MOTOROLA INC
Form PRE 14A
March 05, 2008

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**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant ý
Filed by a Party other than the Registrant o

Check the appropriate box:

þ Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Motorola, Inc.

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

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2) Aggregate number of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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4) Proposed maximum aggregate value of transaction:

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1) Amount Previously Paid:

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Preliminary Form of Proxy Statement

PRINCIPAL EXECUTIVE OFFICES:
1303 East Algonquin Road
Schaumburg, Illinois 60196

PLACE OF MEETING:
Rosemont Theater
5400 N. River Road
Rosemont, IL 60018

March [ ], 2008

**NOTICE OF 2008 ANNUAL MEETING OF STOCKHOLDERS**

To our Stockholders:

Our Annual Meeting will be held at the Rosemont Theater, 5400 N. River Road, Rosemont, Illinois 60018 on Monday, May 5, 2008 at 5:00 P.M., local time.

The purpose of the meeting is to:

1. elect twelve directors for a one-year term;

2. ratify the appointment of KPMG LLP as Motorola s independent registered public accounting firm for 2008;

3. consider and vote upon three shareholder proposals, if properly presented at the meeting; and

4. act upon such other matters as may properly come before the meeting.

Only Motorola stockholders of record at the close of business on March 14, 2008 (the record date ) will be entitled to vote at the meeting. Please vote in one of the following ways:

visit the website shown on your Motorola Notice of Internet Availability of Proxy Materials for the 2008 Annual Meeting (your Motorola Notice ) or **WHITE** proxy card to vote via the Internet;

use the toll-free telephone number shown at the website address listed on the Motorola Notice or on your **WHITE** proxy card;

if you received a printed copy of the WHITE proxy card, mark, sign, date and return the enclosed **WHITE** proxy card using the postage-paid envelope provided; or

in person at the Annual Meeting.

**YOUR VOTE IS IMPORTANT**

**Whether or not you plan to attend the Annual Meeting, your vote is important and we encourage you to vote promptly by one of the methods listed above. If you have any questions or need assistance in voting your shares of Motorola common stock, please call D.F. King & Co., Inc., which is assisting Motorola, toll-free at 1-800-549-6697.**

**PLEASE NOTE THAT ATTENDANCE AT THE MEETING WILL BE LIMITED TO STOCKHOLDERS OF MOTOROLA AS OF THE RECORD DATE (OR THEIR AUTHORIZED REPRESENTATIVES) HOLDING ADMISSION TICKETS OR OTHER EVIDENCE OF OWNERSHIP. THE ADMISSION TICKET IS DETACHABLE FROM YOUR MOTOROLA NOTICE OR WHITE PROXY CARD. IF YOUR SHARES ARE HELD BY A BANK OR BROKER, PLEASE BRING TO THE MEETING YOUR BANK OR BROKER STATEMENT EVIDENCING YOUR BENEFICIAL OWNERSHIP OF MOTOROLA STOCK TO GAIN ADMISSION TO THE MEETING.**

**** * * CAUTION * * ****

***MOTOROLA HAS RECEIVED A NOTICE FROM CERTAIN AFFILIATES OF CARL C. ICAHN FOR THE NOMINATION OF FRANK BIONDI, JR., WILLIAM R. HAMBRECHT, LIONEL C. KIMERLING, AND KEITH MEISTER TO MOTOROLA S BOARD OF DIRECTORS AT THE ANNUAL MEETING. THE BOARD URGES YOU TO NOT VOTE ANY PROXY SENT TO YOU BY THE ICAHN AFFILIATES. IF YOU HAVE PREVIOUSLY VOTED A PROXY SENT TO YOU BY THE ICAHN AFFILIATES, YOU CAN REVOKE IT BY SUBMITTING A TIMELY, LATER-DATED PROXY.***

By order of the Board of Directors,
A. Peter Lawson
*Secretary*

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**[Subject to revision]**

**ANNUAL MEETING OF STOCKHOLDERS**
**TO BE HELD ON MAY 5, 2008**

March [ ], 2008

Dear fellow stockholder:

You are cordially invited to attend Motorola s 2008 Annual Stockholders Meeting. The meeting will be held on Monday, May 5, 2008 at 5:00 p.m., local time, at the Rosemont Theater, 5400 N. River Road, Rosemont, Illinois 60018.

I encourage each of you to vote your shares through one of the three convenient methods described in the enclosed Proxy Statement, and if your schedule permits, to attend the meeting. I would appreciate your support of the nominated directors and ratification of KPMG LLP. Your vote is important, so please act at your first opportunity.

We have elected to furnish proxy materials and our 2007 Annual Report to many of our stockholders over the Internet pursuant to new Securities and Exchange Commission rules. The Internet availability of our proxy materials affords us an opportunity to reduce costs, to provide stockholders the information they need and to reduce the environmental impact of our Annual Meeting. On or about March 20, 2008, we mailed to most of our U.S. and Canadian stockholders a Motorola Notice of Internet Availability of Proxy Materials (the Motorola Notice ) containing instructions on how to access our 2008 proxy statement and 2007 Annual Report and how to vote online. All other stockholders received a copy of the Proxy Statement and Annual Report by mail. The Motorola Notice contains instructions on how you can elect to receive a printed copy of the Proxy Statement and Annual Report, if you only received a Motorola Notice by mail.

On behalf of your Board of Directors, thank you for your continued support of Motorola.

Gregory Q. Brown
President and CEO,
Motorola, Inc.

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**PROXY STATEMENT**

# PROXY STATEMENT

## ABOUT THE 2008 ANNUAL MEETING

This proxy statement (the Proxy Statement ) is being furnished to holders of common stock, $3 par value per share (the Common Stock ), of Motorola, Inc. ( Motorola or the Company ). Proxies are being solicited on behalf of the Board of Directors of the Company (the Board ) to be used at the 2008 Annual Meeting of Stockholders (the Annual Meeting ) to be held at the Rosemont Theater, 5400 N. River Road, Rosemont, Illinois 60018 on Monday, May 5, 2008 at 5:00 P.M., local time, for the purposes set forth in the Notice of 2008 Annual Meeting of Stockholders. This Proxy Statement, the form of proxy and the Company s 2007 Annual Report are being distributed or made available via the Internet to stockholders on or after March 20, 2008. The Proxy Statement and the 2007 Annual Report are also available on the Company s website at www.motorola.com/investor.

The Company has received a notice from Icahn Partners, LP, Icahn Partners Master Fund LP and High River Limited Partnership (collectively, the Icahn Entities ) for the nomination of Frank Biondi, Jr., William R. Hambrecht, Lionel C. Kimerling and Keith Meister (collectively, the Icahn Nominees ) to the Company s Board of Directors at the Annual Meeting. On [ ], 2008, the Icahn Entities and certain other entities controlled by Mr. Icahn filed a proxy statement on Schedule 14A with the Securities and Exchange Commission soliciting proxies for the Icahn Nominees and the nominees named in Motorola s Proxy Statement.

The Icahn Nominees have NOT been endorsed by your Board of Directors. We urge stockholders NOT to vote any proxy card that you may receive from the Icahn Entities. Your Board of Directors urges you to vote for FOR our nominees for director, Gregory Q. Brown, David W. Dorman, Judy C. Lewent, Thomas J. Meredith, Nicholas Negroponte, Samuel C. Scott III, Ron Sommer, James R. Stengel, Anthony J. Vinciquerra, Douglas A. Warner III, John A. White and Miles D. White.

We are not responsible for the accuracy of any information provided by or relating to the Icahn Entities contained in any proxy solicitation materials filed or disseminated by the Icahn Entities or any other statements that they may otherwise make. The Icahn Entities choose which stockholders receive their proxy solicitation materials. The Company is not involved in the distribution of the Icahn Entities proxy solicitation materials.

## VOTING PROCEDURES

### Who Is Entitled to Vote?

Only stockholders of record at the close of business on March 14, 2008 (the record date ) will be entitled to notice of, and to vote at, the Annual Meeting or any adjournments or postponements thereof. On that date, there were issued and outstanding [ ] shares of Common Stock entitled to vote at the Annual Meeting. The Common Stock is the only class of voting securities of the Company.

A list of stockholders entitled to vote at the meeting will be available for examination at the Motorola Innovation Center, 1295 East Algonquin Road, Door 60, Schaumburg, Illinois 60196 for ten days before the Annual Meeting and at the Annual Meeting.

**Why Did I Receive a Notice of Internet Availability?**

The Securities and Exchange Commission recently adopted rules for the electronic distribution of proxy materials. We have elected to provide access to our proxy materials and 2007 Annual Report on the Internet instead of the full set of printed proxy materials in the years past to reduce costs, to provide ease and flexibility for our stockholders and to lessen the environmental impact of our Annual Meeting. On or about March 20, 2008, we mailed to most of our U.S. and Canadian stockholders a Motorola Notice of Internet Availability of Proxy Materials (the Motorola Notice ) containing instructions on how to access our 2008 Proxy Statement and 2007 Annual Report and vote online. If you received a Motorola Notice by mail, you will not receive a printed copy of the proxy materials in the mail unless you request it. Instead, the Motorola Notice instructs you on how to access and review all of the important information contained in the Proxy Statement and Annual Report. The Motorola Notice also instructs you on how you may submit your proxy over the Internet. If you received a Motorola Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Motorola Notice.

**Do I Need a WHITE Proxy Card to Vote Motorola s Slate?**

No. If you received a Motorola Notice, you can vote via the Internet or telephone without a WHITE proxy card by following the instructions on your Motorola Notice and going to the website address listed. If you request a full set of printed proxy materials instead, you can also vote by signing and returning your WHITE proxy card.

**How Can I Vote Without Attending the Annual Meeting?**

There are three convenient voting methods:

Vote by Internet. You can vote via the Internet. The website address for Internet voting can be accessed through a link provided on the website printed on your Motorola Notice or, if printed materials are requested, on your WHITE proxy card. You can use the Internet to transmit your voting instructions up until the closing of the polls at the Annual Meeting. Internet voting also is available 24 hours a day. If you vote via the Internet you do NOT need to vote by telephone or return a proxy card. If you are a beneficial owner, or you hold your shares in street name, please check your voting instruction card or contact your bank, broker or nominee to determine whether you will be able to vote by Internet.

Vote by Telephone. You can also vote your shares by telephone by calling toll-free 1-8xx-xxxx, which is the toll-free telephone number appearing at the website printed on your Motorola Notice or on your WHITE proxy card. You will need to use the control number appearing on your Motorola Notice or your WHITE proxy card. You may transmit your voting instructions from any touch-tone telephone up until the closing of the polls at the Annual Meeting. Telephone voting is available 24 hours a day. If you vote by telephone you do NOT need to vote over the Internet or return a proxy card. If you are a beneficial owner, or you hold your shares in street name, please check your voting instruction card or contact your bank, broker or nominee to determine whether you will be able to vote by telephone.

Vote by Mail. If you received a printed copy of the WHITE proxy card, you can vote by mail, by marking your WHITE proxy card, dating and signing it, and returning it in the postage-paid envelope provided. Please promptly mail your WHITE proxy card to ensure that it is received prior to the closing of the polls at the Annual Meeting.

**How Can I Change My Vote?**

You can revoke your proxy at any time before it is voted at the Annual Meeting by either:

Delivering timely written notice of revocation to the Secretary, Motorola, Inc., 1303 East Algonquin Road, Schaumburg, Illinois 60196;

Submitting another timely, later-dated proxy by Internet, telephone or mail; or

Attending the Annual Meeting and voting in person. If your shares are held in the name of a bank, broker or other nominee, you must obtain a proxy, executed in your favor, from the holder of record (that is, your bank, broker or nominee) to be able to vote at the Annual Meeting.

**How Many Votes Must be Present to Conduct Business at the Annual Meeting?**

In order for business to be conducted, a quorum must be represented at the Annual Meeting. A quorum is a majority of the shares entitled to vote at the Annual Meeting. Shares represented by a proxy marked withhold or abstain will be considered present at the Annual Meeting for purposes of determining a quorum. If the election of directors is a discretionary item (as discussed below), a proxy as to which there is a broker non-vote will be considered present at the Annual Meeting for purposes of determining a quorum.

**How Many Votes Am I Entitled to Cast?**

You are entitled to cast one vote for each share of Common Stock you own on the record date. Stockholders do not have the right to vote cumulatively in electing directors.

**How Many Votes Are Required to Elect Directors?**

In February 2006, Motorola s Board of Directors amended the Company s bylaws and Board Governance Guidelines to adopt a majority vote standard for non-contested director elections. Under the amended bylaws of the Company (the Bylaws ), a plurality vote standard applies to contested director elections.

**Because the number of nominees timely nominated for the Annual Meeting exceeds the number of directors to be elected at the 2008 Annual Meeting, the 2008 election of directors is a contested election under the Bylaws.** As a result, directors will be elected by a plurality of the votes cast at the Annual Meeting, meaning the 12 nominees receiving the most votes will be elected. Only votes cast

For a nominee will be counted. An instruction to withhold authority to vote for one or more of the nominees will result in those nominees receiving fewer votes, but will not count as a vote against the nominees. Abstentions and broker non-votes will have no effect on the director election since only votes For a nominee will be counted.

The determination that the Icahn Entities notice of nomination was timely received for purposes of determining the applicability of the majority voting bylaw is neither an admission that the Icahn Entities were eligible to deliver such notice of nomination nor an admission that such notice otherwise complied with the Bylaws or that the Icahn Nominees are eligible for nomination to the Company s Board.

**How Many Votes Are Required to Pass Any Shareholder Resolution?**

In order to recommend that the Board consider adoption of any shareholder proposal, the affirmative vote of a majority of the shares present in person or by proxy and entitled to vote at the Annual Meeting is required. For any shareholder proposal, an abstention will have the same effect as a vote Against the proposal. Broker non-votes will not be voted For or Against the proposal and will have no effect on the proposal.

**Will My Shares be Voted if I Do Not Provide Instructions to My Broker?**

If you are the beneficial owner of shares held in street name by a broker, the broker, as the record holder of the shares, is required to vote those shares in accordance with your instructions. If you do not give instructions to the broker, the broker will be entitled to vote the shares with respect to discretionary items but will not be permitted to vote the shares with respect to non-discretionary items (those shares are treated as broker non-votes ). The ratification of the appointment of KPMG LLP is discretionary . The three shareholder proposals are non-discretionary items.

If the Icahn Entities solicit proxies to elect the Icahn Nominees to Motorola s Board of Directors at the Annual Meeting, then the election of directors will also be a non-discretionary item. As a result, if your shares are held in street name and you do not provide instructions as to how your shares are to be voted in the election of directors, your broker or other nominee will not be able to vote your shares in the election of directors, and your shares will not be voted for any of Motorola s nominees. We urge you to provide instructions to your broker or nominee so that your votes may be counted on this important matter. You should vote your shares by following the instructions provided on your Motorola Notice or WHITE voting instruction form to your bank, broker or other nominee to ensure that your shares are voted on your behalf.

If the Icahn Nominees are not nominated to the Board of Directors at the Annual Meeting, the election of directors will be a discretionary item.

**What if I Return a WHITE Proxy Card But Do Not Provide Specific Voting Instructions For Some or All of the Items?**

All shares that have been properly voted whether by Internet, telephone or mail and not revoked will be voted at the Annual Meeting in accordance with your instructions. If you sign your WHITE proxy card but do not give voting instructions, the shares represented by that proxy will be voted as recommended by the Board of Directors. The Board of Directors recommends a vote For the election of the 12 director nominees named in this Proxy Statement, For the ratification of the appointment of KPMG LLP as the Company s independent public accounting firm for 2008, and Against the three shareholder proposals.

**What if Other Matters Are Voted on at the Annual Meeting?**

If any other matters are properly presented at the Annual Meeting for consideration and if you have voted your shares by Internet, telephone or mail, the persons named as proxies in the Board s WHITE proxy card will have the discretion to vote on those matters for you. At the date we filed this Proxy Statement with the Securities and Exchange Commission, the Board of Directors did not know of any other matter to be raised at the Annual Meeting.

**How Do I Vote if I Participate in the Company s 401(k) Plan?**

If you own shares of Common Stock through the Motorola 401(k) Plan (the 401(k) Plan ), you will receive a separate voting instruction form for the shares you hold in the 401(k) Plan. In that case, you must return voting instructions to the trustees for the 401(k) Plan by following the instructions provided on the voting instruction form sent to you by the trustees for the 401(k) Plan. If shares of Common Stock in the 401(k) Plan are not voted either via the Internet, by telephone or by returning a voting instruction form sent to you by the trustees for the 401(k) Plan, those shares will be voted by the trustees in the same proportion as the shares properly voted by other participants owning shares

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of Common Stock in the 401(k) Plan. If you also own shares of Common Stock outside of the 401(k) Plan, to vote those shares you must vote either via the Internet, by telephone, by returning the WHITE proxy card (or voting instruction form for shares held by a broker or bank) as directed on the Motorola Notice or the WHITE proxy card (or voting instruction form) or by attending and voting in person at the Annual Meeting.

**PROPOSAL 1**

**ELECTION OF DIRECTORS FOR A ONE-YEAR TERM**

**How Many Directors Are Standing For Election and For What Term?**

The number of directors of the Company to be elected at the 2008 Annual Meeting is 12. The directors elected at the 2008 Annual Meeting will serve until their respective successors are elected and qualified or until their earlier death or resignation.

**NOMINEES**

**Who Are the Nominees?**

Each of the nominees named below is currently a director of the Company and each was elected at the Annual Meeting of Stockholders held on May 7, 2007, except for Mr. Brown and Mr. Vinciquerra who are standing for election for the first time. Mr. Zander is not standing for re-election. The ages shown are as of January 1, 2008.

**GREGORY Q. BROWN, Principal Occupation: President and Chief Executive Officer, Motorola, Inc.**
*Director since 2007 Age 47*
Mr. Brown joined Motorola in 2003 and most recently served as President and Chief Operating Officer from June 2007 until December 2007 when he was elected President and Chief Executive Officer effective January 1, 2008. From January 2005 to June 2007, Mr. Brown served as Executive Vice President and President of the Networks and Enterprise business and Executive Vice President and President of the Commercial Government and Industrial Solutions Sector from January 2003 through December 2004. Prior to joining Motorola, Mr. Brown was Chairman and Chief Executive Officer of Micromuse, Inc., a network management software company. Before that, he was President of Ameritech Custom Business Services and Ameritech New Media, Inc. Mr. Brown serves on the Rutgers Board of Overseers and the boards of World Business Chicago, The US-China Business Council and the Northwestern Memorial Hospital Board. Mr. Brown received a B.A. degree in Economics from Rutgers University.

**DAVID W. DORMAN, Principal Occupation: Retired; Formerly Chairman and Chief Executive Officer, AT&T**
*Director since 2006 Age 53*
Mr. Dorman is Senior Advisor and Partner of Warburg Pincus, a global leader in private equity. Prior to holding that position, he was Chairman and Chief Executive Officer of AT&T, a provider of internet and transaction-based voice and data services, from November 2002 until his retirement in January 2006. Previously, Mr. Dorman was President of AT&T from 2000 to November 2002. He began his career in the telecommunications industry at Sprint Corp. in 1981, and ultimately served as President of Sprint Business Services. Mr. Dorman serves on the boards of CVS Corporation, YUM! Brands, Inc., Phorm, Inc., Firethorn Mobile, LLC, and the Georgia Tech Foundation. Mr. Dorman received a B.S. degree in Industrial Management from the Georgia Institute of Technology.

**JUDY C. LEWENT, Principal Occupation: Retired; Formerly Executive Vice President and Chief Financial Officer, Merck & Co., Inc.**
*Director since 1995 Age 58*

Ms. Lewent was Chief Financial Officer of Merck & Co., Inc., a pharmaceutical company, since 1990, and in addition, Executive Vice President of Merck since February 2001 until her retirement in September 2007. She had additional responsibilities as President, Human Health Asia from January 2003 until July 2005, when she assumed strategic planning responsibilities for Merck. Ms. Lewent is a director of Dell Inc. She also serves as a trustee of the Rockefeller Family Trust, is a life member of the Massachusetts Institute of Technology Corporation, and a member of the American Academy of Arts & Sciences. Ms. Lewent received a B.S. degree from Goucher College and an M.S. degree from the MIT Sloan School of Management.

**THOMAS J. MEREDITH, Principal Occupation: General Partner and Co-Founder, Meritage Capital, L.P. and Chief Executive Officer, MFI Capital**

*Director since 2005 Age 57*

Mr. Meredith served as Executive Vice President and Acting Chief Financial Officer of Motorola, Inc. until March 1, 2008 and remains an employee of the Company until March 31, 2008. He is a general partner of Meritage Capital, L.P., an investment management firm specializing in multi-manager hedge funds that he co-founded. He is also chief executive officer of MFI Capital. Previously, he was the Managing Director of Dell Ventures and Senior Vice President, Business Development and Strategy of Dell Inc., a computer manufacturer, from 2000 until 2001, and was Chief Financial Officer of Dell Inc. from 1992 until 2000. Mr. Meredith is also a director of Motive, Inc. He is also an adjunct professor at the McCombs School of Business at the University of Texas, and serves on the advisory boards of both the Wharton School at the University of Pennsylvania and the LBJ School at the University of Texas. Mr. Meredith received a B.S. degree in Political Science from St. Francis University, a J.D. degree from Duquesne University and an LL.M. degree in Taxation from Georgetown University.

**NICHOLAS NEGROPONTE, Principal Occupation: Founder and Chairman of the One Laptop Per Child Non-Profit Association**

*Director since 1996 Age 64*

Mr. Negroponte is the founder and chairman of the One Laptop Per Child non-profit organization created to design, manufacture and distribute laptops that are sufficiently inexpensive to provide every child in the world access to knowledge and modern forms of education. Mr. Negroponte is currently on leave from the Massachusetts Institute of Technology where he was co-founder and chairman emeritus of the MIT Media Laboratory, an interdisciplinary, multi-million dollar research center focusing on the study and experimentation of future forms of human and machine communication. He founded MIT s pioneering Architecture Machine Group, a combination lab and think tank responsible for many radically new approaches to the human-computer interface. He joined the MIT faculty in 1966 and became a full professor in 1980. Mr. Negroponte is a special general partner of Applied Technology, serves as an advisor to TTI Vanguard and serves on the boards of Ambient, IWalk, Velti, Salient Stills and SwapitShop.com. Mr. Negroponte received a B.A. and an M.A. in Architecture from MIT.

**SAMUEL C. SCOTT III, Principal Occupation: Chairman, President and Chief Executive Officer, Corn Products International**

*Director since 1993 Age 63*

Mr. Scott is Chairman, President and Chief Executive Officer of Corn Products International, a corn refining business. He was President of the Corn Refining Division of CPC International from 1995 through 1997, when CPC International spun off Corn Products International as a separate corporation. Mr. Scott serves on the Board of Directors of Bank of New York, Abbott Laboratories, Accion International and the Chicago Council on Global Affairs. He also serves as a Trustee of The Conference Board. Mr. Scott received a bachelor s degree in engineering and an M.B.A. from Fairleigh Dickinson University.

**RON SOMMER, Principal Occupation: Retired; Formerly Chairman of the Board of Management, Deutsche Telekom AG**
*Director since 2004 Age 58*
Mr. Sommer was Chairman of the Board of Management of Deutsche Telekom AG, a telecommunication company, from May 1995 until he retired in July 2002. He is a director of Muenchener Rueckversicherung, Celanese, AFK Sistema, Tata Consultancy Services and Weather Industries. Mr. Sommer is also a Member of the International Advisory Board of The Blackstone Group. Mr. Sommer received a Ph.D. degree in Mathematics from the University of Vienna, Austria.

