Motorola

Integrated Supply Chain (ISC)
Creating Sustainable Transformation

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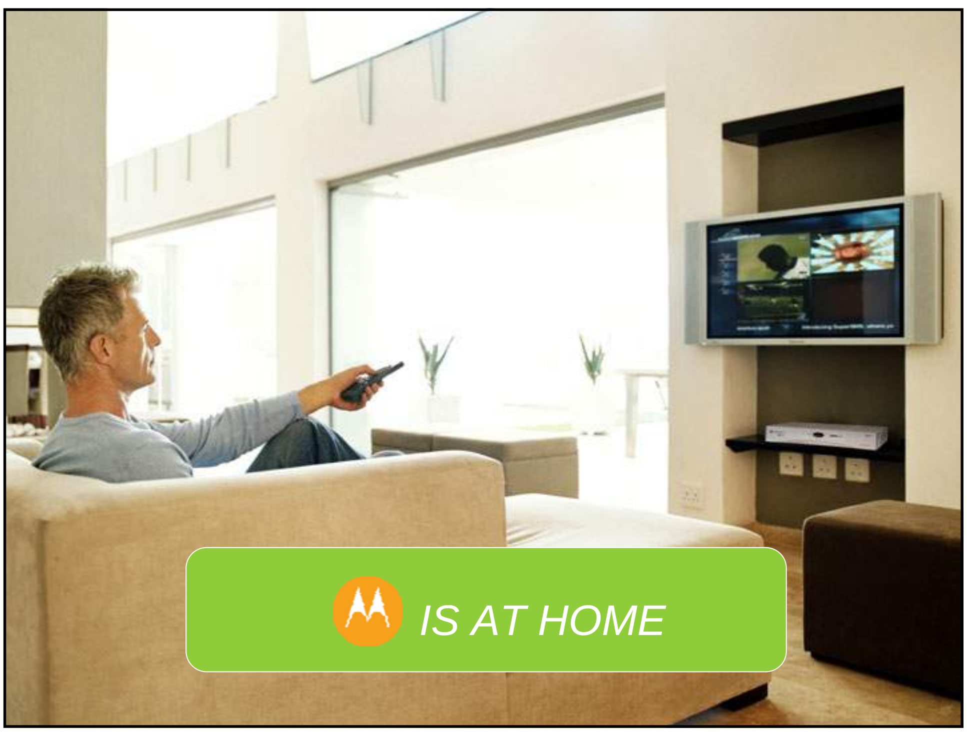
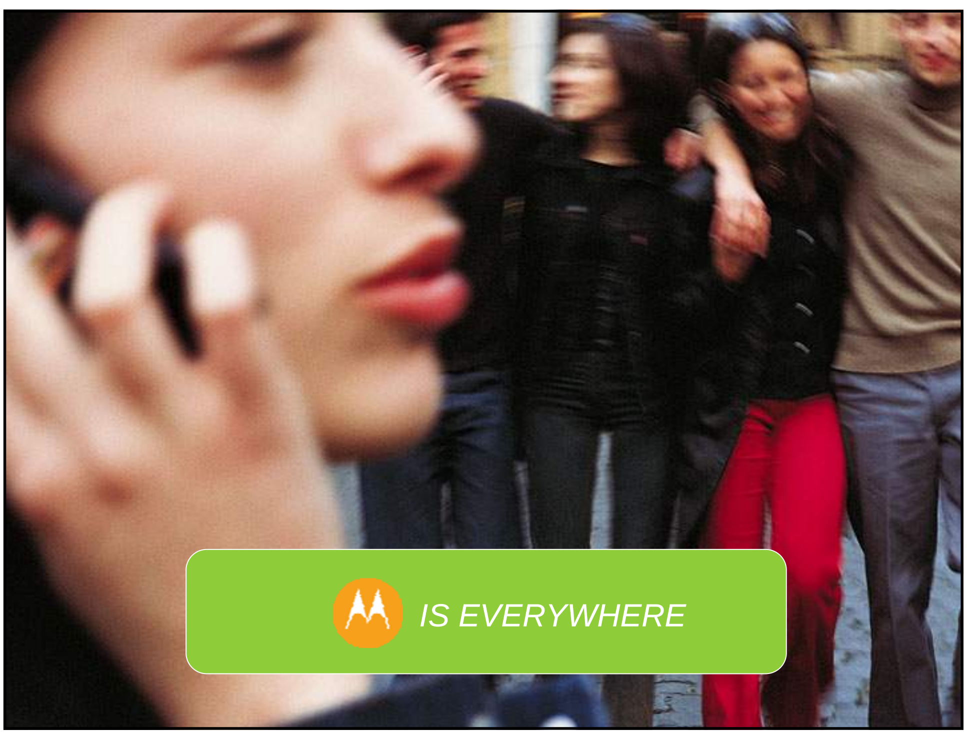
Corporate Vice President
2 February 2007




