consolidated Subsidiaries*

*Significant deferred tax assets (liabilities)*

| | 1992 | 1991 |
|---|---|---|
| Depreciation | **$(139)** | $ (149) |
| Inventory reserves | **164** | 141 |
| Employee benefits | **102** | 64 |
| Capitalized items | **72** | 67 |
| Deferred interest | **56** | 41 |
| Equipment leases | **17** | 21 |
| Operation restructuring | **8** | 6 |
| Other deferred income | **12** | 30 |
| Total deferred income taxes | **$ 292** | $ 221 |

The deferred tax assets are considered realizable considering past income and evidence of future income. These include, but are not limited to, carrybacks, earnings trends, and tax planning strategies.

The Internal Revenue Service has examined the federal income tax returns for Motorola, Inc. through 1985 and the returns have been settled through 1983. In connection with the audits for the years 1984 and 1985, the IRS has proposed adjustments to the Company's income and tax credits for those years which would result in substantial additional tax. The Company disagrees with most of the proposed adjustments and is contesting them. In the opinion of the Company's management, the final disposition of these matters, and proposed adjustments from other tax authorities, will not have a material adverse effect on the consolidated business or financial position of the Company.

## 3. Debt and Credit Facilities

*Long-term debt*

| December 31 | 1992 | 1991 |
|---|---|---|
| 12% Eurodollar notes due 1994 | **$ 68** | $ 68 |
| 11.5% Eurodollar notes due 1997 (callable prior to stated maturity) | **93** | 93 |
| 7.6% notes due 2007 | **300** | 0 |
| 8% sinking fund debentures due 2007 (callable at 103.1% reducing to 100% of the principal amount) | **58** | 62 |
| 5.75% industrial revenue bonds due 2014 | **20** | 20 |
| Zero coupon notes due 2009 | **489** | 465 |
| 8.4% debentures due 2031 (redeemable at the holders' option in 2001) | **200** | 200 |
| 8.625% ECU notes due 1992 | **0** | 66 |
| Other long-term debt | **39** | 59 |
| | **1,267** | 1,033 |
| Less current maturities | **9** | 79 |
| Long-term debt | **$1,258** | $ 954 |

*Short-term debt*

| December 31 | 1992 | 1991 |
|---|---|---|
| Commercial paper | **$325** | $703 |
| Notes to banks | **89** | 56 |
| Other short-term debt | **14** | 14 |
| | **428** | 773 |
| Add current maturities | **9** | 79 |
| Notes payable and current portion of long-term debt | **$437** | $852 |

The zero coupon notes due 2009, referred to as Liquid Yield Option Notes (LYON), have a face value of $1.32 billion. The LYONs are subordinated notes, have no periodic interest payments, and were priced to yield 6% to maturity. The LYONs are convertible into 9.134 shares of Motorola common stock, after adjustment for the stock split, for each $1,000 note. The notes may be redeemed by the holders in specified circumstances prior to the stated maturity date.

Aggregate maturities and sinking fund requirements for long-term debt, in millions, during the next five years are as follows: 1993, $9; 1994, $72; 1995, $4; 1996, $4; 1997, $96.

The industrial revenue bonds' interest rate was reset at 5.75% on January 1, 1992, for the bonds' remaining life.

The Company has domestic and international credit facilities for short-term borrowings with banks and other external sources. It pays commitment fees of approximately 1/10% on its domestic credit facilities and generally no fees on its foreign credit facilities. Short-term credit facilities totaled $1.77 billion at December 31, 1992, of which $1.33 billion remain unused. Domestic credit facilities primarily support the issuance of commercial paper, while foreign credit facilities generally support working capital requirements.

The Company's finance subsidiary entered into, during 1991, fixed to floating interest rate swaps covering $100 million of the commercial paper. These instruments mature beginning in 1993 through 1996.

Outstanding letters of credit aggregated approximately $172 million at December 31, 1992.

(In millions, except as noted) *Motorola, Inc. and Consolidated Subsidiaries*

## 4. Other Financial Data

*Income statement information*

| | 1992 | 1991 | 1990 |
|---|---|---|---|
| Research and development | **$1,306** | $1,133 | $1,030 |
| Maintenance and repairs | **236** | 204 | 207 |
| Foreign currency gains (losses) | **(34)** | 16 | (27) |
| Interest expense, net: | | | |
| Interest expense | **196** | 176 | 180 |
| Interest income | **(38)** | (43) | (40) |
| Amount capitalized | **(1)** | (4) | (7) |
| Interest expense, net | **$ 157** | $ 129 | $ 133 |

The Company's cash payments for interest expense (net of amounts capitalized) were $121 million in 1992, $122 million in 1991 and $113 million in 1990.

*Balance sheet information*

| | 1992 | 1991 |
|---|---|---|
| Inventories: | | |
| Finished goods | **$ 413** | $ 443 |
| W.I.P. and production materials | **908** | 799 |
| Total | **$1,321** | $1,242 |
| Property, Plant and Equipment: | | |
| Land | **$ 115** | $ 117 |
| Buildings | **2,185** | 1,993 |
| Machinery | **5,476** | 4,864 |
| Equipment leased to others | **403** | 415 |
| | **8,179** | 7,389 |
| Less accumulated depreciation | **3,603** | 3,195 |
| Total | **$4,576** | $4,194 |
| Accrued liabilities: | | |
| Compensation | **$ 326** | $ 233 |
| Taxes other than income | **149** | 116 |
| Income taxes payable | **62** | 56 |
| Contribution to employees' profit sharing funds | **59** | 45 |
| Dividends payable | **31** | 25 |
| Other | **1,144** | 839 |
| Total | **$1,771** | $1,314 |

### Financial Data of Consolidated Finance Subsidiary

| | 1992 | 1991 | 1990 |
|---|---|---|---|
| Total revenue | **$ 29** | $ 20 | $ 15 |
| Net earnings | **12** | 8 | 5 |
| Total assets | **295** | 238 | 120 |
| Total liabilities | **(248)** | (203) | (84) |
| Stockholder's investments and advances | **$ 47** | $ 35 | $ 36 |

The Company's finance subsidiary purchases customer obligations under long-term contracts from the Company at net carrying value.

Finance subsidiary interest income of $29 million in 1992, $20 million in 1991 and $15 million in 1990 is included in net sales. Interest expense of $11 million in 1992 and $8 million in 1991 and 1990 is included in manufacturing and other costs of sales. In addition, long-term finance receivables of $228 million in 1992 and $186 million in 1991 are included in other assets.