**JAMES R. STENGEL, Principal Occupation: Global Marketing Officer, Procter & Gamble Company**

*Director since 2005 Age 52*

Mr. Stengel is currently the Global Marketing Officer of Procter & Gamble Company, a consumer products company. He joined Procter & Gamble in 1983, where he recently served as Vice President-Global Baby Care Strategic Planning, Marketing and New Business Development from May 2000 until August 2001, when he became Global Marketing Officer. Mr. Stengel served as chairman of the Association of National Advertisers from 2004 through 2006. He is also on the National Underground Freedom Center Board of Directors, the Advertising Council Board of Trustees and is a member of the United Way Tocqueville Society. Mr. Stengel received a B.A. degree from Franklin & Marshall College and an M.B.A. from Pennsylvania State University.

**ANTHONY J. VINCIQUERRA, President and Chief Executive Officer, Fox Networks Group**

*Director since 2007 Age 53*

Mr. Vinciquerra was named President and Chief Executive Officer of Fox Networks Group, a primary operating unit of News Corporation that includes the Fox Television Network, Fox Cable Networks, FOX Sports and Fox Networks Engineering & Operations, in June 2002. Mr. Vinciquerra also oversees Fox Sports Enterprises, which comprises Fox s interests in professional sports franchises like the Colorado Rockies, stadiums and leading statistical information provider STATS. Mr. Vinciquerra joined Fox in December 2001 as President of the Fox Television Network. Prior to joining Fox, he was Executive Vice President and Chief Operating Officer of Hearst-Argyle Television, a position he had held since 1999. A past Chairman of the National Association of Television Program Executives, he is also a director of the Boston-based Genesis Fund, the fund-raising organization of the National Birth Defects Institute, and a member of the Board of Trustees for Southern California Public Radio. Mr. Vinciquerra received a B.A. degree from the State University of New York.

**DOUGLAS A. WARNER III, Principal Occupation: Retired; Formerly Chairman of the Board, J.P. Morgan Chase & Co.**

*Director since 2002 Age 61*

Mr. Warner was Chairman of the Board and Co-Chairman of the Executive Committee of J.P. Morgan Chase & Co., an international commercial and investment banking firm, from December 2000 until he retired in November 2001. From 1995 to 2000, he was Chairman of the Board, President and Chief Executive Officer of J.P. Morgan & Co. He is a director of Anheuser-Busch Companies, Inc. and General Electric Company, is on the Board of Counselors of the Bechtel Group Inc. and a senior advisor at the Carlyle Group, L.P. Mr. Warner is also chairman of the Board of Managers and the Board of Overseers of Memorial Sloan-Kettering Cancer Center, a member of the Yale Investment Committee, and an advisor of Xyleco. Mr. Warner received a B.A. degree from Yale University.

**DR. JOHN A. WHITE, Principal Occupation: Chancellor, University of Arkansas**

*Director since 1995 Age 68*

Dr. White is currently Chancellor of the University of Arkansas. Dr. White served as Dean of Engineering at Georgia Institute of Technology from 1991 to early 1997, having been a member of the faculty since 1975. He is also a director of J.B. Hunt Transport Services, Inc. Logility, Inc., Arkansas Bioscience Institute, Arkansas Science and Technology Authority and the Northwest Arkansas Regional Airport Authority. A member of the National Academy of Engineering and a past member of the National Science Board, Dr. White received a B.S.I.E. from the University of Arkansas, an M.S.I.E. from Virginia Polytechnic Institute and State University and a Ph.D. from The Ohio State University.

**MILES D. WHITE, Principal Occupation: Chairman of the Board and Chief Executive Officer, Abbott Laboratories**
*Director since 2005 Age 52*
Mr. White has been Chairman of the Board and Chief Executive Officer of Abbott Laboratories, a pharmaceuticals and biotechnology company, since 1999. Mr. White joined Abbott in 1984. He received a bachelor s degree in mechanical engineering and an M.B.A. degree from Stanford University. Mr. White serves as Vice Chairman and Director of the Chicago 2016 Committee and also serves on the board of trustees of The Culver Educational Foundation, The Field Museum in Chicago, and Northwestern University. Mr. White served as a director of Tribune Company until August of 2007 and was chairman of the board of the Federal Reserve Bank of Chicago from 2006 through 2007.

**RECOMMENDATION OF THE BOARD**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE *FOR* THE ELECTION OF THE TWELVE NOMINEES NAMED HEREIN AS DIRECTORS. UNLESS OTHERWISE INDICATED ON YOUR PROXY, YOUR SHARES WILL BE VOTED *FOR* THE ELECTION OF SUCH TWELVE NOMINEES AS DIRECTORS.**

**What if a Nominee is Unable to Serve as Director?**

If any of the nominees named above is not available to serve as a director at the time of the 2008 Annual Meeting (an event which the Board does not now anticipate), the proxies will be voted for the election as director of such other person or persons as the Board may designate, unless the Board, in its discretion, reduces the number of directors.

## CORPORATE GOVERNANCE MATTERS

### What Are the Board s Corporate Governance Principles?

The Board has long adhered to governance principles designed to assure the continued vitality of the Board and excellence in the execution of its duties. The Board has responsibility for management oversight and providing strategic guidance to the Company. In order to do that effectively, the Board believes it should be comprised of individuals with appropriate skills and experiences to contribute effectively to this dynamic process. The Board is currently highly diversified; it is comprised of active and former CEOs and CFOs of major corporations and individuals with experience in high-tech fields, government and academia. The Board believes that it must continue to renew itself to ensure that its members understand the industries and the markets in which the Company operates. The Board also believes that it must remain well-informed about the positive and negative issues, problems and challenges facing Motorola and its industries and markets so that the members can exercise their fiduciary responsibilities to stockholders.

### Which Directors Are Independent?

On February 21, 2008, the Board made the determination, based on the recommendation of the Governance and Nominating Committee and in accordance with the Motorola, Inc. Director Independence Guidelines, that Mr. Dorman, Mr. Fuller, Ms. Lewent, Mr. Negroponte, Ms. Nooyi, Mr. Scott, Mr. Sommer, Mr. Stengel, Mr. Vinciquerra, Mr. Warner, Mr. J. White and Mr. M. White were independent during the periods in 2007 and 2008 that they were members of the Board. Mssrs. Brown, Meredith and Zander do not qualify as independent directors since they are employees of the Company. However, the Board determined on February 21, 2008, that following the completion of Mr. Meredith s interim employment on March 31, 2008 he will again be considered independent. See *What is Motorola s Relationship with Entities Associated with Its Independent Directors* for further details.

### How Was Independence Determined?

The Motorola, Inc. Director Independence Guidelines include both the NYSE independence standards and categorical standards the Board has adopted to determine if a relationship that a Board member has with the Company is material. The categorical standards adopted by the Board are as follows:

Contributions or payments (including the provision of goods or services) from Motorola to a charitable organization (including a foundation), a university, or other not-for-profit organization, of which a director or an immediate family member of a director (defined to include a director s spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than domestic employees) who shares the director s home) is an officer, director, trustee or employee, will not impair independence unless the contribution or payment (excluding Motorola matches of charitable contributions made by employees or directors under Motorola s or the Motorola Foundation s matching gift programs):
(i) is to an entity of which the director or the director s spouse currently is an officer, director or trustee, and such person held such position at the time of the contribution,
(ii) was made within the previous three years, and

(iii) was in an amount which, in the entity s last fiscal year prior to the year of the contribution or payment, exceeded the greater of $300,000 or 5% of such entity s consolidated gross revenues (or equivalent measure).

Indebtedness of Motorola to a bank or similar entity of which a director or a director s immediate family member is a director, officer, employee or 10% Owner (as defined below) will not impair independence unless the following are applicable:
(i) the director or the director s spouse is an executive officer or an owner who directly or indirectly has a 10% or greater equity or voting interest in an entity (a 10% Owner ) of such entity and he or she held that position at any time during the previous twelve months, and
(ii) the total amount of Motorola s indebtedness during the previous twelve months is more than 5% of the total consolidated assets of such entity in its last fiscal year.

Other business relationships between a director or a director s immediate family member, such as consulting, legal or financial advisory services provided to Motorola, will not impair independence unless the following are applicable:
(i) the director or the director s spouse is a partner, officer or 10% Owner of the company or firm providing such services, and

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he or she held such position at any time during the previous twelve months, and
(ii) the services that were provided during the previous twelve months were in an amount which, in the company s or firm s last fiscal year, exceeded the greater of $1 million or 2% of such company s or firm s consolidated gross revenues.

This categorical standard does not include business relationships with Motorola s independent registered public accounting firm because those relationships are covered by the NYSE independence standards.

Motorola s ownership of voting stock of a company of which the director or the director s immediate family member is a director, officer, employee or 10% Owner will not impair independence unless the following are applicable:
(i) the director or the director s spouse is an executive officer of that company, and
(ii) Motorola is currently a 10% Owner of that company.

The ownership of Motorola Common Stock by a director or a director s immediate family member will not be considered to be a material relationship that would impair a director s independence.

When applying the NYSE independence standards and the categorical standards set forth above, Motorola includes Motorola, Inc. and any of its subsidiaries, and the Motorola Foundation. A complete copy of the Motorola, Inc. Director Independence Guidelines is available on the Company s website at www.motorola.com/investor.

**What is Motorola s Relationship with Entities Associated with Its Independent Directors?**

With the election of Paul Liska as Executive Vice President and Chief Financial Officer, Thomas Meredith s term as Acting Chief Financial Officer and Executive Vice President ended on March 1, 2008 and his employment will end under the terms of his agreement on March 31, 2008. The Board has determined that Mr. Meredith s independence after his employment under the Motorola, Inc. Independence Guidelines and the NYSE independence requirements was not impaired by his status as an employee of the Company from April 1, 2007 through March 31, 2008, because he was serving as an interim employee of the Company at the request of the Board while the Company conducted a search for a permanent chief financial officer.

As previously disclosed, Motorola and the Motorola Foundation have had various commercial and charitable relationships with the Massachusetts Institute of Technology ( MIT ) and the MIT Media Laboratory. Nicholas Negroponte is a tenured professor of MIT on leave, and formerly the Chairman of the MIT Media Laboratory, an academic and research laboratory at MIT. Judy Lewent is a life member of the MIT Corporation and until June 30, 2007, served on its Executive Committee, which is responsible for general administration and superintendence of the MIT Corporation. Motorola and the Motorola Foundation made payments to MIT in each of the last three years significantly below the threshold described in the guidelines.

Neither Mr. Negroponte nor Ms. Lewent direct the relationship nor do they vote as a member of the Motorola Board of Directors to approve MIT relationships.

All independent directors, other than H. Laurance Fuller and Ron Sommer, had relationships with entities that were reviewed by the Board under the NYSE s independence standard covering payments for properties or services exceeding the greater of $1 million or 2% of consolidated gross revenues and/or the Board s categorical standard described above covering contributions or payments to charitable or similar not-for-profit organizations. In each case, the payments or contributions were significantly less than the NYSE independence standard or the categorical standard and were determined to be immaterial by the Board.

**Are the Members of the Audit and Legal, Compensation and Leadership and Governance and Nominating Committees Independent?**

Yes. The Board has determined that all of the members of the Audit and Legal Committee, the Compensation and Leadership Committee and the Governance and Nominating Committee are independent within the meaning of the Motorola, Inc. Director Independence Guidelines and the NYSE listing standards for independence.

**Where Can I Receive More Information About Motorola s Corporate Governance Practices?**

Motorola maintains a corporate governance page on its website at www.motorola.com/investor that includes information about its corporate governance practices. The following documents are currently included on the website:

- The Motorola, Inc. Board Governance Guidelines, the current version of which the Board adopted on January 31, 2008;

The Motorola, Inc. Director Independence Guidelines, the current version of which the Board adopted on November 15, 2005;

The Principles of Conduct for Members of the Motorola, Inc. Board of Directors, the current version of which the Board adopted on February 12, 2007;

The Motorola, Inc. Code of Business Conduct, which applies to all employees;

The charters of the Audit and Legal Committee, Compensation and Leadership Committee and Governance and Nominating Committee;

The Motorola, Inc. Restated Certificate of Incorporation, as amended through May 3, 2000; and

The Motorola, Inc. Amended and Restated Bylaws, the current version of which the Board adopted on February 23, 2006.

The Company intends to disclose amendments to the above documents or waivers applicable to its directors, chief executive officer, chief financial officer and corporate controller from certain provisions of its ethical policies and standards for directors and its employees, on the Motorola website. The Company will also provide you a printed copy of these documents if you contact Investor Relations, in writing at Motorola, Inc., 1303 E. Algonquin Road, Schaumburg, IL 60196; or by phone at 1-800-262-8509; or by email at investors@motorola.com.

**BOARD OF DIRECTORS MATTERS**

**How Often Did the Board Meet in 2007?**

The Board of Directors held twelve meetings during 2007. Overall attendance at Board and committee meetings was 95%. Each incumbent director attended 89% or more of the combined total meetings of the Board and the committees on which he or she served during 2007.

**How Many Directors will Comprise the Board?**

The Board of Directors currently is comprised of 13 directors. Immediately following the Annual Meeting, the Board will consist of 12 directors. Mr. Zander is not standing for re-election. In the interim between Annual Meetings, the Board has the authority under the Company s Bylaws to increase or decrease the size of the Board and to fill vacancies.

**How Many Executive Sessions of the Board Were Held in 2007?**

Independent directors of the Company meet regularly in executive session without management as required by the Motorola, Inc. Board Governance Guidelines. Generally, executive sessions are held in conjunction with regularly-scheduled meetings of the Board of Directors. In 2007, the non-employee members of the Board met in executive session ten times.

**Who Serves as the Presiding Director?**

The Board re-appointed Mr. Scott its lead director on May 8, 2007. As the lead director, Mr. Scott chairs meetings of the independent directors and serves as liaison with the chairman with respect to matters considered by the independent directors. Mr. Scott has served as lead director since May 2005.

**Will the Directors Attend the Annual Meeting?**

Board members are expected to attend the Annual Meeting of stockholders as provided in the Motorola, Inc. Board Governance Guidelines. All of our directors who stood for election at the 2007 Annual Meeting attended that meeting.

**What Are the Committees of the Board?**

To assist it in carrying out its duties, the Board has delegated certain authority to several committees. The Board currently has the following committees: (1) Audit and Legal, (2) Compensation and Leadership, (3) Governance and Nominating, (4) Executive, and (5) Finance. Committee membership as of December 31, 2007 and the number of meetings of each committee during 2007 are described below:

| | *Audit & Legal* | *Compensation & Leadership* | *Governance & Nominating* | *Executive* | *Finance* |
|---|---|---|---|---|---|
| ***Non-Employee Directors*** | | | | | |
| David W. Dorman | X | | | | X |
| Judy C. Lewent | X | | | X | Chair |
| Nicholas Negroponte | | | X | | |
| Samuel C. Scott III | | Chair | | X | |
| Ron Sommer | | X | | | |
| James R. Stengel | | X | | | |
| Anthony J. Vinciquerra | X | | | | |
| Douglas A. Warner III | | | Chair | X | X |
| John A. White | Chair | | | | |
| Miles D. White | | | X | | |
| ***Employee Directors*** | | | | | |
| Edward J. Zander | | | | Chair | |
| Gregory Q. Brown | | | | | |
| Thomas J. Meredith | | | | | X |
| **Number of Meetings in 2007** | 12 | 11 | 4 | None | 1 |

**Where Can I Locate the Current Committee Charters?**

Current versions of the Audit and Legal Committee charter, Compensation and Leadership Committee charter, and the Governance and Nominating Committee charter are available on our website at www.motorola.com/investor.

**What Are the Functions of the Audit and Legal Committee?**

Assist the Board in fulfilling its oversight responsibilities as they relate to the Company s accounting policies, internal controls, disclosure controls and procedures, financial reporting practices and legal and regulatory compliance

Hire the independent registered public accounting firm

Monitor the qualifications, independence and performance of the Company s independent registered public accounting firm and the performance of the internal auditors

Maintain, through regularly scheduled meetings, a line of communication between the Board and the Company s financial management, internal auditors and independent registered public accounting firm

Oversee compliance with the Company s policies for conducting business, including ethical business standards

Prepare the report of the Committee included in this Proxy Statement

**What Are the Functions of the Compensation and Leadership Committee?**

Assist the Board in overseeing the management of the Company s human resources including:
- compensation and benefits programs
- CEO performance and compensation
- executive development and succession and diversity efforts

Oversee the evaluation of the Company s senior management

Review and discuss the Compensation Discussion and Analysis ( CD&A ) with management and make a recommendation to the Board on the inclusion of the CD&A in this Proxy Statement

Prepare the report of the Committee included in this Proxy Statement

**What Are the Functions of the Governance and Nominating Committee?**

Identify individuals qualified to become board members, consistent with the criteria approved by the Board

Recommend director nominees and individuals to fill vacant positions

Assist the Board in interpreting the Company s Board Governance Guidelines, the Board s Principles of Conduct and any other similar governance documents adopted by the Board

Oversee the evaluation of the Board and its committees

Generally oversee the governance and compensation of the Board

**What is the Decision-Making Process to Determine Executive Compensation?**

The Compensation and Leadership Committee has been delegated the responsibility by the Board of Directors to oversee the programs under which compensation is paid or awarded to Motorola s executives and evaluate the performance of Motorola s senior management. The specific functions of the Compensation and Leadership Committee are described in this Proxy Statement under *What Are the Functions of the Compensation and Leadership Committee?* and in the Compensation and Leadership Committee s charter, which the Compensation and Leadership Committee and the Board periodically review and revise as necessary.

The Global Rewards department in Motorola s Human Resources organization supports the Compensation and Leadership Committee in its work and, in some cases, acts pursuant to delegated authority from the Compensation and Leadership Committee to fulfill various functions in administering Motorola s compensation programs.

In carrying out its duties, the Compensation and Leadership Committee has direct access to outside advisors, independent compensation consultants and others to assist them. During 2005 and 2007, the Compensation and Leadership Committee directly engaged an outside compensation consulting firm to assist them in their review of the compensation for Motorola s executive officers.

For more information on the decisions made by the Compensation and Leadership Committee, see the *Compensation Discussion and Analysis* .

**What is the Decision-Making Process to Determine Director Compensation?**

The Governance and Nominating Committee has been delegated the responsibility by the Board to recommend to the Board the compensation for non-employee directors, which is to be consistent with market practices of other similarly situated companies and to take into consideration the impact on non-employee directors independence and objectivity. The Board has asked the Compensation and Leadership Committee to assist the Governance and Nominating Committee in making such recommendation. Although, the charter of the Governance and Nominating Committee authorizes the Committee to delegate director compensation matters to management based on its reasonable judgment, the Committee has chosen not to delegate matters related to director compensation. Management has no role in recommending the amount or form of director compensation.

**What is the Role of Independent Compensation Consultants in Executive and Director Compensation Determinations?**

In accordance with the Compensation and Leadership Committee s charter, the committee has the sole authority, to the extent deemed necessary and appropriate, to retain and terminate any compensation consultants, outside counsel or other advisors, including having the sole authority to approve the firm s or advisor s fees and other retention terms.

In accordance with this authority, in 2005 and 2007, the Compensation and Leadership Committee retained Mercer ( Mercer ) as an external independent consultant to provide insight and advice on matters regarding trends in executive compensation, relative executive pay and benefits practices, relative assessment of pay of Motorola executives to performance, and other topics as the Compensation and Leadership Committee deemed appropriate. See *Independent Consultant Review of Executive Compensation* in the *Compensation Discussion and Analysis* for further details on the compensation-related elements the Compensation and Leadership Committee requested be reviewed.

Mercer s independent review of Motorola s senior leadership team s compensation found that Motorola s current executive compensation programs are fundamentally competitive and sound. The Compensation and Leadership Committee intends to engage an external independent consultant to complete an exhaustive evaluation of the Company s executive rewards program on a periodic basis, generally every two or three years. The Compensation and Leadership Committee intends to engage an external independent consultant to review the specific compensation of the CEO and all members of the senior leadership team annually. The Compensation and Leadership Committee agreed with the Mercer study s conclusions that no substantive revisions to the compensation programs are required.

During 2005, the Compensation and Leadership Committee also engaged Mercer to assist the Committee in its review of the compensation for Motorola s non-employee directors, because of Mercer s recognized expertise in this area. Mercer was asked to prepare a study of current trends in non-employee director compensation, including benchmarking peer practices and general industry best practices, and to review the design of Motorola s director compensation program in view of such information. Mercer reviewed its findings with the Compensation and Leadership Committee. Based on the Mercer study and other factors, such as a recognition of the increased time demands placed on the Company s outside directors and a desire to align the interests of the non-employee directors with stockholders, the Compensation and Leadership Committee recommended to the Governance and Nominating Committee that the non-employee directors compensation be changed, including an increase in Board and Committee fees.

In 2007, the Compensation and Leadership Committee again engaged Mercer to assist the Committee in its review of the compensation for Motorola s non-employee directors. In view of the market trends outlined by Mercer, the Compensation and Leadership Committee recommended that the Governance and Nominating Committee consider (1) increasing the Audit and Legal Committee Chair annual retainer, (2) introducing stock ownership guidelines equal to four times the annual director retainer fee and (3) making pro rata equity grants effective upon the election of a new director to the Board if the election occurs at a time other than at the annual grant to directors.

The Governance and Nominating Committee, after reviewing and discussing these changes, recommended the changes to the Board, which adopted the compensation program currently in place for non-employee directors as described under *How Are the Directors Compensated?*

**What Role, if any, do Executive Officers Play in Determining or Recommending Executive and Director Compensation?**

Motorola s senior leadership team, comprised of the CEO and certain of the executives designated by the CEO, provide recommendations regarding the design of the Company s compensation program, which are provided to the Compensation and Leadership Committee. Upon Compensation and Leadership Committee approval, the senior leadership team is ultimately accountable for executing the objectives of the approved compensation program.

Each member of Motorola s senior leadership team is ultimately responsible for approving all compensation actions for their respective organizations. When these compensation actions involve other Motorola executives, the involved senior leadership team member is accountable for ensuring the adherence to all established governance procedures.

The CEO is responsible for recommending all elements of compensation actions involving his senior leadership team and other direct reports to the Compensation and Leadership Committee for approval. The CEO cannot unilaterally implement compensation changes for any of his senior leadership team or other direct reports. The CEO takes an active role in Compensation and Leadership Committee meetings at which compensation actions involving his senior leadership team and other direct reports are discussed.

The Compensation and Leadership Committee directly engages an outside consulting firm, Mercer, to assist them in its review of the compensation for Motorola s senior leadership team. Mercer also participates in certain of these Committee meetings.

The Global Rewards department in Motorola s Human Resources organization together with the Senior Vice President, Human Resources prepares recommendations regarding CEO compensation and brings those recommendations to the Compensation and Leadership Committee. The CEO does not participate in the discussions regarding his compensation at Committee meetings. The independent external compensation consultant, Mercer, is available at such meetings.

The Compensation and Leadership Committee is responsible for bringing recommended compensation actions involving the CEO to the Board for its concurrence. The Compensation and Leadership Committee cannot unilaterally approve compensation changes for the CEO.

As stated above, management does not recommend or determine director compensation.

**What Are the Functions of the Executive Committee?**

Act for the Board between meetings on matters already approved in principle by the Board

Exercise the authority of the Board on specific matters assigned by the Board from time to time

**What Are the Functions of the Finance Committee?**

Since mid-2006, the Finance Committee meets on an as needed and ad hoc basis. The Committee s functions include:

Review the Company s overall financial posture, asset utilization and capital structure

Review the need for equity and/or debt financing and specific outside financing proposals

Monitor the performance and investments of employee retirement and related funds

Review the Company s dividend payment plans and practices

**How Are the Directors Compensated?**

During 2007, the annual retainer fee paid to each non-employee director was $100,000. In addition, (1) the chairs of the Audit and Legal and Compensation and Leadership Committees each received an additional annual fee of $15,000, (2) the chairs of the other committees each received an additional annual fee of $10,000, and (3) the members of the Audit and Legal Committee, other than the chair, each received an additional annual fee of $5,000. Beginning in 2008, the annual additional fee of $15,000 to the chair of the Audit and Legal Committee has been increased to $20,000. The Company also reimburses its directors and, in certain circumstances spouses who accompany directors, for travel, lodging and related expenses they incur in attending Board and committee meetings or other meetings as requested by Motorola.

