MOTOROLA

1995 SUMMARY ANNUAL REPORT

Motorola is one of the world's leading providers of wireless communications, semiconductors and advanced electronic systems, components and services. Major equipment businesses include cellular telephone, two-way radio, paging and data communications, personal communications, automotive, defense and space electronics and computers. Motorola semiconductors power communication devices, computers and millions of other products.

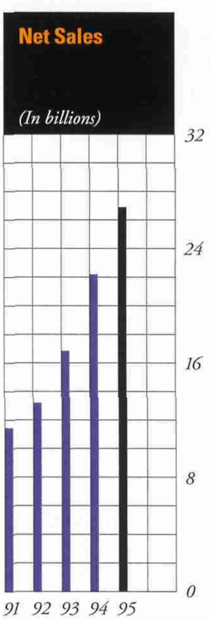
This report is in a summary format. It is a new format for Motorola and is intended to present 1995 results in a simple, readable style. The more detailed operational and financial material included in previous annual reports is now part of the Proxy Statement, which was distributed to stockholders along with this report. A copy may be obtained from the Motorola Investor Relations department. See inside back cover for details.

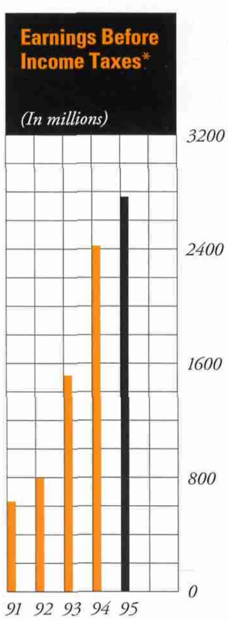
Contents

FINANCIAL HIGHLIGHTS

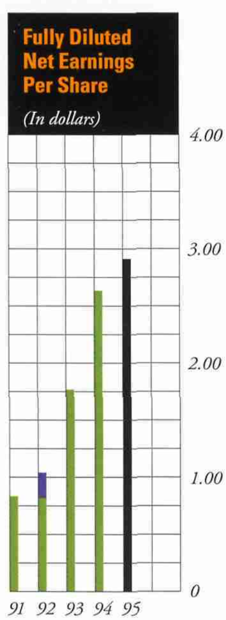
(In millions, except as noted)	*Motorola, Inc. and Consolidated Subsidiaries*	
Years ended December 31	**1995**	1994
Net sales	**$27,037**	$22,245
Earnings before income taxes	**2,782**	2,437
% to sales	**10.3%**	11.0%
Net earnings	**1,781**	1,560
% to sales	**6.6%**	7.0%
Primary net earnings per common and common equivalent share (in dollars)	**2.93**	2.66
Fully diluted net earnings per common and common equivalent share (in dollars)	**2.93**	2.65
Research and development expenditures	**2,197**	1,860
Fixed asset expenditures	**4,225**	3,322
Working capital	**2,717**	3,008
Current ratio	**1.35**	1.51
Return on average invested capital[1]	**14.7%**	17.5%
% of net debt to net debt plus equity[2]	**19.8%**	12.1%
Book value per common share (in dollars)	**18.68**	15.47
Year-end employment (in thousands)	**142**	132

[1] *Average invested capital is defined as stockholders' equity plus long and short-term debt less short-term investments (includes short-term investments categorized as cash equivalents).*
[2] *Includes short-term investments categorized as cash equivalents.*

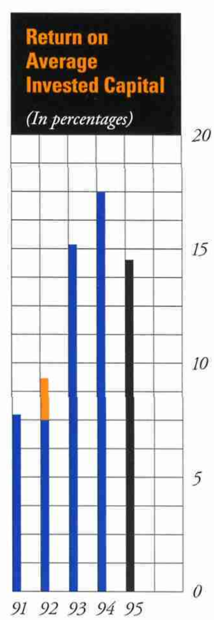




**And cumulative effect of change in accounting principle*



■ *Before cumulative effect of change in accounting principle*



■ *Before cumulative effect of change in accounting principle*

Motorola in 1995 invested as never before in technology platforms that promise to improve the way people live and work. This investment included research and development, as well as plant and equipment to serve our customers more effectively. These expenditures went into semiconductor, telecommunications and other electronic products and facilities throughout the world.

We have tremendous confidence in the future of our global communications and electronic businesses.

Sales and earnings again set records, although the rate of growth was lower than in the previous two years. Concern over this slower growth rate was reflected in the price of Motorola common stock. While 1995 was disappointing in this respect, the five-year cumulative total return continues well above the Standard & Poor's 500 Index, with a compound annual growth rate of 35%. We remain optimistic about the long-term growth potential of our businesses, and in this year's summary annual report, we will examine Motorola's core strategies for building on our strengths in some of the fastest-growing arenas in the world.

Financial Results Sales in 1995 increased 22% to $27.0 billion from $22.2 billion in 1994. Earnings were $1.78 billion, or $2.93 per fully diluted common and common equivalent share, compared with $1.56 billion, or $2.65 per share, a year ago. Net margin on sales was 6.6% in 1995 and 7.0% in 1994.

The increases were broad-based throughout the company's major businesses, and growth was highest in international markets. Summary operating and financial results of our various business segments appear on page 22. Detailed results appear in the Proxy Statement, as well as on the Internet at http://www.mot.com.

Board of Directors Judy C. Lewent, senior vice president and chief financial officer, Merck & Co., and John A. White, dean of engineering, Georgia Institute of Technology, were elected to Motorola's Board of Directors in 1995. David R. Clare, John T. Hickey and Gardiner L. Tucker are not standing for reelection to the board, in line with our policy on age and tenure of directors. We acknowledge with appreciation their many contributions to Motorola.

Gary L. Tooker *Christopher B. Galvin*

The Future In the following pages, we will share with you our strategic vision, beginning with where we are today, the core competencies on which we are building and the cornerstones that define the corporation. These create exciting opportunities for sustained growth in a global marketplace where technology continually enhances the way people live and work.

In recent years, we have become increasingly global, and we expect that trend to continue. In 1995, 63% of our sales were outside the United States. Leading this growth is capital investment in communications infrastructure, especially in emerging economies that are anxious to become part of the global economy as soon as possible. This growth is expected to continue to be the highest in Asia, as well as in Latin America. Economic expansion is also likely to accelerate in Japan, while the U.S. and European economies should advance more slowly. Wireless markets in the more-developed economies continue to experience pricing pressures, which had a negative impact on net earnings in 1995. These conditions may continue to result in lower sales growth and difficult earnings comparisons for the next few quarters. Our major investments in technology and production capacity have also had a negative impact on net earnings, but we believe they are setting the stage for sustained long-term growth.

In terms of global penetration, wireless communications is still in its early stages of development, especially in consumer markets. As we have seen in cellular and other electronics industries, more-developed markets continue to be stimulated by exciting products and semiconductor applications such as the ones featured in this report. We expect demand for communications equipment to continue to be stimulated by new technologies, new radio frequency spectrum licensed by governments around the world and an increase in the number of service providers. We have tremendous confidence in the future of our global communications and electronics businesses.

Gary L. Tooker
Vice Chairman and Chief Executive Officer

Christopher B. Galvin
President and Chief Operating Officer

Motorola Today Motorola is the largest provider of wireless communications equipment in the world, and our semiconductor business leads the world in many of the markets it serves. Building on technology platforms such as these, we create new markets for our products, as well as new industry segments.

We are No. 1 in the world in cellular telephone, paging and two-way radio. We are the world leader in many key segments of the semiconductor industry.