### Fair Value of Financial Instruments

SFAS No. 107, "Disclosures About Fair Value of Financial Instruments," effective for years ending after December 15, 1992, requires disclosure about the fair values of financial instruments, whether or not recognized in the balance sheet. The Company's financial instruments include short-term investments, long-term receivables, notes payable, long-term debt, foreign currency contracts, and other financing commitments. The fair values of such financial instruments have been determined based on quoted market prices and market interest rates, as of December 31, 1992.

The fair value of the convertible zero coupon notes was $633 million compared to the carrying value of $489 million. Such notes, however, are callable by the Company at the carrying value. The fair values of all other financial instruments were not materially different from their carrying (or contract) values.

### Leases

The Company owns most of its major facilities but does lease certain office, factory and warehouse space, land, and data processing and other equipment under principally noncancellable operating leases. In addition, equipment is leased to others under noncancellable operating leases.

Rental expense, net of sublease income, was $149 million in 1992, $142 million in 1991 and $132 million in 1990.

At December 31, 1992, future minimum lease revenues under noncancellable leases and lease obligations, net of minimum sublease rentals, were as follows:

| | Lease Revenues | Lease Obligations |
|---|---|---|
| 1993 | $39 | $111 |
| 1994 | 22 | 80 |
| 1995 | 10 | 56 |
| 1996 | 4 | 38 |
| 1997 | 2 | 27 |
| Beyond | 0 | 99 |

(In millions, except as noted) *Motorola, Inc. and Consolidated Subsidiaries*

## 5. Employee Benefit and Incentive Plans

### Pension Benefits

The Company's noncontributory pension plan covers most U.S. employees after one year of service. The benefit formula is dependent upon employee earnings and years of service. The Company's policy is to fund the accrued pension cost or the amount allowable based on the full funding limitations of the Internal Revenue Code, if less.

The Company has a noncontributory supplemental retirement benefit plan for its elected officers. The plan contains provisions for funding the participants' expected retirement benefits when the participants meet the minimum age and years of service requirements.

Certain non-U.S. subsidiaries have varying types of retirement plans providing benefits for substantially all of their employees. Amounts charged to earnings for all non-U.S. plans were $33 million in 1992, $32 million in 1991 and $25 million in 1990.

The Company uses a three-year, market-related asset value method of amortizing asset-related gains and losses.

Net transition amounts and prior service costs are being amortized over periods ranging from 10 to 15 years.

Benefits under all U.S. pension plans are valued based upon the projected unit credit cost method. The assumptions used to develop the projected benefit obligations for the plans for 1992 and 1991 were as follows:

| | |
|---|---|
| Discount rate for obligations | 8.5% |
| Future compensation increase rate | 5.5% |
| Investment return assumption | 9.25% |

*Components of net U.S. pension expense for the regular pension plan*

| | **1992** | 1991 | 1990 |
|---|---|---|---|
| Service costs | **$ 84** | $ 69 | $ 63 |
| Interest cost on projected obligation | **55** | 43 | 34 |
| Actual return on plan assets | **(53)** | (154) | (11) |
| Net amortization and deferral | **(25)** | 89 | (47) |
| Net pension expense | **$ 61** | $ 47 | $ 39 |

The net U.S. expense for the elected officers' supplemental retirement benefit plan was $17 million in 1992 and 1991, and $14 million in 1990.

*U.S. funded pension plans*

| December 31 | **1992** | | 1991 | |
|---|---|---|---|---|
| | **Regular** | **Elected Officers** | Regular | Elected Officers |
| Actuarial present value of: | | | | |
| Vested benefit obligation | **$(511)** | **$ (34)** | $(426) | $ (31) |
| Accumulated benefit obligation | **(558)** | **(57)** | (460) | (54) |
| Projected benefit obligation for service rendered to date | **(774)** | **(67)** | (641) | (63) |
| Plan assets at fair value, primarily listed stocks, bonds and cash equivalents | **849** | **44** | 761 | 41 |
| Plan assets in excess of (less than) projected benefit obligation | **75** | **(23)** | 120 | (22) |
| Unrecognized net (gain) loss from past experience different from assumptions | **(97)** | **17** | (117) | 16 |
| Unrecognized prior service cost | **1** | **25** | 1 | 30 |
| Unrecognized net transition (asset) liability | **(68)** | **9** | (80) | 10 |
| Pension asset (liability) recognized in balance sheet | **$ (89)** | **$ 28** | $ (76) | $ 34 |

**Postretirement Health Care Benefits**

In addition to providing pension benefits, the Company provides certain health care benefits to its retired employees. The majority of its domestic employees may become eligible for these benefits if they reach normal retirement age while working for the Company. During 1992, SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," was adopted. SFAS No. 106 requires that the cost of postretirement benefits be accrued during the years that the employees render service. Prior to 1992, costs of retiree health care were recognized as expense when claims were paid. The Company chose to implement SFAS No. 106 by recognizing as expense in 1992 the entire accumulated postretirement benefit obligation as of January 1, 1992 ($171 million). The Company's policy is to fund the maximum amount allowable based on funding limitations of the Internal Revenue Code.

The assumptions used to develop the accumulated postretirement benefit obligation for the retiree health care plan for 1992 were as follows:

| | |
|---|---|
| Discount rate for obligations | 8.5% |
| Investment return assumption | 9.25% |

Components of the expense recognized in 1992 for the retiree health care plan were as follows:

| | |
|---|---|
| Service costs | $ 7 |
| Interest cost on projected obligation | 14 |
| Net retiree health care expense | $21 |

*U.S. funded retiree health care plan*

| December 31, 1992 | |
|---|---|
| Actuarial present value of accumulated postretirement benefit obligation | $183 |
| Plan assets at fair value, primarily listed stocks, bonds and cash equivalents | 4 |
| Retiree health care liability recognized in balance sheet | $179 |

The health care trend rate used to determine the accumulated postretirement benefit obligation was 10% for 1992, decreasing to 6% by the year 2000 and beyond. Increasing the health care trend rate by one percentage point would increase the accumulated postretirement benefit obligation by $29 million and would increase the 1992 net retiree health care expense by $3 million. There are no significant postretirement health care benefit plans outside of the United States.

**Other Benefits**

*Profit Sharing Plans:* The Company and certain subsidiaries have profit sharing plans, principally contributory, in which all eligible employees participate. The Company makes contributions to profit sharing funds in the United States and other nations which are generally based upon percentages of pretax earnings, as defined, from those operations.