A director may elect to receive a portion of the above retainer and other fees in the form of deferred stock units. The election to receive deferred stock units must be made in 5% increments (e.g., 65% cash / 35% deferred stock units).

Directors receive an annual grant of deferred stock units in the second quarter of the fiscal year. On May 8, 2007, each non-employee director received a deferred stock unit award of 6,780 shares of Common Stock. The number of deferred stock units was determined by dividing $120,000 by the fair market value of a share of Common Stock on the date of grant (rounded up to the next whole number) based on the closing price on the date of grant.

The deferred stock units above are paid to the director in shares of Common Stock upon termination of service from the Motorola Board of Directors. Dividend equivalents will be reinvested in additional deferred stock units subject to the same terms.

As of January 1, 2006, non-employee directors are no longer eligible to participate in the Motorola Management Deferred Compensation Plan. Motorola does not currently have a non-equity incentive plan or pension plan for directors.

Non-employee directors do not receive any additional fees for attendance at meetings of the Board or its committees or for additional work done on behalf of the Board or a committee. Mssrs. Zander and Brown who are employees of Motorola, receive no additional compensation for serving on the Board or its committees. Further, Mr. Meredith did not receive any additional compensation for Board service while he was Acting Chief Financial Officer.

**What Are the Director Stock Ownership Guidelines?**

Our Board Governance Guidelines provide that, within five years of joining the Board, directors are expected to own Motorola Common Stock with a value equivalent of at least four times the annual retainer fee for directors. For the purposes hereof, Motorola Common Stock includes stock units.

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The following table further summarizes compensation paid to the non-employee directors during 2007.

**Director Compensation for 2007**

| *Name (a)* | *Fees Earned or Paid in Cash($)[1] (b)* | *Stock Awards($) (2)(3)(4) (c)* | *Option Awards($) (d)* | *Change in Pension Value and Nonqualified Deferred Compensation Earnings($)[5] (f)* | *All Other Compensation($)[6] (g)* | *Total($) (h)* |
|---|---|---|---|---|---|---|
| David W. Dorman | $52,500 | $253,840(7) | $0 | $0 | $5,000(8) | $311,340 |
| H. Laurance Fuller[9] | 28,750 | 28,749 | 0 | 0 | 0 | 57,499 |
| Judy C. Lewent | 112,500 | 120,006 | 0 | 0 | 0 | 232,506 |
| Thomas J. Meredith | 26,250(10) | 0 | 0 | 0 | 0 | 26,250 |
| Nicholas Negroponte | 100,000 | 120,006 | 0 | 0 | 0 | 220,006 |
| Indra K. Nooyi[9] | 25,000 | 25,003 | 0 | 0 | 0 | 50,003 |
| Samuel C. Scott III | 115,000 | 120,006 | 0 | 0 | 0 | 235,006 |
| Ron Sommer | 100,000 | 120,006 | 0 | 0 | 0 | 220,006 |
| James R. Stengel | 100,000 | 120,006 | 0 | 0 | 0 | 220,006 |
| Anthony J. Vinciquerra | 34,125 | 108,376(11) | 0 | 0 | 0 | 142,492 |
| Douglas A. Warner III | 110,000 | 120,006 | 0 | 0 | 5,000(8) | 235,006 |
| John A. White | 0 | 232,511 | 0 | 818 | 5,000(8) | 238,328 |
| Miles D. White | 0 | 221,259 | 0 | 0 | 5,000(8) | 226,259 |

(1) As described above, directors may elect to receive a portion of their retainer or other fees in the form of deferred stock units. The amounts in column (b) are the portion of the annual retainer and any other fees the non-employee director has elected to receive in cash.

(2) As described above, certain directors have elected to receive deferred stock units for a portion of their retainer or other fees. In addition, all directors received an annual grant of deferred stock units on May 8, 2007, (except for Mr. Vinciquerra who was elected July 26, 2007 and Mr. Fuller and Ms. Nooyi who were not serving at the time of the grant). All amounts in column (c) are the amounts recognized for financial reporting purposes calculated in accordance with revised Statement of Financial Accounting Standards No. 123R ( FAS 123R ), accounting for dividend equivalents. These amounts are the same as the aggregate grant date fair value of deferred stock units received by each director in 2007. The number of deferred stock units received and the value of Motorola Common Stock on each date of grant or purchase are as follows:

| ***Director*** | ***March 30 - $17.67 Deferred Stock Units*** | ***May 8 - $17.70 Annual Grant of Deferred Stock Units*** | ***June 29 - $17.70 Deferred Stock Units*** | ***September 28 - $18.53 Deferred Stock Units*** | ***December 31 - $16.04 Deferred Stock Units*** |
|---|---|---|---|---|---|
| David W. Dorman | 743 | 11,375(7) | 742 | 708 | 818 |
| H. Laurance Fuller | 1,627 | | | | |
| Judy C. Lewent | | 6,780 | | | |
| Nicholas Negroponte | | 6,780 | | | |
| Indra K. Nooyi | 1,415 | | | | |
| Samuel C. Scott III | | 6,780 | | | |
| Ron Sommer | | 6,780 | | | |
| James R. Stengel | | 6,780 | | | |
| Anthony J. Vinciquerra | | 5,187(11) | | 496 | 573 |
| Douglas A. Warner III | | 6,780 | | | |
| John A. White | 1,486 | 6,780 | 1,624 | 1,552 | 1,792 |
| Miles D. White | 1,486 | 6,780 | 1,412 | 1,349 | 1,559 |

(3) As of December 31, 2007, the aggregate number of equity awards outstanding for the non-employee directors were as follows (except Mr. Fuller and Ms. Nooyi, which are as of May 7, 2007, the last date of their service as a director):

| *Director* | *Options* | *Deferred Stock Units* | *Restricted Stock* | *Common Stock* |
|---|---|---|---|---|
| David W. Dorman | 0 | 16,807 | 0 | 0 |
| H. Laurance Fuller | 115,584 | 0 | 0 | 28,919 |
| Judy C. Lewent | 115,584 | 12,553 | 264 | 47,340 |
| Nicholas Negroponte | 115,584 | 12,553 | 0 | 47,863 |
| Indra K. Nooyi | 48,528 | 91 | 0 | 21,835 |
| Samuel C. Scott III | 115,584 | 19,167 | 12,177 | 29,363 |
| Ron Sommer | 15,000 | 12,553 | 0 | 3,043 |
| James R. Stengel | 15,000 | 12,553 | 0 | 7,305 |
| Anthony J. Vinciquerra | 0 | 6,270 | 0 | 600 |
| Douglas A. Warner III | 65,292 | 18,348 | 4,245 | 20,199 |
| John A. White | 56,910 | 23,865 | 540 | 44,268 |
| Miles D. White | 0 | 24,061 | 0 | 2,000 |

(4) Certain de minimis amounts (less than $50) were paid in cash in lieu of fractional shares.

(5) The amounts shown in this column are earnings under the Motorola Management Deferred Compensation Plan that were in excess of the threshold for above-market earnings . Pursuant to SEC rules, all earnings in 2007 in excess of 5.56% have been deemed above market earnings . As of January 1, 2006, non-employee directors are no longer eligible to participate in the plan.

(6) The aggregate amount of perquisite and personal benefits, securities, or property given to each named director valued on the basis of aggregate incremented cost to the Company ( Company perquisite costs ) was less than $10,000.

(7) Mr. Dorman was elected to the Board effective July 10, 2006 and he did not receive a deferred stock unit ( DSU ) award in May 2006 nor did he receive a retainer fee for the first and second quarters of 2006. In May 2007, Mr. Dorman was granted a pro rata DSU award of 4,595 DSUs for his service from July 10, 2006 to May 8, 2007.

(8) These amounts represent matching gift contributions made by the Motorola Foundation at the request of the director to charitable institutions in the name of the respective directors pursuant to the Company s charitable matching program that is available to all U.S. employees and directors.

(9)

Mr. Fuller and Ms. Nooyi did not stand for re-election at the May 7, 2007 annual meeting. As such they did not receive a DSU award in May 2007 and they received a retainer fee only for the first and second quarters of 2007.

(10) This amount is Mr. Meredith s director fees from January 1, 2007 through March 31, 2007. On April 1, 2007, Mr. Meredith became Acting Chief Financial Officer. See the *Summary Compensation Table* for information regarding Mr. Meredith s compensation as Acting Chief Financial Officer.

(11) Mr. Vinciquerra was elected to the Board effective July 26, 2007, and he did not receive a DSU award in May 2007, nor did he receive a retainer fee for the first and second quarters of 2007. Upon his election to the Board, Mr. Vinciquerra was granted a pro rata DSU award of 5,187 DSUs for his service from July 26, 2007 to the date of the 2008 annual DSU award for non-employee directors at a fair market value of $17.35 per share.

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**Director Retirement Plan and Insurance Coverage**

In 1996, the Board terminated its retirement plan. Non-employee directors elected to the Board after the termination date are not entitled to benefits under this plan, and non-employee directors already participating in the plan accrued no additional benefits for services after May 31, 1996. In 1998, some directors converted their accrued benefits in the retirement plan into shares of restricted Common Stock. They may not sell or transfer these shares and these shares are subject to repurchase by Motorola until they are no longer members of the Board because either: (1) they did not stand for re-election or were not re-elected, or (2) their disability or death. Mr. Fuller, Ms. Lewent, Mr. Negroponte, Mr. Scott and Mr. J. White converted their accrued benefits in the retirement plan in 1998 and, therefore, there are no current directors entitled to receive payment of such benefits in accordance with the applicable payment terms of the retirement plan.

Non-employee directors are covered by insurance that provides accidental death and dismemberment coverage of $500,000 per person. The spouse of each such director is also covered by such insurance when traveling with the director on business trips for the Company. The Company pays the premiums for such insurance. The total premiums for coverage of all such non-employee directors and their spouses during the year ended December 31, 2007 was $2,995.

**Related Person Transaction Policy and Procedures**

The Company has established written policies and procedures ( Related Person Transaction Policy or the Policy ) to assist it in reviewing transactions in excess of $120,000 ( Transactions ) involving Motorola and its subsidiaries ( Company ) and Related Persons (as defined below). This Policy supplements the Company s other conflict of interest policies set forth in the Principles of Conduct for Members of the Motorola, Inc. Board of Directors and the Motorola Code of Business Conduct for employees and its other internal procedures. A summary description of the Related Person Transaction Policy is set forth below.

For purposes of the Related Person Transaction Policy, a Related Person includes the Company s directors, director nominees and executive officers since the beginning of the Company s last fiscal year, beneficial owners of 5% or more of any class of the Company s voting securities ( 5% Holder ) and members of their respective Immediate Family (as defined in the Policy).

The Policy provides that any Transaction since the beginning of the last fiscal year is to be promptly reported to the Company s General Counsel. The General Counsel will assist with gathering important information about the Transaction and present the information to the applicable Board committee responsible for reviewing the Transaction. The appropriate Board committee will determine if the Transaction is a Related Person Transaction and approve, ratify or reject the Related Person Transaction. In approving, ratifying or rejecting a Related Person Transaction, the applicable committee will consider such information as it deems important to conclude if the transaction is fair to the Company. The Governance and Nominating Committee will make all determinations regarding transactions involving a director or director nominee. The Audit and Legal Committee will make all determinations involving an executive officer or 5% Holder.

The Company had no Related Person Transactions in 2007.

**What is the Process for Identifying and Evaluating Director Candidates?**

As stated in the Motorola, Inc. Board Governance Guidelines, when selecting directors, the Board and the Governance and Nominating Committee review and consider many factors, including experience, in the context of the Board s needs, leadership, diversity, ability to exercise sound judgment, existing time commitments, years to retirement age and independence. It also considers ethical standards and integrity.

The Governance and Nominating Committee will consider nominees recommended by Motorola stockholders provided that the recommendation contains sufficient information for the Governance and Nominating Committee to assess the suitability of the candidate, including the candidate s qualifications. Candidates recommended by stockholders that comply with these procedures will receive the same consideration that candidates recommended by the Committee and management receive.

The Committee considers recommendations from many sources, including members of the Board, management and search firms. From time-to-time, Motorola hires global search firms to help identify and facilitate the screening and interview process of director nominees. The search firm screens candidates based on the Board s criteria, performs reference checks, prepares a biography for each candidate for the Committee s review and helps set up interviews. The Committee and the

Chairman of the Board conduct interviews with candidates who meet the Board s criteria. During late 2006 into early 2007, the Governance and Nominating Committee conducted a search and identified Mr. Anthony J. Vinciquerra as a director candidate. The Committee has full discretion in considering its nominations to the Board.

**PROPOSAL NO. 2**

**RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit and Legal Committee of the Board has appointed KPMG LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2008. Services provided to the Company and its subsidiaries by KPMG LLP in fiscal year 2007 are described under *Audit and Legal Committee Matters Independent Registered Public Accounting Firm Fees* .

We are asking our stockholders to ratify the selection of KPMG LLP as our independent registered public accounting firm. Although ratification is not required by our Bylaws or otherwise, the Board is submitting the selection of KPMG LLP to our stockholders for ratification as a matter of good corporate practice.

Representatives of KPMG LLP will be present at the Annual Meeting to respond to appropriate questions and to make such statements as they may desire.

The affirmative vote of the holders of a majority of shares represented in person or by proxy and entitled to vote on this item will be required for approval. Abstentions will be counted as represented and entitled to vote and will therefore have the effect of a negative vote.

**RECOMMENDATION OF THE BOARD**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE *FOR* RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS THE COMPANY S INDEPENDENT PUBLIC ACCOUNTING FIRM FOR 2008.**

In the event stockholders do not ratify the appointment, the appointment will be reconsidered by the Audit and Legal Committee and the Board. Even if the selection is ratified, the Audit and Legal Committee in its discretion may select a different registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and our stockholders.

**PROPOSAL NO. 3**

**SHAREHOLDER PROPOSAL RE: SAY-ON-PAY**

*The Company has been advised that the AFL-CIO Reserve Fund, the beneficial owner of 1,500 shares, intends to submit the following proposal for consideration at the 2008 Annual Meeting.*

*RESOLVED,* that the shareholders of Motorola, Inc. (the Company ) urge the Board of Directors to adopt a policy that Company shareholders be given the opportunity at each annual meeting of shareholders to vote on an advisory resolution, to be proposed by Company s management, to ratify the compensation of the named executive officers ( NEOs ) set forth in the proxy statement s Summary Compensation Table (the SCT ) and the accompanying narrative disclosure of material factors provided to understand the SCT. The proposal submitted to shareholders should make clear that the vote is non-binding and would not affect any compensation paid or awarded to any NEO.

**Supporting Statement**

In our view, senior executive compensation at our Company has not always been structured in ways that best serve shareholders interests. For example, The Corporate Library, an authority on corporate governance, has given our Company a grade of D, citing High Concern for compensation practices.

We believe that existing U.S. corporate governance arrangements, including SEC rules and stock exchange listing standards, do not provide shareholders with enough mechanisms for providing input to boards on senior executive compensation. In contrast to U.S. practices, in the United Kingdom, public companies allow shareholders to cast an advisory vote on the directors remuneration report, which discloses executive compensation. Such a vote is not binding but gives shareholders a clear voice that could help shape senior executive compensation.

Currently, U.S. stock exchange listing standards require shareholder approval of equity-based compensation plans; those plans, however, set general parameters and accord the compensation committee substantial discretion in making awards and establishing performance thresholds for a particular year. Shareholders do not have any mechanism for providing ongoing feedback on the application of those general standards to individual pay packages. (See Lucian Bebchuk & Jessie Fried, *Pay Without Performance,* 2004.)

Similarly, performance criteria submitted for shareholder approval to allow a company to deduct compensation in excess of $1 million are broad and do not constrain compensation committees in setting performance targets for particular senior executives. Withholding votes from compensation committee members who are standing for re-election is a blunt and insufficient instrument for registering dissatisfaction with the way in which the committee has administered compensation plans and policies in the previous year.

Accordingly, we urge our Company s Board to allow shareholders to express their opinion about senior executive compensation at our Company by establishing an annual referendum process. The results of such a vote would, we think, provide our Company with useful information about whether shareholders view the Company s senior executive compensation practices, as reported each year, to be in shareholders best interests.

**RECOMMENDATION OF THE BOARD**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE *AGAINST* ADOPTION OF THIS SHAREHOLDER PROPOSAL FOR THE REASONS SET FORTH BELOW. UNLESS OTHERWISE INDICATED ON YOUR PROXY, YOUR SHARES WILL BE VOTED *AGAINST* THE ADOPTION OF THIS PROPOSAL.**

The Board of Directors recognizes general shareholder concern around executive compensation at public companies, but urges shareholders to vote against this shareholder-submitted proposal because: (1) legislation is under consideration to adopt a say-on-pay requirement and a multi-industry working group is reviewing the issue, making adoption of any specific say-on-pay formulation at this time premature and potentially harmful; (2) Motorola s shareholders already have precise and efficient methods to communicate their specific concerns about executive compensation (and other matters) directly to the Board, and these methods are far superior to the non-specific advisory vote recommended by the Proponent; (3) the backward-looking advisory vote advocated by the Proponent would not provide the Board with any more meaningful insight into specific shareholder concerns regarding executive compensation than the existing communication methods; and (4) Motorola s independent Compensation and Leadership Committee already oversees an executive compensation program that is thoughtful, performance-based, objective and transparent.

*Legislation is Under Consideration for a Say-on-Pay Requirement and a Working Group is Reviewing the Issue, Making Adoption of Any Specific Say-on-Pay Formulation at this Time Premature and Potentially Harmful*

The Company believes it would be premature to adopt a say-on-pay proposal at this time in light of possible federal legislation on this same matter. Furthermore, a working group of approximately a dozen large U.S. companies and several large pension funds was formed to review the proposal in February 2007 and has not yet released its recommendation. As the Company s success is dependent on its ability to compete for executive talent, it may be competitively harmful to unilaterally adopt an advisory vote standard until it is uniformly required of our competitors. Therefore, the Company believes it is prudent to continue to carefully monitor the developments regarding the say-on-pay issue before taking any action.

*Motorola s Shareholders Already Have Precise and Efficient Methods to Communicate Their Specific Concerns Directly to the Board*

Motorola s shareholders currently have a number of appropriate tools to communicate specific concerns regarding executive compensation directly to the Board. These tools enable precise communication, rather than the ambiguous results of a general advisory vote. The most direct tool available to shareholders to communicate concerns about executive compensation is the ability to send a message directly to the independent Compensation and Leadership Committee of the Board of Directors. Such a message can be sent one of two ways, either:

| **Via email to:** | **or** | **Through the mail to:** |
|---|---|---|
| boardofdirectors@motorola.com | | Compensation & Leadership Committee<br>c/o Corporate Secretary, Motorola, Inc.,<br>1303 East Algonquin Road,<br>Schaumburg, IL 60196. |

*An Advisory Vote Provides No Meaningful Insight Into Specific Shareholder Concerns Regarding Executive Compensation*

The vote recommended in the proposal would not provide any useful information to Motorola or the members of the independent Compensation and Leadership Committee. For example, if shareholders voted against an advisory resolution, Motorola would not be able to determine the specific basis of the disapproval. This lack of clarity as to the meaning of the outcome of the advisory vote requested by the proposal largely eliminates any benefits it might offer.

*Motorola s Independent Compensation and Leadership Committee Already Oversees an Executive Compensation Program That Is Thoughtful, Performance-Based, Objective and Transparent*

The Compensation and Leadership Committee (the Committee ) oversees Motorola s executive compensation program and evaluates the performance of Motorola s senior executives. The Committee is comprised solely of independent directors and has established a compensation philosophy of providing compensation programs that attract, retain and motivate the best people, with a goal of producing outstanding business performance and shareholder value.

The Board does not believe the advisory vote requested by the Proponent will provide enough detail to enhance the Company s compensation programs or improve communication between shareholders and the Board. For these reasons and the others stated above, the Board of Directors recommends that you vote AGAINST the adoption of this shareholder-submitted proposal.

**PROPOSAL NO. 4**

**SHAREHOLDER PROPOSAL RE: POLICY TO RECOUP UNEARNED MANAGEMENT BONUSES**

*The Company has been advised that Kenneth Steiner, the beneficial owner of 1,600 shares, intends to submit the following proposal for consideration at the 2008 Annual Meeting.*

**4 Recoup Unearned Management Bonuses**

RESOLVED: Shareholders request our board to adopt a bylaw to enable our company to recoup all unearned incentive bonuses or other incentive payments to all senior executives to the extent that their corresponding performance targets were later reasonably determined to have not been achieved or resulted from error(s). This is to be adopted as a bylaw unless such a bylaw format is absolutely impossible. If such a bylaw were absolutely impossible, then adoption would be as a policy. The Securities and Exchange Commission said there is a substantive distinction between a bylaw and a policy. Restatements are one means to determine such unearned bonuses.

This proposal applies to all such senior executives who received unearned bonuses, not merely the executives who cooked the books. This would include that all applicable employment agreements and incentive plans adopt enabling or consistent text as soon as feasibly possible. This proposal is not intended to unnecessarily limit our Board s judgment in crafting the requested change in accordance with applicable laws and existing contracts and pay plans. Our Compensation Committee is urged for the good of our company to promptly negotiate revised contracts that are consistent with this proposal even if this means that our executives be asked to voluntarily give up certain rights under their current contracts.

This proposal topic won our 62%-support at our 2007 annual meeting. Boards should take actions recommended in shareowner proposals that receive a majority of votes cast for and against, according to The Council of Institutional Investors.

I believe this topic is more relevant to our company now. The Corporate Library http://www.thecorporatelibrary.com, an independent investment research firm said that in August 2007 a securities class action suit was filed against

Motorola for violation of the Securities Exchange Act of 1934. The complaint alleges that during the second half of 2006, Motorola tried to artificially inflate its depressed share price by making a series of false and misleading statements about the company s business and prospects. The complaint states that investors received news of missed sales and revenue projections and fourth quarter results that were below expectations. The complaint estimates that the missed targets resulted in share price declines totaling 15%.

The key point for Motorola according to The Corporate Library is that compensation is at a level that represents high concern for shareholders. Total actual compensation for CEO, Edward Zander, was $11 million in 2006 more than 20% greater than compensation at other similarly sized firms. This suggests that Mr. Zander s interests are not closely tied to the interests of shareholders. Of the $11 million in total actual compensation paid to Mr. Zander in 2006, about two thirds or $7.4M was generated by value realized from the vesting of stock. This does not look good in light of the complaint s reference to artificially inflated share prices and false and misleading statements.

With this in mind please vote yes:

**Recoup Unearned Management Bonuses**
**Yes on 4**

**RECOMMENDATION OF THE BOARD**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE *AGAINST* ADOPTION OF THIS SHAREHOLDER PROPOSAL FOR THE REASONS SET FORTH BELOW. UNLESS OTHERWISE INDICATED ON YOUR PROXY, YOUR SHARES WILL BE VOTED *AGAINST* THE ADOPTION OF THIS PROPOSAL.**

The Board of Directors urges shareholders to vote against this shareholder-submitted proposal because the Company has already adopted a clawback policy. In recognition of shareholder concerns expressed at the 2007 Annual Meeting of Stockholders, **the Board of Directors adopted a clawback policy on November 13, 2007**, supplementing the recoupment provisions of the Sarbanes-Oxley Act. The adopted policy is the recommendation of the Compensation and Leadership Committee after careful deliberation. The policy for the recoupment of incentive payments upon financial restatement (the Clawback Policy ), which became effective on January 1, 2008, states in its entirety:

If, in the opinion of the independent directors of the Board (the independent directors ) the Company s financial results are restated due to intentional misconduct by one or more executive officers of the Company, then the independent directors shall use their best efforts to remedy the misconduct and prevent its recurrence. In determining what remedies to pursue against any individual executive officer the independent directors shall consider all relevant facts and circumstances.

