

MOTOROLA INC  
Form 11-K  
June 29, 2007

**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, 2006 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
-

Financial Statements, Signatures and Exhibits

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

|     |   |    |
|-----|---|----|
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**Report of Independent Registered Public  
Accounting Firm**

Retirement Committee

Motorola, Inc. 401(k) Plan:

We have audited the accompanying statements of net assets available for benefits of the Motorola, Inc. 401(k) Plan as of December 31, 2006 and 2005, and the related statements of changes in net assets available for benefits for the years then ended. 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 auditing 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 Motorola, Inc. 401(k) Plan as of December 31, 2006 and 2005, and the changes in net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule H, Line 4(i), schedule of assets (held at end of year) as of December 31, 2006, 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 audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

Tempe, Arizona

June 28, 2007

**MOTOROLA, INC. 401(k) PLAN**  
**Statements of Net Assets Available for Benefits**  
**December 31, 2006 and 2005**  
(In thousands)

|   | <b>2006</b>      | <b>2005</b>   |
|---|------------------|---------------|
| Assets:                                 |                  |               |
| Investments at fair value:              |                  |               |
| U.S. Government and agencies securities | \$ 87,805        | 106,729       |
| Corporate bonds and debentures          | 127,509          | 129,228       |
| Motorola, Inc. common stock             | 598,379          | 783,994       |
| Investments in common/collective trusts | 3,177,498        | 2,596,238     |
| Plan interest in master trusts          | 1,898,443        | 1,915,936     |
| Participant loans                       | 56,822           | 67,962        |
| <br>Total investments                   | <br>5,946,456    | <br>5,600,087 |
| Receivables:                            |                  |               |
| Employer contributions                  | 8,467            | 9,256         |
| Employee contributions                  | 5,193            | 5,003         |
| Pending trade sales                     | 3,108            | 498           |
| Interest receivable                     | 2,828            | 2,982         |
| Dividends receivable                    | 1,474            | 1,365         |
| Asset transfer in transit               |                  | 283           |
| <br>Total receivables                   | <br>21,070       | <br>19,387    |
| <br>Total assets                        | <br>5,967,526    | <br>5,619,474 |
| Liabilities:                            |                  |               |
| Pending trade purchases                 |                  | 1,360         |
| Other                                   | 538              | 572           |
| <br>Total liabilities                   | <br>538          | <br>1,932     |
| <br>Net assets available for benefits   | <br>\$ 5,966,988 | <br>5,617,542 |

See accompanying notes to financial statements.

**MOTOROLA, INC. 401(k) PLAN**  
**Statements of Changes Net Assets Available for Benefits**  
**Years ended December 31, 2006 and 2005**  
(In thousands)

|   | <b>2006</b>      | <b>2005</b>   |
|---|------------------|---------------|
| Investment income:                                  |                  |               |
| Net appreciation in fair value of investments       | \$ 336,664       | 362,553       |
| Interest  | 24,553           | 19,228        |
| Dividends   | 5,988            | 5,790         |
| Plan interest in investment income in master trusts | 214,550          | 115,118       |
| <br>Total investment income                         | <br>581,755      | <br>502,689   |
| Contributions:                                      |                  |               |
| Participants  | 251,660          | 238,793       |
| Employer  | 83,620           | 79,679        |
| Rollover  | 14,655           | 7,904         |
| <br>Total contributions                             | <br>349,935      | <br>326,376   |
| Deductions from net assets attributed to:           |                  |               |
| Benefits paid to participants                       | 552,905          | 461,221       |
| Administrative and other expenses                   | 7,878            | 7,170         |
| <br>Total deductions                                | <br>560,783      | <br>468,391   |
| Net increase before transfers                       | 370,907          | 360,674       |
| Transfer in of assets relating to acquisitions      |                  | 9,157         |
| Transfer out of assets relating to dispositions     | (21,461)         | (1,003,617)   |
| <br>Net (decrease) increase                         | <br>349,446      | <br>(633,786) |
| Net assets available for benefits:                  |                  |               |
| Beginning of year                                   | 5,617,542        | 6,251,328     |
| <br>End of year                                     | <br>\$ 5,966,988 | <br>5,617,542 |

See accompanying notes to financial statements.

**MOTOROLA, INC. 401(k) PLAN**

Notes to Financial Statements

December 31, 2006 and 2005

**(1) Description of Plan**

The following description of the Motorola, Inc. 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions. The Plan was formerly known as the Motorola, Inc. 401(k) Profit Sharing Plan, but was renamed effective January 1, 2005.

