

MOTOROLA INC
Form 11-K
June 23, 2010
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SECURITIES AND EXCHANGE COMMISSION

100 F Street, N.E.

Washington, D.C. 20549

(202) 942-2940

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

for the fiscal year ended December 31, 2009 or

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

for the transition period from to .

Commission file number: 1-7221

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

MOTOROLA 401(k) PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Motorola, Inc., 1303 E. Algonquin Road, Schaumburg, IL 60196

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Financial Statements, Signatures and Exhibits

The following financial statements, signatures and exhibits are part of this report.

(a)	<u>Financial Statements</u>		
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	No. 23.1	Consent of Crowe Horwath LLP	24

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Motorola, Inc.

401(k) Plan Committee

Schaumburg, Illinois

We have audited the accompanying statements of net assets available for benefits of the Motorola 401(k) Plan (the Plan) as of December 31, 2009 and 2008, and the related statement of changes in net assets available for benefits for the year ended December 31, 2009. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2009 and 2008, and the changes in net assets available for benefits for the year ended December 31, 2009 in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of expressing an opinion on the basic financial statements taken as a whole. The Supplemental Schedule H, Line 4i Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic 2009 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 2009 financial statements taken as a whole.

/s/ Crowe Horwath LLP

Crowe Horwath LLP

Oak Brook, Illinois
June 22, 2010

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MOTOROLA 401(k) PLAN

Financial Statements

and Schedule

December 31, 2009 and 2008

Table of Contents**MOTOROLA 401(k) PLAN**

Statements of Net Assets Available for Benefits

December 31, 2009 and 2008

(In thousands)

	2009	2008
Assets:		
Investments at fair value:		
U.S. Government and agencies securities	\$ 54,110	\$ 66,753
Short term and other investments		1,690
Corporate and other bonds and debentures	137,363	96,039
Motorola, Inc. common stock	249,766	147,748
Investments in collective trusts	4,423,675	3,798,590
Investments under securities lending agreements (Note 6)	41,221	89,259
Securities lending collateral pool (Note 6)	42,392	90,900
Other	26,649	446
Participant loans	54,675	58,758
Total investments	5,029,851	4,350,183
Noninterest bearing cash	70	
Receivables:		
Employer contributions		5,435
Employee contributions	1	11
Interest receivable	1,209	1,489
Dividends receivable		1,675
Total receivables	1,210	8,610
Total assets	5,031,131	4,358,793
Liabilities:		
Pending trade purchases	2,875	1,091
Obligations for collateral received for investments under securities lending (Note 6)	42,615	92,050
Total liabilities	45,490	93,141
Net assets available for benefits	\$ 4,985,641	\$ 4,265,652

See accompanying notes to financial statements.

Table of Contents**MOTOROLA 401(k) PLAN**

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2009

(In thousands)

Additions to net assets attributed to:		
Investment income:		
Net appreciation in fair value of investments	\$	881,651
Interest and dividends		16,250
Total investment income		897,901
Contributions:		
Participants		195,920
Rollovers		5,046
Total contributions		200,966
Total additions		1,098,867
Deductions from net assets attributed to:		
Benefits paid to participants		369,716
Administrative and other expenses		7,103
Total deductions		376,819
Net increase before transfers		722,048
Transfer out of assets relating to plan spin off, net (Note 8)		(2,059)
Net increase		719,989
Net assets available for benefits:		
Beginning of year		4,265,652
End of year	\$	4,985,641

See accompanying notes to financial statements.

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MOTOROLA 401(k) PLAN

Notes to Financial Statements

December 31, 2009 and 2008

(1) Description of Plan

The following description of the Motorola 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined contribution benefit plan sponsored by Motorola, Inc. and certain subsidiaries (the Company) covering substantially all domestic employees. Employees become eligible to contribute to the Plan immediately upon employment.

The non-leveraged employee stock ownership plan (the ESOP) portion of the Plan is designed to invest primarily in shares of the Company's common stock. The ESOP portion of the Plan is participant directed. Each participant is entitled to exercise voting rights attributable to the shares allocated to their account and is notified by the Trustee prior to the time that such rights are to be exercised. Dividends paid on the Company's common stock are allocated to the participant's account and reinvested in Company common stock or paid directly to the participant at the election of the participant. Since the Company did not declare dividends in 2009, there were no pass-through dividends in the Plan in 2009.

(b) Contributions

Participants may elect to contribute up to 30% of their pre-tax compensation, up to the annual deferral limit set by the Internal Revenue Code (IRC). The annual deferral limit as set by the IRC was \$16,500 in 2009. The Plan also allows for participants age 50 and older to contribute additional tax-deferred contributions. These catch-up contributions were subject to IRS limits of \$5,500 in 2009.

Effective January 1, 2009, Company contributions to the Plan were suspended until a future decision is made by Motorola to provide for such contributions.

(c) Participant Accounts

Each participant's account is credited with the participant's elective deferrals, allocations of Company matching contributions and plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances as defined in the Plan document. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

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MOTOROLA 401(k) PLAN

Notes to Financial Statements

December 31, 2009 and 2008

(1) Description of Plan (Continued)

(d) Vesting

Participants are fully vested in their elective deferrals and related earnings at all times. A participant will be 100% vested in employer contributions and earnings thereon after they have completed an anniversary year. However, the participant becomes 100% vested in their account balances upon reaching normal retirement age, total and permanent disability, death, or Plan termination.