To the extent practicable under applicable law, the independent directors may require one or more of the following remedies:

- Reimbursement of the gross amount of any bonus or incentive compensation paid to such executive officer on or after January 1, 2008 that were subsequently reduced due to the restatement (the original financial results );
- Cancellation of outstanding restricted stock, restricted stock units, stock options and any other equity awards granted to such executive officer on or after January 1, 2008; and/or
- Reimbursement of any gains realized after January 1, 2008 in the exercise of stock options, vesting of or open market sales of vested, restricted stock, restricted stock units and any other equity awards granted to such executive officer, regardless of when issued

if and to the extent that

- The amount of the bonus or incentive compensation was calculated based on achievement of the original financial results;
- The executive officer engaged in intentional misconduct that caused or partially caused the need for the restatement; and
- The amount of the bonus or incentive compensation, as calculated under the restated financial results, is less than the amount actually paid or awarded under the original financial results.

In addition the independent directors may take other disciplinary action, including, without limitation, (1) adjustment of future compensation of the executive officer, (2) termination of the executive officer s employment, (3) pursuit of any and all remedies available in law and/or equity in any country, and (4) pursuit of such other action as may fit the circumstances of the particular case.

The independent directors may take into account penalties or punishments imposed by third parties, such as law enforcement agencies, regulators or other authorities. The independent directors power to determine the appropriate punishment for the wrongdoer[s] is in addition to, and not in replacement of, remedies imposed by such entities.

This Policy shall apply in addition to any right of recoupment against the Chief Executive Officer and the Chief Financial Officer under Section 304 of the Sarbanes-Oxley Act of 2002.

The Board of Directors believes that the existing Clawback Policy is the most appropriate policy formulation for the Company. Further, the Company believes the adoption of the Clawback Policy has addressed the concerns previously expressed by its shareholders. For this reason, the Board of Directors recommends that you vote AGAINST the adoption of this shareholder-submitted proposal.

**PROPOSAL NO. 5**

**SHAREHOLDER PROPOSAL RE: A GLOBAL SET OF CORPORATE STANDARDS AT MOTOROLA**

*The Company has been advised that the New Covenant Growth Fund, the beneficial owner of 43,400 shares intends to submit the following proposal for consideration at the 2008 Annual Meeting. The following proposal has also been co-filed by the General Board of Pension and Health*

*Benefits of the United Methodist Church, The Domestic and Foreign Missionary Society of the Episcopal Church, and the General Board of Global Ministries of the United Methodist Church.*

**Whereas,** Motorola, as a global corporation, faces increasingly complex problems as the international social and cultural context within which Motorola operates changes.

Companies are faced with ethical and legal challenges arising from diverse cultures and political and economic contexts. Today, management must address issues that include human rights, workers right to organize and bargain collectively, non-discrimination in the workplace, protection of the environment and sustainable community development. Motorola itself does business in countries with human rights challenges including China, Malaysia, Russia, and Israel and the occupied Palestinian territories, for example.

We believe global companies must implement comprehensive codes of conduct, such as those found in Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance, developed by an international group of religious investors. (April, 2003, www.bench-marks.org) Companies must formulate policies to reduce risk to reputation in the global marketplace.

In August 2003, the United Nations Sub-Commission on the Promotion and Protection of Human Rights took historic action by adopting Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights. (www1.umn.edu/humanrts/links/NormsApril2003.html)

We believe significant commercial advantages may accrue to our company by adopting a comprehensive human rights policy based on the UN Human Rights Norms serving to enhance corporate reputation, improve employee recruitment and retention, improve community and stakeholder relations and reduce risk of adverse publicity, consumer boycotts, divestment campaigns and lawsuits.

Motorola ought to be able to assure shareholders that employees are treated fairly and paid a sustainable living wage wherever they work in the global economy. One element of ensuring compliance is utilization of independent monitors made up of respected local human rights, religious and other non-governmental organizations that know local culture. Global companies, including Ford, GAP and Hewlett-Packard, are developing credible code enforcement mechanisms.

**RESOLVED,** the shareholders request the Board of Directors to review and amend, where applicable, Motorola s policies related to human rights that guide its international and U.S. operations. We request a summary of this review by October 2008 and suggest it be posted on Motorola s website.

**Supporting Statement**

Motorola s current policies contain only three components from existing international human rights codes. These set forth a corporate policy of non-discrimination, no use of forced labor or child labor. We believe that our company s policies should reflect a more comprehensive understanding of human rights.

Therefore, we recommend the review include policies designed to protect human rights civil, political, social, environmental, cultural and economic based on internationally recognized human rights standards. We particularly urge attention to harassment or discrimination against women and other forms of violence in the workplace as well as the rights of minorities. We believe the review should also take note of the Universal Declaration of Human Rights, the Fourth Geneva Convention, the International Covenant on Civil and Political Rights, the core labor standards of the International Labor Organization, the International Covenant on Economic, Cultural and Social Rights, and United Nations resolutions and reports of UN special rapporteurs on countries where Motorola does business.

**RECOMMENDATION OF THE BOARD**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE *AGAINST* ADOPTION OF THIS SHAREHOLDER PROPOSAL FOR THE REASONS SET FORTH BELOW. UNLESS OTHERWISE INDICATED ON YOUR PROXY, YOUR SHARES WILL BE VOTED *AGAINST* THE ADOPTION OF THIS PROPOSAL.**

The Company agrees with the principles on which this proposal is based and already addresses the concerns it raises, making this proposal unnecessary. In fact, the Company already has in place a comprehensive set of policies and procedures that address human rights, which are designed to ensure that its operations worldwide are conducted using the highest standards of integrity and ethical business conduct applied uniformly and consistently.

The Company s policies include: the Motorola Code of Business Conduct, the Motorola Human Rights Policy, the Motorola Business Conduct Expectations for Suppliers Policy, and the Motorola EHS Policy. These specific policies are based upon internationally recognized human rights standards,

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such as the Universal Declaration of Human Rights, the core labor standards of the International Labor Organization, the United Nation s Global Compact, Social Accountability 8000 (SA 8000) standard, and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, to name a few.

The Company s policies reflect a comprehensive understanding of human rights and support the following important areas:

- Compliance
- Anti-corruption
- No unfair business practices
- Anti-discrimination
- No forced labor
- No child labor
- No harsh or inhumane treatment
- Freedom of association and collective bargaining
- Fair working hours and wages
- Safe and healthy working conditions
- Environmental sustainability

As part of the Company s management practices, we periodically perform thorough reviews of the aforementioned policies and update them to keep them in alignment with internationally recognized human rights standards. Such a review is currently being conducted and we plan to post the revised documents to our website when our review is complete.

The Board believes that the Company s policies effectively articulate our long-standing support for, and continued commitment to, human rights rendering the proposal duplicative and unnecessary. Therefore, the Board of Directors recommends that you vote AGAINST this proposal.

## EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes the Company s equity compensation plan information as of December 31, 2007. The table does not include information with respect to shares subject to outstanding options granted under equity compensation plans assumed by the Company in connection with mergers or acquisitions where the plans governing the options will not be used for future awards, as described below.

| *Plan Category* | *Number of securities to be issued upon exercise of outstanding options and rights (a)* | *Weighted-average exercise price of outstanding options and rights (b)* | *Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)* |
|---|---|---|---|
| Equity compensation plans approved by Motorola stockholders | 229,192,439(1)(2)(3) | $18.76(4) | 137,493,087(5) |
| Equity compensation plans not approved by Motorola stockholders(6)(7) | 4,800,205 | $16.31 | 0 |
| Total | 233,992,644 | $18.17 | 137,493,087 |

(1) This includes shares subject to outstanding options granted under the Motorola Omnibus Incentive Plan of 2006 ( 2006 Plan ) and prior stock incentive plans no longer in effect.

(2) This also includes an aggregate of 10,963,285 restricted or deferred stock units that have been granted or accrued pursuant to dividend equivalent rights under the 2006 Plan and prior stock incentive plans which are no longer in effect. Each restricted or deferred stock unit is intended to be the economic equivalent of a share of Common Stock.

(3) This does not include 412,252 stock appreciation rights ( SARs ) which are outstanding and exercisable under prior stock incentive plans that are no longer in effect. These SARs enable the recipient to receive, for each SAR granted, cash in an amount equal to the excess of the fair market value of one share of Common Stock on the date the SAR is exercised over the fair market value of one share of Common Stock on the date the SAR was

granted. No security is issued upon the exercise of these SARs.

(4) This weighted exercise price does not include outstanding restricted or deferred stock units.

(5) Of these shares: (1) 49,452,690 shares remain available for future issuance under the Company s employee stock purchase plan, the Motorola Employee Stock Purchase Plan of 1999, as amended; and (2) an aggregate of 88,040,397 shares remain available for future issuance under the 2006 Plan. In addition to stock options, other equity benefits which may be granted under the 2006 Plan are SARs, restricted stock, restricted stock units, deferred stock units, performance shares and other stock awards. In addition, at the discretion of the Compensation and Leadership Committee, shares of Motorola Common Stock may be issued under the 2006 Plan in payment of awards under the Long Range Incentive Plans.

(6) The Company s only non-stockholder approved plan is the Motorola Compensation/Acquisition Plan of 2000 (the C/A Plan ). No further grants may be made under the C/A Plan effective May 1, 2006 upon adoption of the 2006 Plan. Since its inception, the major purposes of the C/A Plan were to grant awards: (1) to persons newly hired by the Company, and (2) in connection with the acquisition of businesses. Otherwise, grants were generally made by the Company under the Company s stockholder approved incentive plans. Awards could not be made under the C/A Plan to directors or executive officers of the Company. The C/A Plan is more fully described below.

(7) As of December 31, 2007, there were 865,405 shares subject to outstanding stock options which had been assumed by the Company in connection with acquisition transactions, at a weighted average exercise price of $12.53. These options were issued under equity compensation plans of companies acquired by the Company. No additional options may be granted under these equity compensation plans. The table does not include information with respect to these assumed options.

**Compensation/Acquisition Plan of 2000**

The Motorola Compensation/Acquisition Plan of 2000 (the C/A Plan ) was initially adopted on November 7, 2000 by the Board of Directors. Upon the adoption of the 2006 Plan, no further grants may be made under the C/A Plan. The C/A Plan provided that awards could be granted to employees of the Company and its subsidiaries who were not executive officers or directors of the Company, in connection with its recruiting and retention efforts. Since its inception, the major purposes of the C/A Plan have been to grant awards: (1) to persons newly hired by the Company, and (2) in connection with the acquisition of businesses. The C/A Plan permitted the granting of stock options, stock appreciation rights, restricted stock and restricted stock units, performance stock, performance units and other stock awards.

Awards included options to acquire shares of Common Stock, shares of restricted Common Stock and restricted stock units. Each option granted has an exercise price of 100% of the market value of the Common Stock on the date of grant. Generally, options expire 10 years from the date of grant and vest and become exercisable at 25% increments over four years. Awards of restricted stock or restricted stock units consist of shares or rights to shares of Common Stock. The restrictions on individual grants vary, but are designed so that the awards are subject to substantial risk of forfeiture by the employee.

Upon the occurrence of a change in control, each stock option outstanding on the date on which the change in control occurs, will immediately become exercisable in full. In addition, the restrictions on all shares of restricted stock or restricted stock units outstanding on the date on which the change in control occurs will be automatically terminated.

## OWNERSHIP OF SECURITIES

### Security Ownership of Management and Directors

The following table sets forth information as of February 29, 2008, regarding the beneficial ownership of shares of Common Stock by each director and nominee for director of the Company, by the persons named in the Summary Compensation Table, and by all current directors, nominees and executive officers of the Company as a group. Each director, nominee and Named Executive Officer owns less than 1% of the Common Stock. All current directors, nominees and current executive officers as a group own less than 1%.

| *Name* | *Shares Owned*(1) | *Shares Under Exercisable Options*(2) | *Stock Units*(3) | *Total Shares Beneficially Owned*(4)(5) |
|---|---|---|---|---|
| Edward J. Zander | 484,808 | 3,905,050 | 0 | 4,612,383(6) |
| Gregory Q. Brown | 67,314 | 1,625,648 | 0 | 2,755,948(7) |
| David W. Devonshire* | 0 | 300,730 | 0 | 300,730 |
| Thomas J. Meredith | 4,223 | 265,000 | 505,756(8) | 884,613(9) |
| Stuart C. Reed* | 0 | 175,000 | 0 | 486,601(10) |
| Daniel M. Moloney | 35,239 | 832,685 | 0 | 1,179,462(11) |
| Ruth A. Fattori* | 20,362 | 355,140 | 0 | 532,765(12) |
| David W. Dorman | 0 | 0 | 16,862 | 16,862 |
| Judy C. Lewent | 47,604 | 115,584 | 12,596 | 175,784(13) |
| Nicholas Negroponte | 47,863 | 115,584 | 12,596 | 176,043 |
| Samuel C. Scott III | 33,889 | 115,584 | 19,233 | 168,706(14) |
| Ron Sommer | 3,043 | 15,000 | 12,596 | 30,639 |
| James R. Stengel | 73,058 | 15,000 | 12,596 | 100,654 |
| Anthony J. Vinciquerra | 600 | 0 | 6,289 | 6,889 |

| | | | | |
|---|---|---|---|---|
| Douglas A. Warner III | 24,458 | 65,292 | 18,410 | 108,160(15) |
| John A. White | 44,268 | 56,910 | 23,940 | 125,118(16) |
| Miles D. White | 2,000 | 0 | 24,137 | 26,137(17) |
| All current directors, nominees and current executive officers as a group (21 persons) | 505,929 | 9,139,421 | 665,011 | 8,269,505(18) |

* Since each has ceased to be an executive officer, Mr. Devonshire s holdings are as of August 31, 2007, Ms. Fattori s holdings are as of January 11, 2008 and Mr. Reed s holdings are as of February 1, 2008.

(1) Includes shares over which the person currently holds or shares voting and/or investment power but excludes interests, if any, in shares held in the Motorola Stock Fund of the Company s 401(k) Plan and the shares listed under Shares Under Exercisable Options and Stock Units .

(2) Includes shares under options exercisable on February 29, 2008 and options which become exercisable within 60 days thereafter. Also includes unvested shares under market-based options whose vesting is subject to the closing stock price achieving a certain performance.

(3) Includes stock units which are deemed to be beneficially owned on February 29, 2008 or 60 days thereafter. Stock units are not deemed beneficially owned until the restrictions on the units have lapsed. Each stock unit is intended to be the economic equivalent of a share of Common Stock.

(4) Unless otherwise indicated, each person has sole voting and investment power over the shares reported.

(5) Includes interests, if any, in shares held in the Motorola Stock Fund of the Company s 401(k) Plan, which is subject to certain investment restrictions, the shares listed under Shares Under Exercisable Options and units listed under Stock Units .

(6) Mr. Zander has shared voting and investment power over 484,808 of these shares. Mr. Zander s holdings under Total Shares Beneficially Owned include 97,525 stock units that are subject to restrictions and 800,000 unvested market-based options that only vest if the Common Stock achieves a certain performance. The stock units are excluded from the computations of percentages of shares owned because the restrictions lapse more than 60 days after February 29, 2008.

(7) Mr. Brown s holdings under Total Shares Beneficially Owned include 1,062,986 stock units that are subject to restrictions and 679,348 unvested market-based options that only vest if the Common Stock achieves a certain performance. The stock units are excluded from the computations of percentages of shares owned because the restrictions lapse more than 60 days after February 29, 2008.

(8) This amount for Mr. Meredith includes a grant of 500,000 restricted stock units are market-based whose vesting is subject to the closing stock price achieving a certain performance as detailed in Mr. Meredith s footnote to the Outstanding Equity Awards at 2007 Fiscal Year-End table.

(9) Mr. Meredith s holdings under Total Shares Beneficially Owned include 109,634 stock units that are subject to restrictions. These units are excluded from computation of percentages of shares owned because the restrictions lapse more than 60 days after February 29, 2008.

(10) Mr. Reed s holdings under Total Shares Beneficially Owned include 311,601 stock units that are subject to restrictions. These units are excluded from computation of percentages of shares owned because the restrictions lapse more than 60 days after February 29, 2008.

(11) Mr. Moloney s holdings under Total Shares Beneficially Owned include 301,738 stock units that are subject to restrictions. These units are excluded from computation of percentages of shares owned because the restrictions lapse more than 60 days after February 29, 2008.

(12) Ms. Fattori s holdings under Total Shares beneficially Owned include 157,264 stock units that are subject to restrictions. These units are excluded from the computations of percentages of shares owned because the restrictions lapse more than 60 days after February 29, 2008.

(13) Ms. Lewent does not have investment power over 264 of these shares.

(14) Mr. Scott does not have investment power over 12,177 of these shares.

(15) Mr. Warner does not have investment power over 4,245 of these shares.

(16) Mr. John White has shared voting and investment power over 30,551 of these shares and shared voting and no investment power over 540 of these shares.

(17) Mr. Miles White has shared voting and investment power over 2,000 of these shares.

(18) All directors, nominees and current executive officers as a group have: sole voting and investment power over 437,840 of these shares, shared voting and investment power over 535,805 of these shares, and have sole voting and no investment power over none of these shares. Included under Total Shares Beneficially Owned are 2,220,628 stock units that are subject to restrictions. Each stock unit is intended to be the economic equivalent of a share of Common Stock. These units are excluded from the computations of percentages of shares owned because the restrictions lapse more than 60 days after February 29, 2008.

No directors, nominees or current executive officers have pledged shares of Motorola Common Stock pursuant to any loan or arrangement where there is an expectation that the loan or arrangement may be repaid by foreclosure or other recourse to the shares of Motorola Common Stock.

## Security Ownership of Principal Shareholders

The following table sets forth information with respect to any person who is known to be the beneficial owner of more than 5% of the Company s Common Stock on December 31, 2007.

| *Name and Address* | *Number of Shares and Nature of Beneficial Ownership* | *Percent of Outstanding Shares* |
|---|---|---|
| Dodge & Cox,<br>555 California Street, 40th Floor,<br>San Francisco, CA 94104 | 248,956,308(1) shares of Common Stock | 10.9% |
| Carl C. Icahn and related entities,<br>767 Fifth Avenue, 47th Flr.,<br>New York, NY 10153(2)(3) | 114,289,100(3) shares of Common Stock | 5.04% |

(1) Information based solely on Schedule 13G/A dated February 8, 2008 filed with the Securities and Exchange Commission by Dodge & Cox. The Schedule 13G/A indicates that as of December 31, 2007, Dodge & Cox was the beneficial owner with sole dispositive power of 248,956,308 shares, sole voting power as to 239,035,958 shares and shared voting power as to 417,000 shares.

(2) A Schedule 13D ( Icahn Schedule 13D ) was filed with the Securities and Exchange Commission on February 6, 2008, jointly by Carl C. Icahn and the following related entities (collectively, the Reporting Persons ): (a) High River Limited Partnership, Hopper Investments LLC, Barberry Corp., Icahn Offshore LP, Icahn Partners LP, Icahn Onshore LP, Icahn Capital LP, IPH GP LLC, Icahn Enterprises Holdings L.P., Icahn Enterprises. G.P. Inc., Beckton Corp. each of whose address is White Plains Plaza, 445 Hamilton Avenue-Suite 1210, White Plains, NY 10601, (b) Icahn Partners Master Fund LP ( Icahn Master ) Icahn Partners Master Fund II LP ( Icahn Master II ), Icahn Partners Master Fund III LP ( Icahn Master III ) each of whose address is c/o Walkers SPV Limited, P.O. Box 908GT, 87 Mary Street, George Town, Grand Cayman, Cayman Islands.

(3) Information based solely on the Icahn Schedule 13D. According to the Icahn Schedule 13D as of the date of the Icahn Schedule 13D: (a) High River Limited Partnership was the beneficial owner with sole voting and dispositive power of 22,857,820 shares and each of: Hopper Investments LLC, Barberry Corp. and Carl C. Icahn has shared voting and shared dispositive power with regard to such shares and may be deemed to indirectly own such shares but disclaim beneficial ownership for of such shares for all other purposes; (b) Icahn Master has sole voting power and sole dispositive power with regard to 39,729,937 shares and each of Icahn Offshore, Icahn Capital, IPH, Icahn Enterprises Holdings, Icahn Enterprises GP, Beckton and Mr. Icahn has shared voting power and shared dispositive power with regard to such shares and may be deemed to indirectly own such shares but disclaim beneficial ownership of such shares for all other purposes; (c) Icahn Master II has sole voting power and sole dispositive power with regard to 12,591,631 Shares and each of Icahn Offshore, Icahn Capital, IPH, Icahn Enterprises Holdings, Icahn Enterprises GP, Beckton and Mr. Icahn has shared voting power and shared

dispositive power with regard to such Shares and may be deemed to indirectly own such shares but disclaim beneficial ownership for of such shares for all other purposes; (d) Icahn Master III has sole voting power and sole dispositive power with regard to 4,772,918 shares and each of Icahn Offshore, Icahn Capital, IPH, Icahn Enterprises Holdings, Icahn Enterprises GP, Beckton and Mr. Icahn has shared voting power and shared dispositive power with regard to such shares but disclaim beneficial ownership for of such shares for all other purposes; (d) Icahn Partners has sole voting power and sole dispositive power with regard to 34,336,794 Shares and each of Icahn Onshore, Icahn Capital, IPH, Icahn Enterprises Holdings, Icahn Enterprises GP, Beckton and Mr. Icahn has shared voting power and shared dispositive power with regard to such shares but disclaim beneficial ownership for of such shares for all other purposes.

**Compensation Discussion and Analysis**

***General Compensation Philosophy***

Our general compensation philosophy is to provide world-class reward strategies and programs that attract, retain and motivate the right people, in the right places at the right time. We strive to provide a total compensation package that is competitive with the prevailing practices for the industry and countries in which we operate, allowing for above average total compensation when justified by business results and individual performance.

***Executive Compensation Guiding Principles***

Our general compensation philosophy is further guided by the following principles specific to our executives:

- a strong link between pay and performance both at the Company and the individual level;
- the opportunity to receive total compensation above the prevailing market median for outstanding Company performance and the correlation of total compensation with the level of success achieved;

- strongly differentiated pay for superior performers proportional to their contributions to our success;
- alignment of our executives and our stockholders interests and management of our Company from the perspective of owners with a meaningful equity stake;
- a competitive total rewards package that enables us to attract and motivate high-performing talent and that is competitive with other large-cap, high-tech companies;
- retention of high performers through meaningful wealth creation opportunities; and
- a simple and cost-efficient program design.

***Components of Our Compensation Program***

The compensation program for our Named Executive Officers consists of:

- base salary;
- short-term incentives through our annual Motorola Incentive Plan ( MIP );
- long-term incentives through our Long Range Incentive Plans ( LRIP ), and equity grants;
- executive benefits and perquisites; and
- broad-based employee benefits.

With each component of our compensation program, we strive to align the interests of our executives with the interests of our stockholders in different ways by focusing on short-term and long-term performance goals, by promoting an ownership mentality toward one s job, by linking individual performance to our performance, and by ensuring healthy employees.