**(a) General**

The Plan is a defined contribution 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. Participants are eligible to receive Company contributions to their account on the first of the month following their first (or a subsequent) employment anniversary, after they have completed an anniversary year in which they worked at least 1,000 hours.

Effective October 1, 2002, the Plan was amended to convert a portion of the Plan to a stock bonus plan and non-leveraged employee stock ownership plan (ESOP). 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, which satisfies diversification requirements. 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 participants account and reinvested in Company common stock or paid directly to participants at the election of the participant. Pass-through dividends amounted to \$67,000 and \$62,000 in 2006 and 2005, respectively.

**(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 limits as set by the IRC were \$15,000 and \$14,000 in 2006 and 2005, respectively. The plan also allows for participants age 50 and older to contribute additional tax-deferred contributions. These catch-up contributions are subject to IRS limits of \$5,000 in 2006 and \$4,000 in 2005. Beginning in 2007 the IRS will adjust the dollar amount in increments of \$500.

The Company makes matching contributions to participants equal to \$0.50 for each dollar of participant deferrals up to 6% of pre-tax compensation, not to exceed 3% of pre-tax compensation for the period. If during the Plan year the total matching contribution made on behalf of a participant does not equal the maximum amount of matching contribution required, and the participant satisfies certain specified requirements, the Company shall within 30 days after the Plan year-end, make a lump sum contribution to the participant's account equal to the difference between the required matching contribution and the amount actually made.

Effective January 1, 2005, the Company froze its defined benefit pension plan (Pension Plan). As a result of freezing the Pension Plan, new employees of the Company will not be eligible to participate in the Pension Plan, and will be designated as non-pension eligible. Non-pension eligible participants will receive a matching contribution equal to \$1.00 for each dollar of participant deferrals up to 3%,

**MOTOROLA, INC. 401(k) PLAN**

Notes to Financial Statements

December 31, 2006 and 2005

and \$0.50 for each dollar of participant deferrals between 3% and 5%. There is no change for pension-eligible participants.

**(c) Participant Accounts**

Each participant's account is credited with the participant's elective deferrals, and allocations of Company matching and profit sharing contributions, 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.

**(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 in which they worked at least 1,000 hours in a year. However, the participants become 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 forfeit 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. For the years ended December 31, 2006 and 2005, all forfeiture amounts of \$247,000 and \$83,000, respectively, were used to offset Company contributions.

The portion of employer contributions not vested upon termination of employment is forfeited and is used to offset Company contributions.

**(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 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.





**MOTOROLA, INC. 401(k) PLAN**

Notes to Financial Statements

December 31, 2006 and 2005

Participants who are an employee of the Company and who have made a rollover transfer into the Plan may withdraw all or any portion of his/her 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.

**(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. Loan interest rates ranged from 6.0% to 8.75% and 5.75% to 7.5% in 2006 and 2005, respectively. 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. Certain prior year balances have been reclassified to conform to the current year's presentation.

**(b) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

**(c) Investment Valuation and Income Recognition**

Investments in common stock, corporate debt instruments and government securities are stated at fair value as determined by quoted market prices in an active market. Investments in common/collection trust funds are stated at the established fair values of the underlying assets of the funds, which have been determined based on unit values of the funds. Unit values are determined by the bank sponsoring such funds by dividing the funds' net assets at fair value by its units outstanding at the valuation dates. The fair value of the Plan's interest in the master trust is based on the beginning of year value of the Plan's interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. Loans to participants are valued at cost.



**MOTOROLA, INC. 401(k) PLAN**

Notes to Financial Statements

December 31, 2006 and 2005

The resulting increase or decrease in investment values is recorded in net appreciation (depreciation) in fair value of investments in the statement of changes in net assets available for benefits.

The purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned on the accrual basis. Dividends are recorded on the ex-dividend date.

**(d) Administrative and Other Expenses**

The expenses necessary to administer the Plan are paid out of Plan assets.

**(e) Payment of Benefits**

Benefits are recorded when paid.

**(3) Plan Amendments**

**(a) Amendment 2005 1**

The Company amended the Plan to comply with new legislation and regulations limiting automatic cash-out distributions, effective March 28, 2005. In the event a participant is terminated for any reason and the non-forfeitable amount credited to the participant's accounts as of the Valuation Date immediately preceding the date of distribution does not exceed \$1,000 (previously \$5,000) the amount will be distributed in a lump sum to the terminated employee.