IS AT WORK


IS IN TRANSIT


IS THERE FOR YOU


IS EVERYWHERE

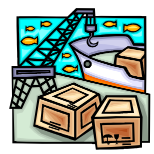
Motorola's Integrated Supply Chain
What We Do

Introduce the products

Procure parts for the products

Build the products

Distribute the products



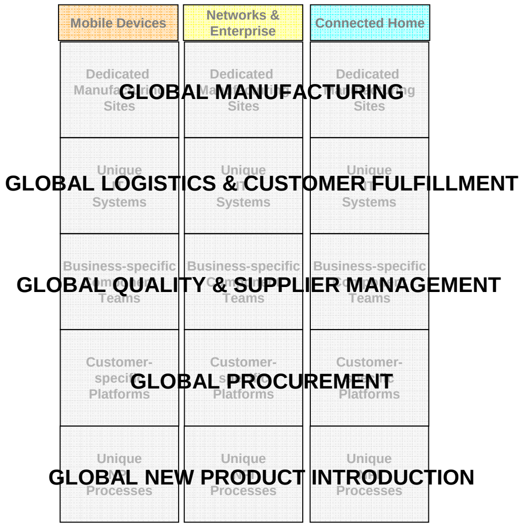
Fulfill customer orders for the products

Where We Were in 2005

Mobile Devices	Networks	GEMS	Connected Home
Dedicated Manufacturing Sites	Dedicated Manufacturing Sites	Dedicated Manufacturing Sites	Dedicated Manufacturing Sites
Unique IT Systems	Unique IT Systems	Unique IT Systems	Unique IT Systems
Business-specific Component Teams	Business-specific Component Teams	Business-specific Component Teams	Business-specific Component Teams
Customer-specific Platforms	Customer-specific Platforms	Customer-specific Platforms	Customer-specific Platforms

- ✓ Focused on the "Vertical"
- ✓ Dedicated Resources
- ✓ Customers Supported by Separate Businesses
- ✓ Business-specific Processes and Systems

Where We Are Going



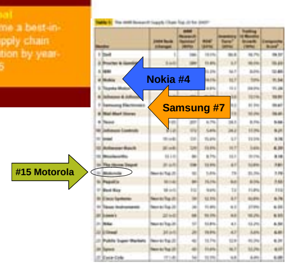
✓Leveraged Organizations Support Multiple Businesses

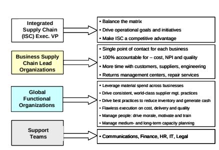
✓Common Processes

✓Standard Supplier Quality Program

How are we getting there?

- Consistent, Clear Vision
- Consistent, Measurable Outcome
- Consistent, Clear Roles & Responsibilities
- Consistent, Clear Communication





Where We're Going

Vision & Mission

Vision	Mission	Bold Goal
We aspire to be #1 and a competitive advantage for Motorola!	Delivering "seamless mobility solutions" to our customers enabled by a world-class supply chain	To become a best-in-class supply chain organization by year-end 2006