***The Role of the Compensation and Leadership Committee and Executive Officers in Determining Compensation***

Our senior leadership team, comprised of our Chief Executive Officer, or CEO, and certain of our executives designated by our CEO, provides recommendations regarding the design of our compensation program to the Compensation and Leadership Committee, or the Committee. Following Committee approval, our senior leadership team is responsible for executing the objectives of our compensation program. Each member of our senior leadership team approves all compensation actions for his or her respective part of our organization and is accountable for compliance with established governance procedures.

The CEO is responsible for recommending all elements of compensation for his senior leadership team and other direct reports to the Committee for its approval, including any modifications to their compensation. The CEO takes an active role in Committee meetings at which compensation actions involving his senior leadership team and other direct reports are discussed. The Committee s independent compensation consultant, Mercer, also participates in these Committee meetings.

The Global Rewards department in our Human Resources organization, together with our Senior Vice President, Human Resources, prepares recommendations regarding CEO compensation for the Committee. The CEO does not participate in the discussions regarding his compensation at Committee meetings. The Committee is responsible for bringing recommended compensation actions involving the CEO to the Board for its concurrence. The Committee cannot unilaterally approve compensation or compensation changes for the CEO.

***Our Compensation Mix***

We measure the competitiveness of our total direct compensation (base salaries + target short-term incentive opportunity + target long-term incentive opportunity) against high-technology market practices. Total direct compensation levels for each executive position are targeted between the 50th and the 65th percentile of similar positions in our comparator group, consisting of 17 large-cap, high-tech companies. We structure our compensation mix to be market competitive for each compensation element. Base salary is generally targeted at the 50th percentile of the comparator group, but the exact percentile may differ by individual, and incentive compensation (both annual incentives and long-term incentives) is generally targeted at the 65th percentile of the comparator group, but the exact percentile may differ by individual.

However, as disclosed in more detail below, the Committee on the recommendation of management, has the discretion to set total compensation above or below the targeted percentile of similar positions in our comparator group when the value of the individual s experience, performance, and specific skill set justifies variation. As a result, competitively superior pay is awarded to those executives who earn it, and the greatest retention value is invested in our strongest performers.

The cost of our compensation program impacts our financial performance. As a result, we continue to remain focused on ensuring that our compensation program is optimized to motivate employees to improve our results on a cost-effective basis.

We also recognize the need to balance the components of our compensation program appropriately depending on an individual s position and ability to impact our results. Accordingly, our compensation program is structured so that more than two-thirds of our Named Executive Officer s targeted total compensation is at risk (in the form of equity grants and awards under the LRIP and MIP) and is dependent upon our results.

Annually at the beginning of each year when the Committee reviews salary increases for that year, the Committee also reviews an outline of each element of compensation granted and total compensation for each member of the senior leadership team. In early 2008, the Committee reviewed the total compensation outline provided by Mercer.

### *Compensation Benchmarking*

The elements, as well as the total direct compensation, of our rewards program for Named Executive Officers are benchmarked against our comparator group. We strive to award both competitive forms of compensation (base salary, short-term incentive compensation and long-term incentive compensation) and to ensure that the individual elements comprising our compensation are competitively positioned in the marketplace. Our comparator group consists of 17 large-cap, high-tech companies that, in the aggregate, both we and the Committee believe best represent our portfolio of businesses and our competition for executive talent. We believe using our comparator group for our Named Executive Officers in the United States is an appropriate method to understand the executive talent market in which we must compete to attract and retain top-quality talent. The Committee reviews the composition of the comparator group annually to determine if any changes are necessary. Since 2000, we and the Committee have sought to more closely align our compensation program with that of our large-cap, high-tech peers.

In 2007, our comparator group consisted of the following companies: Alcatel-Lucent, Apple, Inc., Cisco Systems, Inc., Dell Inc., Electronic Data Systems Corp., EMC Corp., LM Ericsson Telephone Co., Hewlett-Packard Co., International Business Machines Corp., Intel Corp., Microsoft Corp., Nokia Corp., Nortel Networks Corp., Oracle Corp., QUALCOMM Inc., Sun Microsystems, Inc. and Texas Instruments Inc. Based upon the market in which we compete for executive talent within our industry, the Committee approved our comparator group, and Mercer, the Committee s independent consultant, confirmed that the companies comprising the comparator group were appropriate. In 2008, these same companies will comprise our comparator group.

In addition to our comparator group data, we also analyze and incorporate compensation market data from the following survey sources:

*Cash Compensation and Long-Term Incentive Compensation Survey Sources*

CHiPS Executive & Senior Management Total Compensation Survey published by Pearl Meyer & Partners, a Clark Consulting Practice;
Towers Perrin Compensation Data Bank® (CDB) Executive Compensation Database;
Radford Executive Survey Custom Compensation Report published by Radford, an Aon company; and
US Executive Pay and Performance Study published by Mercer.

*Additional Long-Term Incentive Compensation Survey Sources*

The Global Long Term Incentive Practices Survey published by Buck Consultants, an ACS company.

Because these surveys contain competitive compensation market data on a number of companies spanning a number of different industries, our market analysis involves narrowing the available data to cuts that most accurately reflect our competitive labor market. For example, we might request compensation data for business segment presidents at high-tech companies with revenues greater than $500 million . We complete regression analyses using the appropriate data cuts to capture the most accurate market data possible.

In order of priority, the data cuts we employ include:

- the 17 large-cap, high-tech companies that comprise our comparator company group;
- an expanded comparator company group that includes other high-tech companies (e.g., Google Inc., Palm, Inc., Advanced Micro Devices Inc., etc.);
- technology companies with annual revenue greater than $500 million; and
- large-cap companies with annual revenue in the $20 billion to $80 billion range.

We strongly believe in engaging the best talent for critical functions, which may require negotiations with individual executives who have significant retention packages in place with other employers. In order to compensate these individuals for the compensation that they would forfeit by terminating their previous employment, the Committee, on the recommendation of management, may determine that it is in our best interest to offer compensation packages that deviate from our general principle of targeting compensation between the 50th and 65th percentiles of our comparator group. Similarly, the Committee, on the recommendation of management, may determine it is appropriate to provide certain individuals with compensation outside of our normal cycles. In each case, the Committee makes such decisions based on:

- increased responsibilities or job changes related to shifts in our strategic priorities,
- retention of critical talent, and
- strategic investment in individuals identified as candidates for our leadership succession plans.

Accordingly, for some Named Executive Officers, the individual compensation elements are above the target range of the 50th to the 65th percentiles. In determining actual compensation for a Named Executive Officer, the Committee considers such Named Executive Officer s role, responsibilities, experience, performance, and skill set in making its judgment of the Named Executive Officer s value to our Company and in the marketplace. These determinations are generally subjective, and the Committee does not rely on formulaic weighting of these factors in making its compensation decisions. The Committee uses these factors to provide a context for its decisions but does not formulaically produce decisions on specific elements of compensation.

***Independent Consultant Review of Executive Compensation***

The Committee has the discretion, to the extent deemed necessary and appropriate, to retain and terminate compensation consultants, outside counsel or other advisors, including the sole authority to approve such consultants , counsel s or advisors fees and other retention terms. The Committee s practice is to engage an external independent consultant to complete an evaluation of our compensation program on a periodic basis, typically every two or three years, and to review the specific compensation of our CEO and our CEO s direct reports annually.

The Committee s current compensation consultant, Mercer, is independent from us and reports directly to the Chair of the Committee. The Committee believes that Mercer is presently the appropriate consultant to review and assist in the development of our compensation program. Mercer does not have any other significant business relationships with us other than the foreign engagements discussed below. When appropriate, the Committee has discussions with Mercer without management present to protect impartiality.

Due to our global reach and Mercer s expertise, it may be in our best interest to retain Mercer for limited, unrelated services. Engagements of Mercer by certain of Motorola s non-U.S. subsidiaries were made by local management, not by senior executives. Management reports to the Committee regarding any fees for unrelated services and products purchased from Mercer. The most recent review took place in July 2007. This other work involved (1) pension consulting services in Ireland and the United Kingdom, (2) the purchase of international compensation survey reports, (3) medical insurance claims administration in Mexico, (4) group disability claims administration in Australia, and (5) consulting work in Ireland, Australia and New Zealand on benefits and/or redundancy (reduction in force) matters. The Committee uses this information and other matters of judgment to ensure Mercer s independence in advising the Committee.

*2007 Executive Compensation Review*

In January 2007, the Committee engaged Mercer to complete an independent evaluation of our executive rewards program and the compensation of our senior leadership team, including the Named Executive Officers. Mercer s study concluded that these compensation programs for 2007 were fundamentally competitive and sound. The Committee agreed with Mercer s conclusions that no substantive revisions to our compensation program were required.

*2008 Executive Compensation Review*

In January 2008, the Committee once again engaged Mercer to independently review our executive rewards program and the compensation of our senior leadership team, including the Named Executive Officers. Mercer s 2008 executive compensation review studied (1) the relationship between our actual 2006 senior executive compensation levels and Company performance, (2) the competitiveness of our target executive pay program in light of our executive pay philosophy, and (3) the competitiveness of our pay mix , long-term incentive compensation ( LTI ) mix, equity grants and LTI performance metrics compared to the market.

Mercer reviewed the following compensation components in its competitive assessment:

- base salary;
- annual bonus (target annual bonus opportunity);
- total cash compensation (base salary + target annual bonus opportunity);

- LTI (long-range incentive compensation target opportunity plus equity compensation); and
- total direct compensation (total cash compensation + LTI).

Mercer relied on both published survey sources, including the surveys listed above under Compensation Benchmarking, and peer company proxy data, including data from our comparator group, to determine our competitive positioning relative to the market.

Each position reviewed was matched to the market based on position, responsibility, and the scope of the business for which the position was responsible.

*Pay and Performance Relationship*

Mercer s study found that our compensation structure is highly leveraged so that strong Company performance leads to above-market pay and weak Company performance results in below-market pay. Mercer found that overall, our performance on select metrics (growth: revenue growth, EBITDA growth, and EPS growth; operating performance: EBITDA per employee, EBITDA margin, and net profit margin; return: return on assets (ROA), return on equity (ROE) and return on capital (ROC); and shareholder value: total shareholder return (TSR), market-to-book ratio, P/E ratio and market-to-sales ratio) was slightly above the 25th percentile of our peers for 2006 and approximately at median for the three-year period from 2004 to 2006.

Mercer also found that our 2006 cash compensation levels approximated Company performance at the 25th percentile and that our total compensation on a three-year paper gains basis (2006 base salary plus 2006 actual bonus and 3-year average LTI valued as of December 31, 2006) approximated Company performance at slightly above the 50th percentile of the peer group.

*Pay Mix and Program Provisions Compared to the Market*

Mercer s study found that:

- Our total target pay mix is generally consistent with our peers, particularly LTI for the Named Executive Officers. Our LTI mix, based on actual awards granted in 2007, includes greater emphasis on restricted stock units compared to our peers.
- Our annual equity grants have declined in recent years, consistent with our peers and the market. Our 2006 run rate approximates the median of our peer group, and total potential equity dilution (overhang) approximates the 25th percentile.
- Our use of economic profit in our three-year Long Range Incentive Plan (LRIP) program is somewhat atypical compared to our peers, which generally use sales and an operating or net earnings metrics.

The Committee agreed with the Mercer study s conclusions and, as discussed below, relied on the study s findings in setting the 2008 compensation levels for our senior leadership team.

***Base Salary***

Base salary levels for each Named Executive Officer are generally targeted at the 50th percentile of the comparator group, but the exact percentile may differ by individual. As such, the base salaries for our senior leadership team, including the Named Executive Officers, were established in accordance with an external market competitiveness analysis by Mercer. As disclosed previously, the Committee, on the recommendation of management, has the discretion to deviate from the targeted percentile range when a Named Executive Officer s experience, performance and specific skill set justifies variation.

*Mr. Zander s Base Salary*

Pursuant to the terms of his employment agreement, Mr. Zander s annual base salary for 2007 was $1,500,000. Mr. Zander s base salary has not changed since he joined the Company in 2004.

The employment agreement was approved by the Board, based in part on the recommendation of the Committee and a search committee formed in 2003 to facilitate the search for a Company Chairman and CEO. The search committee hired its own external CEO compensation advisors who worked with the external compensation advisors regularly used by the Committee and management to develop the compensation package that is reflected in Mr. Zander s employment agreement. Comparator data from similarly-sized companies and companies in our industries was gathered and analyzed in determining the compensation package.

*Mr. Brown s Base Salary*

In July 2007, the Committee decided to increase Mr. Brown s base salary from $765,000 to $950,000 effective July 2, 2007 in recognition of Mr. Brown s election to President and Chief Operating Officer. The Committee determined that the base salary adjustment appropriately rewarded Mr. Brown for his performance and was necessary to pay a competitive base salary to Mr. Brown in his new role.

In January 2008, the Committee decided, and the independent Board members concurred to increase Mr. Brown s base salary from $950,000 to $1,200,000 effective January 1, 2008 in recognition of Mr. Brown s election to CEO. The Committee determined that the base salary adjustment was necessary to pay a competitive base salary to Mr. Brown in his role as President and CEO.

*Mr. Devonshire s Base Salary*

Mr. Devonshire s base salary has remained at $625,000 since March 2004. On September 18, 2007, the Company and Mr. Devonshire entered into a separation agreement with respect to Mr. Devonshire s formal separation from the Company on December 31, 2007 as discussed below under *Employment Contracts, Termination of Employment and Change in Control Arrangements* .

*Mr. Meredith s Base Salary*

Mr. Meredith became Acting Chief Financial Officer of the Company, effective as of April 1, 2007. On March 27, 2007, in connection with becoming Acting Chief Financial Officer, Mr. Meredith entered into an employment agreement with a term of six months that provided him a base salary of $1 per year. On October 2, 2007, the Committee approved an amended and restated employment agreement with respect to Mr. Meredith s continuing interim tenure with Motorola. Mr. Meredith s interim tenure as Acting Chief Financial Officer and Executive Vice President was extended on a month-to-month basis through no later than April 1, 2008. Beginning October 1, 2007, Motorola began paying Mr. Meredith a gross monthly base salary of $75,000 in a lump sum on the last business day of each month of the employment period that he remains employed as Acting Chief Financial Officer, with a pro rata payment if the employment period ended prior to the last business day of the month.

*Mr. Moloney s Base Salary*

As part of the annual salary review process, in July 2007, Mr. Moloney s base salary was increased from $550,000 to $600,000, effective July 2, 2007. This salary adjustment was in recognition of Mr. Moloney s strong leadership of the Home & Networks Mobility business and increased responsibility. The Committee determined that the base salary adjustment appropriately rewarded Mr. Moloney for his performance and increased responsibility and was necessary to ensure delivery of a competitive base salary to Mr. Moloney.

In January 2008, the Committee decided that Mr. Moloney s base salary would not be increased at that time.

*Mr. Reed s Base Salary*

As part of the annual salary review process, in July 2007, Mr. Reed s base salary was increased from $475,000 to $500,000, effective July 2, 2007. This salary adjustment was in recognition of Mr. Reed s strong leadership of the supply chain organization. On July 16, 2007, Mr. Reed was appointed to lead the Mobile Devices business. Pursuant to this appointment, Mr. Reed s base salary was increased from $500,000 to $600,000 effective July 16, 2007 in light of his increased responsibility. The Committee determined that the base salary adjustment appropriately rewarded Mr. Reed and was necessary to ensure delivery of a competitive base salary to Mr. Reed in his new role.

In January 2008, the Committee decided that Mr. Reed s base salary would not be increased at that time.

*Ms. Fattori s Base Salary*

Ms. Fattori s base salary has remained at $490,000 since March 2006. On December 20, 2007, the Company and Ms. Fattori entered into a separation agreement with respect to Ms. Fattori s formal separation from the Company on November 14, 2008, which is discussed under *Employment Contracts, Termination of Employment and Change in Control Arrangements* .

***Short-Term Incentives***

The MIP is a cash-based, pay-for-performance annual incentive plan that was initiated in January 2002 and applies to all of our regular employees (excluding those employees participating in a sales incentive plan), including the Named Executive Officers. This discussion of the MIP relates to MIP awards granted in 2007 under the 2006 MIP Plan, as amended. For information regarding the impact of Section 162(m) of the Internal Revenue Code on awards granted under the MIP, see the discussion set forth under the caption entitled *The Impact of Favorable Accounting and Tax Treatment on Compensation Program Design* .

Similar to many of our competitors, we use our annual incentive plan, the MIP, to reward employees for their contributions to strong annual business performance. Through the MIP, we strive to promote teamwork, strengthen our financial performance, pursue market share and improve customer satisfaction and quality. Moreover, the MIP supports our goals of attracting and retaining the talent we need to succeed, focusing employees attention on critical business goals, sharing the financial benefits of our superior performance and providing pay that is competitive with our comparator companies.

*MIP Incentive Formula*

The payout value of awards under the MIP is based on the following incentive formula:

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | **Performance Factors** | | | | |
| Eligible Earnings | × | Individual Incentive Target | × | Business Performance Factor | × | Individual Performance | = | MIP Award |

*MIP Individual Incentive Target*

The MIP Individual Incentive Targets are based on market-competitive data and are established as a percentage of eligible earnings (generally base salary). At the beginning of each year, the Committee designates target levels for our Named Executive Officers. Individual Incentive Targets for each Named Executive Officer are generally targeted between the 50th and 65th percentile of the comparator group, but the exact percentile may differ by individual.

For 2007, the Individual Incentive Targets for our Named Executive Officers ranged from 85% to 135% of base salary, depending on the responsibilities of each individual s position, as set forth below:

| | |
|---|---|
| Mr. Zander | 135% |
| Mr. Brown | 122% |
| Mr. Meredith | n/a* |
| Mr. Devonshire | 95% |
| Mr. Moloney | 95% |
| Mr. Reed | 95% |
| Ms. Fattori | 85% |

* Per the terms of his employment agreement, Mr. Meredith did not participate in the MIP in 2007.

The Individual Incentive Targets for our Named Executive Officers were established by the Committee based on Mercer s market competitiveness analysis.

*MIP Business Performance Factor*

At the beginning of each year, the Committee establishes Business Performance Factor targets for the Company as a whole and for specified business units. While most employees receive rewards based, in part, on business performance of their particular business unit (and such unit s corresponding Business Performance Factor), 100% of the award for our Named Executive Officers is based on the overall Motorola Business Performance Factor.

The Committee has discretion under the MIP to make adjustments to the Business Performance Factors during the year. In May 2007, the Committee revised the Business Performance Factor target for one of our business units and the Company as whole to more appropriately motivate employees through the end of the year based on our expected financial performance.

In the MIP for 2007, the MIP Business Performance Factor measures and their relative weights were:

- Operating Earnings (60% weight) consolidated earnings before income taxes, calculated according to GAAP, excluding the effects of one-time events separately identified in earnings releases, such as restructuring activities, sales of marketable securities, stock compensation expense and mergers or acquisitions.
- Operating Cash Flow (10% weight) calculated according to GAAP, which excludes gains on sales of investments and securities and acquisition-related costs, including intangible amortization and in-process research and development.
- Revenue Growth (10% weight) calculated as the year-over-year percentage change in net sales after discounts according to GAAP.
- Four quality-specific measures (combined 20% weight) Customer Advocacy, Reliability, Flawless Launch and Cost of Poor Quality.

The following table sets forth the 2007 MIP Business Performance Factor calculation for the Company as a whole:

| MIP Business Performance Measure | Performance Range (in billions except revenue growth) | Target (in billions) | Actual Fiscal Year 2007 Performance | Resulting Performance Factor | | Weight | Weighted Contributing Result |
|---|---|---|---|---|---|---|---|
| Operating earnings | $1.771 to $3.0 | $3.0 | $159 million | Below threshold | 0%BPF | 60% | 0% |
| Operating cash flow | $1.806 to $3.40 | $3.4 | $785 million | Below threshold | 0%BPF | 10% | 0% |
| Revenue growth | -17.5% to 10.0% | 10.0% | -14.6% | Above threshold, below target | 30% BPF | 10% | 3% |
| Quality | | | | Above threshold, below target | 46% BPF | 20% | 9% |
| **Total MIP Business Performance Factor** | | | | | | | **12%** |

The Committee determined that our 2007 performance on the quality-specific measures discussed above exceeded the threshold performance level, but was less than the target performance level. Accordingly, performance was sufficient to contribute to an incentive payout. The result was a 46% Business Performance Factor and the weighted result was 9% (actual performance x 20% weight). The specific goals for each of the quality-specific measures are designed to incentivize improvements in product development, manufacturing efficiency and customer service and, as such, are aspirational in nature.

Based on our 2007 performance, the Company-wide MIP Business Performance Factor was 12% (0%+0%+3%+9%) of the established target award level.

*MIP Individual Performance*

The MIP Individual Performance gives the Committee the ability to adjust the awards, which are formula-driven based on business results, according to an individual s contribution to our success. We believe that the most effective performance management process establishes a tight and clear link between individual and organizational goals and performance. We strive to establish a clear line of sight between our performance management process and our business strategy. Individual performance is measured by both *what* an individual accomplishes (goal achievement) and *how* the individual accomplishes those goals (behaviors). Since not all Named Executive Officers perform at the same level, nor contribute equally to the metrics used to determine the MIP Business Performance Factors, the Committee has the discretion to adjust awards to account for these differences in individual contribution and performance. We believe that this discretion results in a stronger pay-for-performance culture. Individual Performance adjustments are made by Committee based on its determination of how much to differentiate among individual participants. The use of Individual Performance multipliers demonstrates our commitment to strongly differentiate rewards to the senior leadership team based on individual performance with a multipliers range from 0% (no award paid) for poor performance to 130% (130% of the formula-driven award) for exceptional performance, demonstrating our commitment to strongly differentiate rewards for superior performers.

The Committee determined that because of poor Company performance against the 2007 MIP Business Performance Factor targets, no individual Named Executive Officer should receive a 2007 MIP greater than what the Business Performance Factor formula produced. As a result, the 2007 Individual Performance multiplier for each Named Executive Officer was limited to 100%.

Based on our 2007 Business Performance Factor (12%) and the 2007 Individual Performance multiplier (100%), the 2007 MIP award for each of our Named Executive Officers was 12% of the established target award level. The following table sets forth the MIP awards for each of our Named Executive Officers:

| **Named Executive Officer** | **Target MIP Award** | | **Actual MIP Award** | |
|---|---|---|---|---|
| Mr. Zander | $ | 2,025,000 | $ | 243,000 |
| Mr. Brown | $ | 1,043,683 | $ | 125,242 |
| Mr. Meredith | | n/a* | | n/a* |
| Mr. Devonshire | $ | 399,639 | $ | 47,957 |
| Mr. Moloney | $ | 546,250 | $ | 65,550 |
| Mr. Reed | $ | 478,236 | $ | 57,388 |
| Ms. Fattori | $ | 416,500 | $ | 49,980 |

* Per the terms of his employment agreement, Mr. Meredith did not participate in 2007 MIP.

*Mr. Brown s 2008 MIP Individual Incentive Target and Additional Pay-for-Performance Award*

In January 2008, the Committee decided, with the concurrence of the independent Board members, to set Mr. Brown s Individual Incentive Target under the MIP at 220% of his eligible earnings in light of his new role and responsibilities as CEO and to establish Mr. Brown s target award for an additional cash-based pay-for-performance annual incentive award to be established by us for calendar year 2008 with a target payout at 130% of his eligible earnings.

***Long-Term Incentives ( LTI )***

Our LTI programs are designed to encourage creation of long-term value for our stockholders, employee retention and stock ownership. These programs include (1) the LRIP and (2) equity grants (stock options and restricted stock units).

Many of our employees participate in one or more of our LTI programs, which we believe promote a focus on long-term results and align employee and stockholder interests. We carefully consider the impact of equity expensing, actions taken by our comparator group companies to reduce the use of stock options, and our dilution and overhang levels. As a result, we made certain changes to our equity programs in the interest of achieving the appropriate balance between promoting our cost competitiveness and maintaining employee incentives.