**(b) Amendment 2006 1**

The Company amended the Plan to Comply with the Gulf Opportunity Zone Act of 2005 (GOZA), effective January 1, 2005. Eligible participants may take and repay Qualified Hurricane Distributions as defined in GOZA, and may take loans up to the limits and according to the terms set forth in GOZA.

**(4) Party-in-Interest**

Plan investments are managed by Northern Trust. Northern Trust is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest.

Investments in Motorola, Inc. common stock represented approximately 10% and 14% of plan net assets at December 31, 2006 and 2005, respectively.

**MOTOROLA, INC. 401(k) PLAN**

Notes to Financial Statements

December 31, 2006 and 2005

**(5) Investments**

At December 31, 2006, the fair value of individual investments which exceeded 5% of net assets available for benefits are as follows (in thousands):

|  |              |
|--|--------------|
| MFB NTGI COLTV:                        |              |
| Daily S&P 500 Equity Index Fund        | \$ 1,160,459 |
| Daily S&P Midcap 400 Equity Index Fund | 583,772      |
| Daily Russell 2000 Equity Index Fund   | 333,731      |
| Daily EAFE Index Fund                  | 632,292      |
| <br>Motorola, Inc. common stock        | <br>598,379  |
| <br>MFO Motorola:                      |              |
| Bond pool                              | 722,940      |
| Stock pool                             | 1,175,503    |

At December 31, 2005, the fair value of individual investments which exceeded 5% of net assets available for benefits are as follows (in thousands):

|  |              |
|--|--------------|
| MFB NTGI COLTV:                        |              |
| Daily S&P 500 Equity Index Fund        | \$ 1,037,967 |
| Daily S&P Midcap 400 Equity Index Fund | 554,413      |
| Daily EAFE Index Fund                  | 361,465      |
| <br>Motorola, Inc. Common Stock        | <br>783,994  |
| <br>MFO Motorola:                      |              |
| Bond Pool                              | 748,593      |
| Stock Pool                             | 1,167,343    |

**MOTOROLA, INC. 401(k) PLAN**

Notes to Financial Statements

December 31, 2006 and 2005

During 2006 and 2005, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows (in thousands):

For the year ended December 31, 2006:

|   |            |
|---|------------|
| U.S. Government and agencies securities       | \$ 12      |
| Corporate bonds and debentures                | 61         |
| Motorola, Inc. common stock                   | (50,623)   |
| Investments in common/collective trusts       | 387,214    |
| Net appreciation in fair value of investments | \$ 336,664 |

For the year ended December 31, 2005:

|   |            |
|---|------------|
| U.S. Government and agencies securities       | \$ (2,208) |
| Corporate bonds and debentures                | (3,399)    |
| Motorola, Inc. common stock                   | 216,659    |
| Investments in common/collective trusts       | 151,501    |
| Net appreciation in fair value of investments | \$ 362,553 |

**(6) Interest in Master Trusts**

During 2000, a master trust arrangement was established whereby certain of the Plan's investments are held in two master trust accounts at Northern Trust. The master trust accounts also include the investment assets of the Motorola, Inc. Pension Plan. Investment income and administrative expenses of the master trust accounts are allocated to the Plan and the pension plan based on the relative market values of each plan's net assets on a daily basis.

**MOTOROLA, INC. 401(k) PLAN**

Notes to Financial Statements

December 31, 2006 and 2005

The fair value of the investments for the master trusts and the Plan's interest in the master trusts at December 31, 2006 and 2005 is summarized as follows (in thousands):