Our philosophy is to manage for long-term growth and profitability, while consistently and appropriately investing in technology to maintain competitive leadership. We are No. 1 in the world in cellular telephone, paging and two-way radio. These wireless businesses account for about 60% of our total sales. We are the world leader in many key segments of the semiconductor industry. Our semiconductor business accounts for 29% of our sales. The remainder of our sales come from advanced electronic systems and components. Motorola's compound annual sales growth rate of 24% over the last five years reflects the explosive growth of communications and electronics in the global marketplace, especially in emerging economies. The most rapid rate of growth was outside the United States.

The largest portion of our communications portfolio is cellular telephone. This market has grown rapidly, from 23 million subscribers in 1992 to an estimated 85 million at the end of 1995, but the industry is still in its early stages. Many people in the world have never used a telephone, and wireless systems are the fastest and often most cost-effective way to establish service. Global market penetration is still less than 2%. Motorola offers a broad range of infrastructure products and telephones for many major signaling formats in all regions of the world.

The paging market has grown from 36 million users in 1992 to an estimated 95 million at the end of 1995. About half the world's population is only now being introduced to paging services. In countries such as China and India, paging often functions as a basic communications tool. In more-developed markets, paging is becoming a service for consumers as well as for businesses as costs come down. New Motorola technologies have set the stage for two-way paging, voice paging and advanced messaging.

At just 3.1 ounces, the new StarTAC™ cellular phone can literally be "worn" by consumers in need of reliable but unobtrusive communications.

NEW DIMENSIONS IN WIRELESS COMMUNICATIONS

Above: The new Tango™ pager makes two-way wireless messaging a reality. It enables users to reply to messages instantaneously by selecting one of many preprogrammed, stored responses. It operates on newly allocated narrowband Personal Communications Services (PCS) spectrum. Below: The new StarTAC™ wearable cellular phone brings the Space Age to ancient Rome. Soon to be available in Italy, the StarTAC is the world's smallest and, at 3.1 ounces, the world's lightest cellular phone. The first wearable cellular phone, it was introduced in January 1996.

Core Technical Competencies Industries such as cellular and paging are built on Motorola's core technical competencies, including software, semiconductor and radio frequency design.

We expect the world semiconductor industry to grow from $150 billion at the end of 1995 to more than $300 billion by the end of the decade.

Technology has transformed our original two-way land mobile radio business. This market has grown from 33 million subscribers in 1992 to about 45 million at the end of 1995. Astro™ digital technology has renewed markets such as public safety, while Radius® two-way radios have penetrated consumer markets. In shared systems, Integrated Dispatch Enhanced Network technology combines dispatch and telephone interconnect, voice and data. IDEN™ systems are targeted for workgroups on the move.

Communications also is one of the fastest-growing segments of the semiconductor market. That's one reason that our Semiconductor Products Sector has achieved a compound annual growth rate of 23% since 1991. Motorola has a breadth and scope of products that is unmatched in the industry. In addition to wireless, we are No. 1 in several of the fastest-growing markets, including energy/environment and industrial; automotive; multimedia set-top boxes; personal computer printers; and interactive, microcontroller-based smartcards.

As technologies and markets converge, the PowerPC™ microprocessor is becoming more attractive. The PowerPC scales the full range of applications, from computing to embedded control. More than 40 companies have selected the PowerPC as their desktop, laptop, workstation or server processor, while hundreds will use the PowerPC for embedded applications. **The PowerPC platform is at the heart of a full range of offerings from the Motorola Computer Group.**

The semiconductor content of the products shipped by our customers was about 2% in the 1960s and is expected to approach 30% by the end of this decade. We expect the world semiconductor industry to grow from $150 billion at the end of 1995 to more than $300 billion by the end of the decade. Our expansion program is designed to enable us to achieve and maintain leadership in our key markets.

The Power Macintosh™ computer is at the head of the class when it comes to speed and performance. It uses the advanced RISC technology of the Motorola PowerPC 603™ Microprocessor.

MAKING LIFE MORE EFFICIENT—AND CONVENIENT

Above: Motorola two-way radios help athletes and coaches stay in touch at the U.S. Olympic Training Center in Colorado Springs, Colo. As a Centennial Olympic Games Partner-level sponsor and U.S. Olympic Team sponsor, Motorola is providing the largest two-way radio communication network ever to be deployed at an athletic event, utilizing its Astro™ and iDEN™ digital technologies.
Below: Smartcards make it more convenient to pay the bill in this Paris restaurant. Motorola microcontrollers bring the "smart" to smartcards by storing, computing and protecting data. Smartcard chips serve applications such as banking, transportation, health care and digital mobile phones.

Creating Our Future By building on our core competencies, we create an exciting future. We apply our resources, in a timely, effective manner, to the process of renewal. Our strategy is to build on the strengths of new and existing businesses to create major new global industry segments.

Our strategy is to build on the strengths of new and existing businesses to create major new global industry segments.

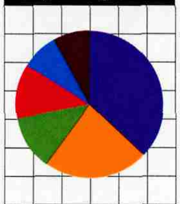
For example, in our Messaging, Information and Media Sector, **our new FLEX™ family of protocols has emerged as the worldwide standard.** The FLEX protocol has been adopted by seven of the world's 10 largest paging markets. The ReFLEX™ protocol is for data messaging and two-way wireless messaging, while the InFLEXion™ protocol enables voice technology as well as high-speed data. Messaging also includes wireless devices such as the Envoy® personal communicator, which enables people to exchange electronic mail messages or access information wherever they are.

We also expect to create new industry segments that combine wired and wireless communications. High-speed modems from our Information Systems Group provide access to the Internet. Our CableComm technology is being used in a test system that offers telephone service on the same coaxial cable that carries television programs. Several cable TV operators have ordered CyberSURFR™ modems that provide high-speed access to the Internet. CableComm technology is designed to provide full-motion videoconferencing.

We also have built on our strength in satellite communications to create the IRIDIUM® global wireless communications network, designed to serve handheld telephones and permit voice, data, fax or paging messages to reach their destinations almost anywhere on the surface of the earth. The network will be operated by Iridium, Inc., a private international consortium of leading telecommunications and industrial companies, and is expected to begin initial operation in 1998. The system is designed to track the location of the handheld telephones, so a call can be directed almost anywhere on earth, even if the subscriber's location is unknown. The potential market ranges from international business travelers to developing nations. The system also should be ideal for rescue, relief and supply efforts during natural disasters.

1995 Market Sales by Region

(In percentages)



United States 37%
Europe 23%
Asia-Pacific 12%
China/Hong Kong 12%
Japan 8%
Rest of World 8%

THE WORLD AT YOUR FINGERTIPS

Above: This engineering facility in Chandler, Ariz., will be the control center during the initial build-up of the first 40 IRIDIUM® satellites in the constellation. The orbiting network also will be monitored from facilities in Virginia and in Italy.
Below: Motorola's CableComm technology enables telephone and cable companies to offer telephony, high-speed data, video phone and other Internet and interactive multimedia services over cable systems. The new CyberSURFR™ cable modem can receive information at speeds hundreds of times faster than today's conventional modems.

Our management philosophy is based on respect for the dignity of the individual and uncompromising integrity in everything we do.

Cornerstones The way Motorola does business is grounded in unchanging key beliefs coupled with a dynamic balance of customer-focused initiatives and strategies. They combine to create a unique set of competitive strengths.

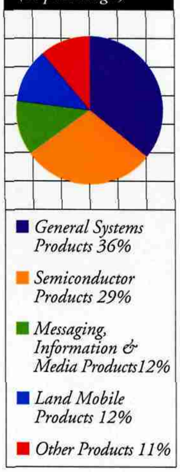
Our management philosophy begins with two key beliefs—respect for the dignity of the individual and uncompromising integrity in everything we do. This helps to create an environment of empowerment for all in a culture of participation. It encourages us to manage for long-term growth and invest in technology to maintain competitive leadership.