Company contributions to all profit sharing plans totaled $59 million, $45 million and $51 million in 1992, 1991 and 1990, respectively.

*Management Incentive:* The Company may provide up to 7% of its annual consolidated pretax earnings, as defined in the Motorola Executive Incentive Plan, for the payment of cash incentive awards to key employees. During 1992, $29 million was provided for incentive awards, as compared to $16 million and $23 million in 1991 and 1990, respectively.

*Stock Options:* Under the Company's employee stock option plans, shares of common stock have been made available for grant to key employees. The exercise price of each option granted is 100% of market value on the date of the grant.

Options exercised during 1992 were at per share prices ranging from $11.39 to $40.28. Options outstanding at December 31, 1992, were at per share prices ranging from $15.57 to $52.07.

All share amounts and prices have been adjusted to reflect the two for one stock split.

*Shares subject to options*

| (In thousands of shares) | **1992** | 1991 |
|---|---|---|
| Options outstanding at January 1 | **14,990** | 12,990 |
| Additional options granted | **3,348** | 3,126 |
| Options exercised | **(5,250)** | (952) |
| Options terminated, cancelled or expired | **(79)** | (174) |
| Options outstanding at December 31 | **13,009** | 14,990 |
| Shares reserved for future option grants | **10,334** | 13,604 |
| Total shares reserved | **23,343** | 28,594 |
| Total options exercisable | **9,672** | 11,866 |

(In millions, except as noted) *Motorola, Inc. and Consolidated Subsidiaries*

## 6. Commitments and Contingencies

The Company had $636 million of forward foreign exchange contracts outstanding as of December 31, 1992. Management believes that these forward contracts should not subject the Company to undue risk due to foreign exchange movements because gains and losses on these contracts should offset losses and gains on the assets, liabilities and transactions being hedged.

Off balance sheet commitments to extend or guarantee financing and recourse obligations under receivable sale arrangements aggregated $515 million as of December 31, 1992. Commitments to extend or guarantee financing include commitments for customer financing and for the financing of non-consolidated affiliates. Customer financing commitments require the customer to meet certain conditions established in the financing arrangements. Commitments represent the maximum amounts available under these arrangements and may not be completely utilized.

As of December 31, 1992, the Company had no significant concentrations of credit risk.

The Company accrues costs associated with environmental matters when they become probable and reasonably estimable. The amount of such charges to earnings was $17 million in 1992 and $18 million in 1991.

The Company is a defendant in various suits and is subject to various claims which arise in the normal course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the consolidated business or financial position of the Company.

## 7. Information by Industry Segment and Geographic Region

*Industry segment information*

| | Net Sales | | | Operating Profit | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Years ended December 31 | **1992** | 1991 | 1990 | **1992** | | 1991 | | 1990 | |
| Semiconductor Products | **$ 4,475** | $ 3,679 | $ 3,433 | **$ 464** | **10.4%** | $356 | 9.7% | $320 | 9.3% |
| Communications Products | **4,138** | 3,629 | 3,560 | **237** | **5.7%** | 191 | 5.3% | 230 | 6.5% |
| General Systems Products | **3,586** | 2,847 | 2,648 | **457** | **12.7%** | 372 | 13.1% | 388 | 14.6% |
| Government Electronics Products | **650** | 704 | 766 | **(7)** | **(1.0)%** | 33 | 4.7% | 61 | 8.0% |
| Information Systems Products | **625** | 587 | 599 | **41** | **6.5%** | (13) | (2.2)% | (1) | (0.2)% |
| Other Products | **509** | 392 | 355 | **(46)** | **(9.1)%** | (53) | (13.5)% | (33) | (9.3)% |
| Adjustments and eliminations | **(680)** | (497) | (476) | **(4)** | – | 4 | – | 1 | – |
| Industry segment totals | **$13,303** | $11,341 | $10,885 | **1,142** | **8.6%** | 890 | 7.8% | 966 | 8.9% |
| General corporate expenses | | | | **(185)** | | (148) | | (167) | |
| Interest expense, net | | | | **(157)** | | (129) | | (133) | |
| Earnings before income taxes and cumulative effect of change in accounting principle | | | | **$ 800** | **6.0%** | $613 | 5.4% | $666 | 6.1% |

| | Assets | | | Fixed Asset Expenditures | | | Depreciation | | |
|---|---|---|---|---|---|---|---|---|---|
| Years ended December 31 | **1992** | 1991 | 1990 | **1992** | 1991 | 1990 | **1992** | 1991 | 1990 |
| Semiconductor Products | **$ 3,618** | $3,196 | $2,851 | **$ 666** | $ 653 | $ 548 | **$429** | $362 | $345 |
| Communications Products | **3,078** | 2,728 | 2,616 | **266** | 245 | 234 | **206** | 169 | 159 |
| General Systems Products | **2,047** | 1,728 | 1,503 | **298** | 236 | 223 | **151** | 139 | 101 |
| Government Electronics Products | **312** | 376 | 381 | **24** | 27 | 36 | **33** | 36 | 35 |
| Information Systems Products | **373** | 373 | 386 | **30** | 43 | 47 | **40** | 37 | 35 |
| Other Products | **361** | 303 | 286 | **49** | 31 | 51 | **35** | 25 | 19 |
| Adjustments and eliminations | **(32)** | (52) | (20) | **–** | – | – | **–** | – | – |
| Industry segment totals | **9,757** | 8,652 | 8,003 | **1,333** | 1,235 | 1,139 | **894** | 768 | 694 |
| General corporate | **872** | 723 | 739 | **54** | 82 | 121 | **54** | 54 | 46 |
| Consolidated totals | **$10,629** | $9,375 | $8,742 | **$1,387** | $1,317 | $1,260 | **$948** | $822 | $740 |

Expenditures and depreciation do not include amounts for equipment leased to others.
1991 and 1990 have been reclassified to reflect the realignment of various business units.