|   | <b>2006</b> | <b>2005</b> |
|---|-------------|-------------|
| Bond pool investments:  |             |             |
| Investments at fair value:  |             |             |
| U.S. Government and agencies securities                                     | \$ 736,569  | 893,673     |
| Common stock  | 205         | 359         |
| Corporate bonds and debentures  | 792,104     | 644,764     |
| Investments in common/collective trusts                                     | 329,007     | 331,080     |
| Short-term investments  | 27,733      | 27,786      |
| Cash under securities lending agreements                                    | 302,643     | 352,460     |
| U.S. Government securities under securities lending agreements              | 22,269      | 35,778      |
|   | 2,210,530   | 2,285,900   |
| Receivables:  |             |             |
| Pending trade sales and income receivable                                   | 16,672      | 17,661      |
| Liabilities:  |             |             |
| Pending trade purchases and other liabilities                               | (107,900)   | (210,275)   |
| Corporate bonds and debentures under securities lending agreements          | (96,347)    | (75,426)    |
| U.S. Government and agencies securities under securities lending agreements | (228,565)   | (312,812)   |
| Net bond pool investments in master trust                                   | 1,794,390   | 1,705,048   |
| Percentage allocated to the Plan bond pool investments                      | 40.289%     | 43.904%     |
| Net Plan interest in master trust bond pool investments                     | 722,940     | 748,593     |
| Stock pool investments:   |             |             |
| Investments at fair value:  |             |             |
| Common and preferred stock  | 2,540,446   | 2,375,147   |
| Investments in common/collective trusts                                     | 2,025,826   | 1,740,705   |
| Short-term investments  | 26,692      | 5,753       |
| Cash under securities lending agreements                                    | 212,959     | 252,056     |
| U.S. Government securities under securities lending agreements              | 4,076       |             |
|   | 4,809,999   | 4,373,661   |
| Receivables:  |             |             |
| Pending trade sales and income receivable                                   | 35,025      | 33,014      |
| Liabilities:  |             |             |
| Pending trade purchases and other liabilities                               | (40,206)    | (30,715)    |
| Common stocks under securities lending agreements                           | (217,035)   | (252,056)   |
| Net stock pool investments in master trust                                  | 4,587,783   | 4,123,904   |
| Percentage allocated to the Plan stock pool investments                     | 25.622%     | 28.307%     |
| Net Plan interest in master trust stock pool investments                    | 1,175,503   | 1,167,343   |

|                                    |              |           |
|------------------------------------|--------------|-----------|
| Net Plan interest in master trusts | \$ 1,898,443 | 1,915,936 |
|------------------------------------|--------------|-----------|

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(Continued)

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**MOTOROLA, INC. 401(k) PLAN**

Notes to Financial Statements

December 31, 2006 and 2005

The net investment gain of the master trust for the year ended December 31, 2006 and 2005 is summarized as follows (in thousands):

|  | <b>2006</b> | <b>2005</b> |
|--|-------------|-------------|
| Net investment gain:   |             |             |
| Bond pool investments:   |             |             |
| Net appreciation (depreciation) in fair value of investments:            |             |             |
| U.S. Government and agencies securities                                  | \$ (436)    | (8,221)     |
| Corporate bonds and debentures   | (1,781)     | (17,400)    |
| Corporate stock common   | 4,249       | 405         |
| Corporate stock preferred  | (1)         | 14          |
| Investments in common/collective trusts                                  | 10,260      | 6,588       |
| Short-term and other investments   | (286)       | (263)       |
|  | 12,005      | (18,877)    |
| Interest and dividends   | 68,033      | 61,005      |
|  | 80,038      | 42,128      |
| Administrative expenses  | (2,373)     | (2,351)     |
|  | 77,665      | 39,777      |
| Weighted average percentage allocated to the Plan bond pool investments  | 40.289%     | 43.904%     |
| Plan interest in master trust investment gain bond pool investments      | 31,290      | 17,464      |
| Stock pool investments:  |             |             |
| Net appreciation (depreciation) in fair value of investments:            |             |             |
| Common and preferred stock   | 340,724     | 193,318     |
| Investments in common/collective trusts                                  | 297,389     | 115,940     |
| Investments in registered investment companies                           | (140)       |             |
| Short-term and other investments   | (244)       | (554)       |
|  | 637,729     | 308,704     |
| Interest and dividends   | 53,125      | 37,508      |
|  | 690,854     | 346,212     |
| Administrative expenses  | (8,422)     | (7,774)     |
|  | 682,432     | 338,438     |
| Weighted average percentage allocated to the Plan stock pool investments | 26.854%     | 28.854%     |
| Plan interest in master trust investment gain stock pool investments     | 183,260     | 97,654      |
| Net plan interest in master trusts investment gain                       | \$ 214,550  | 115,118     |

The Master Trusts enter into securities lending transactions with broker/dealers for which fees are paid to the Master Trusts. The securities are required to be 100% collateralized by cash, U.S. Government securities, or irrevocable bank letters of credit. Fees earned on securities lending activity are included in interest income. Either party may terminate the lending agreement at anytime and the collateral shall be used for any failure to deliver borrowed securities.