LTI levels for our Named Executive Officers are generally targeted at the 65th percentile of the comparator group, but the exact percentile may differ by individual. Our Named Executive Officers receive a large proportion of their overall targeted compensation (approximately two-thirds) in the form of LTI in order to align the interests of management and stockholders and to promote a focus on long-term results. The LRIP accounts for roughly one-third of the total targeted LTI value, and the balance comes in the form of equity grants (stock options and restricted stock units).

Targeted LTI value for each of our Named Executive Officers was established based on a market competitiveness analysis by Mercer.

***Long Range Incentive Plan***

The LRIP is a pay-for-performance, multi-year incentive plan. The LRIP was adopted in January 2005. The initial three-year cycle started on January 1, 2005 and concluded on December 31, 2007 under the Motorola LRIP of 2005. A second three-year cycle started on January 1, 2006 and will conclude on December 31, 2008 under the Motorola LRIP of 2006, or the 2006 LRIP. A third three-year cycle started on January 1, 2007 and will conclude on December 31, 2009 also under the 2006 LRIP.

Participation in the LRIP is limited to our elected officers including all Named Executive Officers and corporate, senior and executive vice presidents (approximately 110 participants).

The LRIP has a three-year performance cycle with different annual financial targets for each of the three years. Annual performance against the financial targets is averaged to determine performance for the complete performance cycle. Moreover, our Total Shareholder Return ( TSR ) during the three-year performance cycle must exceed certain values, both as a stand-alone value for cycles beginning on or after January 1, 2006 and relative to our comparator group, in order for the full LRIP award to be paid. Threshold levels of performance against the established targets (both the financial targets and TSR targets) must be satisfied in order for a LRIP award to be paid. If these threshold levels of performance are not met, no LRIP award is earned. Additionally, the Committee has the discretion to reduce a participant s LRIP award based on individual performance. LRIP awards, if any, are measured in cash and paid in cash or shares of our Common Stock. The form of payment is determined by the Committee, in its sole discretion, upon the conclusion of the performance cycle.

*LRIP Incentive Formula*

The payout value of awards under the LRIP is based on the following incentive formula:

| | | | | | | |
|---|---|---|---|---|---|---|
| Base Salary at Cycle Start | × | Individual Incentive Target | × | LRIP Business Performance Factor | = | LRIP Award |

*LRIP Individual Incentive Targets*

The LRIP Individual Incentive Targets are based on market-competitive data and are established as a percentage of base salary at the start of the performance cycle. The Committee designates target levels for all LRIP participants. For the 2005-2007, 2006-2008 and 2007-2009 LRIP cycles, the Individual Incentive Targets for our Named Executive Officers ranged from 133% to 250% of base salary at the start of the performance cycle, depending on the responsibilities of each individual s position, as set forth below:

| | **2005-2007** | **2006-2008** | **2007-2009** |
|---|---|---|---|
| Mr. Zander | 250% | n/a* | n/a* |
| Mr. Brown | 183% | 222% | 238% |
| Mr. Meredith | n/a*** | n/a*** | n/a*** |

| | 2005-2007 | 2006-2008 | 2007-2009 |
|---|---|---|---|
| Mr. Devonshire | 133% | n/a* | n/a* |
| Mr. Moloney | 150% | 150% | 150% |
| Mr. Reed | 142% | 150% | 150% |
| Ms. Fattori | 150% | n/a** | n/a** |

* In connection with their departures, Mr. Zander and Mr. Devonshire forfeited all LRIP awards after December 31, 2007.

** In connection with her departure, Ms. Fattori forfeited all LRIP awards after November 14, 2008.

*** Per the terms of his employment agreement, Mr. Meredith is not eligible for participation in LRIP.

*LRIP Business Performance Factor*

The LRIP Business Performance Factor is calculated in a three-step process.

*Step 1: Establish annual performance targets and record annual performance.*

LRIP awards are based on: (1) Annual Improvement in Economic Profit, and (2) Annual Growth in Sales. By combining these measures, LRIP awards emphasize the importance of balancing growth and profitability. While LRIP awards are not directly tied to the price of our Common Stock, the progress made against these two measures should equate to value created for stockholders.

Economic Profit is defined as: Net Operating Profit (after taxes) minus Capital Charge (which is equal to the average of invested capital at the beginning and the end of each year, multiplied by the cost of capital).

Annual Growth in Sales is equal to the percentage change in sales from the beginning to the end of each individual year within the LRIP cycle.

Specific Economic Profit and Annual Growth in Sales targets are established and a Business Performance Matrix is developed at the beginning of each year within a performance cycle. The LRIP Business Performance Matrix is a table that outlines the Business Performance Factor to be used for specific levels of performance against the established economic profit improvement and sales growth targets. The LRIP Business Performance Factors range from 0% (for performance below threshold) to 200% (for maximum performance). At the conclusion of each year, our performance against the LRIP business performance targets is measured and recorded. Based on our annual performance, the appropriate annual Business Performance Factor is determined by reference to that year s Business Performance Matrix.

The LRIP performance targets for each year represent a substantial stretch in performance. In setting these stretch performance objectives, we realize that achievement of target performance is very difficult. However, our performance management process is built on our core value of performance. Year after year, we raise the performance bar to encourage continuous improvement. We believe that the establishment of stretch performance objectives is appropriate because we target total direct compensation levels at the 65th percentile of our comparator group.

The following table sets forth the 2005-2007 LRIP Business Performance Factor calculation:

| RIP 005-007 ycle | Business Performance Measure | Performance Range | *Step 1* Target | Actual Fiscal Year Performance | Resulting Performance Factor | | Weight | *Step 2* Weighted Baseline Contribution Result | *Step 3* Reduction Per Total Shareholder Return | Resulting LRIP BPF |
|---|---|---|---|---|---|---|---|---|---|---|
| 007 | Sales Growth | 10.0% to 20.0% | 13.9% | -14.5% | Below | | | | | |
| | Economic Profit | $56 to $500 million | $300 million | -2.6 million | threshold | 0% BPF | 33.3% | 0 | | |
| 006 | Sales Growth | 5.0% to 18.0% | 13.1% | 21.3% | Below | | | | | |
| | Economic Profit | $146 to $710 million | $512 million | $62 million | threshold | 0% BPF | 33.3% | 0 | | |
| 005 | Sales Growth | 7.0% to 10.0% | 9.1% | 19.0% | Exceeded | 200% | | | | |
| | Economic Profit | $218 to $507 million | $376 million | $899 million | targets | BPF | 33.3% | 67% | (50)% | 33% |
| **otal LRIP Business Performance Factor** | | | | | | | | | | **33%** |

Since the LRIP has a three-year performance cycle, no LRIP award is payable based on our performance in any one performance year. *Step 2* and *Step 3* below detail the additional components involved in the determining a LRIP award.

*Step 2: Average the recorded annual performance results to determine the foundation of the LRIP award.*

The Business Performance Factor for each year in the performance cycle are averaged together to determine the LRIP cycle s baseline award.

The 2005-2007 LRIP cycle began on January 1, 2005 and concluded on December 31, 2007. The average of the three Business Performance Factors (2005 = 200%; 2006 = 0% and 2007 = 0%) is 67%. As a result, the LRIP baseline award for the 2005-2007 performance cycle is 67% of target.

The 2006-2008 LRIP cycle began on January 1, 2006 and will conclude on December 31, 2008. The Business Performance Factor for each of 2006 and 2007 was 0%.

The 2007-2009 LRIP cycle began on January 1, 2007 and will conclude on December 31, 2009. The Business Performance Factor for 2007 is 0%.

<u>Step 3:</u> *Measure our three-year TSR compared with our comparator group to determine the final Business Performance Factor to be used for the LRIP cycle.*

For LRIP purposes, TSR is calculated as follows:

| | |
|---|---|
| | Ending share price (200-day average through last day of cycle, e.g. December 31, 2007) |
| + | Value of reinvested dividends |
| = | Total ending value |
| | Beginning share price (200-day average through day preceding first day of cycle, e.g. December 31, 2004) |
| = | Total value created |
| ¸ | Beginning share price |
| = | **Total shareholder return** |

*2005-2007 LRIP Cycle*

For the 2005-2007 LRIP cycle, in order for the full LRIP awards to be paid, our three-year TSR must exceed the average TSR of our comparator group. If our three-year TSR is equal to or above the 50th percentile of our comparator group, then the full LRIP Business Performance Factor is applied. If our three-year TSR is below the 50th percentile but above the 35th percentile of our comparator group, then the LRIP Business Performance Factor is reduced by 25%. If our three-year TSR is below the 35th percentile of our comparator group, then the LRIP Business Performance Factor is reduced by 50%.

Our three-year TSR for the 2005-2007 LRIP cycle was 13.1%, placing us at the 25th percentile of our comparator group. As a result, the LRIP Business Performance Factor was reduced by 50% from 67% to 33%. Based on this Business Performance Factor, the LRIP awards for each of our Named Executive Officers for the 2005-2007 performance cycle are set forth below:

| | | |
|---|---|---|
| Mr. Zander | $ | 1,250,000 |
| Mr. Brown | $ | 360,972 |
| Mr. Meredith | | n/a* |
| Mr. Devonshire | $ | 277,778 |
| Mr. Moloney | $ | 240,000 |
| Mr. Reed | $ | 200,694 |
| Ms. Fattori | $ | 237,500 |

* Per the terms of his employment agreement, Mr. Meredith did not participate in LRIP.

*2006-2008 LRIP Cycle and 2007-2009 LRIP Cycle*

For the 2006-2008 LRIP cycle and the 2007-2009 LRIP cycle, in order for a full LRIP award to be paid: (1) our three-year TSR must exceed the 55th percentile of our comparator group and (2) our absolute three-year TSR must be positive (i.e., greater than 0%).

If our three-year TSR is equal to or above the 55th percentile of our comparator group, then the full LRIP Business Performance Factor is applied. If our three-year TSR is below the 55th percentile but above the 25th percentile of our comparator group, then a haircut reduction is applied to the LRIP Business Performance Factor. The haircut is linear between performance at the 55th percentile (no reduction) and the 25th percentile (50% reduction). If our three-year TSR is below the 25th percentile of our comparator group, then the Committee will use its discretion to determine if any 2006-2008 LRIP or 2007-2009 LRIP awards are paid. In addition, our absolute three-year TSR must be positive (i.e., greater than 0%) to ensure that any 2006-2008 LRIP or 2007-2009 LRIP award will be paid.

*Impact of Individual Performance on LRIP Awards*

Our CEO may adjust the amount of the LRIP award to any participant at any time prior to payment as a result of the participant s performance during the performance cycle; provided, however, that any such adjustment may not result in a payment to the participant in excess of the participant s maximum award under the LRIP. Any such adjustment to a payment to a member of the senior leadership team, including any Named Executive Officer, is subject to the approval of the Committee.

Likewise, the Committee (with or without counsel from the CEO) may reduce the amount of the LRIP award to any member of the senior leadership team, including any Named Executive Officer, at any time prior to payment as a result of the participant s performance during the performance cycle. The Committee did not adjust any of the LRIP awards of any of the Named Executive Officers for the 2005-2007 cycle.

***Equity Awards***

Our Named Executive Officers also realize LTI through equity awards. To reward, retain and motivate employees in 2007, the Committee, on the recommendation of management, awarded stock options and restricted stock units ( RSUs ). Stock options provide economic value to the holder if the price of our Common Stock increases from the grant date to the time the option is exercised. In contrast, RSUs convert to shares of our Common Stock when they vest, so they have a gross value at the time of vesting equal to the then-current market value of our Common Stock. While stock options motivate employees by providing more potential upside, RSUs assist us in retaining employees because RSUs have value even if our stock price declines or stays flat.

Only the Committee may grant equity awards to an executive who reports directly to the CEO. We do not structure the timing of equity award grants to precede or coincide with the disclosure of material non-public information.

A wide range of employees participate in our stock option plans. On May 8, 2007, the Committee granted stock options to approximately 35,500 employees as part of our annual award of stock options. These options generally vest and become exercisable in four equal annual installments, with the first installment vesting on May 8, 2008. The per share exercise price for the stock options is $17.70, the Fair Market Value of our Common Stock on the date of the grant. The stock options expire on May 8, 2017. Approximately 96% of the stock options covered by the May 8, 2007 grant went to employees other than the Named Executive Officers.

We also grant RSUs: (1) to help make new employees whole for the compensation that they would forfeit by terminating their previous employment, (2) to encourage retention of critical talent, (3) as a strategic investment in individuals deemed critical to our leadership succession plans, and (4) to reward performance. In 2007, approximately 2,000 of our approximately 65,000 employees received a restricted stock unit grant.

*Fair Market Value Definition*

Throughout 2006 and the beginning of 2007 until March 1, 2007, Grant Date Fair Market Value was defined as the closing price for a share of our Common Stock on the last trading day before the date of grant for equity awards. For equity award grants on or after March 1, 2007, Grant Date Fair Market Value also termed Fair Market Value is defined as the closing price for a share of our Common Stock on the date of grant.

The official source for the closing price is the New York Stock Exchange Composite Transactions in the Wall Street Journal at www.online.wsj.com.

Since 2002, the grant date for the annual equity award has always been within a few days of the annual Motorola stockholder meeting. This is expected to continue in 2008.

*Mr. Zander s 2007 Equity Grants*

In May 2007, as part of the annual award of equity grants, the Committee granted Mr. Zander market-based stock options to purchase 800,000 shares of Motorola Common Stock. The Committee relied on market-based stock options as added incentive to Mr. Zander to make the performance improvements necessary to stimulate stock price growth. The market-based options vest if the closing price of a share of Motorola Common Stock meets or exceed the dollar amount set forth below on at least ten trading days within any thirty consecutive trading days all of which fall within the two years following the date of grant of such award:

| Dollar Amount | Options Vested |
|---|---|
| $22.00 per share | 300,000 |
| $25.00 per share | 500,000 |

*Mr. Brown s 2007 Equity Grants*

In April 2007, in connection with Mr. Brown s election to President and COO, the Committee granted Mr. Brown non-qualified stock options to acquire 400,000 shares of Motorola Common Stock, which stock options shall expire on the date that is the tenth anniversary of the date of grant. The stock options will vest equally over four years beginning with the first anniversary of the date of grant. Additionally, the Committee granted Mr. Brown 350,000 RSUs, 50% of which vest on the thirty month anniversary of the date of grant and the remaining 50% vest on the sixty month anniversary of the date of grant. The Committee determined that the grant of stock options and restricted stock units appropriately rewarded Mr. Brown for his performance, recognized him for

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his election to President and COO and was necessary to ensure delivery of competitive equity grants. Because of the size and the timing of these grants, Mr. Brown did not receive a separate award for the 2007 annual May equity grant.

*Mr. Brown s 2008 Long-Term Incentive Awards*

In January 2008, the Committee decided, and the independent Board members concurred, in connection with Mr. Brown s election to CEO, Mr. Brown s Individual Incentive Target for the 2008 performance year under 2006-2008 LRIP will be 250% and for the 2008 and 2009 performance years under 2007-2009 LRIP will be 250%. The Committee also established Mr. Brown s target award for the performance cycle under a long range incentive plan to be established by Motorola with a target payout at 350% of his base pay rate in effect at the commencement of the performance cycle.

Additionally, the Committee decided, and the independent Board members concurred to grant Mr. Brown, in connection with his election to CEO, market-based, premium-priced non-qualified stock options to acquire 679,348 shares of Motorola Common Stock that vest upon certain Common Stock closing prices ( Performance Options ). The Performance Options, if vested, shall expire on the date that is the tenth anniversary of the date of grant.

The exercise price for the Performance Options is $13.31, which is equal to 115.7% of the Fair Market Value of a share of Motorola Common Stock on the date of grant as defined above in Fair Market Value Definition .

The Performance Options vest as follows:

226,449 options to purchase shares of Motorola Common Stock vest if the closing price for a share of Motorola s Common Stock meets or exceeds $16.00 for 10 trading days out of any 30 consecutive trading days from February 1, 2008 until January 31, 2011;

226,449 options to purchase shares of Motorola Common Stock vest if the closing price for a share of Motorola s Common Stock meets or exceeds $20.00 for 10 trading days out of any 30 consecutive trading days from February 1, 2008 until January 31, 2013; and

226,450 options to purchase shares of Motorola Common Stock vest if the closing price for a share of Motorola s Common Stock meets or exceeds $23.00 for 10 trading days out of any 30 consecutive trading days from February 1, 2008 until January 31, 2015.

The Committee relied on Performance Options as added incentive to Mr. Brown to make the Company performance improvements necessary to stimulate stock price growth.

Additionally, the Committee decided, and the independent Board members concurred to grant Mr. Brown, in connection with his election to CEO, 303,438 RSUs, 50% of which vest on the thirty month anniversary of the date of grant and the remaining 50% vest on the sixty month anniversary of the date of grant.

*Mr. Devonshire s 2007 Equity Grants*

Mr. Devonshire did not receive a 2007 annual award of equity.

*Mr. Meredith s 2007/2008 Equity Grants*

In connection with becoming Acting Chief Financial Officer of the Company on April 1, 2007, Mr. Meredith entered into an employment agreement on March 27, 2007 with a term of six months that provided him: (1) 250,000 stock options with a one year vesting period and a ten year duration; and (2) 500,000 market-based RSUs granted on April 2, 2007 that vest only if the closing price of the Company s Common Stock meets or exceeds the dollar amount set forth below for at least ten trading days during any thirty consecutive trading days prior to April 2, 2009:

| Dollar Amount | RSUs Vested |
|---|---|
| $20.00 per share | 165,000 |
| $22.00 per share | 165,000 |
| $24.00 per share | 170,000 |

The Committee relied on market-based restricted stock units as added incentive to Mr. Meredith to make the performance improvements necessary to stimulate stock price growth.

On October 2, 2007, the Committee approved an amended and restated employment agreement with respect to Mr. Meredith s continuing interim tenure with Motorola that is described under *Employment Contracts, Termination of Employment and Change in Control Arrangements* .

*Mr. Moloney s 2007 Equity Grants*

In July 2007, in lieu of the annual award of equity grants, the Committee granted Mr. Moloney non-qualified stock options to acquire 200,000 shares of Motorola Common Stock which stock options expire on the date that is the tenth anniversary of the date of grant. The stock options will vest 25% per year annually starting with the first anniversary of the date of grant. Additionally, the Committee granted Mr. Moloney 200,000 RSUs, 50% of which vest on the twenty-four month anniversary of the date of grant and the remaining 50% vest on the forty-eight month anniversary of the date of grant. The Committee determined that the grant of stock options and RSUs appropriately rewarded Mr. Moloney for his performance and was necessary to provide competitive equity grants.

*Mr. Reed s 2007 Equity Grants*

In May 2007, as part of the annual award of equity grants, the Committee granted Mr. Reed non-qualified stock options to acquire 150,000 shares of Motorola Common Stock, which stock options shall expire on the date that is the tenth anniversary of the date of grant. The stock options will vest 25% per year annually starting with the first anniversary of the date of grant. Additionally, the Committee granted Mr. Reed 100,000 RSUs, 50% of which vest on the thirty month anniversary of the date of grant and the remaining 50% vest on the sixty month anniversary of the date of grant. The Committee determined that the grant of stock options and RSUs appropriately rewarded Mr. Reed for his performance and was necessary to provide competitive equity grants.

On July 16, 2007, Mr. Reed was appointed to lead the Mobile Devices business. Pursuant to this appointment, the Committee granted Mr. Reed non-qualified stock options to acquire 100,000 shares of Motorola Common Stock, which stock options shall expire on the date that is the tenth anniversary of the date of grant. The stock options will vest 25% per year annually starting with the first anniversary of the date of grant. Additionally, the Committee granted Mr. Reed 100,000 RSUs, 50% of which vest on the thirty month anniversary of the date of grant and the remaining 50% vest on the sixty month anniversary of the date of grant. The Committee determined that the grant of stock options and RSUs appropriately recognized Mr. Reed for his appointment to his leadership role of the Mobile Devices business and was necessary to ensure delivery of competitive equity grants.

*Ms. Fattori s 2007 Equity Grants*

In May 2007, as part of the annual award of equity grants, the Committee granted Ms. Fattori non-qualified stock options to acquire 75,000 shares of Motorola Common Stock, which stock options expire on the date that is the tenth anniversary of the date of grant. The stock options will vest 25% per year annually starting with the first anniversary of the date of grant. Additionally, the Committee granted Ms. Fattori 30,000 RSUs, 50% of which vest on the thirty month anniversary of the date of grant and the remaining 50% vest on the sixty month anniversary of the date of grant. The Committee determined that the grant of stock options and RSUs appropriately rewarded Ms. Fattori for her performance and was necessary to provide competitive equity grants.

***2007 Discretionary Bonus Awards***

In April 2007, the Committee approved the payment of one-time discretionary bonus cash awards to 122 Motorola employees. These discretionary bonus cash awards were paid in recognition of these employees efforts and to promote the retention of these employees. Mr. Moloney, Mr. Reed and Ms. Fattori each received a 2007 Discretionary Bonus Award of $100,000, $115,000 and $110,000, respectively.

***Recoupment of Incentive Compensation Awards***

Effective January 1, 2008, if, in the opinion of the independent directors of the Board, our financial results are restated due to intentional misconduct by one or more of our executive officers, then the independent directors have the discretion to use their best efforts to remedy the misconduct and prevent its recurrence. The independent directors may, based upon the facts and circumstances surrounding the restatement, direct that we recover all or a portion of any bonus or incentive compensation paid, or cancel the stock-based awards granted, to an executive officer on or after January 1, 2008. In addition, the independent directors may also seek to recoup any gains realized after January 1, 2008 in respect of equity-based awards, including stock options and restricted stock units, regardless of when issued.

The remedies that may be sought by the independent directors are subject to a number of conditions, including that (1) the bonus or incentive compensation to be recouped was calculated based upon the financial results that were restated, (2) the executive officer in question engaged in the intentional misconduct, and (3) the bonus or incentive compensation calculated under the restated financial results is less than the amount actually paid or awarded.

In addition, the independent directors may take other disciplinary action, including, without limitation, (1) adjustment of future compensation of the executive officer, (2) termination of the executive officer s employment, (3) pursuit of any and all remedies available in law and/or equity in any country, and (4) pursuit of such other action as may fit the circumstances of the particular case. The independent directors may take into account penalties or punishments imposed by third parties, such as law enforcement agencies, regulators or other authorities. The independent directors power to determine the appropriate punishment for the wrongdoers is in addition to, and not in replacement of, remedies imposed by such entities and is in addition to any right of recoupment against the CEO or CFO, under Section 304 of the Sarbanes-Oxley Act of 2002.

***Executive Benefits and Perquisites***

Since 2000, the Committee and management have sought to more closely align our total executive rewards programs with that of our comparator group. Our philosophy is to pay between the 50th and 65th percentile for total rewards for executive positions in our comparator group given average business performance. These rewards are supplemented by additional performance-based compensation that is substantially leveraged. As a result, we provide few executive-only benefits and perquisites. Our executive benefits and perquisites are described below.

*Executive Health Coaching and Executive Physical Exam Program.* Because the health of our executives is critical to driving our success, we introduced a health coaching program and an annual executive physical program for our senior and executive vice presidents, including each of our Named Executive Officers. The health coaching program provides Motorola executives with personal health coaching recommendations and encouragement to reach exercise, weight management, nutrition, smoking cessation and stress management goals. For tax purposes, the value of executive health coaching services provided is treated as imputed income. Effective January 1, 2008, participation in the executive health coaching program was terminated and such executives were eligible for the broad-based health coaching available to all regular U.S. employees.