Motorola's Six Sigma quality initiative has been one of the driving forces in achieving this leadership. In the last nine years, it has enabled us to reduce in-process defect levels 250-fold. At the same time, productivity, measured in sales per employee, has increased 13.2% per year. Our quality, cycle-time reduction and software initiatives are designed to give our customers what they want, when they want it, with superb quality at an affordable price.

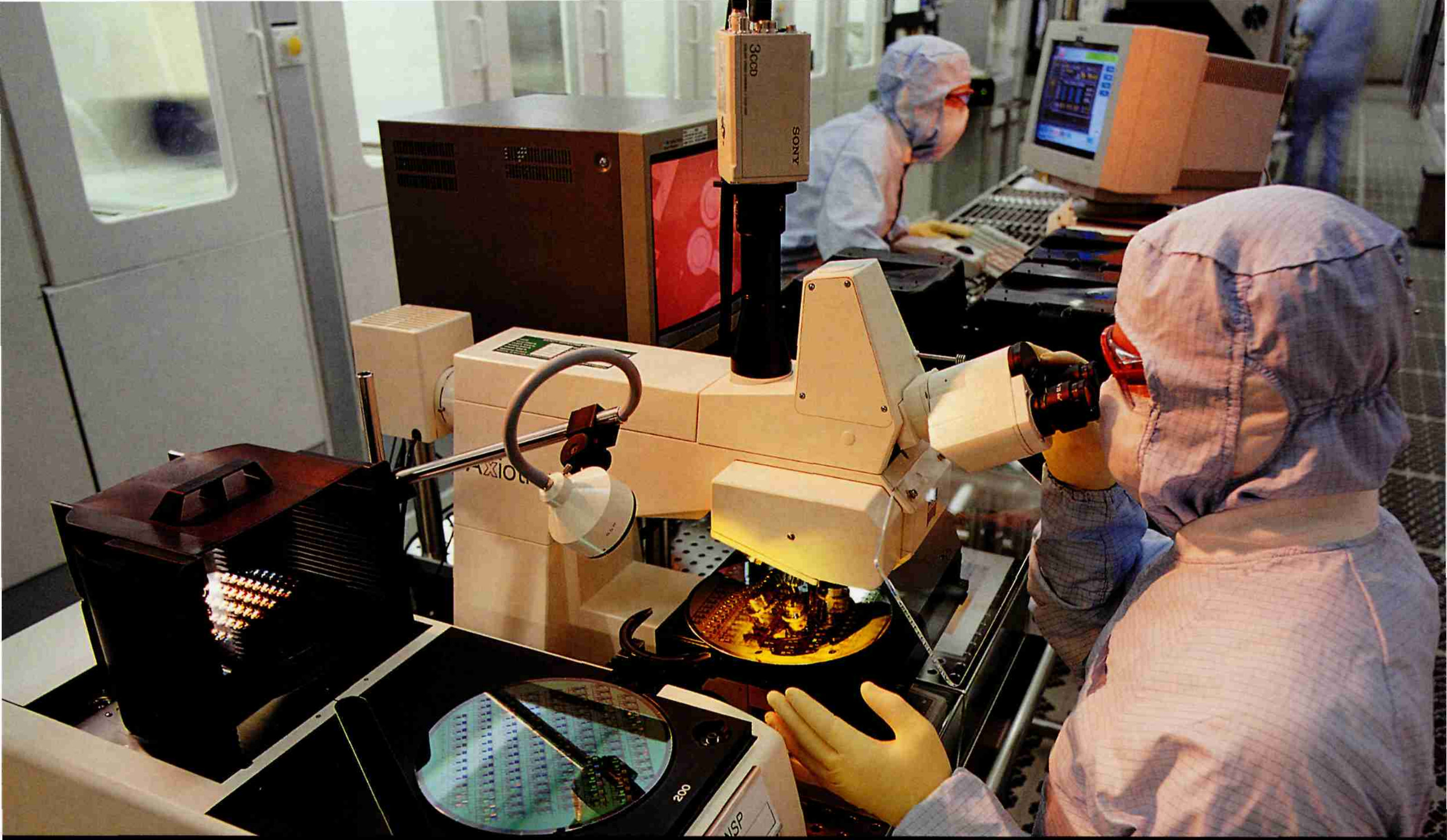
A measure of this competitive strength is our portfolio of intellectual property rights. The number of U.S. patents issued to Motorola in the last five years has risen from 613 in 1991 to 1,016 in 1995. We rank No. 3 in the United States. As the software content of our products increases and the cost of computing drops, sophisticated products become easier to use and less expensive. This creates enormous new global market opportunities and spurs our investments in the skills of our people, in software development, and in our ability to manufacture efficiently, anywhere in the world. **We have embarked on the largest worldwide expansion in semiconductor capacity in our history.** We are also reshaping customer-supplier relationships as systems-level integration and combinational technologies revolutionize the industry.

1995 Net Sales by Business Segment

(In percentages)



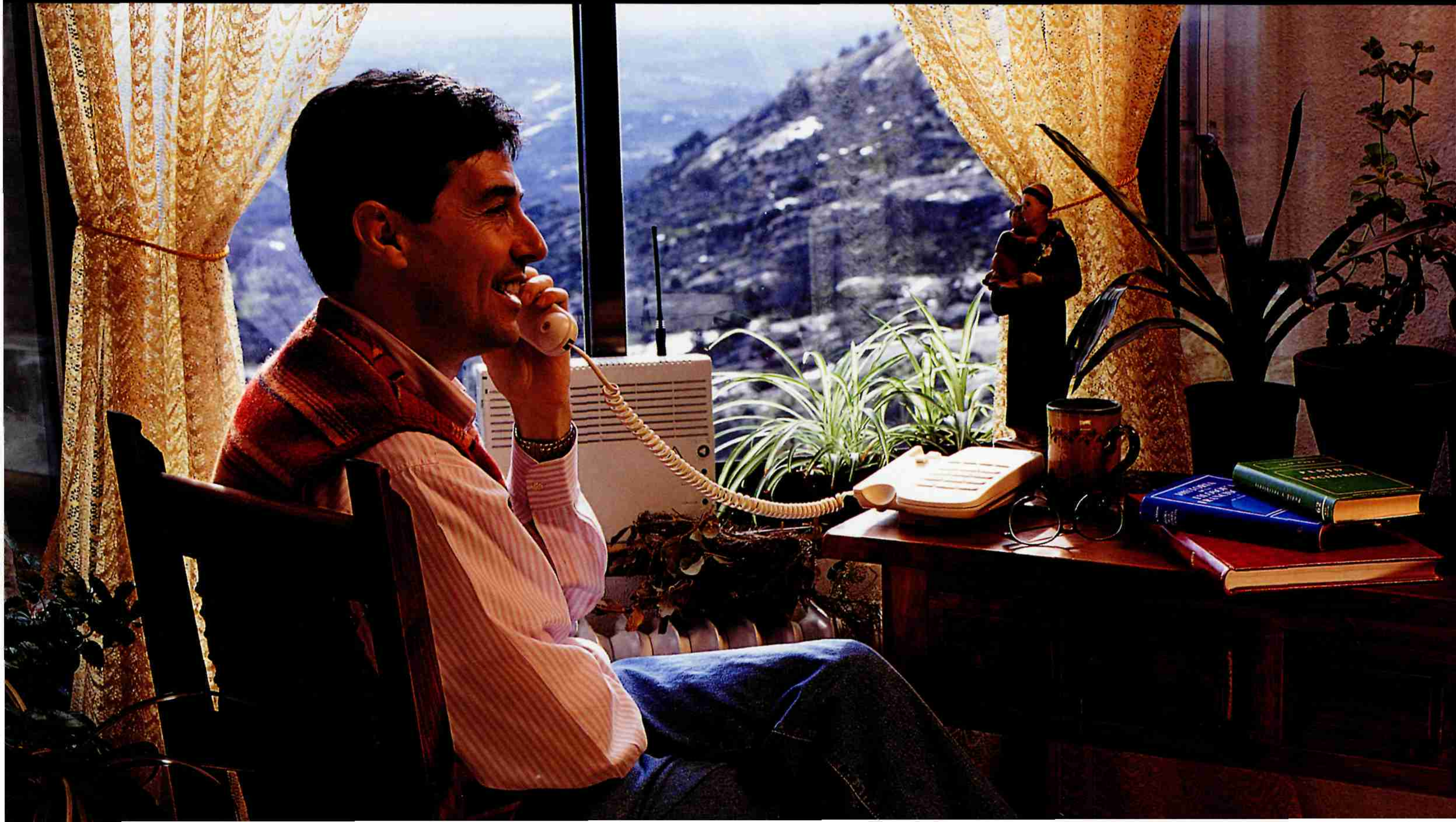
One of the most striking examples of the power of technology is our fixed Wireless Local Loop telephone systems. WiLL® systems can be installed more quickly and often at a lower cost than wired systems in places where phone service does not exist or where existing service is inadequate. WiLL telephone systems can play a key role in transforming emerging economies.