(In millions, except as noted) *Motorola, Inc. and Consolidated Subsidiaries*

*Geographic area information**

| Years ended December 31 | Net Sales 1992 | 1991 | 1990 | Operating Profit 1992 | | 1991 | | 1990 | |
|---|---|---|---|---|---|---|---|---|---|
| United States | **$10,232** | $ 8,802 | $ 8,759 | **$ 624** | **6.1%** | $452 | 5.1% | $697 | 7.8% |
| Other nations | **8,017** | 6,340 | 5,896 | **706** | **8.8%** | 501 | 7.9% | 308 | 5.2% |
| Adjustments and eliminations | **(4,946)** | (3,801) | (3,770) | **(188)** | – | (63) | – | (39) | – |
| Geographic totals | **$13,303** | $11,341 | $10,885 | **1,142** | **8.6%** | 890 | 7.8% | 966 | 8.9% |
| General corporate expenses | | | | **(185)** | | (148) | | (167) | |
| Interest expense, net | | | | **(157)** | | (129) | | (133) | |
| Earnings before income taxes and cumulative effect of change in accounting principle | | | | **$ 800** | **6.0%** | $613 | 5.4% | $666 | 6.1% |

| December 31 | Assets 1992 | 1991 | 1990 |
|---|---|---|---|
| United States | **$ 6,297** | $5,656 | $5,041 |
| Other nations | **3,668** | 3,164 | 3,084 |
| Adjustments and eliminations | **(208)** | (168) | (122) |
| Geographic totals | **9,757** | 8,652 | 8,003 |
| General corporate assets | **872** | 723 | 739 |
| Consolidated totals | **$10,629** | $9,375 | $8,742 |

*As measured by the locale of the revenue-producing operations

The Company operates predominantly in the electronic equipment, systems and components industry. Operations involve the design, manufacture and sale of a diversified line of products, which include, but are not limited to, two-way radios, pagers, cellular telephones and systems; semiconductors, including integrated circuits and microprocessor units; data communication and distributive data processing equipment and systems; and electronic equipment and industrial electronics products. Manufacturing and distribution operations in any one country, other than the U.S., do not account for more than 10% of consolidated net sales or total assets.

Operating profit (revenues less operating expenses) excludes general corporate expenses, net interest and income taxes. Intersegment sales, principally semiconductor components, amounted to $694 million for 1992, $510 million for 1991 and $489 million for 1990. Intersegment and intergeographic transfers are accounted for on an arm's length pricing basis.

Identifiable assets (excluding intersegment receivables) are the Company's assets that are identified with classes of similar products or operations in each geographical area. Corporate assets are primarily administrative headquarters, cash and marketable securities.

Sales to United States Federal Government agencies aggregated $902 million for 1992, $1.03 billion for 1991 and $1.08 billion for 1990. In 1992, no single customer or group under common control represented 10% or more of the Company's sales.

The equity in net assets of non-U.S. subsidiaries amounted to $2.51 billion at December 31, 1992 and $2.15 billion at December 31, 1991.

**8. Stockholder Rights Plan**

Each outstanding share of the Company's common stock carries with it one-half of a preferred share purchase right. Each right becomes exercisable for one-thousandth of a share of the Company's junior participating preferred stock, series A, at an exercise price of $150 per one-thousandth of a share (subject to adjustment) if a person or group acquires 20% or more of the Company's common stock or announces a tender or exchange offer for 30% or more of the Company's common stock. If a person or group acquires 20% or more of the Company's common stock and in certain other circumstances, each right (except, in some instances, those held by an acquiror) becomes exercisable for an amount of the Company's common stock (or that of an acquiror) having a market value of twice the exercise price. In some cases, the Board of Directors may exchange one exercisable right for two shares (subject to adjustment) of the Company's common stock (or the equivalent) and may suspend the exercisability of the rights. The rights have no voting power, expire on November 20, 1998, and may be redeemed for $.05 per right prior to a public announcement that 20% or more of the Company's shares have been accumulated by a person or group.

## FIVE YEAR FINANCIAL SUMMARY

(In millions, except as noted) — *Motorola, Inc. and Consolidated Subsidiaries*

| Years ended December 31 | | **1992** | 1991 | 1990 | 1989 | 1988 |
|---|---|---|---|---|---|---|
| **Operating Results** | Net sales | **$13,303** | $11,341 | $10,885 | $9,620 | $8,250 |
| | Manufacturing and other costs of sales | **8,508** | 7,245 | 6,882 | 5,905 | 5,040 |
| | Selling, general and administrative expenses | **2,838** | 2,468 | 2,414 | 2,289 | 1,957 |
| | Depreciation expense | **1,000** | 886 | 790 | 650 | 543 |
| | Interest expense, net | **157** | 129 | 133 | 130 | 98 |
| | Total costs and expenses | **12,503** | 10,728 | 10,219 | 8,974 | 7,638 |
| | Earnings before income taxes and cumulative effect of change in accounting principle | **800** | 613 | 666 | 646 | 612 |
| | Income taxes provided on earnings | **224** | 159 | 167 | 148 | 167 |
| | Net earnings before cumulative effect of change in accounting principle | **$ 576** | $ 454 | $ 499 | $ 498 | $ 445 |
| | Net earnings | **$ 453** | $ 454 | $ 499 | $ 498 | $ 445 |
| | Net earnings before cumulative effect of change in accounting principle as a percent of sales | **4.3%** | 4.0% | 4.6% | 5.2% | 5.4% |
| | Net earnings as a percent of sales | **3.4%** | 4.0% | 4.6% | 5.2% | 5.4% |
| **Per Share Data** (In dollars) | Net earnings before cumulative effect of change in accounting principle | **$ 2.16** | $ 1.72 | $ 1.90 | $ 1.91 | $ 1.72 |
| | Net earnings | **$ 1.70** | $ 1.72 | $ 1.90 | $ 1.91 | $ 1.72 |
| | Dividends declared | **0.395** | 0.380 | 0.380 | 0.380 | 0.335 |
| **Balance Sheet** | Total assets | **$10,629** | $ 9,375 | $ 8,742 | $7,686 | $6,710 |
| | Working capital | **1,883** | 1,424 | 1,404 | 1,261 | 758 |
| | Long-term debt | **1,258** | 954 | 792 | 755 | 343 |
| | Total debt | **1,695** | 1,806 | 1,787 | 1,542 | 1,381 |
| | Total stockholders' equity | **$ 5,144** | $ 4,630 | $ 4,257 | $3,803 | $3,375 |
| **Other Data** | Current ratio | **1.56** | 1.46 | 1.46 | 1.48 | 1.29 |
| | Return on average invested capital before cumulative effect of change in accounting principle | **9.4%** | 7.8% | 9.4% | 10.3% | 11.0% |
| | Return on average invested capital | **7.5%** | 7.8% | 9.4% | 10.3% | 11.0% |
| | Return on average stockholders' equity before cumulative effect of change in accounting principle | **11.7%** | 10.2% | 12.3% | 13.9% | 13.9% |
| | Return on average stockholders' equity | **9.4%** | 10.2% | 12.3% | 13.9% | 13.9% |
| | Year-end employment (in thousands) | **107** | 102 | 105 | 104 | 102 |
| | Average shares outstanding | **267.0** | 263.9 | 262.5 | 259.9 | 259.1 |

All earnings per share, dividend, and outstanding shares data has been restated to reflect the two for one stock split.

