



Motorola, Inc.
2004 Annual Report
to Stockholders



March 2005

Fellow Stockholders,

As I close my first full year as CEO of Motorola, I look back with gratification at **2004 – A Year of Progress.**

We gained momentum on many fronts – sales, earnings, cash flow and market share. We focused on meeting customer commitments with quality as the pivotal theme in every product we deliver, every single day. We captured the world's attention with iconic products like the RAZR, the thinnest mobile device ever made, that is both an engineering and a design marvel. Our vision around Seamless Mobility is redefining the future of mobile communications.

The progress we made in 2004 is just the beginning, as we continue to deliver increased value to our shareholders. We are moving ahead on the path to transform this great company into the greatest company – with vision, consistent performance and superior financial results.

MOTOMOMENTUM

Let me share some specific highlights for 2004.

Earnings from continuing operations increased 136% while revenue grew 35% from the previous year. Market share increased in most of our businesses, especially in mobile devices. Our balance sheet, with more than \$5 billion in net cash, is the best it has been in our history. On-time launches of great new products with improved quality delighted many of our customers. Every member of my management team is now held accountable for a few of our key customer accounts to ensure that we never lose sight of our commitments.

Just as important as our operational improvements, our organizational structure was aligned to implement key strategies around our vision. We simplified our market focus and eliminated redundancies by consolidating into four integrated business units – mobile devices, networks, government & enterprise and connected home. Support functions are streamlined to reduce cost and drive common business processes across the company. We invested in our core competencies, including technology, brand and marketing.

We move into 2005 as a nimbler, higher-performance team. Without a doubt, none of this would have been possible without the hard work and dedication of talented Motorolans worldwide.

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SEAMLESS MOBILITY

Central to Motorola's vision for the future of communications is a concept we call "Seamless Mobility." Seamless Mobility aims to provide easy, uninterrupted access to what people value most – your communication needs, the information you want, the entertainment you desire, the monitoring and control you wish.

To realize that vision, we are building solutions that give people the experience of being connected from any location, at any time they choose to be connected, to any device they prefer, regardless of the service. Seamless Mobility is about the enhanced experience, not the channel that brings the information.

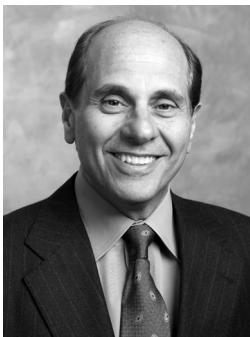
Lifestyle and societal changes are increasing the demand for mobility and flexibility in our lives. Boundaries are blurring between working, living, driving and moving. Today, consumers want technology to simplify the complexities in life. Tomorrow, people will want MORE mobility with LESS effort.

Seamless Mobility accelerates the intersection of full mobility and less effort to drive a discontinuity in the adoption of mobile communications and transform the industry as we know it today.

NEXT YEAR'S PRIORITIES

The priorities for my management team as we roll into the future are clear. First and foremost are execution and improved financial performance. Next, we not only want to satisfy our customers, we expect to delight them with the highest quality in what we deliver. We intend to innovate to create iconic products that draw a stunning response as people enjoy the experience. We plan to continue to improve market share and streamline our cost structure. With a solid foundation of thought leadership, we intend to refine and execute on our strategic direction. We aim to make Motorola the most desirable workplace – diverse, inclusive and where people perform to their fullest potential.

As I close this letter, I look forward to **2005 – A Year to Win.**



A handwritten signature in cursive script that reads "Edward J. Zander".

Ed Zander
Chairman and CEO
Motorola, Inc.

Motorola, Inc.'s
2004
Form 10-K

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