THE LATEST TECHNOLOGY—ANYWHERE

Above: Motorola's investment in semiconductor wafer fabrication enables it to maintain manufacturing leadership. In this new facility at Chandler, Ariz., named "Fab of the Year" in 1995 by *Semiconductor International* magazine, highly trained employees use automated equipment to inspect 8-inch wafers and track measurements during the manufacturing process.

Below: People in rural Spain are keeping in touch through a new Motorola wireless local loop telephone system. This fixed system produced by our Cellular Infrastructure Group serves 350,000 users.



"Motorola. What You Never Thought Possible"™ New technologies—many of them created by Motorola—are combining with global geopolitical forces to create an exciting new kind of world. This is a result of digital technology that lowers cost and adds functionality; the expanding availability of radio frequency spectrum; deregulation; and the creation of standards that enable a variety of systems to connect with each other.

Motorola creates innovative products and technologies to make the world a better place to live.

"Motorola. What You Never Thought Possible"™ is a theme that will be featured in our messages throughout the world. People who buy a Motorola product know they have made a wise investment, because it has been built on a heritage of quality.

We at Motorola are helping to create a world where: • You could take a phone out of your purse or your pocket, unfold it and reach the person you need, wherever that person is, almost anywhere in the world • You could write a message in longhand, or in Chinese characters, and have the message printed on a computer, anywhere in the world • You could keep in touch with your child in a day-care center—both visually and by voice—wherever you are. These are only a few small examples of what we envision.

We are creating the kinds of products and systems that enable emerging economies to develop a modern communications infrastructure and leapfrog into the 21st century.

At the personal level, **our products make life easier, more productive—and more fun.** People have more time to do the things they want to do. They have access to entertainment wherever they are, at home or while traveling. Our communications products make people feel more secure, because they can get help and stay in touch with people they need. For example, our global positioning system (GPS) receiver is used in the car pictured on the opposite page.

We look forward with tremendous confidence as we create innovative products and technologies that make the world a better place to live. We generate exciting new ways for people to communicate, work and play.

Lexicus LexiPen™ is the world's first highly accurate cursive Chinese character recognizer. Chinese writers can input 13,000 Chinese characters into standard desktop and notebook computers.

PowerPC™ is a trademark of IBM Corporation.
Macintosh™ is a trademark of Apple Computer, Inc.
IRIDIUM® is a registered trademark and service mark of Iridium, Inc.

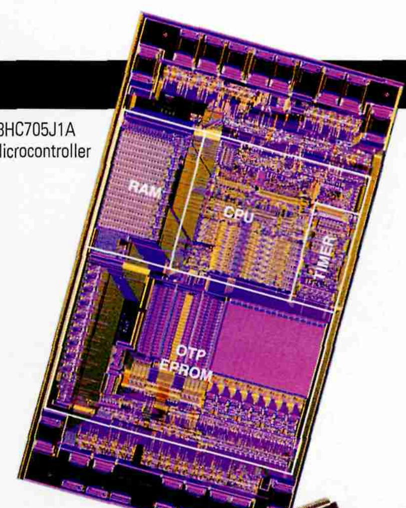
EXPANDING THE WAY WE STAY IN TOUCH

Above: Motorola's GP68 portable two-way radio, designed for commercial and industrial markets in Asia, helps construction workers coordinate work activities and the flow of materials in the construction of a new railway station in Beijing, China.
Below: Activated by the push of a button, the new Lincoln RESCU system (Remote Emergency Satellite Cellular Unit) sends a vehicle's location to an operator who puts the driver in touch with a public safety agency or roadside assistance program. The system, available on 1996 Lincoln Continentals, was developed in partnership with Ford Motor Co. and Westinghouse Electric Corp. and is manufactured by Motorola.

	General Systems Sector	Semiconductor Products Sector	Messaging, Information and Media Sector
Business Activities	Designs, manufactures and distributes RF-based cellular radiotelephones and systems, personal communications systems, computers and microcomputer boards.	Designs, produces and distributes a broad line of discrete semiconductors and integrated circuits, including microprocessors, RF devices, microcontrollers, digital signal processors, memories and sensors.	Designs, manufactures and distributes a variety of messaging products, including pagers and paging systems, wireless and wireline data communications products, handwriting recognition software, infrastructure equipment, systems and services.
Organization	Cellular Infrastructure Group Cellular Subscriber Group Computer Group Network Ventures Division	Asia-Pacific Semiconductor Group Communications, Power and Signal Technologies Group European Semiconductor Group Logic and Analog Technologies Group Microcontroller Technologies Group Microprocessor and Memory Technologies Group Semiconductor Products Division, Nippon Motorola Limited	Information Systems Group Multimedia Group Paging Products Group Wireless Data Group International Networks Division Lexicus Division

Representative Products

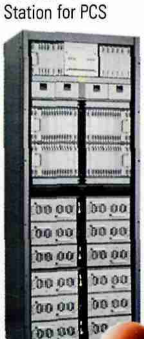
Powerstack™ RISC PC Mini-Tower



68HC705J1A Microcontroller

ISDN Terminal Adapter BitSURFR™ Modem

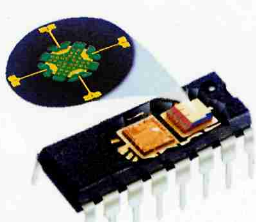

Tango™ Pager


SC 4800™ Compact Cellular Base Station for PCS

StarTAC™ Personal Cellular Telephone

PowerPC 604™ Microprocessor


Personal Messenger™ 100D PCMCIA Radio Modem


SENSEON™ Accelerometer Sensor

Envoy® Wireless Communicator

In addition to these sectors and groups, the New Enterprises organization manages Motorola's entry into strategically relevant, emerging high-growth and high-technology global business opportunities.

Land Mobile Products Sector

Designs, manufactures and distributes analog and digital two-way radio products and systems for applications worldwide, from on-site to wide-area communications.

Integrated Dispatch Enhanced Network (iDEN) Group
Network Services Group
Radio Network Solutions Group
Radio Parts and Service Group
Radio Products Group
EMTEK Health Care Systems, Inc.

Automotive, Energy and Controls Group

Designs and manufactures a broad range of electronic components, modules and integrated electronic systems and products for automotive, industrial, transportation, navigation, communication, energy systems, consumer and lighting markets.

Automotive and Industrial Electronics Group
Component Products Group
Energy Products Division
Flat Panel Display Division
Indala Corporation
Motorola Lighting, Inc.