*Motorola Management Deferred Compensation Plan.* The Motorola Management Deferred Compensation Plan is a non-qualified deferred compensation plan that is unfunded and unsecured and allows our eligible elected officers, including each of our Named Executive Officers, the opportunity to defer taxes on their base salary and cash incentive compensation. We do not contribute to this plan. The plan is not intended to provide above-market or preferential earnings (as these terms are defined under SEC regulations) on compensation deferred under the plan. Effective January 1, 2008, because of low participation in the plan, we temporarily closed the Motorola Deferred Compensation Plan to new deferrals.

*Motorola Executive Financial Planning Program.* The Motorola Executive Financial Planning Program provides our elected officers, including each of our Named Executive Officers, with comprehensive financial planning assistance, which helps them achieve the highest value from their compensation package. Our benchmarking shows that financial planning assistance is one of the most common executive perquisites among our comparator group. The annual allowance is $10,000 for our senior executives, including our Named Executive Officers.

*Change in Control Protection.* The Board considers the maintenance of a sound management team to be essential to protecting and enhancing our best interests and the best interests of our stockholders. To that end, we recognize that the possibility of a change in control may exist from time to time, and that this possibility, and the uncertainty and questions it may raise among management, may result in the departure or distraction of management personnel to the detriment of us and our stockholders. Accordingly, the Board has determined that appropriate steps should be taken to encourage the continued attention and dedication of members of our management to their assigned duties without the distraction that may arise from the possibility of a change-in-control. As a result, we have established the Senior Officer Change in Control Severance Plan. Our Senior Officer Change in Control Severance Plan uses a double trigger . In other words, in order for severance benefits to be triggered , (1) a change-in-control must occur and (2) an executive must be involuntarily terminated for a reason other than cause or must leave for good reason within 24 months of the change-in-control. For a description of benefits provided under our Senior Officer Change in Control Severance Plan, see the information under the caption entitled *Change in Control Arrangements* .

*Personal Aircraft Use.* The Motorola CEO is active in professional and civic communities, has significant amounts or private and personal information readily available about him on the Internet, has strong visibility and travels extensively, as CEO. As a result, while serving as CEO Mr. Zander was entitled to use of our aircraft for personal travel in connection with our overall security program. As part of his employment agreement, Mr. Meredith was entitled to use our aircraft for up to 165 hours of personal travel. From time to time and on a limited basis, we permit other executives to use our aircraft for personal travel.

***Broad-based Employee Benefits***

As U.S. employees, our Named Executive Officers have the opportunity to participate in a number of benefits programs that are generally available to all regular U.S. employees. These benefits include healthcare plans (medical and dental benefits, behavioral health program, vision and hearing care program, health coaching, onsite wellness programs and wellness centers/fitness centers), life and disability plans (group life insurance, business travel accident insurance and short-term and long-term disability income plans), investment plans (401(k) plan, the MOTshare Plan (Employee Stock Purchase Plan) and previously existing pension plans that were available to employees who began employment prior to January 1, 2005), and work/life plans (programs that assist with daily needs such as childcare, adoption assistance, dependent care account and long-term care insurance).

*Pension Plans*

Our Pension Plans are offered to pension-eligible employees hired before January 1, 2005. We offer two different qualified pension plans, the Portable Pension Plan and the Traditional Pension Plan. We also offer a non-qualified plan, the Motorola Supplemental Pension Plan, to highly-compensated employees whose qualified pension plan benefits are reduced by annual salary limits imposed by the IRS.

Beginning in January 2008, to calculate a participant s benefit, the Portable Pension Plan and the Traditional Pension Plan use the participant s average compensation (base salary and lump-sum merit pay, excluding incentive plan awards) for the five years of highest pay during the last 10 calendar years ending December 31, 2007. Going forward from that date, earnings from each subsequent year of employment are also included in the average to calculate the pension benefit. Annual compensation used to calculate a participant s benefit may not exceed certain limits set by the IRS ($225,000 in 2007).

***The Impact of Compensation Amounts Realizable on the Other Elements of Compensation***

We deliberately design our compensation program to attract, retain and motivate high quality talent. In making compensation decisions, the Committee reviews and benchmarks total compensation against our comparator group. We follow a policy of ensuring that total compensation, as well as each element comprising total compensation, is competitive. As a result, we do not specifically limit one element of compensation in response to the amounts potentially realizable under other compensation elements. However, we place certain limits on benefits available under our life and disability plans and our investment plans, including our pension plans. Our qualified plans are also subject to IRS limits.

***Departure of Ed Zander as CEO and Election of Greg Brown as CEO***

On November 30, 2007, we announced that Edward J. Zander, our Chairman and CEO would step down from his position as CEO effective December 31, 2007. Mr. Zander will continue to serve as Chairman of the Board of Directors until the 2008 annual meeting of stockholders. Mr. Zander will not be nominated, or stand for re-election, to the Board of Directors at the 2008 annual meeting of stockholders. Beginning January 1, 2008, Mr. Zander will continue as Strategic Advisor to the CEO, a non-officer employee, through January 5, 2009. During this time, Mr. Zander will continue to receive his regular base salary and benefits and Mr. Zander s stock options and restricted stock units will continue to vest and be exercisable or settled in accordance with their terms. Mr. Zander will not be eligible to participate in our 2008 incentive bonus plans and will not receive any new equity grants in 2008. He will also forfeit any stock options and restricted stock units that have not vested as of January 5, 2009.

We also announced on November 30, 2007 that Greg Brown, who has served as President and Chief Operating Officer since March 21, 2007, was elected President and CEO effective January 1, 2008.

***The Impact of Favorable Accounting and Tax Treatment on Compensation Program Design***

Favorable accounting and tax treatment of the various elements of our compensation program is an important, but not the sole, consideration in its design. Section 162(m) of the Internal Revenue Code limits the deductibility of certain items of compensation paid to the CEO and certain other highly compensated executive officers, or the covered officers, to $1,000,000 annually. Our short-term and long-term incentive programs have been designed to provide for the deductibility of compensation paid to the covered officers under our incentive plans. In particular, in order to satisfy the Section 162(m) qualification requirements, under our 2006 Omnibus Incentive Plan, each year the Committee allocates an incentive pool equal to 5% of our consolidated operating earnings among the covered officers. Once the amount of the pool and the allocations are determined at the end of the year, the Committee retains negative discretion to reduce (but not increase) the amount of any award payable to the covered officers to the amounts payable based on the MIP performance criteria using the actual minimum, target and maximum awards by position. In 2007, the Committee exercised this discretion to reduce the value of the awards payable under the incentive pool to Mr. Devonshire, Ms. Fattori, Mr. Moloney and Mr. Reed to the value of each such officer s 2007 MIP award. For a discussion of the covered officers 2007 MIP awards, see *Short-Term Incentives* . Notwithstanding the above, the Committee reserves the right to provide for compensation to executive officers that may not be deductible.

In the first quarter of 2006, we began expensing equity awards in accordance with FAS 123R. This results in significantly higher accounting expenses for our stock option awards. Like many of the companies within our comparator group, we have taken measures to ensure our equity grant practices remain competitive but also cost effective (e.g., by generally lowering grant guidelines and participation rates).

***Stock Ownership Requirements***

In order to align the interests of management with the interests of our stockholders, the Board requires our senior leadership team and all other senior and executive vice presidents (approximately 35 executives), including each of our Named Executive Officers, to maintain prescribed ownership levels of our Common Stock. The stock ownership guidelines set a minimum level of ownership of: Common Stock with a value equal to four times base salary for the CEO; Common Stock with a value equal to the lesser of three times base salary or the value of 50,000 shares for executive vice presidents; and Common Stock with a value equal to the lesser of two times base salary or the value of 25,000 shares for senior vice presidents. For purposes hereof, Common Stock means shares of Common Stock owned outright, restricted stock, restricted stock units and stock owned in benefit plans such as the 401(k) Plan and the MOTshare Plan each of which count toward fulfilling the ownership guidelines.

***Securities Trading Policy***

Executives and other employees, including our Named Executive Officers, may not engage in any transaction in which they may profit from short-term speculative swings in the value of our securities. This includes short sales (selling borrowed securities that the seller hopes can be purchased at a lower price in the future) or short sales against the box (selling owned, but not delivered securities), put and call options (publicly available rights to sell or buy securities within a certain period of time at a specified price) and hedging transactions, such as zero-cost collars and forward sale contracts. Our securities trading policy is designed to ensure compliance with applicable insider trading rules.

*The following Report of Compensation and Leadership Committee on Executive Compensation and related disclosure shall not be deemed incorporated by reference by any general statement incorporating this Proxy Statement into any filing under the Securities Act of 1933 (the Securities Act ) or under the Securities Exchange Act of 1934 (the Exchange Act ), except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.*

**REPORT OF COMPENSATION AND LEADERSHIP COMMITTEE ON EXECUTIVE COMPENSATION**

Throughout 2007, Director Samuel C. Scott III was the Committee s Chair and Directors Ron Sommer and James R. Stengel served on the Compensation and Leadership Committee (the Committee ) of Motorola, Inc. together with Indra K. Nooyi who served until the 2007 Annual Meeting of Stockholders on May 7, 2007.

During 2007, the Committee was comprised solely of non-employee directors who were each: (i) independent as defined under the NYSE listing standards for independence and the Motorola, Inc. Director Independence Guidelines, (ii) a non-employee director for purposes of Rule 16b-3 of the Exchange Act, and (iii) an outside director for purposes of Section 162(m) of the Code. During 2008, the Committee will be comprised of directors who meet these same standards.

The Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with Motorola management. Based on such review and discussions, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement on Schedule 14A and incorporated by reference into Motorola s 2007 Annual Report on Form 10-K.

Respectfully submitted,

Samuel C. Scott III, *Chairman*
Ron Sommer
James R. Stengel

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**NAMED EXECUTIVE OFFICER COMPENSATION**

**2007 Summary Compensation Table**

| *al Position* | *Year (b)* | *Salary ($)(1) (c)* | *Bonus ($)(2) (d)* | *Stock Awards ($)(3) (e)* | *Option Awards ($)(3) (f)* | *Non-Equity Incentive Plan Compensation ($)(4) (g)* | *Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (h)* | *All Other Compensation ($) (i)* |
|---|---|---|---|---|---|---|---|---|
| | 2007 | $ 1,500,000 | $0 | $ 2,634,351 | $ 10,757,176 | $ 1,493,000 | $ 47,288[5] | $ 826,255[6] |
| oard | 2006 | 1,500,000 | 0 | 2,528,100 | 7,751,046 | 1,265,000 | 552,595[5] | 426,662 |
| utive | | | | | | | | |
| | 2007 | 857,500 | 0 | 2,843,141 | 2,838,459 | 486,214 | 9,356[7] | 88,525[8] |
| f Executive | 2006 | 726,923 | 0 | 2,002,835 | 2,847,391 | 500,000 | 24,820[7] | 6,600 |
| ire | 2007 | 625,000 | 0 | 10,442 | 670,056 | 325,735 | 25,616[9] | 242,600(10 |
| ficer | 2006 | 625,000 | 0 | 50,120 | 2,647,231 | 300,000 | 94,864[9] | 28,300 |
| h<br>ncial Officer | 2007 | 251,251[11] | 0 | 5,129,445 | 1,175,625 | 0 | 0 | 658,802(12 |
| <br>esident,<br>Devices | 2007 | 533,654 | 115,000 | 949,055 | 1,159,313 | 258,082 | 0 | 23,330(13 |
| y<br>esident,<br>: Networks | 2007 | 575,000 | 100,000 | 865,100 | 1,124,117 | 305,550 | 0[14] | 26,396(15 |
| <br>esident,<br>(Former) | 2007 | 505,000 | 110,000 | 632,644 | 1,345,198 | 287,480 | 11,108[16] | 30,024(17 |

(1) Includes amounts deferred pursuant to salary reduction arrangements under the 401(k) Plan and the Motorola Management Deferred Compensation Plan.

(2) In April 2007, Mr. Reed, Mr. Moloney and Ms. Fattori received a one-time discretionary cash bonus in recognition of their efforts and to promote retention of these officers.

(3) The amounts in columns (e) and (f) reflect the dollar amounts recognized for financial statement reporting purposes in accordance with FAS 123R for the fiscal years ended December 31, 2007 and December 31, 2006, respectively, by row for awards pursuant to the Motorola Omnibus Incentive Plan of 2006 and prior stock incentive plans and, thus may include amounts from awards granted both in and prior to 2007 and 2006, respectively. Assumptions used in the calculation of these amounts are included in Note 8, Share-Based Compensation Plans and Other Incentive Plans in the Company s Form 10-K, for the fiscal years ended December 31, 2007 and December 31, 2006, respectively, and Note 1, Summary of Significant Accounting Policies in the Company s Form 10-K for the fiscal year ended December 31, 2004. The amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. The dollar amounts recognized in 2007 as expense of equity awards calculated under FAS 123R (for the purpose of these footnotes, termed 2007 Expenses ) are as follows:

| *2002 ANT* | | *FY 2003 GRANT* | | *FY 2004 GRANT* | | *FY 2005 GRANT* | | *FY 2006 GRANT* | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *$)* | *Option($)* | *Stock($)* | *Option($)* | *Stock($)* | *Option($)* | *Stock($)* | *Option($)* | *Stock($)* | *Option($)* | *St* |
| | | | | $ 1,745,251 | $ 4,682,046 | $ 464,100 | $ 1,542,000 | $425,000 | $ 1,854,000 | |
| | | $ 116,126 | $77,499 | | 928,586 | 309,400 | 566,000 | 1,538,600 | 811,125 | $ |
| 42 | | | 108,942 | | 245,802 | | 141,500 | | 173,813 | |
| | | | | | | | | | | 5, |
| | | | | | | 318,600 | 340,875 | 212,500 | 579,375 | |
| | | | 60,892 | | 600,850 | | 318,375 | 439,600 | | |
| | | | | 190,187 | 409,042 | 154,700 | 389,125 | 212,500 | 463,500 | |

For Mr. Devonshire actual forfeitures are factored into the above 2007 Expenses. Mr. Devonshire forfeited unvested equity awards scheduled to vest after December 31, 2007 and, accordingly, a total of $1,683,344 was credited to option expenses under FAS 123R calculations for his forfeited options in the appropriate grant year.

(4) In 2007, the amounts in column (g) consist of cash awards earned under the 2006 Motorola Incentive Plan ( MIP ) and the Motorola Long Range Incentive Plan ( LRIP ) 2005 2007 cycle as follows:

| | *Mr. Zander* | *Mr. Brown* | *Mr. Devonshire* | *Mr. Meredith* | *Mr. Reed* | *Mr. Moloney* | *Ms. Fattori* |
|---|---|---|---|---|---|---|---|
| MIP | $243,000 | $125,242 | $47,957 | $0 | $57,388 | $65,550 | $49,980 |
| LRIP | $1,250,000 | $360,972 | $277,778 | $0 | $200,694 | $240,000 | $237,500 |

In 2006, the amount in column (g) are the awards earned under MIP. There were no payments under any Motorola long-range incentive plan in 2006.

(5) In 2007, this amount consists of: (i) the aggregate change in present value from December 31, 2006 to December 31, 2007 of Mr. Zander s benefits under the Motorola Inc. Pension Plan (the Motorola Pension Plan ) of $5,279 and under the Motorola Supplemental Pension Plan ( MSPP ) of $28,265, and (ii) $47,288 in earnings on nonqualified deferred compensation in excess of the threshold for 2007 above-market earnings established pursuant to SEC rules. In 2006, this amount consists of: (i) the aggregate change in present value from December 31, 2005 to December 31, 2006 of Mr. Zander s benefits under the Motorola Pension Plan of $8,618 and under the MSPP of $48,683, and (ii) $495,294 in earnings on nonqualified deferred compensation in excess of the threshold for 2006 above-market earnings established pursuant to SEC rules. As further described in the Nonqualified Deferred Compensation in 2007 table, all earnings in 2007 above 5.56% have been deemed above market earnings .

(6) In 2007, this amount consists of: (i) Company perquisite costs for Mr. Zander of $820,982, including $733,629 for personal use of Company aircraft and costs for personal use of car and driver, financial planning, security system monitoring service and spousal business travel, (ii) tax gross-up of $408 for income imputed to Mr. Zander, and (iii) contributions made by the Company to the 401(k) plan in the amount of $4,865. The incremental cost to the Company for Mr. Zander s personal use of Company aircraft is calculated by multiplying the number of hours Mr. Zander travels in a particular plane by the direct cost per flight hour per plane. Direct costs include fuel, maintenance, labor, parts, loading and parking fees, catering and crew.

(7) In 2007, this amount is the aggregate change in present value from December 31, 2006 to December 31, 2007 of Mr. Brown s benefits under the Motorola Pension Plan of $1,889 and under the MSPP of $7,467. In 2006, this amount is the aggregate change in present value from December 31, 2005 to December 31, 2006 of Mr. Brown s benefits under the Motorola Pension Plan of $6,956 and under the MSPP of $17,864.

(8) This amount consists of: (i) Company perquisite costs for Mr. Brown of $82,194, including $80,844 for personal use of Company aircraft and costs for health coaching, and (ii) contributions made by the Company to the 401(k) Plan in the amount of $6,331. The incremental cost to the Company for Mr. Brown s personal use of Company aircraft is calculated by multiplying the number of hours Mr. Brown travels in a particular plane by the direct cost per flight hour per plane. Direct costs include fuel, maintenance, labor, parts, loading and parking fees, catering and crew.

(9) In 2007, this amount consists of: (i) the aggregate change in present value from December 31, 2006 to December 31, 2007 of Mr. Devonshire s benefits under the Motorola Pension Plan of $7,693 and under the MSPP of $13,174, and (ii) $4,749 in earnings on nonqualified deferred compensation in excess of the threshold for 2007 above-market earnings established pursuant to SEC rules. In 2006, this amount consists of: (i) the

aggregate change in present value from December 31, 2005 to December 31, 2006 of Mr. Devonshire s benefits under the Motorola Pension Plan of $8,405 and under the MSPP of $15,056, and (ii) $71,403 in earnings on nonqualified deferred compensation in excess of the threshold for 2006 above-market earnings established pursuant to SEC rules.

(10) In 2007, this amount consists of: (i) a one-time retirement allowance of $225,000 in connection with Mr. Devonshire s retirement in December 2007, (ii) Company perquisite costs for Mr. Devonshire of $10,850, including costs for financial planning and business travel, and (iii) Company contributions to the 401(k) Plan in the amount of $6,750.

(11) This amount consists of: (i) Mr. Meredith s director fees from January 1, 2007 through March 31, 2007 of $26,250 and (ii) salary in connection with his services as Acting Chief Financial Officer of the Company from April 1, 2007 until December 31, 2007 of $225,001.

(12) This amount consists of: (i) Company perquisite costs for Mr. Meredith of $658,061, including $577,487 for personal use of Company aircraft, $78,735 for relocation benefits and costs for spousal business travel and (ii) tax gross-up of $741 for income imputed to Mr. Meredith.

(13) This amount consists of: (i) Company perquisite costs for Mr. Reed of $14,288, including costs for financial planning, health coaching and spousal business travel, (ii) tax gross-up of $81 for income imputed to Mr. Reed, and (iii) contributions made by the Company to the 401(k) Plan in the amount of $8,961.

(14) In 2007, the aggregate change in present value from December 31, 2006 to December 31, 2007 of Mr. Moloney s benefits under all pension plans, including benefits under the General Instruments Pension Plan and the General Instrument SERP plan ( GISP ) was negative and therefore is reflected as $0. During 2007 the change in the present value of his benefit under the Motorola Pension Plan and the MSPP was $410 and $2,069, respectively. There was a negative change in present value of his benefit under the General Instrument Pension Plan and the GISP of ($14,055) and ($6,279), respectively. In connection with the Company s acquisition of General Instrument Corporation in January of 2000, the value of Mr. Moloney s benefits under the General Instrument Pension Plan and the GISP were frozen as of December 31, 2000.

(15) This amount consists of: (i) Company perquisite costs for Mr. Moloney of $18,578, including costs for financial planning, personal use of Company aircraft, health coaching and spousal business travel, (ii) tax gross-ups of $1,068 for income imputed to Mr. Moloney and (iii) Company contributions to the 401(k) Plan in the amount of $6,750.

(16) In 2007, this amount is the aggregate change in present value from December 31, 2006 to December 31, 2007 of Ms. Fattori s benefits under the Motorola Pension Plan of $5,172 and under the MSPP of $5,936.

(17) This amount consists of: (i) Company perquisite costs for Ms. Fattori of $23,274, including costs for financial planning, personal use of Company aircraft and health coaching, and (ii) Company contributions to the 401(k) Plan in the amount of $6,750.

**Compensation Proportion**

Our executive compensation program is structured so that more than two-thirds of our senior executives targeted total compensation is at risk (in the form of equity grants, the Long-Range Incentive Plan and the Motorola Incentive Plan) and therefore dependent upon Motorola s results. In determining the at risk proportion between cash and equity among our total mix of compensation, we consider the employee position and responsibilities, the employee s ability to impact Motorola s results, and the competitive market for executive talent in our industry. We strive to balance the components of our compensation program appropriately in light of these factors. For a further discussion of our compensation methodology, see the *Compensation Discussion and Analysis* . For a discussion of the material terms of each Named Executive Officer s employment agreement, see *Employment Contracts, Termination of Employment and Change in Control Arrangements* . For a discussion of the material terms of the 2007 grants of plan based awards, see the footnotes to the Grants of Plan-Based Awards in 2007 table.

**Grants of Plan-Based Awards in 2007**

| | Estimated Future Payouts Under Non-Equity Incentive Plan Awards | | | Estimated Future Payouts Under Equity Incentive Plan Awards(1) | | | All Other Stock Awards: Number of Shares of Stock or Units | All Other Option Awards: Number of Securities Underlying Options | Exercis or Bas Price o Optior Award |
|---|---|---|---|---|---|---|---|---|---|
| nt Date | Threshold ($) | Target ($) | Maximum ($) | Threshold (#) | Target (#) | Maximum (#) | (#)(2) | (#)(3) | ($/Sh)( |
| (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) |
| 1/2007(5) | $0 | $ 2,025,000 | $ 2,632,500 | | | | | | |
| 8/2007 | | | | 0 | 800,000(6) | 800,000 | | | |
| 1/2007(5) | 0 | 1,043,683 | 1,356,788 | | | | | | |
| 1/2007(7) | 835,125 | 1,670,250 | 3,340,500 | | | | | | |
| 5/2007 | | | | | | | 350,000(8) | | |
| 5/2007 | | | | | | | | 400,000(9) | $ 17.5 |
| 1/2007(5) | 0 | 399,639 | 591,531 | | | | | | |
| 1/2007(7) | 0 | 0 | 0 | | | | | | |
| 2/2007 | | | | 0 | 500,000(10) | 500,000 | | | |
| 2/2007 | | | | | | | | 250,000(11) | 17.5 |
| 1/2007 | | | | | | | | 30,441(12) | 18.7 |
| 0/2007 | | | | | | | | 34,423(12) | 15.9 |
| 1/2007 | | | | | | | | 37,383(12) | 16.0 |
| 1/2007 | | | | | | | 15,966(13) | | |
| 0/2007 | | | | | | | 18,786(13) | | |
| 1/2007 | | | | | | | 18,704(13) | | |
| 1/2007(5) | 0 | 478,236 | 621,707 | | | | | | |
| 1/2007(7) | 356,250 | 712,500 | 1,425,000 | | | | | | |
| 8/2007 | | | | | | | 100,000(14) | | |
| 5/2007 | | | | | | | 100,000(15) | | |
| 8/2007 | | | | | | | | 150,000(16) | 17.7 |
| 5/2007 | | | | | | | | 100,000(17) | 17.6 |
| 1/2007(5) | 0 | 546,250 | 710,125 | | | | | | |
| 1/2007(7) | 412,500 | 825,000 | 1,650,000 | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 5/2007 | | | | 200,000(18) | | |
| 5/2007 | | | | | 200,000(19) | 17.8 |
| 1/2007(5) | 0 | 416,500 | 541,450 | | | |
| 1/2007(7) | 367,500 | 735,000 | 1,470,000 | | | |
| 8/2007 | | | | 30,000(14) | | |
| 8/2007 | | | | | 75,000(16) | 17.7 |

(1) These columns represent the number of shares of Motorola Common Stock or the number of shares of Common Stock underlying options to be paid out or vested upon the satisfaction of certain conditions under equity incentive plan awards granted in 2007.