**MOTOROLA, INC. 401(k) PLAN**

Notes to Financial Statements

December 31, 2006 and 2005

Fair value of securities loaned by type of investment and corresponding collateral that pertain to the Master Trusts at December 31, 2006 were as follows (in thousands):

|   | <b>Securities<br/>under<br/>lending<br/>agreements</b> | <b>Cash</b> | <b>Collateralized by<br/>Corporate and<br/>government<br/>bonds and<br/>notes</b> |
|---|--|-------------|---|
| Bond pool investments                     | \$ 324,912   | 302,643     | 30,347  |
| Stock pool investments                    | 217,035  | 212,959     | 12,218  |
| Total securities lending in Master Trusts | \$ 541,947   | 515,602     | 42,565  |

Fair value of securities loaned by type of investment and corresponding collateral that pertain to the Master Trusts at December 31, 2005 were as follows (in thousands):

|   | <b>Securities<br/>under<br/>lending<br/>agreements</b> | <b>Cash</b> | <b>Collateralized by<br/>Corporate and<br/>government<br/>bonds and<br/>notes</b> |
|---|--|-------------|---|
| Bond pool investments                     | \$ 388,238   | 352,460     | 45,129  |
| Stock pool investments                    | 252,056  | 262,171     | 867   |
| Total securities lending in Master Trusts | \$ 640,294   | 614,631     | 45,996  |

**(7) Federal Income Taxes**

The Plan has received a favorable determination letter dated November 21, 2002 from the Internal Revenue Service regarding the Plan's Federal income tax status. The Plan qualifies under the provisions of Section 401(a) of the Internal Revenue Code (IRC) of 1986, as amended. The trust is exempt from Federal income taxes pursuant to the provisions of Section 501(a) of the Code. The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

**(8) Transfer of Assets Relating to Acquisitions and Dispositions**

The following net assets were transferred into the Plan as a result of acquisitions or out of the plan as a divestiture during the Plan year ended December 31, 2006 (in thousands):

| <b>Effective date</b> | <b>Divestiture</b>            | <b>Amount<br/>transferred<br/>out</b> |
|-----------------------|-------------------------------|---------------------------------------|
| August 25, 2006       | Continental-Teves 401(k) Plan | \$ 21,461                             |
| Total transferred out |                               | \$ 21,461                             |



**MOTOROLA, INC. 401(k) PLAN**

Notes to Financial Statements

December 31, 2006 and 2005

The following net assets were transferred into the Plan as a result of acquisitions or out of the plan as a divestiture during the Plan year ended December 31, 2005 (in thousands):

| <b>Effective date</b> | <b>Acquisition</b> | <b>Amount transferred in</b> |
|-----------------------|--------------------|------------------------------|
| January 5, 2005       | Quantam Bridge     | \$ 4,456                     |
| February 9, 2005      | Crisnet            | 894                          |
| February 4, 2005      | Mesh               | 3,128                        |
| June 8, 2005          | Ucentric           | 679                          |
| Total transferred in  |                    | \$ 9,157                     |

| <b>Effective date</b> | <b>Divestiture</b>                | <b>Amount transferred out</b> |
|-----------------------|-----------------------------------|-------------------------------|
| January 14, 2005      | Freescale                         | \$ 988,512                    |
| March 24, 2005        | Freescale PS contribution         | 10,373                        |
| June 27, 2005         | Freescale additional participants | 4,732                         |
| Total transferred out |                                   | \$ 1,003,617                  |

**(9) Reconciliation of Financial Statements to Form 5500**

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500 (in thousands):

|   | <b>Year ended December 31</b> |             |
|---|-------------------------------|-------------|
|   | <b>2006</b>                   | <b>2005</b> |
| Benefits paid to participants per the financial statements                                | \$ 552,905                    | 461,221     |
| Amounts allocated to deemed distributions   | (1,927)                       |             |
| Amounts allocated to withdrawing participants at December 31, 2006 and 2005, respectively | 2,219                         | 4,179       |
| Amounts allocated to withdrawing participants at December 31, 2005 and 2004, respectively | (4,179)                       | (6,402)     |
| Benefits paid to participants per the Form 5500   | \$ 549,018                    | 458,998     |