## QUARTERLY AND OTHER FINANCIAL DATA

| (In millions, except per share amounts; unaudited) | 1992 | | | | 1991 | | | |
|---|---|---|---|---|---|---|---|---|
| Quarterly | **1st[1]** | **2nd[1]** | **3rd[1]** | **4th** | 1st | 2nd | 3rd | 4th |
| Net sales | **$3,055** | **$3,141** | **$3,396** | **$3,711** | $2,743 | $2,814 | $2,745 | $3,039 |
| Gross profit | **1,108** | **1,132** | **1,211** | **1,344** | 1,011 | 1,025 | 955 | 1,105 |
| Net earnings[2] | **125** | **143** | **127** | **181** | 116 | 119 | 93 | 126 |
| Net earnings per share[2] | **0.47** | **0.54** | **0.48** | **0.67** | 0.44 | 0.45 | 0.35 | 0.48 |
| Net earnings as a percent of sales[2] | **4.1%** | **4.6%** | **3.7%** | **4.9%** | 4.2% | 4.2% | 3.4% | 4.1% |
| Net earnings | **2** | **143** | **127** | **181** | 116 | 119 | 93 | 126 |
| Net earnings per share | **0.01** | **0.54** | **0.48** | **0.67** | 0.44 | 0.45 | 0.35 | 0.48 |
| Net earnings as a percent of sales | **0.1%** | **4.6%** | **3.7%** | **4.9%** | 4.2% | 4.2% | 3.4% | 4.1% |
| Dividends declared | **0.095** | **0.095** | **0.095** | **0.110** | 0.095 | 0.095 | 0.095 | 0.095 |
| Dividends paid | **0.095** | **0.095** | **0.095** | **0.095** | 0.095 | 0.095 | 0.095 | 0.095 |
| Stock prices: | | | | | | | | |
| High | **40.82** | **41.32** | **45.22** | **52.72** | 32.41 | 35.16 | 34.44 | 32.53 |
| Low | **32.44** | **37.10** | **37.91** | **42.57** | 23.41 | 28.35 | 30.44 | 27.50 |

The number of holders of record of Motorola Common Stock on January 31, 1993 was 19,312.
All earnings per share, dividend, and stock price data has been restated to reflect the two for one stock split.
[1]The 1st, 2nd and 3rd quarter 1992 net earnings, net earnings per share, and net earnings as a percent of sales have been restated to reflect the adoption of SFAS No. 106 as of January 1, 1992. The adoption of SFAS No. 109 did not have a material effect on any quarters.
[2]Before cumulative effect of change in accounting principle.

## MOTOROLA WORLDWIDE

**Facilities**

Motorola maintains sales and service offices worldwide, with major facilities in:

*Australia*
Melbourne
*Canada*
Richmond, British Columbia; Mississauga and North York, Ontario
*China*
Tianjin
*Costa Rica*
Guadalupe
*Denmark*
Copenhagen
*France*
Angers, Bordeaux, Toulouse
*Germany*
Flensburg, Munich, Taunusstein
*Hong Kong*
Kowloon, Tai Po
*Ireland*
Cork, Swords
*Israel*
Arad, Tel Aviv
*Japan*
Aizu Wakamatsu, Sendai, Tokyo
*Korea*
Seoul
*Malaysia*
Kuala Lumpur, Penang, Seremban
*Mexico*
Guadalajara, Leon, Mexico City
*Philippines*
Manila
*Singapore*
*Switzerland*
Geneva
*Taiwan*
Chung-Li
*United Kingdom*
Basingstoke, East Kilbride, Stotfold, Easter Inch, Swindon
*United States*
Huntsville, Ala.; Chandler, Mesa, Phoenix, Scottsdale and Tempe, Ariz.; Torrance, Calif.; Boynton Beach and Plantation, Fla.; Arlington Heights, Libertyville, Northbrook and Schaumburg, Ill.; Mount Pleasant, Iowa; Mansfield, Mass.; Albuquerque, N.M.; Elma, N.Y.; Austin, Farmers Branch and Seguin, Texas; Bothell, Wash.
*Puerto Rico*
Vega Baja