Integrated Supply Chain

Our Goal is to be Ranked #1 on AMR Research's Top 25 Supply Chain List

Table 1: The AMR Research Supply Chain Top 25 for 2005*

	Vendor	2004 Rank (change)	AMR Research Opinion[1] (40%)	ROA[2] (25%)	Inventory Turns[3] (25%)	Trailing 12 Months Growth (10%)	Composite Score[4]
1	Dell	1	346	13.1%	86.8	18.7%	19.37
2	Procter & Gambl	3 (+1)	289	11.4%	5.7	18.5%	13.23
3	IBM	[illegible]	[illegible]	3.2%	16.7	8.0%	12.89
4	Nokia	[illegible]	[illegible]	4.1%	12.7	7.0%	11.54
5	Toyota Motor	[illegible]	[illegible]	4.8%	11.1	34.0%	11.24
6	Johnson & Johnso	[illegible]	[illegible]	[illegible]	3.0	13.1%	10.91
7	Samsung Electronics	[illegible]	[illegible]	[illegible]	9.2	31.5%	10.67
8	Wal-Mart Stores	[illegible]	[illegible]	[illegible]	7.3	10.3%	10.41
9	Tesco	(0)	207	6.7%	24.3	8.5%	9.66
10	Johnson Controls	8 (-2)	172	5.4%	24.2	17.3%	9.21
11	Intel	19 (+8)	131	15.6%	3.7	13.5%	9.18
12	Anheuser-Busch	20 (+8)	129	13.9%	11.7	5.6%	8.29
13	Woolworths	12 (-1)	80	8.7%	12.1	31.1%	8.18
14	The Home Depot	21 (+7)	108	12.9%	4.7	12.8%	7.81
15	Motorola	New to Top 25	92	5.0%	7.9	35.3%	7.79
16	PepsiCo	10 (-6)	89	15.1%	8.0	8.5%	7.55
17	Best Buy	18 (+1)	112	9.6%	7.2	11.8%	7.13
18	Cisco Systems	New to Top 25	59	12.5%	4.7	16.8%	6.74
19	Texas Instruments	New to Top 25	24	11.4%	4.3	27.9%	6.55
20	Lowe's	22 (+2)	68	10.3%	4.0	18.2%	6.53
21	Nike	New to Top 25	57	13.8%	4.1	12.2%	6.50
22	L'Oreal	23 (+1)	29	19.9%	4.7	3.6%	6.41
23	Publix Super Markets	New to Top 25	42	13.7%	12.9	10.3%	6.31
24	Sysco	New to Top 25	43	11.6%	16.7	12.2%	6.17
25	Coca-Cola	17 (-8)	54	15.5%	4.8	4.4%	6.09

Nokia #4

Samsung #7

#15 Motorola

In 2005, Motorola was ranked #15, while Nokia was #4 and Samsung #7

Engagement: Roles and Responsibilities

Integrated Supply Chain (ISC) Exec. VP
- Balance the matrix
- Drive operational goals and initiatives
- Make ISC a competitive advantage

Business Supply Chain Lead Organizations
- Single point of contact for each business
- 100% accountable for – cost, NPI and quality
- More time with customers, suppliers, engineering
- Returns management centers, repair services

Global Functional Organizations
- Leverage material spend across businesses
- Drive consistent, world-class supplier mgt. practices
- Drive best practices to reduce inventory and generate cash
- Flawless execution on cost, delivery and quality
- Manage people: drive morale, motivate and train
- Manage medium- and long-term capacity planning

Support Teams
- Communications, Finance, HR, IT, Legal

Engagement: Communication Effectiveness

ISC Portal

Quarterly Town Hall Process

Straight Talk

Leadership Summit

"Ask Stu"

Town Hall Meetings

Our 6 Key Priorities

- Execution Excellence
- Deep Supplier Relationships
- Manufacturing & Logistics Optimization
- Quality Renewal
- Common Leveraged IT Solutions
- Organization Efficiency

Our 4 Key Behaviors

Straight Talk

Unbridled Enthusiasm

Righteous Indignation

Innovation

How are we doing on the journey?

Vision & Mission		
Vision	**Mission**	**Bold Goal**
We aspire to be #1 and a competitive advantage for Motorola!	Delivering "seamless mobility solutions" to our customers enabled by a world-class supply chain	To become a best-in-class supply chain organization by year-end 2006
Integrated Supply Chain		

6 Key Priorities: What We Said

Execution Excellence

- "Make the numbers"
- One Motorola
- Management system and cadence

6 Key Priorities: What We Did

Execution Excellence

One Motorola High-performance Organization

- Supported corporate growth
- New Integrated Supply Chain organization in place
- Increased labor productivity
  - ~ 51% increase in quarterly revenue/Supply Chain head
  - ~ 75% increase in quarterly units shipped/Supply Chain head