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 (in thousands):

|   | <b>December 31</b> |             |
|---|--------------------|-------------|
|   | <b>2006</b>        | <b>2005</b> |
| Net assets available for benefits per the financial statements                            | \$ 5,966,988       | 5,617,542   |
| Amounts allocated to withdrawing participants at December 31, 2006 and 2005, respectively | (2,219)            | (4,179)     |

\$ 5,964,769

5,613,363

15

(Continued)

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**MOTOROLA, INC. 401(k) PLAN**

Notes to Financial Statements

December 31, 2006 and 2005

The following is a reconciliation of other receivables per the financial statements to the Form 5500 (in thousands):

|  | <b>December 31</b> |             |
|--|--------------------|-------------|
|  | <b>2006</b>        | <b>2005</b> |
| Income and dividends receivable per the financial statements | \$ 4,302           | 4,347       |
| Rollover receivable  |                    | 8           |
| Net pending trade sales                                      | 3,108              | (862)       |
| Asset transfer in transit                                    |                    | 283         |
| Other receivable per the Form 5500                           | \$ 7,410           | 3,776       |

**(10) Legal Matters**

In the ordinary course of business, Motorola is a defendant on behalf of the Plan in various lawsuits, including actions filed by former participants. The Plan Sponsor believes these legal proceedings will not have a material adverse effect on the Plan or the financial results of the Plan.

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MOTOROLA INC. 401(k) PLAN  
 EIN: 36-1115800  
 Plan Number: 001  
 December 31, 2006

Schedule H, Line 4(i)

Schedule of Assets Held for Investment Purposes

| (A) | (B)   | (C)                             | (D)           | (E)              |
|-----|---|---------------------------------|---------------|------------------|
|     | Identity of Issuer, Borrower,<br>Lessor or Similar Description                    | Description<br>of<br>Investment | Cost          | Current<br>Value |
|     | <i>U.S. Government Securities</i>   |                                 |               |                  |
|     | <b>United States USD</b>  |                                 |               |                  |
|     | FEDERAL HOME LN BKS SER 00-0582<br>CLASS-H 4.75 DUE 10-25-201 CUSIP:<br>3133XDDP3 |                                 | 647,157.830   | 645,135.460      |
|     | FEDERAL HOME LN BKS SER 6T-9009 CL 1<br>3.84% DUE 11-25-20 CUSIP: 3133X9DY3       |                                 | 1,585,697.920 | 1,574,935.000    |
|     | FEDERAL HOME LN MTG CORP<br>MULTICLASS MTG PARTN POOL #A2-541<br>CUSIP: 31297DAL2 |                                 | 1,114,538.850 | 1,145,188.670    |
|     | FEDERAL HOME LN MTG CORP<br>MULTICLASS MTG PARTN POOL #A4-740<br>CUSIP: 3128K8GL4 |                                 | 2,445,607.760 | 2,358,578.510    |
|     | FEDERAL HOME LN MTG CORP<br>MULTICLASS MTG PARTN POOL #A5-296<br>CUSIP: 3128KFJN1 |                                 | 166,536.240   | 171,311.150      |
|     | FEDERAL HOME LN MTG CORP<br>MULTICLASS MTG PARTN POOL #G0-200<br>CUSIP: 3128LXGM6 |                                 | 954,558.210   | 982,822.080      |
|     | FEDERAL HOME LN MTG CORP<br>MULTICLASS MTG PARTN POOL #G1-221<br>CUSIP: 3128M1K40 |                                 | 945,514.730   | 945,810.200      |
|     | FHLB BD 3.73 01-04-2008/01-04-2006 CUSIP:<br>3133X9VZ0                            |                                 | 550,000.000   | 543,290.000      |
|     | FHLB BD 4.5 09-26-2008/09-26-2006 CUSIP:<br>3133XDAE1                             |                                 | 1,300,000.000 | 1,300,325.000    |
|     | FHLB CONS BD DTD 05/06/2004 3.44<br>11-06-2007/02-06-2 CUSIP: 3133X6FN1           |                                 | 1,000,000.000 | 978,870.000      |
|     | FHLB TRANCHE # TR 00643 4.4<br>07-28-2008/07-28-2 CUSIP: 3133XCJ46                |                                 | 750,000.000   | 742,642.500      |
|     | FHLB TRANCHE # TR 00716 4<br>03-10-2008/03-10-2 CUSIP: 3133XAT56                  |                                 | 1,305,000.000 | 1,282,005.900    |
|     | FHLMC DTD 10/18/2005 4.5<br>04-18-2007/04-18-2 CUSIP: 3128X4QU8                   |                                 | 1,000,000.000 | 998,147.000      |