Participants who terminated employment prior to July 1, 2000, but chose to leave their account balances in the Plan are subject to forfeiture of the unvested portion of employer contributions upon the earlier of their withdrawal from the Plan, or the five-year anniversary of their employment termination. Terminated employees who have left their account balances in the Plan and are rehired by the Plan Sponsor within five years are not subject to forfeiture of their unvested employer contributions. The portion of employer contributions not vested upon termination of employment is forfeited and is used to offset Company contributions. As of December 31, 2009, forfeitures available for use were \$165,324. All unused amounts may be used to offset future Company contributions or pay Plan expenses.

(e) Benefits

At the option of the participant, distributions from the Plan may be made in the form of: (a) a lump-sum distribution with the option of receiving shares of Motorola stock or cash, (b) annual distributions from the Plan (available only to retiring participants), or (c) combinations thereof. Participants hired after January 1, 1996 may not elect the Annuity or Annual Distribution options. Partial distributions (with a minimum of \$5,000) are made available to participants, with no more than one distribution in any three-month period. Participants are not required to cash out their entire benefits at age 70 (although this requirement applies to beneficiaries).

Additionally, in-service withdrawals are extended to participants who have attained age 59-1/2 for pretax, post-tax, and rollover contributions. Hardship withdrawal of rollover contributions is permitted. Participants who terminate employment with the Company for any reason and have a vested account balance of \$1,000 or less will have their account balance distributed in the form of a lump-sum distribution.

Participants who have attained the age of 70-1/2 and who are an employee of the Company may withdraw all or any portion of his/her account subject to IRS minimum distribution requirements. A participant may not take more than one withdrawal in any six-month period, and the minimum withdrawal shall be \$200.

Participants who are employees of the Company and who have made a rollover transfer into the Plan may withdraw all or any portion of their rollover transfer amounts at any time. A participant may not take more than one withdrawal in any six-month period, and the minimum withdrawal shall be \$200.

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MOTOROLA 401(k) PLAN

Notes to Financial Statements

December 31, 2009 and 2008

(1) Description of Plan (Continued)

Effective January 1, 2009, the Plan was amended to comply with the provisions of the Heroes Assistance and Relief Tax Act of 2008 and to suspend required minimum distributions for the 2009 Plan Year as permitted under The Worker, Retiree and Employer Recovery Act of 2008.

(f) Participant Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 less their highest outstanding loan balance in the last 12 months or 50% of their vested account balance. Loan transactions are treated as a transfer to/from the investment fund to the Participant Loan Fund. Loan terms range from 1-5 years or up to 10 years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a reasonable interest rate commensurate with local prevailing rates as determined quarterly by the plan administrator. Interest rates are based on the prime rate (published in the Wall Street Journal) plus 0.5% unless the plan administrator determines the interest rate is not reasonable. Prior to July 16, 2003, interest rates included a 0.3% loan insurance fee. Principal and interest is paid ratably through payroll deductions. A \$50 processing fee is charged for loans.

(g) Plan Termination

Although the Company has not expressed any intent to do so, it may terminate the Plan at any time. It has the right under the Plan to discontinue contributions at any time and terminate the Plan subject to the provisions of ERISA.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

(b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

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MOTOROLA 401(k) PLAN

Notes to Financial Statements

December 31, 2009 and 2008

(2) Summary of Significant Accounting Policies (Continued)

(c) Adoption of New Accounting Standards

Fair Value Measurements and Disclosures: In April 2009, the FASB issued guidance that emphasizes that the objective of a fair value measurement does not change even when the market activity for the asset or liability has decreased significantly. Fair value is the price that would be received for an asset sold or paid to transfer a liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. When observable transactions or quoted prices are not considered orderly, then little, if any, weight should be assigned to the indication of the asset or liability's fair value. Adjustments to those transactions or prices should be applied to determine the appropriate fair value. The standard also requires increased disclosures. The guidance was applied prosp>

EXHIBIT B

POWER OF ATTORNEY

CHARLES B. JOHNSON hereby appoints BARBARA J. GREEN his true and lawful attorney-in-fact and agent to execute and file with the Securities and Exchange Commission any Schedule 13G or 13D, any amendments thereto or any related documentation which may be required to be filed in his individual capacity as a result of his position as an officer, director or shareholder of Franklin Resources, Inc. and, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing which he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

Date: 9-11-03

/s/Charles B. Johnson

Charles B. Johnson

POWER OF ATTORNEY

RUPERT H. JOHNSON hereby appoints BARBARA J. GREEN his true and lawful attorney-in-fact and agent to execute and file with the Securities and Exchange Commission any Schedule 13G or 13D, any amendments thereto or any related documentation which may be required to be filed in his individual capacity as a result of his position as an officer, director or shareholder of Franklin Resources, Inc. and, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing which he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

Date: Sept 4, 2003

/s/Rupert H. Johnson, Jr.

Rupert H. Johnson

Exhibit C

Franklin Advisers, Inc.	Item 3 classification: 3(e)
Franklin Templeton Portfolio Advisors, Inc	Item 3 Classification: 3(e)
Franklin Templeton Investments Corp.	Item 3 classification: 3(e)
Templeton Asset Management Ltd.	Item 3 classification: 3(e)
Fiduciary Trust Company International	Item 3 classification: 3(b)