(2) In the aggregate, the restricted stock units ( RSUs ) described in this table, including Mr. Meredith s 500,000 market-based RSUs, for all grant dates, represent approximately 0.0006% of the total shares of Common Stock outstanding on December 31, 2007. RSUs granted on or after May 1, 2006 are not eligible for dividend equivalent rights. These RSUs were granted under the Motorola Omnibus Incentive Plan of 2006 to acquire shares of Common Stock and were valued at the fair market value at the time of the grant, as defined in the Fair Market Value Definition section of the *Compensation Discussion and Analysis* .

(3) In the aggregate, the options described in this table are exercisable for approximately 0.001% of the total shares of Common Stock outstanding on December 31, 2007. These options could expire earlier in certain situations. These options were granted at Fair Market Value under the Motorola Omnibus Incentive Plan of 2006 to acquire shares of Common Stock, as defined in the Fair Market Value Definition section of the *Compensation Discussion and Analysis* . The options carry with them the right to elect to have shares withheld upon exercise and/or to deliver previously-acquired shares of Common Stock to satisfy tax-withholding requirements. Options may be transferred to family members or certain entities in which family members have an interest. Unvested options are generally forfeited upon retirement.

(4) The exercise price of option awards is based on the fair market value of Motorola Common Stock at the time of grant. See the Fair Market Value Definition section of the *Compensation Discussion and Analysis* for further details.

(5) These grants are pursuant to the 2006 Motorola Incentive Plan, as amended ( MIP ) and paid in cash. MIP is Motorola s annual pay-for-performance bonus plan that is based upon a formula that combines Company performance and personal performance. Awards may be $0 under the formula. Targets assume individual and business performance factors of 1.0. Awards under MIP for 2007 are determined using a participant s eligible earnings (generally, base salary) for the plan year.

(6) These market-based options were granted on May 8, 2007. These options vest and become exercisable as follows: (1) 300,000 option shares vest if the closing price for a share of the Company s Common Stock meets or exceeds $22.00 for 10 trading days out of any 30 consecutive trading days from May 8, 2007 until May 8, 2009 and (2) an additional 500,000 option shares vest if the closing price for a share of the Company s Common Stock meets or exceeds $25.00 for 10 trading days out of any 30 consecutive trading days from May 8, 2007 until May 8, 2009. These options have an exercise price of $17.70 and any vested options expire on May 8, 2017. This amount does not account for any forfeitures of equity in connection with Mr. Zander s separation agreement.

(7) These grants are for the 2007-2009 LRIP cycle under the Motorola Long-Range Incentive Plan of 2006 (the 2007 LRIP ). Awards under the 2007-2009 LRIP cycle are determined in dollars but, at the discretion of the Compensation and Leadership Committee, may be paid in cash or Common Stock and are not within the scope of FAS 123R. The values accrue on a dollar basis throughout the three-year cycle. LRIP has a three-year cycle that has financial targets set annually. The measures/metrics used are: (a) annual improvement in economic profit, and (b) annual growth in sales. For a discussion of the 2007 LRIP, including the targets and plan mechanics, see the *Compensation Discussion and Analysis* . The amounts in the table represent 2007 performance which may be reduced to $0 at the end of the three-year cycle based upon total cycle performance. The amounts under Threshold assume the performance level necessary to generate an award was achieved. Targets assume performance factors of 1.0. The maximum would be an extraordinary event for both the Company and the individual, the probability of which is remote.

(8) This stock award was granted on April 5, 2007. The restrictions on these RSUs lapse equally on October 5, 2009 and April 5, 2012.

(9) These options were granted on April 5, 2007. The options vest and become exercisable in four equal annual installments with the first installment vesting on April 5, 2008. The options expire 10 years from the date of grant on April 5, 2017.

(10) These market-based RSUs were granted on April 2, 2007. These RSUs vest and become exercisable as follows: 165,000 vest if the closing price of the Company s Common Stock meets or exceeds $20.00 for 10 trading days out of any 30 consecutive trading days. Another 165,000 vest if the closing price of the Company s Common Stock meets or exceeds $22.00 for 10 trading days out of any 30 consecutive trading days. 170,000 vest if the closing price of the Company s Common Stock meets or exceeds $24.00 for 10 trading days out of any 30 consecutive trading days. No dividends accrue on these market-based RSUs. These market-based RSUs expire on April 2, 2009.

(11) These options were granted on April 2, 2007. The options vest and become exercisable on April 2, 2008. The options expire 10 years from the date of grant on April 2, 2017.

(12) These options were granted on October 31, 2007, November 30, 2007 and December 31, 2007, respectively, under the terms of Mr. Meredith s amended employment agreement as discussed in Employment Contracts, Termination of Employment and Change in Control Arrangements . These options vest and become exercisable in four equal annual installments with the first installment vesting on October 31, 2008, November 30, 2007 and December 31, 2007, respectively, if Mr. Meredith remains an employee or Board member through such date. The options expire 10 years from the date of grant on October 31, 2017, November 30, 2007 and December 31, 2007, respectively.

(13) These RSUs were granted on October 31, 2007, November 30, 2007 and December 31, 2007, respectively, under the terms of Mr. Meredith s amended employment agreement as discussed in Employment Contracts, Termination of Employment and Change in Control Arrangements . The restrictions on these RSUs lapse equally on (1) April 30, 2010 and October 31, 2012, (2) May 30, 2010 and November 30, 2012, and (3) June 30, 2010 and December 31, 2012.

(14) These stock awards were granted on May 8, 2007 as part of the Company s annual stock award grant. The restrictions on these RSUs lapse equally on November 8, 2009 and May 8, 2012.

(15) These RSUs were granted on July 25, 2007. The restrictions on these RSUs lapse equally on December 25, 2009 and July 25, 2012.

(16) These options were granted on May 8, 2007 as part of the Company s broad-based annual stock option grant. The options vest and become exercisable in four equal annual installments with the first installment vesting on May 8, 2008. The options expire 10 years from the date of grant on May 8, 2017. The option term is the same for substantially all of the options granted to employees on May 8, 2007.

(17) These options were granted on July 25, 2007. These options vest and become exercisable in four equal annual installments with the first installment vesting on July 25, 2008. The options expire 10 years from the date of grant on July 25, 2017.

(18) These RSUs were granted on July 5, 2007. The restrictions on these RSUs lapse equally on July 5, 2009 and July 5, 2011.

(19) These options were granted on July 5, 2007. These options vest and become exercisable in four equal annual installments with the first installment vesting on July 5, 2008. The options expire 10 years from the date of grant on July 5, 2017.

(20) This amount does not account for any forfeitures of equity in connection with Ms. Fattori s separation agreement.

**Outstanding Equity Awards at 2007 Fiscal Year-End**

| *Option Awards* | | | | | *Stock Awards* | | | |
|---|---|---|---|---|---|---|---|---|
| *mber of curities derlying xercised tions (#) rcisable ested) (b)* | *Number of Securities Underlying Unexercised Options (#) Unexercisable (Unvested) (c)* | *Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)* | *Option Exercise Price ($) (e)* | *Option Expiration Date (f)* | *Number of Shares or Units of Stock That Have Not Vested (#)(1) (g)* | *Market Value of Shares or Units of Stock That Have Not Vested ($)(1) (h)* | *Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)* | *Equit Incent Plan Awarc Market Payou Valu of Unearn Share Unit or Oth Rights T Have N Vested (j)* |
| ,131,570 | 377,190(2) | | $12.9742 | 01/05/2014 | 429,538(3) | $6,889,790 | | |
| 796,290 | 265,430(4) | | 16.3028 | 05/04/2014 | | | | |
| 150,000 | 150,000(5) | | 15.91 | 02/14/2015 | | | | |
| 375,000 | 375,000(6) | | 15.47 | 05/03/2015 | | | | |
| 200,000 | 600,000(7) | | 21.25 | 05/03/2016 | | | | |
| 0 | | 800,000(8) | 17.70 | 05/08/2017 | | | | |
| 223,520(9) | 0 | | 7.7398 | 01/01/2013 | 783,626(10) | 12,569,361 | | |
| 97,790(11) | 0 | | 7.2745 | 05/06/2013 | | | | |
| 237,490 | 118,745(5) | | 16.3028 | 05/04/2014 | | | | |
| 200,000 | 200,000(7) | | 15.47 | 05/03/2015 | | | | |
| 87,500 | 262,500(8) | | 21.25 | 05/03/2016 | | | | |
| 0 | 400,000(12) | | 17.59 | 04/05/2017 | | | | |
| 0 | 125,730(5) | | 16.3028 | 05/04/2014 | | | | |
| 0 | 200,000(7) | | 15.47 | 05/03/2015 | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 75,000 | 225,000(8) | 21.25 | 05/03/2016 | | | | |
| | | | | | | | |
| 15,000 | 15,000(13) | 15.47 | 05/03/2015 | 59,193(14) | $949,456 | 500,000(15) | $ 8,020 |
| 0 | 250,000(16) | 17.56 | 04/02/2017 | | | | |
| 0 | 30,441(17) | 18.79 | 10/31/2017 | | | | |
| 0 | 34,423(18) | 15.97 | 11/31/2017 | | | | |
| 0 | 37,383(19) | 16.04 | 12/31/2017 | | | | |
| | | | | | | | |
| 75,000 | 75,000(20) | 15.93 | 04/22/2015 | 311,391(21) | 4,994,712 | | |
| 62,500 | 187,500(8) | 21.25 | 05/03/2016 | | | | |
| 0 | 150,000(22) | 17.70 | 05/08/2017 | | | | |
| 0 | 100,000(23) | 17.68 | 07/25/2017 | | | | |
| | | | | | | | |
| 335,280(24) | 0 | 40.5154 | 01/12/2015 | 301,738(25) | 4,839,878 | | |
| 111,760(26) | 0 | 12.8937 | 03/16/2011 | | | | |
| 26,760(27) | 0 | 11.99 | 02/14/2012 | | | | |
| 15,880(28) | 0 | 13.1979 | 06/07/2012 | | | | |
| 230,505 | 76,835(5) | 16.3028 | 05/04/2014 | | | | |
| 112,500 | 112,500(7) | 15.47 | 05/03/2015 | | | | |
| 0 | 200,000(29) | 17.80 | 07/05/2017 | | | | |
| | | | | | | | |
| 167,640 | 55,880(30) | 15.4438 | 11/01/2014 | 157,001(31) | 2,518,296 | | |
| 137,500 | 137,500(7) | 15.47 | 05/03/2015 | | | | 17. |

18. Based on the above mentioned report, the Committee shall evaluate the qualifications, performance and independence of the independent auditor, and select the Corporation s auditor for the next year, subject to shareholder ratification. In this evaluation, the Committee shall (i) consider whether the independent auditor s quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the independent auditor s independence, (ii) evaluate the lead partner of the independent auditor s team and make sure that there is a regular rotation of the lead partner, and consider whether, in order to assure continuing auditor independence, there should be regular rotation of the independent auditing firm on a regular basis, (iii) evaluate the independent auditor s team and make sure that there is a regular rotation in compliance with applicable laws, and (iv) take into account the opinions of management and internal auditors. The Committee shall present its conclusions with respect to the independent auditor to the Board.

19. The Committee shall review and discuss quarterly reports from the independent auditor (required by Section 10A of the Securities Exchange Act of 1934 (the Exchange Act )) on (a) all critical accounting policies and practices to be used, (b) all alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor, and (c) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences. Additionally, the Committee shall review with the independent auditor the matters required to be discussed under the standards of the Public Company Accounting Oversight Board.

20. The Chair of the Committee shall be permitted to pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Corporation by its independent auditor or its subsidiary entities; provided that any such pre-approvals shall be subject to ratification by the Committee at its next meeting. This permission is also subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Committee prior to the completion of the audit. The Committee shall review and discuss with the independent auditor any documentation supplied by the independent auditor as to the nature and scope of any tax services to be approved, as well as the potential effects of the provision of such services on the auditor s independence.

21. Meet with the independent auditor prior to the audit to review and discuss the planning and staffing of the audit.

<u>Oversight of the Corporation s Internal Audit Function</u>

22. The senior internal audit executive will report directly to the Chair of the Committee and administratively on a dotted line to the Corporation s Chief Financial Officer. The Committee will review and advise on the selection and removal of the senior internal audit executive.

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23. Review the significant reports to management prepared by the internal audit department and management s responses.

24. Periodically review, with the independent auditor, the internal audit department s responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.

25. Periodically review, with the senior internal audit executive, any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the function s work.

26. Annually, review and recommend changes (if any) to the internal audit charter.

Compliance Oversight Responsibilities

27. Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated.

28. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls and auditing matters, and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

29. Periodically review and discuss with management, the internal auditors, and the independent auditor the overall adequacy and effectiveness of the Corporation s legal, regulatory and ethical compliance programs, including the Corporation s Code of Business Conduct and Ethics and Code of Ethics for Senior Officers. The Committee shall periodically receive from management confirmation of its compliance with material legal and regulatory compliance requirements. The Committee shall advise the Board with respect to the Corporation s policies and procedures regarding compliance with applicable laws and regulations and with the Corporation s Code of Business Conduct and Ethics and Code of Ethics for Senior Officers. Consistent with these responsibilities, the Committee shall encourage continuous improvement of, and shall foster adherence to, the Corporation s policies, procedures, and practices at all levels. The Committee shall also provide for open communication among the independent auditor, financial and senior management, the internal audit function, and the Board.

30. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Corporation s financial statements or accounting policies.

31. Discuss with the Corporation s General Counsel legal matters that may have a material impact on the financial statements or the Corporation s compliance policies and internal controls.

32. It is understood that in order to properly carry out its responsibilities, the Committee shall have the authority, without seeking Board approval and to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Corporation shall provide appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Corporation and to any advisors employed by the Committee, as well as the funding levels for the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

**Committee Membership and Evaluation:**

33. Upon the recommendation of the Corporate Governance Committee, the Board shall elect annually from among its members a committee to be known as the Audit Committee to be composed of at least three independent directors, none of whom shall (a) accept directly or indirectly from the Corporation or any subsidiary of the Corporation any consulting, advisory or other compensatory fee or (b) be affiliated with the Corporation or (c) be officers or employees of the Corporation or of any of its affiliates, or have been an officer or employee of the Corporation, any of its affiliates or the independent auditor in the three years prior to being appointed to the Committee or (d) be an immediate family member of any of these persons.

34. Each member of the Committee shall meet the independence, experience and financial literacy requirements of any stock exchange upon which the Corporation s stock is listed from time to time and in accordance with applicable law, including applicable listing standards. At least one member of the Committee shall be an audit committee financial expert (as defined by the Securities and Exchange Commission).

35. Committee members shall not simultaneously serve on the audit committees of more than two other public companies unless the Board determines that simultaneous service on more than two other audit committees would not impair such member s ability to effectively serve on the Committee. If such a determination is made, it must be disclosed in the Corporation s annual proxy circular.

36. A majority of the members of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present (in person or by means of telephone conference whereby each participant has the opportunity to speak to and hear one another) or by a resolution in writing signed by all the members of the Committee. Polling of Committee members in lieu of a meeting is not permitted.

37. Each member of the Committee shall hold such office until the next annual meeting of shareholders after election as a member of the Committee. However, any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director or otherwise ceases to be qualified to be a member of the Committee.

38. Upon the recommendation of the Corporate Governance Committee, the Board shall elect a member of the Committee to act as Chair (the Chair ). The Chair will appoint a secretary who will keep minutes of all meetings (the Secretary ), which shall be circulated to members of the Board upon completion. The Secretary need not be a member of the Committee or a director and can be changed by simple notice from the Chair.

39. The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

40. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Committee at its next scheduled meeting.

41. The Committee shall review and reassess the adequacy of this Charter periodically, at least on an annual basis, as conditions dictate. The Committee shall annually review and assess the Committee s own performance.

**Disclosure:**

This charter shall be made available on the Corporation s website.

**Interpretations and Determinations:**

The Committee and the Board shall have the power and authority to interpret this charter and make any determinations as to whether any act taken has been taken in compliance with the terms hereof.

**Limitation of Audit Committee s Role:**

It is not the duty of the Committee to prepare financial statements, to plan or conduct audits or to determine that the Corporation s financial statements and disclosure are complete and accurate and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

*Rev. February 2014*

Cott Corporation

| | |
|---|---|
| 6525 Viscount Road | 5519 West Idlewild Avenue |
| Mississauga, Ontario, Canada | Tampa, Florida U.S.A. |
| L4V1H6 | 33634 |

www.cott.com

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8th Floor, 100 University Avenue

Toronto, Ontario M5J 2Y1

www.computershare.com

MR SAM SAMPLE
123 SAMPLES STREET
SAMPLETOWN SS X9X 9X9

**Security Class** 123

**Holder Account Number**

C1234567890 X X X

Fold

**This Form of Proxy is solicited by and on behalf of management and the board of directors.**

**Notes to proxy**

1. **Every shareowner has the right to appoint some other person of their choice, who need not be a shareowner, to attend and act on their behalf at the meeting. If you wish to appoint a person other than the persons whose names are printed herein, please insert the name of your chosen proxyholder in the space provided (see reverse).**

2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc.), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you may be required to provide documentation evidencing your power to sign this proxy with signing capacity stated.

3. This proxy should be signed in the exact manner as the name appears on the proxy.

4. If this proxy is not dated, it will be deemed to bear the date on which it is mailed by management to the shareowner.

5. **The securities represented by this proxy will be voted or withheld from voting in accordance with the instructions of the shareowner, however, if you do not specify how to vote in respect of any matter, your proxyholder is entitled to vote your shares as he or she sees fit. If this proxy does not specify how to vote on a matter, and if you have authorized a director or officer of Cott Corporation to act as your proxyholder, this proxy will be voted as recommended by management. In**

**particular, if your proxy does not specify how to vote, this proxy will be voted:**

**FOR the nominees listed in resolution number 1. Election of Directors,**

**FOR the appointment of Cott s independent registered certified public accounting firm set out in resolution number 2. Appointment of Independent Registered Certified Public Accounting Firm,**

**FOR the approval of our executive compensation by non-binding advisory vote set out in resolution number 3. Non-Binding Advisory Vote on Executive Compensation, and**

**FOR the approval of the Amendment to Cott Corporation s Second Amended and Restated By-Laws set out in resolution number 4. Approval of Amendment to Cott Corporation s Second Amended and Restated By-Laws.**

6. This proxy confers discretionary authority in respect of amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the meeting and at any continuation of the meeting after an adjournment thereof.

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7. This proxy should be read in conjunction with the accompanying documentation provided by management.

Proxies submitted must be received by 5:00 p.m. (local time in Toronto, Ontario, Canada) on May 2, 2014.

**THANK YOU**

**VOTE USING THE TELEPHONE OR INTERNET 24 HOURS A DAY 7 DAYS A WEEK!**

Call the number listed BELOW from a touch tone telephone.

**1-866-732-VOTE (8683) Toll Free**

Go to the following web site:

www.investorvote.com/Cot

**Smartphone?**

Scan the QR code to vote now.

You can enroll to receive future shareowner communications electronically by visiting www.computershare.com/eDelivery and clicking on eDelivery Signup .

**If you vote by telephone or the Internet, DO NOT mail back this proxy.**

**Voting by mail** may be the only method for securities held in the name of a corporation or securities being voted on behalf of another individual.

**Voting by mail** is the only method by which a shareowner may appoint a person as proxyholder other than the management nominees named on the reverse of this proxy. Instead of mailing this proxy, you may choose one of the two voting methods outlined above to vote this proxy.

**To vote by telephone or the Internet, you will need to provide your CONTROL NUMBER listed below.**

**CONTROL NUMBER 123456789012345**

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**This Form of Proxy is solicited by and on behalf of management and the board of directors.**

**Appointment of Proxyholder**

**I/We being shareowner(s) of Cott Corporation hereby appoint:** David T. Gibbons, Chairman, or failing him, Marni Morgan Poe, Vice-President, General Counsel & Secretary

**Print the name of the person you are appointing if this person is someone other than the Chairman or Secretary**

**OR**

as my/our proxyholder with full power of substitution and to vote in accordance with the following direction (or if no directions have been given, as the proxyholder sees fit) at the Annual and Special Meeting of Shareowners of Cott Corporation to be held at Hilton Toronto Airport Hotel and Suites, Toronto, Ontario, Canada, on Tuesday, May 6, 2014 at 8:30 a.m. (local time in Toronto, Ontario, Canada), and at any continuation of the meeting after an adjournment thereof. Discretionary authority is hereby conferred with respect to any amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the meeting and at any continuation of the meeting after an adjournment thereof. As of March 17, 2014, management is not aware of any such amendments, variations or other matters to be presented at the meeting.

**1. Election of Directors** The proposed nominees named in the accompanying Proxy Circular are:

01. Mark Benadiba; 02. George A. Burnett; 03. Jerry Fowden; 04. David T. Gibbons; 05. Stephen H. Halperin; 06. Betty Jane Hess; 07. Gregory Monahan; 08. Mario Pilozzi; 09. Andrew Prozes; 10. Eric Rosenfeld; 11. Graham Savage

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| | | |
|---|---|---|
| FOR all nominees listed above: | w | ¨ |
| FOR all nominees listed above other than: | w | ¨ |
| WITHHOLD vote for all nominees listed above: | w | ¨ |

Please specify the

name of the individual(s)

from whom you wish to

withhold your vote:

**2. Appointment of Independent Registered Certified Public Accounting Firm** **For** w ¨ **Against** w ¨ **Withhold** w ¨

Appointment of PricewaterhouseCoopers LLP as Independent Registered Certified Public Accounting Firm.

**3. Non-Binding Advisory Vote on Executive Compensation** **For** w ¨ **Against** w ¨ **Withhold** w ¨

Approval, on a non-binding advisory basis, of the compensation of Cott Corporation s named executive officers.

**4. Approval of Amendment to Cott Corporation s Second Amended and Restated By-Laws** **For** w ¨ **Against** w ¨

Approval of the Amendment to Cott Corporation s Second Amended and Restated By-Laws.

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**Authorized Signature(s) - Sign Here - This section must be completed for your instructions to be executed.**

I/We authorize you to act in accordance with my/our instructions set out above. I/We hereby revoke any proxy previously given with respect to the meeting. **If no voting instructions are indicated above, this proxy will be voted as recommended by management.**

Signature(s)

Date

**Interim Financial Statements Request**

In accordance with Canadian securities regulations, shareowners may elect to receive interim financial statements, if they so request. Mark this box if you would like to receive interim financial statements and accompanying Management s Discussion and Analysis by mail. If you do not mark this box, or do not return this PROXY, then it will be assumed you do NOT want to receive interim financial statements and the accompanying Management s Discussion and Analysis. ¨

**Annual Financial Statements Request**

Mark this box if you would NOT like to receive annual financial statements and accompanying Management s Discussion and Analysis by mail. If you do not mark this box, or do not return this PROXY, then the annual financial statements and accompanying Management s Discussion and Analysis will continue to be sent to you. ¨

If you are not mailing back your proxy, you may register online to receive the above financial statement(s) by mail at www.computershare.com/mailinglist.

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