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|  |            |            |            |
|--|------------|------------|------------|
| FHLMC GOLD C00632 7 07-01-2028 CUSIP:<br>31292GVZ6 | 43,102.270 | 44,348.190 | 44,477.750 |
|--|------------|------------|------------|

*U.S. Government Securities*

**United States USD**

|  |               |               |               |
|--|---------------|---------------|---------------|
| FHLMC GOLD C00647 6.5 09-01-2028 CUSIP:<br>31292GWG7                   | 73,800.420    | 75,287.980    | 75,716.060    |
| FHLMC MULTICLASS PREASSIGN 00416 6<br>11-15-2027 CUSIP: 31396NTH9      | 871,353.900   | 878,603.830   | 879,051.440   |
| FHLMC MULTICLASS PREASSIGN 00851 3.5<br>05-15-2011 CUSIP: 31394M5L0    | 835,122.920   | 845,561.950   | 827,711.200   |
| FHLMC MULTICLASS SER 00H014 CL A3<br>2.351 08-15-2008 CUSIP: 31394TBG9 | 365,548.900   | 354,982.260   | 362,154.410   |
| FHLMC MULTICLASS SER 2587 CL KJ 3<br>06-15-2023 REG CUSIP: 31393NAK5   | 368,511.920   | 362,638.770   | 365,686.540   |
| FHLMC MULTICLASS SER 2596 CL J 5<br>01-15-2017 CUSIP: 31393NWN5        | 538,163.660   | 537,427.890   | 534,252.290   |
| FHLMC MULTICLASS SER 2672 CL HA 4<br>09-15-2016 CUSIP: 31394HX30       | 719,580.120   | 693,720.210   | 695,910.250   |
| FHLMC MULTICLASS SER 2706 CL EM 4.5<br>09-15-2020 CUSIP: 31394M5A4     | 775,000.000   | 759,500.000   | 758,063.930   |
| FHLMC MULTICLASS SER 2802 CL NA 4<br>04-15-2020 CUSIP: 31394YNS9       | 671,660.630   | 682,155.340   | 667,298.870   |
| FHLMC MULTICLASS SER 2841 CL PX 5.5<br>11-15-2027 CUSIP: 31395ETN7     | 516,341.790   | 517,209.080   | 516,699.100   |
| FHLMC MULTICLASS SER 2841 CL YA 5.5<br>07-15-2027 CUSIP: 31395EUG0     | 358,943.860   | 359,392.550   | 359,105.380   |
| FHLMC MULTICLASS SER 2938 CL WA 5<br>05-15-2026 CUSIP: 31395MXF1       | 842,555.760   | 838,013.870   | 837,788.580   |
| FHLMC MULTICLASS SER 3211 CL KD 5.5<br>08-15-2028 CUSIP: 31397B6E6     | 785,821.360   | 786,404.580   | 786,281.850   |
| FHLMC TRANCHE # TR 00043 4.15<br>12-07-2007/12-07-2 CUSIP: 3128X4BU4   | 1,500,000.000 | 1,478,955.000 | 1,483,798.500 |
| FNMA POOL #555592 5.5% 07-01-2033 BEO<br>CUSIP: 31385XF93              | 1,351,885.320 | 1,371,952.370 | 1,338,104.200 |
| FNMA POOL #649654 7% DUE 07-01-2032<br>REG CUSIP: 31390LWP7            | 77,479.830    | 81,862.280    | 79,702.570    |

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Schedule H, Line 4(i)