# ELECTED OFFICERS OF MOTOROLA, INC.

| As of January 1, 1993 | Age | Years of Service |
|---|---|---|
| **Corporate** | | |
| *George M.C. Fisher*<br>Chairman of the Board and Chief Executive Officer | 52 | 16 |
| *Gary L. Tooker*<br>President and Chief Operating Officer | 53 | 30 |
| *Christopher B. Galvin*<br>Senior Executive Vice President and Assistant Chief Operating Officer | 42 | 20 |
| *Robert W. Galvin*<br>Chairman of the Executive Committee of the Board | 70 | 52 |
| *John F. Mitchell*<br>Vice Chairman of the Board and Officer of the Board | 64 | 39 |
| **Finance** | | |
| *Carl F. Koenemann*<br>Executive Vice President and Chief Financial Officer | 54 | 22 |
| **Garth L. Milne*<br>Senior Vice President and Treasurer | 50 | 13 |
| *Kenneth J. Johnson*<br>Corporate Vice President, Controller and Director of Audit | 57 | 21 |
| *Benny L. Smothermon*<br>Corporate Vice President and Director, International Finance | 53 | 16 |
| **Law** | | |
| *Richard H. Weise*<br>Senior Vice President, General Counsel and Secretary | 57 | 24 |
| *Robert F. Falkner*<br>Corporate Vice President and Assistant General Counsel | 52 | 13 |
| *Joseph R. Haack*<br>Corporate Vice President and Assistant General Counsel | 57 | 19 |
| *A. Peter Lawson*<br>Corporate Vice President and Assistant General Counsel | 46 | 12 |
| **Europe** | | |
| *David K. Bartram*<br>Senior Vice President and Executive Director, Motorola–Europe | 56 | 32 |
| *Parviz Mokhtari*<br>Corporate Vice President and Director, Eastern Europe | 51 | 10 |
| **International–Asia and Americas** | | |
| *Richard W. Younts*<br>Senior Vice President and Corporate Executive Director, International–Asia and Americas | 53 | 25 |
| *Richard W. Heimlich*<br>Corporate Vice President and Director, International Strategy | 51 | 10 |
| *Chi-Sun Lai*<br>Corporate Vice President and General Manager, Motorola China Limited | 56 | 22 |
| **Japan Group** | | |
| *Arnold S. Brenner*<br>Executive Vice President and General Manager, Japan Group | 55 | 33 |
| *Toshiaki Irie*<br>Senior Vice President and Chairman, Nippon Motorola Limited | 59 | 8 |
| *Isamu Kuru*<br>Corporate Vice President and President, Nippon Motorola Limited | 53 | 2 |
| **Corporate Ventures** | | |
| **Gordon Comerford*<br>Senior Vice President and Director, Business Model | 56 | 18 |
| **Bernard R. Smedley*<br>Senior Vice President and Director, Advanced Radio Networks | 56 | 16 |
| **Human Resources** | | |
| *James Donnelly*<br>Executive Vice President and Motorola Director, Human Resources | 53 | 23 |
| *Joseph F. Miraglia*<br>Senior Vice President and Assistant Motorola Director, Human Resources | 56 | 14 |
| *Theodore Saltzberg*<br>Senior Vice President and Director, Software Programs, Motorola University | 65 | 36 |
| *Carlton Braun*<br>Corporate Vice President and Director, Educational Institutes and Labs, Motorola University | 63 | 42 |
| **Robert M. Placko*<br>Corporate Vice President and Director, Strategic Human Resources Management | 42 | 18 |
| *A. William Wiggenhorn*<br>President, Motorola University and Corporate Vice President, Training and Education | 48 | 12 |
| **Dave Wooldridge*<br>Corporate Vice President and Director, Partnership Center | 61 | 18 |
| **Corporate Staff** | | |
| *David W. Hickie*<br>Executive Vice President and Chief Corporate Staff Officer | 59 | 30 |
| *Keith J. Bane*<br>Senior Vice President and Motorola Director, Strategy | 53 | 19 |
| *William V. Braun*<br>Senior Vice President and Motorola Director, Research and Development | 57 | 34 |
| *Richard Buetow*<br>Senior Vice President and Motorola Director, Quality | 61 | 34 |
| **John E. Major*<br>Senior Vice President and Motorola Director, Spectrum, Standards, and Software Management | 47 | 14 |
| *James D. Burge*<br>Corporate Vice President and Motorola Director, Government Affairs/Human Resources | 58 | 34 |
| **James W. Gillman*<br>Corporate Vice President, Patents, Trademarks and Licensing | 59 | 19 |
| *Veronica A. Haggart*<br>Corporate Vice President and Motorola Director, Government Relations | 43 | 8 |
| *Les Shroyer*<br>Corporate Vice President and Motorola Director, Management Information Systems and Telecommunications | 48 | 8 |
| **Eugene L. Simpson*<br>Corporate Vice President and Motorola Director, PMP and Cycle Time | 64 | 23 |
| *Mauro J. Walker*<br>Corporate Vice President and Motorola Director, Manufacturing | 57 | 21 |
| **Semiconductor Products Sector** | | |
| *James A. Norling*<br>President and General Manager, Semiconductor Products Sector and Executive Vice President, Motorola, Inc. | 50 | 27 |
| **Thomas D. George*<br>Executive Vice President and Assistant General Manager, Semiconductor Products Sector | 52 | 13 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *Andre Borrel*<br>Senior Vice President and General Manager, Communications, Power and Signal Technologies Group | 56 | 25 | *Weldon D. Douglas*<br>Corporate Vice President and Director, Sales and Marketing, Federal | 55 | 32 | *Stanley A. DeCosmo*<br>Senior Vice President and Assistant General Manager, Communications and Electronics Group | 47 | 24 |
| *Larry L. Gartin*<br>Senior Vice President and Director, Sector Finance | 49 | 25 | **Carlos Genardini*<br>Corporate Vice President and General Manager, Bipolar Analog Integrated Circuits Division | 46 | 23 | *Ronald E. Greenwell*<br>Senior Vice President and General Manager, Communications International Group | 54 | 30 |
| *Murray A. Goldman*<br>Senior Vice President and General Manager, Microprocessor and Memory Technologies Group | 55 | 23 | *Jim George*<br>Corporate Vice President and General Manager, MOS Memory Products Division | 50 | 16 | *Kenneth R. Hessler*<br>Senior Vice President and Director, Sector Quality and Total Customer Satisfaction | 59 | 35 |
| *Gary M. Johnson*<br>Senior Vice President and General Manager, Logic and Analog Technologies Group | 48 | 25 | *Thomas G. Gunter*<br>Corporate Vice President and General Manager, High-Performance Microprocessor Division | 45 | 20 | **Ferdinand C. Kuznik*<br>Senior Vice President and General Manager, European Group | 51 | 2 |
| *Geno Ori*<br>Senior Vice President and Director, Environmental Affairs | 55 | 30 | *Steve P. Hanson*<br>Corporate Vice President and General Manager, Communications Semiconductor Products Division | 44 | 21 | **William V. Beaulieu*<br>Corporate Vice President and General Manager, Japan-Pacific Division | 55 | 24 |
| *David L. Pulatie*<br>Senior Vice President and Director, Sector Human Resources | 50 | 27 | *Brian O. Hilton*<br>Corporate Vice President and Director, Worldwide Distribution | 50 | 25 | *Richard G. Day*<br>Corporate Vice President and General Manager, Southeast Division | 48 | 26 |
| *Paul J. Shimp*<br>Senior Vice President and Director, Sector Quality and Support Operations | 53 | 28 | **Thomas W. Lorig*<br>Corporate Vice President and Sector Controller | 50 | 19 | **Paul Fowler*<br>Corporate Vice President and General Manager, Worldwide Trunked Systems Group | 49 | 22 |
| **C. D. Tam*<br>Senior Vice President and General Manager, Asia/Pacific Semiconductor Products Group | 48 | 24 | **L.J. Reed*<br>Corporate Vice President and General Manager, ASIC Division | 48 | 24 | *Robert V. Janc*<br>Corporate Vice President and Director, Sector Research | 50 | 16 |
| *Charles E. Thompson*<br>Senior Vice President and Director, Sector World Marketing and Sales | 63 | 23 | **William J. Seiferth*<br>Corporate Vice President and General Manager, Power Products Division | 52 | 31 | **Terrence W. Jaron*<br>Corporate Vice President and General Manager, Western Division | 51 | 20 |
| *Barry Waite*<br>Senior Vice President and General Manager, European Semiconductor Group | 44 | 10 | *Fred Shlapak*<br>Corporate Vice President and Assistant General Manager, European Semiconductor Group | 49 | 22 | **Wayne H. Leland*<br>Corporate Vice President and Director, Spectrum and Standards | 49 | 27 |
| **Thomas A. Beaver*<br>Corporate Vice President and Director, Marketing and Sales, Workstation Computer Segment | 50 | 28 | **Scott L. Shumway*<br>Corporate Vice President and Director, Sector Quality | 55 | 32 | *Harry M. Mankodi*<br>Corporate Vice President and General Manager, Customer Service Group | 52 | 24 |
| **George Bennett*<br>Corporate Vice President and General Manager, MOS Memory and Microprocessor Division, European Semiconductor Group | 53 | 13 | **Land Mobile Products Sector**<br>*Morton L. Topfer*<br>President and General Manager, Land Mobile Products Sector and Executive Vice President, Motorola, Inc. | 56 | 21 | *Dale J. Misczynski*<br>Corporate Vice President and General Manager, Worldwide Network Services Group | 50 | 26 |
| *Peter M. Bingham*<br>Corporate Vice President and General Manager, MOS Digital-Analog IC Division | 49 | 14 | **Merle L. Gilmore*<br>Senior Vice President and Assistant General Manager, Land Mobile Products Sector | 44 | 22 | **Perry A. Noakes*<br>Corporate Vice President and General Manager, Worldwide Radio Products Group | 41 | 22 |
| *R. Gary Daniels*<br>Corporate Vice President and Assistant General Manager, Microprocessor and Memory Technologies Group | 55 | 26 | **Robert W. Bigony*<br>Senior Vice President and General Manager, Communications and Electronics Group | 51 | 26 | **Dennis J. Sester*<br>Corporate Vice President and General Manager, Worldwide Federal Division | 50 | 24 |
| | | | | | | *Richard D. Severns*<br>Corporate Vice President and Director, Sector Finance | 47 | 21 |