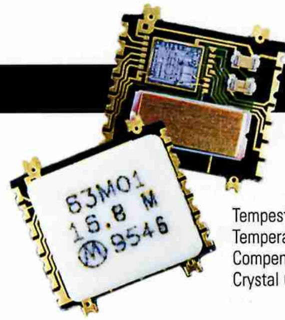
Government and Space Technology Group

Specializes in research, development and production of electronic systems and products for U.S. government projects and commercial business. The group's Satellite Communications Division is developing the IRIDIUM® satellite-based communication system.

Diversified Technologies Division
Government Electronics Division
Satellite Communications Division

iDEN™ Portable Two-Way Radio

Handie-Com™ Light Industrial Portable Two-Way Radio



Tempest™ 3V Temperature Compensated Crystal Oscillator

IRIDIUM® System Satellite

3.5V Lithium Ion Battery for StarTAC™ Personal Cellular Telephone

CipherTAC™ Security Module

Chrysler JTEC (Jeep Truck Engine Controller)

FORTÉ™ Wireless CommPad

iDEN™ Mobile Two-Way Radio

SPEAKeasy II Radio System

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Motorola, Inc. and Consolidated Subsidiaries

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

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

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

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

Gary L. Tooker

Gary L. Tooker
Vice Chairman and
Chief Executive Officer

Carl F. Koenemann

Carl F. Koenemann
Executive Vice President
and Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with generally accepted auditing standards, the consolidated balance sheets of Motorola, Inc. and consolidated subsidiaries as of December 31, 1995 and 1994, and the related statements of consolidated earnings, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1995, appearing in the appendix to the proxy statement for the 1996 Annual Meeting of Shareholders of the Corporation (not presented herein); and in our report dated January 9, 1996, except for Note 6, which is as of February 16, 1996, also appearing in that proxy statement appendix, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly presented, in all material respects, in relation to the consolidated financial statements from which it has been derived.

KPMG Peat Marwick LLP

KPMG Peat Marwick LLP
Chicago, Illinois

February 16, 1996

STATEMENTS OF CONSOLIDATED EARNINGS

(In millions, except per share amounts)		*Motorola, Inc. and Consolidated Subsidiaries*	
Years ended December 31	**1995**	1994	1993
Net sales	**$27,037**	$22,245	$16,963
Costs and expenses			
Manufacturing and other costs of sales	**17,545**	13,760	10,351
Selling, general and administrative expenses	**4,642**	4,381	3,776
Depreciation expense	**1,919**	1,525	1,170
Interest expense, net	**149**	142	141
Total costs and expenses	**24,255**	19,808	15,438
Earnings before income taxes	**2,782**	2,437	1,525
Income taxes provided on earnings	**1,001**	877	503
Net earnings	**$ 1,781**	$ 1,560	$ 1,022
Fully diluted net earnings per common and common equivalent share[1,2]	**$ 2.93**	$ 2.65	$ 1.78
Fully diluted average common and common equivalent shares outstanding[1,2]	**609.8**	592.7	583.7

[1] *Primary earnings per common and common equivalent share were the same as fully diluted for all years shown, except in 1994 when they were one cent higher than fully diluted. Average primary common and common equivalent shares outstanding for 1995, 1994 and 1993 were 609.7, 591.7 and 582.6, respectively (which includes the dilutive effects of the convertible zero coupon notes and the outstanding stock options).*

[2] *Includes adjustments for the 1994 two-for-one stock split effected in the form of a 100 percent stock dividend.*

STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY

(In millions, except per share amounts)	Common Stock and Additional Paid-in Capital[1]			Retained Earnings		
Years ended December 31	**1995**	1994	1993	**1995**	1994	1993
Balances at January 1	**$3,179**	$1,875	$1,510	**$5,917**	$4,534	$3,634
Net earnings	**–**	–	–	**1,781**	1,560	1,022
Conversion of zero coupon notes	**23**	251	216	**–**	–	–
Stock issuance[2]	**–**	973	–	**–**	–	–
Unrealized net gain (loss) on certain investments	**328**	(8)	–	**–**	–	–
Stock options exercised and other	**57**	88	149	**–**	–	–
Dividends declared ($.40 per share in 1995, $.31 in 1994 and $.22 in 1993)	**–**	–	–	**(237)**	(177)	(122)
Balances at December 31	**$3,587**	$3,179	$1,875	**$7,461**	$5,917	$4,534

[1] *1994 Stock Split: An amount equal to the par value of the additional shares issued has been transferred from additional paid-in capital to common stock due to the two-for-one stock split effected in the form of a 100 percent stock dividend. All references to shares outstanding, dividends and per share amounts during 1994 and 1993 have been adjusted on a retroactive basis.*

[2] *During November 1994, the Company completed a public equity offering of 17.1 million shares of common stock.*

See accompanying condensed notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

(In millions, except per share amounts)	*Motorola, Inc. and Consolidated Subsidiaries*	
December 31	**1995**	1994
Assets		
Current assets		
Cash and cash equivalents	**$ 725**	$ 741
Short-term investments	**350**	318
Accounts receivable, less allowance for doubtful accounts (1995, $123; 1994, $118)	**4,081**	3,421
Inventories	**3,528**	2,670
Future income tax benefits	**1,222**	928
Other current assets	**604**	847
Total current assets	**10,510**	8,925
Property, plant and equipment, less accumulated depreciation (1995, $8,110; 1994, $6,657)	**9,356**	7,073
Other assets	**2,935**	1,538
Total assets	**$22,801**	$17,536
Liabilities and Stockholders' Equity		
Current liabilities		
Notes payable and current portion of long-term debt	**$ 1,605**	$ 916
Accounts payable	**2,018**	1,678
Accrued liabilities	**4,170**	3,323
Total current liabilities	**7,793**	5,917
Long-term debt	**1,949**	1,127
Deferred income taxes	**968**	509
Other liabilities	**1,043**	887
Stockholders' equity		
Common stock, $3 par value Authorized shares: 1995 and 1994, 1,400 Issued and outstanding shares: 1995, 591.4; 1994, 588.0	**1,774**	1,764
Preferred stock, $100 par value issuable in series Authorized shares: 0.5 (none issued)	**–**	–
Additional paid-in capital	**1,813**	1,415
Retained earnings	**7,461**	5,917
Total stockholders' equity	**11,048**	9,096
Total liabilities and stockholders' equity	**$22,801**	$17,536

See accompanying condensed notes to consolidated financial statements.

STATEMENTS OF CONSOLIDATED CASH FLOWS

(In millions)			*Motorola, Inc. and Consolidated Subsidiaries*
Years ended December 31	**1995**	1994	1993
Operating			
Net earnings	**$ 1,781**	$ 1,560	$ 1,022
Add (deduct) non-cash items			
Depreciation	**1,919**	1,525	1,170
Deferred income taxes	**(55)**	(177)	50
Amortization of debt discount and issue costs	**12**	22	26
Gain on disposition of investments in affiliated companies	**(111)**	(9)	(9)
Change in assets and liabilities, net of effects of acquisitions and dispositions			
Accounts receivable, net	**(653)**	(945)	(439)
Inventories	**(856)**	(806)	(539)
Other current assets	**(100)**	(328)	(44)
Accounts payable and accrued liabilities	**1,172**	1,134	927
Other assets	**30**	595	(95)
Other liabilities	**148**	(19)	245
Net cash provided by operations	**3,287**	2,552	2,314
Investing			
Acquisitions and advances to affiliated companies	**(563)**	(894)	(408)
Dispositions of investments in affiliated companies	**252**	23	67
Payments for property, plant and equipment	**(4,225)**	(3,320)	(2,187)
Other changes to property, plant and equipment, net	**(11)**	183	126
(Increase) decrease in short-term investments	**(32)**	40	(105)
Net cash used for investing activities	**(4,579)**	(3,968)	(2,507)
Financing			
Net increase (decrease) in commercial paper and short-term borrowings less than 90 days	**686**	517	(38)
Proceeds from issuance of debt	**851**	32	521
Repayment of debt	**(74)**	(190)	(74)
Issuance of common stock	**49**	1,061	113
Payment of dividends	**(236)**	(149)	(120)
Net cash provided by financing activities	**1,276**	1,271	402
Net increase (decrease) in cash and cash equivalents	**$ (16)**	$ (145)	$ 209
Cash and cash equivalents, beginning of year	**$ 741**	$ 886	$ 677
Cash and cash equivalents, end of year	**$ 725**	$ 741	$ 886

Supplemental Cash Flow Information

(In millions)			*Motorola, Inc. and Consolidated Subsidiaries*
Years ended December 31	**1995**	1994	1993
Non-Cash Activities			
Conversion of zero coupon notes	**$ 23**	$251	$216
Unrealized net gain (loss) on certain investments	**$336**	$ (8)	–
Issuance of common stock for investment acquisition	**$ –**	$ –	$ 36

See accompanying condensed notes to consolidated financial statements.