6 Key Priorities: What We Said

Deep Supplier Relationships

– One Motorola leverage
– Suppliers as partners
– Fact-based negotiations

6 Key Priorities: What We Did

Deep Supplier Relationships

One Motorola Procurement

- Deployed Rapid Sourcing Initiative programs
- Achieved savings targets
- Reduced supply base significantly
- Increased % spend with Top 150 suppliers
- Raised supplier quality expectations: Perfect Quality
- Institutionalized supplier performance management

6 Key Priorities: What We Said

Manufacturing & Logistics Optimization

– Focused footprint and partners

– Ongoing optimization of transportation network

6 Key Priorities: What We Did

Manufacturing & Logistics Optimization

One Motorola Network

- 40% reduction in footprint by year-end 2006
- 22% improvement in inventory turns
- Realization of benefits of restructuring activities ongoing

6 Key Priorities: What We Said

Quality Renewal

– Back to basics with quality … consistent deployment across all businesses

6 Key Priorities: What We Did

Quality Renewal

One Motorola Approach

- 30% fewer total spills
- Sizeable Cost of Poor Quality reduction
- 2X-defects reduction in supplier parts/million
- 20% reduction in factory defective parts/million units

6 Key Priorities: What We Said

Common Leveraged IT Solutions

- – Process first
- – Leveraged IT spend

6 Key Priorities: What We Did

Common Leveraged IT Solutions

One Motorola System

- > 80% of project spend on leveraged systems
- On-boarding capability increased by 3X
- More comprehensive visibility tools for all businesses
- Leveraging leading-edge, competitively-focused technology

Motorola IT #12 Information Week Top Innovators

6 Key Priorities: What We Said

Organization Efficiency

- Optimized support structure
- Pervasive culture and metrics

6 Key Priorities: What We Did

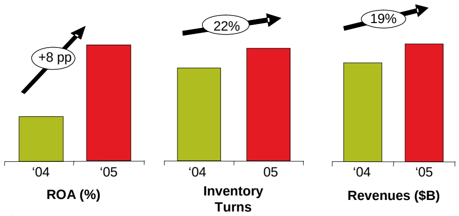
Organization Efficiency

One Motorola Optimized Support

- Created culture of "doers" not "talkers"
- Brute-force commonality
- Improved indirect labor productivity
- Greater variability

Vision: #1 Supply Chain
… Motorola's Distinctive Competitive Advantage

Motorola Integrated Supply Chain (ISC) Performance*



AMR Financial Criteria

One Motorola Supply Chain

- Cost: Pricing to Win
- Cash: Acquisition of IP
- Customer: Delivery & Quality Excellence

Serving our Customers better, saving the company money

* Numbers exclude Automotive

What the Financial Analysts Are Saying …

Merrill Lynch
October 2006

"In Q3, margins were better than expected across all Motorola businesses, with clear contributions from the **Supply Chain** restructuring."

"The good news is that 1) cash flow remained strong in the quarter; 2) the backlog heading into Q4 for mobile devices is the strongest it's ever been; 3) operating margins are seeing benefits from **Supply Chain** and other initiatives; and 4) low end of guidance, in our opinion, will likely prove conservative."

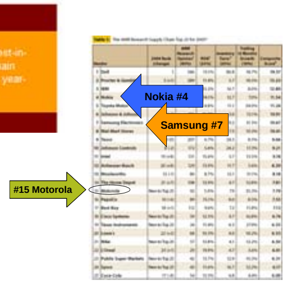
UBS
UBS Equity Research

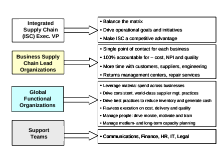
What's Next?

How will we sustain the progress?

More of the same . . .

- Consistent, Clear Vision
- Consistent, Measurable Outcome
- Consistent, Clear Roles & Responsibilities
- Consistent, Clear Communication





Concluding Thoughts

- We are more **operationally efficient** and **effective**.
- We will sustain this through **vision, communication,** and **execution**.
- We will provide a **distinctive competitive advantage**.
- We will continue to **meet or exceed** our **commitments**.

Questions?

Q & A