| | | |
|---|---|---|
| **Larry D. Shockley*<br>Corporate Vice President and General Manager, European Distribution Group | 54 | 28 |
| **Bruce M. Stone*<br>Corporate Vice President and General Manager, European Product Group | 45 | 22 |
| **James P. Widick*<br>Corporate Vice President and Director, Finance, Communications and Electronics Group | 45 | 26 |
| **Michael K. Worthington*<br>Corporate Vice President and General Manager, Americas Division | 47 | 21 |
| **General Systems Sector** | | |
| *Edward F. Staiano*<br>President and General Manager, General Systems Sector and Executive Vice President, Motorola, Inc. | 56 | 19 |
| **John W. Battin*<br>Senior Vice President, Personal Communications | 56 | 28 |
| **John P. Salcius*<br>Senior Vice President and Assistant General Manager, Cellular Subscriber Group | 49 | 26 |
| **John M. Scanlon*<br>Senior Vice President and General Manager, Cellular Infrastructure Group | 50 | 2 |
| **Robert N. Weisshappel*<br>Senior Vice President and General Manager, Cellular Subscriber Group | 48 | 22 |
| *James A. Bernhart*<br>Corporate Vice President and Assistant General Manager, U.S. Markets Division | 60 | 33 |
| *Don Burns*<br>Corporate Vice President and General Manager, European Cellular Subscriber Division | 50 | 20 |
| **Richard D. Chandler*<br>Corporate Vice President and General Manager, Cellular Products Division, Cellular Infrastructure Group | 54 | 32 |
| **Larry F. Conlee*<br>Corporate Vice President and Assistant General Manager, European Cellular Subscriber Division | 45 | 21 |
| *William D. Connor*<br>Corporate Vice President and Director, Sector Information Technology | 62 | 23 |
| *Stephen P. Earhart*<br>Corporate Vice President and Director, Sector Finance | 44 | 14 |
| **Jerry Giacomino*<br>Corporate Vice President and General Manager, Telepoint Systems Division | 51 | 24 |
| *H. Anthony Hennen*<br>Corporate Vice President and General Manager, RF and Cellsite Development | 53 | 21 |
| **David Hughes*<br>Corporate Vice President and General Manager, GSM Product Division | 50 | 13 |
| *Wolf Pavlok*<br>Corporate Vice President and General Manager, U.S. Markets Division | 46 | 23 |
| **Daniel C. Przybylski*<br>Corporate Vice President and Director, Latin American Operations | 49 | 24 |
| **Wayne Sennett*<br>Corporate Vice President and Director, Worldwide Sales Operations, Motorola Computer Group | 49 | 8 |
| **Paging and Wireless Data Group** | | |
| **Robert L. Growney*<br>Executive Vice President and General Manager, Paging and Wireless Data Group | 50 | 26 |
| *Hector Ruiz*<br>Senior Vice President and General Manager, Paging Products Group | 47 | 14 |
| *S. Michael Corrigan*<br>Corporate Vice President and Director, Group Human Resources | 49 | 14 |
| *Walter L. Davis*<br>Corporate Vice President and Director, Applied Research | 52 | 27 |
| **Jerome C. Leonard*<br>Corporate Vice President and General Manager, Strategic Programs | 55 | 31 |
| **Frank Lloyd*<br>Corporate Vice President and General Manager, Americas Paging Products Division | 49 | 19 |
| *James G. Roseland*<br>Corporate Vice President and Director, Group Finance | 49 | 24 |
| **James A. Wagner*<br>Corporate Vice President and General Manager, Wireless Data LAN Division | 47 | 26 |
| **Francis T. Wapole*<br>Corporate Vice President and President, ARDIS | 48 | 26 |
| **Government Electronics Group** | | |
| *David G. Wolfe*<br>Executive Vice President and General Manager, Government Electronics Group | 57 | 28 |
| **James R. Baum*<br>Senior Vice President and Assistant General Manager, Government Electronics Group | 62 | 35 |
| *Durrell W. Hillis*<br>Corporate Vice President and General Manager, Satellite Communications Strategic Business Unit | 52 | 29 |
| *W. Frank Langford*<br>Corporate Vice President and Director, Group Finance | 48 | 14 |
| *David M. Neuer*<br>Corporate Vice President and Director, International Operations | 51 | 30 |
| **Information Systems Group** | | |
| *John A. Lockitt*<br>Senior Vice President, Information Systems Group and President, Codex | 50 | 15 |
| **Rudolph DeMichele Jr.*<br>Corporate Vice President and Director of Operations, Codex | 58 | 15 |
| *George R. Grumbles*<br>Corporate Vice President, Information Systems Group and President, UDS | 59 | 14 |
| *Gerald Murray*<br>Corporate Vice President and General Manager, Worldwide Distribution, Codex | 57 | 14 |
| **Automotive and Industrial Electronics Group** | | |
| **Frederick T. Tucker*<br>Executive Vice President and General Manager, Automotive and Industrial Electronics Group | 52 | 27 |
| **Gerald Brunning*<br>Corporate Vice President and General Manager, Components Division | 52 | 28 |
| *John J. Pelland*<br>Corporate Vice President and General Manager, Automotive Powertrain and Chassis Electronics Division | 49 | 19 |
| **David Melka*<br>Corporate Vice President and General Manager, Electronic Systems and Components Division | 53 | 23 |