1. Summary of Significant Accounting Policies

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

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

Marketable Securities: Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities." SFAS No. 115 requires that the carrying value of certain investments be adjusted to their fair value. As of December 31, 1995, the Company recorded an increase to stockholders' equity, other assets and deferred taxes of $328 million, $543 million and $215 million, respectively, primarily due to the fair value recognition of the Nextel investment which was completed during July of 1995. As of December 31, 1994, the effects of SFAS No. 115 were immaterial.

Revenue Recognition: The Company uses the percentage-of-completion method to recognize revenues and costs associated with most long-term contracts. For contracts involving certain technologies, revenues and profits, or parts thereof, are deferred until technological feasibility is established and customer acceptance is obtained. For other product sales, revenue is recognized at the time of shipment, and reserves are established for price protection and cooperative marketing programs with distributors.

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

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

Foreign Currency Translation: The Company's European and Japanese operations use the respective local currencies, instead of the U.S. dollar, as the functional currency. For all other operations, the Company uses the U.S. dollar as the functional currency. The effects of translating the financial position and results of operations of local functional currency operations are included in stockholders' equity. The effects of foreign currency transactions are included in the statement of earnings.

The Company uses financial instruments to hedge, and therefore attempt to reduce, its overall exposure to the effects of currency fluctuations on cash flows of foreign operations and investments in foreign countries. The Company's strategy is to offset the gains or losses of the financial instruments against losses or gains on the underlying operational cash flows or investments based on the operating business units' assessment of risk. Gains and losses on hedges of existing assets or liabilities are marked to market on a monthly basis. Other gains or losses on financial instruments that do not qualify as hedges are recognized immediately as income or expense. Gains and losses on financial instruments which hedge firm future commitments are deferred until such time as the underlying transactions are recognized or immediately when the transaction is no longer expected to occur. The Company does not speculate in these financial instruments for profit on the exchange rate price fluctuation alone. The Company does not trade in currencies for which there are no underlying exposures, nor enter into trades for any currency to intentionally increase the underlying exposure.

Many of the Company's non-functional currency receivables and payables denominated in major currencies which can be traded on open markets are hedged. Some of the Company's exposure is to currencies which are not traded on open markets, such as those in Latin America and China, and these are addressed, to the extent reasonably possible, through managing net asset positions, product pricing, and other means, such as component sourcing. Currently, the Company primarily hedges firm commitments. The Company expects that there could be hedges of anticipated transactions in the future.

Stock Options: The Company has evaluated the effects of the recent accounting pronouncement, SFAS No. 123, "Accounting for Stock-Based Compensation," which will be effective for the Company's fiscal year 1996. Based on an initial evaluation, the effects are not expected to have a material effect on the Company's consolidated financial position, liquidity or results of operations.

Disclosure of Certain Significant Risks and Uncertainties: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's periodic filings with the Securities and Exchange Commission include, where applicable, disclosures of estimates, assumptions, uncertainties and concentrations in products, sources of supply and markets which could affect the financial statements and future operations of the Company.

Reclassifications: Certain amounts in prior years' financial statements and related notes have been reclassified to conform to the 1995 presentation.

2. Commitments and Contingencies

Financial: In July 1995, the Company completed the sale of its 800 megahertz specialized mobile radio businesses, systems and licenses in the continental United States to Nextel Communications, Inc. for approximately 59 million shares of Nextel stock. The transaction was accounted for as an exchange of productive assets with no gain realized in the Statement of Consolidated Earnings. Nextel agreed to purchase, subject to specified conditions, substantial quantities of equipment from Motorola over a five-year period which began in 1994 for use on its specialized mobile radio systems. Motorola has agreed to provide up to $685 million of secured vendor financing for such equipment and related services to Nextel and certain of its subsidiaries, subject to certain lending conditions. As of December 31, 1995, Nextel had drawn $225 million of such financing commitments. Nextel will require financing in addition to Motorola's vendor financing to complete its currently planned networks and acquisitions. Nextel's failure to obtain additional financing or to meet the conditions for any financing could adversely affect future sales and orders of the Company's iDEN® equipment. There can be no assurances that such additional financing will be obtained or such conditions met.

The Company further advanced its strategic investment in the IRIDIUM® global communications system. At December 31, 1995, the Company's equity investment in and commitments to make equity investments in Iridium, Inc. was approximately $400 million; additionally, it has committed, subject to action by the Iridium, Inc. Board of Directors, to additional equity investments totaling approximately $60 million. In February 1996, the Company has committed to purchase approximately $160 million of securities to be issued by Iridium, Inc. during 1996. Iridium, Inc. will require additional funding and, quite possibly, other financial support from various sources in order to complete the global communications system, which is expected to take place over the next three years. There can be no assurance that Motorola or any other person will provide such funding or financial support. Motorola is the largest investor in Iridium, Inc. and a failure of Iridium, Inc. to obtain additional funding or financial support would materially adversely affect Motorola's investment in Iridium, Inc. and in ancillary products. The Company's investment in Iridium, Inc. is included in the Consolidated Balance Sheet category "Other Assets."

The Company has executed three contracts with Iridium, Inc. for the construction and operation of the global communications system, providing for approximately $6.5 billion in payments by Iridium, Inc. over a ten-year period which began in 1993. The Company has in turn entered into significant subcontracts for portions of the system, for which it will generally remain obligated even if Iridium, Inc. is unable to satisfy the terms of the contracts with the Company, including funding. Separately, the Company is making significant investments to produce ancillary products for the system, such as subscriber units. The Federal Communications Commission (FCC) has issued a license to a Motorola subsidiary to construct, operate and launch the IRIDIUM system. However, other authorizations are still required for the IRIDIUM system to begin commercial service in the U.S. and in other countries in which service will be provided. Except as noted above, the Company had no significant concentrations of credit risk as of December 31, 1995.

The Company has entered into arrangements with non-consolidated affiliates whereby the Company may increase, for an amount up to approximately $250 million, its percentage interest in these affiliates at the option of each respective affiliate or Motorola at various dates which are not to extend beyond June 1997.

Other off-balance-sheet commitments to extend or guarantee financing and recourse obligations under receivable sales arrangements which represent firm obligations at December 31, 1995 and 1994, aggregated approximately $173 million and $273 million, respectively. Commitments to extend or guarantee financing include commitments for customer financing and for the financing of non-consolidated affiliates. Customer financing commitments require the customer to meet certain conditions established in the financing arrangements. Commitments represent the maximum amounts available under these arrangements and may not be completely utilized.