**Assumed new title or advanced in rank since previous annual report.*

## Directors of Motorola, Inc.

**George Fisher**
**Gary L. Tooker**
**Christopher B. Galvin**
**Robert W. Galvin**
**John F. Mitchell**

**William J. Weisz**
Vice Chairman of the Board; formerly Officer of the Board and CEO, Motorola, Inc.

**Erich Bloch**
Distinguished Fellow at the Council on Competitiveness; formerly Director of the National Science Foundation

**David R. Clare**
Retired; formerly President, Johnson & Johnson

**Wallace C. Doud**
Retired; formerly Vice President, International Business Machines Corporation

**John T. Hickey**
Retired; formerly Executive Vice President and Chief Financial Officer, Motorola, Inc.

**Anne P. Jones**
Partner, Sutherland, Asbill & Brennan law firm

**Donald R. Jones**
Retired; formerly Executive Vice President and Chief Financial Officer, Motorola, Inc.

**Thomas J. Murrin**
Dean of Duquesne University's School of Business Administration

**William G. Salatich**
Retired; formerly President, Gillette North America, and Vice Chairman of the Board, Gillette Company

**Samuel C. Scott III**
Corporate Vice President, CPC International, Inc. and President of Corn Products

**Gardiner L. Tucker**
Retired; formerly Vice President for Science and Technology, International Paper Company

**B. Kenneth West**
Chairman of the Board and Chief Executive Officer, Harris Bankcorp, Inc.

**Director Emeritus**

**Elmer H. Wavering**
Formerly Vice Chairman and Chief Operating Officer, Motorola, Inc.

## CEO Quality Awards

The Chief Executive Office Quality Award is Motorola's highest award for quality performance. Winners in 1992 were:

**Automotive and Industrial Electronics Group**
*AIEG, Elma Facility*
Elma, New York
*Motorola Lighting, Inc.*
Buffalo Grove, Illinois

**General Systems Sector**
*International Cellular Subscriber Division*
Flensburg, Germany
(Two awards)

**Government Electronics Group**
*Quality Parts and Analysis Department*
Scottsdale, Arizona
*Sectel Shipping Troubleshooting Team*
Seguin, Texas
*Supply Management Function*
Scottsdale, Arizona
*Strategic Electronics Division GPS ASIC Design Team*
Chandler, Arizona

**Land Mobile Products Sector**
*Literature Distribution Center*
Schaumburg, Illinois
*Telcaro National Parts Division*
Vega Baja, Puerto Rico

**Paging & Wireless Data Group**
*Battery Chargers Portatiles de Puerto Rico*
Vega Baja, Puerto Rico
*Motorola Paging Shipping Department*
Boynton Beach, Florida
*Tuas Printed Circuit Board*
Singapore

**Semiconductor Products Sector**
*Bipolar IV Wafer Fab*
Toulouse, France
*Toulouse Power Planar Team*
Toulouse, France

## Dan Noble Fellows

The Dan Noble Fellow is the highest honorary award that can be made to a technologist within Motorola. It recognizes outstanding technical creativity, innovative ability and productive achievements. It is named for Dan Noble, a visionary technological pioneer, former Vice Chairman of Motorola and Chairman of its Science Advisory Board.

**Fellows chosen in 1992 were:**

*Gerald Labedz*
General Systems Sector
Arlington Heights, Illinois

*Stephen Levine*
Corporate Research & Development
Schaumburg, Illinois

*Hugh Malone*
Government Electronics Group
Scottsdale, Arizona

*David Mothersole*
Semiconductor Products Sector
Austin, Texas

## STOCKHOLDER REFERENCE INFORMATION

| | | |
|---|---|---|
| **Transfer Agent, Registrar, Dividend Disbursing Agent and Dividend Reinvestment Agent** | Harris Trust and Savings Bank<br>Corporate Trust Operations Division<br>P.O. Box 755<br>111 West Monroe Street<br>11th Floor<br>Chicago, IL 60690<br>(312) 461-2339 | |
| **Investor Relations** | Security analysts, investment professionals and shareholders should direct their business-related inquiries to: | Investor Relations, Motorola, Inc.<br>Corporate Offices<br>1303 East Algonquin Road<br>Schaumburg, IL 60196<br>Or call: (708) 576-4973 |
| **Common Stock** | Motorola common stock is listed on the New York, Midwest, London and Tokyo Stock Exchanges. | |
| **Annual Meeting of Stockholders** | The annual meeting will be held on May 4, 1993. A notice of the meeting, together with a form of proxy and a proxy statement, will be mailed to | stockholders on or about March 23, 1993, at which time proxies will be solicited by the Board of Directors. |
| **Form 10-K** | After the close of each fiscal year, Motorola submits a report on Form 10-K to the Securities and Exchange Commission containing certain additional information concerning its business. A copy of this report may | be obtained without charge by addressing your request to:<br>Secretary, Motorola, Inc.<br>Corporate Offices<br>1303 East Algonquin Road<br>Schaumburg, IL 60196 |
| **Auditors** | KPMG Peat Marwick<br>303 East Wacker Drive<br>Chicago, IL 60601 | |

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Motorola, Inc.
Corporate Offices
1303 East Algonquin Road
Schaumburg, IL 60196
Phone: (708) 576-5000



**Quality means
the world to us™**