Environmental and Legal: Under the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended (CERCLA, or Superfund), the Company has been designated as a potentially responsible party by the United States Environmental Protection Agency with respect to certain waste sites with which the Company may have had direct or indirect involvement. Such designations are made regardless of the extent of the Company's involvement. These claims are in various stages of administrative or judicial proceedings. They include demands for recovery of past governmental costs and for future investigations or remedial actions. In many cases, the dollar amounts of the claims have not been specified, and have been asserted against a number of other entities for the same cost recovery or other relief as was asserted against the Company. The Company accrues costs associated with environmental matters when they become probable and reasonably estimable, which totaled $86 million and $70 million as of December 31, 1995 and 1994, respectively. The amount of such charges to earnings was $24 million, $20 million and $36 million in 1995, 1994 and 1993, respectively. However, due to their uncertain nature, the amounts accrued could differ, perhaps significantly, from the actual costs that will be incurred. These amounts assume no substantial recovery of costs from any insurer. The remedial efforts include environmental cleanup costs and communication programs. These liabilities represent only the Company's share of any possible costs incurred in environmental cleanup sites, since in most cases, potentially responsible parties other than the Company may exist.

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

IRIDIUM® is a registered trademark and service mark of Iridium, Inc.

3. Information by Industry Segment and Geographic Region

Information for 1994 and 1993 has been reclassified to reflect the realignment of various business units. Messaging, Information and Media Products segment includes the Paging Products and Wireless Data Groups (formerly reported as part of the Communications segment) and the Information Systems Group (formerly reported as part of the Other Products segment). Land Mobile Products (formerly reported as part of the Communications segment) is a separate reportable segment. The Government and Space Technology Group is reported as part of the Other Products segment.

Operating profit (revenues less operating expenses) excludes general corporate expenses, net interest and income taxes. Intersegment and intergeographic transfers are accounted for on an arm's length pricing basis.

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

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

Industry segment information

	Net Sales			Operating Profit					
Years ended December 31	1995	1994	1993	1995		1994		1993	
General Systems Products	$10,660	$ 8,613	$ 5,236	$1,266	11.9%	$1,214	14.1%	$ 718	13.7%
Semiconductor Products	8,539	6,936	5,707	1,218	14.3%	996	14.4%	801	14.0%
Messaging, Information and Media Products	3,681	2,981	2,574	310	8.4%	282	9.5%	219	8.5%
Land Mobile Products	3,598	3,399	2,882	324	9.0%	311	9.1%	150	5.2%
Other Products	3,346	2,660	2,009	131	3.9%	97	3.6%	63	3.1%
Adjustments and eliminations	(2,787)	(2,344)	(1,445)	(48)	–	(29)	–	(11)	–
Industry segment totals	$27,037	$22,245	$16,963	3,201	11.8%	2,871	12.9%	1,940	11.4%
General corporate expenses				(270)		(292)		(274)	
Interest expense, net				(149)		(142)		(141)	
Earnings before income taxes				$2,782	10.3%	$2,437	11.0%	$1,525	9.0%

	Assets			Fixed Asset Expenditures			Depreciation Expense		
Years ended December 31	1995	1994	1993	1995	1994	1993	1995	1994	1993
General Systems Products	$ 6,181	$ 4,740	$ 3,223	$ 762	$ 621	$ 453	$ 450	$ 327	$ 227
Semiconductor Products	7,938	5,886	4,507	2,530	1,640	1,120	909	683	529
Messaging, Information and Media Products	2,527	2,087	985	357	270	237	204	167	72
Land Mobile Products	2,097	2,232	2,673	169	217	141	155	142	225
Other Products	1,839	1,470	805	285	320	136	154	143	63
Adjustments and eliminations	(224)	(72)	(24)	–	–	–	–	–	–
Industry segment totals	20,358	16,343	12,169	4,103	3,068	2,087	1,872	1,462	1,116
General corporate	2,443	1,193	1,329	122	254	100	47	63	54
Consolidated totals	$22,801	$17,536	$13,498	$4,225	$3,322	$2,187	$1,919	$1,525	$1,170

Geographic area information[1]

	Net Sales			Operating Profit					
Years ended December 31	1995	1994	1993	1995		1994		1993	
United States	$19,187	$16,297	$12,924	$1,681	8.8%	$1,932	11.9%	$ 970	7.5%
Other nations	16,954	12,758	10,066	1,901	11.2%	1,292	10.1%	1,164	11.6%
Adjustments and eliminations	(9,104)	(6,810)	(6,027)	(381)	–	(353)	–	(194)	–
Geographic totals	$27,037	$22,245	$16,963	3,201	11.8%	2,871	12.9%	1,940	11.4%
General corporate expenses				(270)		(292)		(274)	
Interest expense, net				(149)		(142)		(141)	
Earnings before income taxes				$2,782	10.3%	$2,437	11.0%	$1,525	9.0%

	Assets		
December 31	1995	1994	1993
United States	$12,552	$10,750	$ 7,731
Other nations	8,260	5,943	4,674
Adjustments and eliminations	(454)	(350)	(236)
Geographic totals	20,358	16,343	12,169
General corporate assets	2,443	1,193	1,329
Consolidated totals	$22,801	$17,536	$13,498

[1]*As measured by the locale of the revenue-producing operations.*
1994 and 1993 have been reclassified to reflect the realignment of various business units.

(In millions, except per share amounts and other data) *Motorola, Inc. and Consolidated Subsidiaries*

Years ended December 31	**1995**	1994	1993	1992	1991
Operating Results					
Net sales	**$27,037**	$22,245	$16,963	$13,303	$11,341
Manufacturing and other costs of sales	**17,545**	13,760	10,351	8,395	7,134
Selling, general and administrative expenses	**4,642**	4,381	3,776	2,951	2,579
Depreciation expense	**1,919**	1,525	1,170	1,000	886
Interest expense, net	**149**	142	141	157	129
Total costs and expenses	**24,255**	19,808	15,438	12,503	10,728
Earnings before income taxes and cumulative effect of change in accounting principle	**2,782**	2,437	1,525	800	613
Income taxes provided on earnings	**1,001**	877	503	224	159
Net earnings before cumulative effect of change in accounting principle	**$ 1,781**	$ 1,560	$ 1,022	$ 576	$ 454
Net earnings	**$ 1,781**	$ 1,560	$ 1,022	$ 453	$ 454
Net earnings before cumulative effect of change in accounting principle as a percent of sales	**6.6%**	7.0%	6.0%	4.3%	4.0%
Net earnings as a percent of sales	**6.6%**	7.0%	6.0%	3.4%	4.0%
Per Share Data (in dollars)[1,2]					
Fully diluted					
Net earnings before cumulative effect of change in accounting principle	**$ 2.93**	$ 2.65	$ 1.78	$ 1.05	$ 0.84
Cumulative effect of change in accounting principle	**–**	–	–	(0.22)	–
Net earnings	**$ 2.93**	$ 2.65	$ 1.78	$ 0.83	$ 0.84
Average common and common equivalent shares outstanding	**609.8**	592.7	583.7	567.1	558.5
Dividends declared	**$ 0.400**	$ 0.310	$ 0.220	$ 0.198	$ 0.190
Balance Sheet					
Total assets	**$22,801**	$17,536	$13,498	$10,629	$ 9,375
Working capital	**2,717**	3,008	2,324	1,883	1,424
Long-term debt	**1,949**	1,127	1,360	1,258	954
Total debt	**3,554**	2,043	1,915	1,695	1,806
Total stockholders' equity	**$11,048**	$ 9,096	$ 6,409	$ 5,144	$ 4,630
Other Data					
Current ratio	**1.35**	1.51	1.53	1.56	1.46
Return on average invested capital before cumulative effect of change in accounting principle	**14.7%**	17.5%	15.3%	9.4%	7.8%
Return on average invested capital	**14.7%**	17.5%	15.3%	7.5%	7.8%
Return on average stockholders' equity before cumulative effect of change in accounting principle	**17.7%**	21.0%	17.8%	11.7%	10.2%
Return on average stockholders' equity	**17.7%**	21.0%	17.8%	9.4%	10.2%
Fixed asset expenditures	**$ 4,225**	$ 3,322	$ 2,187	$ 1,442	$ 1,387
% to sales	**15.6%**	14.9%	12.9%	10.8%	12.2%
Research and development expenditures	**$ 2,197**	$ 1,860	$ 1,521	$ 1,306	$ 1,133
% to sales	**8.1%**	8.4%	9.0%	9.8%	10.0%
Year-end employment (in thousands)	**142**	132	120	107	102

[1]*All earnings per share, dividends and outstanding shares data have been restated to reflect the 1994 and 1992 two-for-one stock splits.*

[2]*Primary earnings per common and common equivalent share were the same as fully diluted for all years shown except in 1994 and 1991 when primary earnings per share were one cent higher than fully diluted. Average primary common and common equivalent shares outstanding for 1995, 1994, 1993, 1992 and 1991 were 609.7, 591.7, 582.6, 565.6 and 555.6, respectively.*

DIRECTORS AND MANAGEMENT BOARD OF MOTOROLA, INC.

Directors
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Chairman of the Board;
formerly Vice Chairman of the Board and CEO, Motorola, Inc.

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

H. Laurance Fuller
Chairman of the Board, President and CEO, Amoco Corporation

Christopher B. Galvin
President and Chief Operating Officer,
Motorola, Inc.

Robert W. Galvin
Chairman of the Executive Committee of the Board, Motorola, Inc.

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

Anne P. Jones
Consultant; formerly member of the Federal Communications Commission

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

Judy C. Lewent
Senior Vice President and Chief Financial Officer, Merck & Co., Inc.

Walter E. Massey
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Morehouse College

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Motorola, Inc.

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Procter & Gamble Company

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Corporate Vice President,
CPC International, Inc.

Gary L. Tooker
Vice Chairman of the Board and Chief Executive Officer,
Motorola, Inc.

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

B. Kenneth West
Senior Consultant for Corporate Governance to Teachers Insurance and Annuity Association, College Retirement Equities Fund;
Former Chairman of the Board and Chief Executive Officer,
Harris Bankcorp, Inc.

Dr. John A. White
Dean of Engineering,
Georgia Institute of Technology

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

Management Board
Keith J. Bane
Executive Vice President,
Chief Corporate Staff Officer

Arnold S. Brenner
Executive Vice President,
General Manager, Japan Group

Glenn A. Gienko
Senior Vice President,
Motorola Director of Human Resources

Robert W. Galvin
Chairman of the Executive Committee of the Motorola Board of Directors

***Christopher B. Galvin*
President and Chief Operating Officer

Thomas D. George
Executive Vice President, Motorola, Inc.,
President and General Manager,
Semiconductor Products Sector

Merle L. Gilmore
Executive Vice President, Motorola, Inc.,
President and General Manager,
Land Mobile Products Sector

Robert L. Growney
Executive Vice President, Motorola, Inc.,
President and General Manager, Messaging, Information and Media Sector

Carl F. Koenemann
Executive Vice President and
Chief Financial Officer

James A. Norling
Executive Vice President, Motorola, Inc.,
President, Motorola Europe,
Middle East and Africa

Edward F. Staiano
Executive Vice President, Motorola Inc.,
President and General Manager,
General Systems Sector

**Gary L. Tooker*
Vice Chairman of the Board and Chief Executive Officer

Frederick T. Tucker
Executive Vice President, Motorola, Inc.,
General Manager, Automotive, Energy and Controls Group

Richard H. Weise
Senior Vice President and Secretary

Richard W. Younts
Executive Vice President,
Corporate Executive Director,
International–Asia and Americas

*Chairman
**Vice Chairman

CEO QUALITY AWARDS AND DAN NOBLE FELLOWS

The Chief Executive Office Quality Award is Motorola's highest award for quality performance. Winners in 1995 were:

Corporate
Human Resources Team
Easter Inch, Scotland

Cross Sector Award
Information Systems Group
Mansfield, Mass., USA
Nippon Motorola Ltd.,
Information Systems Operation
Tokyo, Japan

General Systems Sector
Cellular Analog Software Organizations
Cork, Ireland; Tel Aviv, Israel; Osaka, Japan; Arlington Heights, Ill. and Ft. Worth, Texas, USA

Government and Space Technology Group
Government Electronics Division
Scottsdale, Ariz., USA

Land Mobile Products Sector
Radius Design Team
Schaumburg, Ill. and Mt. Pleasant, Iowa, USA

Messaging, Information and Media Sector
China Paging Operation
Tianjin, China

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

Fellows chosen in 1995 were:
Herb Goronkin
Corporate
Steve Goode
General Systems Sector
Raymond Leopold
Government and Space Technology Group
Jim Mitzlaff
General Systems Sector
Morris Moore
Messaging, Information and Media Sector
Anthony Suppelsa
Land Mobile Products Sector

STOCKHOLDER REFERENCE INFORMATION

Transfer Agent, Registrar, Dividend Disbursing Agent and Dividend Reinvestment Agent

Harris Trust and Savings Bank
Corporate Trust Operations Division
P.O. Box 755
311 West Monroe Street
14th Floor
Chicago, IL 60690 USA
(312) 461-2339

Investor Relations

Security analysts, investment professionals and shareholders should direct their business-related inquiries to:

Investor Relations, Motorola, Inc.
Corporate Offices
1303 East Algonquin Road
Schaumburg, IL 60196 USA

Or call: (800) 262-8509
Internet address: http://www.mot.com

Common Stock

Motorola common stock is listed on the New York, Chicago, London and Tokyo Stock Exchanges.

Annual Meeting of Stockholders

The annual meeting will be held on May 7, 1996. A notice of the meeting, together with a form of proxy and a proxy statement, will be mailed to stockholders on or about March 22, 1996, at which time proxies will be solicited by the Board of Directors.

Proxy Statement

A copy of the Proxy Statement may be obtained without charge. Contact the Investor Relations Dept. as listed above.

Form 10-K

After the close of each fiscal year, Motorola submits a report on Form 10-K to the Securities and Exchange Commission containing certain additional information concerning its business. A copy of this report may also be obtained without charge from Investor Relations.

Auditors

KPMG Peat Marwick LLP
303 East Wacker Drive
Chicago, IL 60601 USA

Safe Harbor Statement

Statements which are not historical facts, including statements about our confidence and strategies and our expectations about new and existing products, technologies and opportunities, market and industry segment growth, demand and acceptance of new and existing products, and return on investments in products and markets are forward looking statements that involve risks and uncertainties. These include, but are not limited to, product demand and market acceptance risks, including a moderating growth rate in the cellular subscriber base in the United States and, to some extent, Europe and market acceptance difficulties and other difficulties experienced by some current customers of the iDEN business; the effects on Motorola's semiconductor business and Automotive, Energy and Controls Group of changes in the growth of the Company's equipment businesses; the impact of competitive products and pricing, including continued pressure on average selling prices for wireless and semiconductor products; product development, commercialization and technological delays or difficulties, including delays or difficulties in developing, producing, testing and selling new products and technologies, such as two-way and voice paging, wireless local loop, telephony and high-speed data products and various market acceptance, software, technological and financing risks related to the IRIDIUM project; capacity and supply constraints or difficulties, including underutilization of new or existing facilities, such as semiconductor facilities; the results of financing efforts; actual purchases under agreements and the loss of any significant customers of any business; the effect of the Company's accounting policies; the effects of economic conditions and trade, legal, social, and economic risks, such as import, licensing, and trade restrictions, including those affecting trade with China and other emerging nations, and other risks detailed in the Company's Securities and Exchange Commission filings, including its Proxy Statement and Form 10-K for the year ended 1995.

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