Schedule of Assets Held for Investment Purposes

| (A) | (B)  | (C)                             | (D)            | (E)              |                |
|-----|--|---------------------------------|----------------|------------------|----------------|
|     | Identity of Issuer, Borrower,<br>Lessor or Similar Description                     | Description<br>of<br>Investment | Cost           | Current<br>Value |                |
|     | FNMA POOL #681377 5% DUE 01-01-2018<br>REG CUSIP: 31391Y6N2                        |                                 | 1,721,067.360  | 1,780,766.890    | 1,697,301.140  |
|     | FNMA POOL #794807 4.768% 10-01-2034<br>BEO CUSIP: 31405PAG5                        |                                 | 537,626.450    | 536,702.420      | 537,459.250    |
|     | FNMA POOL #799811 4.252% 11-01-2034<br>BEO CUSIP: 31405UR84                        |                                 | 826,372.360    | 818,108.660      | 822,495.850    |
|     | FNMA PREASSIGN 00367 4 07-25-2033<br>CUSIP: 31393DRG8                              |                                 | 239,475.690    | 234,985.520      | 235,555.710    |
|     | FNMA PREASSIGN 00635 5% DUE<br>09-15-2008 REG CUSIP: 31359MX40                     |                                 | 250,000.000    | 249,899.250      | 249,722.000    |
|     | FNMA PREASSIGN 00638 5.5 11-25-2031<br>CUSIP: 31394UH70                            |                                 | 785,460.270    | 780,428.410      | 787,110.520    |
|     | FNMA REMIC SER 2002-57 CL-JD 6<br>01-25-2031 CUSIP: 31392D2F8                      |                                 | 798,272.020    | 797,585.990      | 798,030.940    |
|     | FNMA REMIC SER 2005-38 CL DN 5<br>12-25-2017 CUSIP: 31394DTA8                      |                                 | 592,941.820    | 591,621.610      | 586,653.670    |
|     | FNMA REMIC TR 2005-36 CL-BA 4.5<br>10-25-2026 CUSIP: 31394DNJ5                     |                                 | 603,353.600    | 591,592.920      | 595,376.660    |
|     | GNMA POOL #780677 8% DUE 11-15-2017<br>REG CUSIP: 36225AXE5                        |                                 | 162,198.470    | 170,777.260      | 170,552.990    |
|     | GNMA 2003-036 REMIC TR CL C 4.254<br>02-16-2031 CUSIP: 38373SN94                   |                                 | 1,000,000.000  | 959,062.500      | 967,387.000    |
|     | GNMA 2006-006 REMIC PASSTHRU CL A<br>4.04500007629 10-1 CUSIP: 38373MSP6           |                                 | 308,853.580    | 302,676.510      | 302,162.880    |
|     | GNMA 2006-008 REMIC PASSTHRU CTF<br>CL A 3.942 08-16-2025 CUSIP: 38373MTK6         |                                 | 827,085.780    | 802,273.220      | 806,722.930    |
|     | GNMA 2006-009 REMIC PASSTHRU CTF<br>CL A 4.201 08-16-2026 CUSIP: 38373MTD2         |                                 | 1,034,475.580  | 1,003,441.320    | 1,009,604.720  |
|     | GNMA 2006-019 REMIC PASSTHRU CTF<br>CL A 3.38700008392 06-1 CUSIP:<br>38373MTZ3    |                                 | 690,691.050    | 656,156.500      | 664,659.600    |
|     | UNITED STATES TREAS NTS DTD 00118<br>4.5% DUE 02-28-2011 REG CUSIP:<br>912828EX4   |                                 | 11,185,000.000 | 11,208,067.930   | 11,102,421.150 |
|     | UNITED STATES TREAS NTS DTD 00125<br>4.875% DUE 05-15-2009 REG CUSIP:<br>912828FE5 |                                 | 345,000.000    | 346,900.190      | 345,754.860    |

*U.S. Government Securities*

**United States USD**

|  |                |                      |                      |
|--|----------------|----------------------|----------------------|
| UNITED STATES TREAS NTS DTD 00134<br>4.875% DUE 08-15-2009 REG CUSIP:<br>912828FP0 | 1,660,000.000  | 1,663,598.340        | 1,664,993.280        |
| UNITED STATES TREAS NTS DTD<br>08/15/2002 3.25% DUE 08-15-20 CUSIP:<br>912828AH3   | 11,021,000.000 | 10,893,634.950       | 10,901,752.780       |
| UNITED STATES TREAS NTS T-NT 3.375%<br>DUE 02-15-2008 REG CUSIP: 912828DK3         | 685,000.000    | 666,799.870          | 673,039.220          |
| US TREAS NTS DTD 00138 4.625 DUE<br>09-30-2008 REG CUSIP: 912828FT2                | 500,000.000    | 497,812.500          | 498,144.500          |
| US TREAS NTS INFLATION INDEX 3.875<br>DUE 01-15-2009 REG CUSIP: 9128274Y5          | 1,800,000.000  | 2,291,072.220        | 2,276,993.430        |
| US TREAS NTS 4.5 DUE 02-15-2009 REG<br>CUSIP: 912828EV8                            | 7,445,000.000  | 7,362,416.040        | 7,399,920.530        |
| US TREAS NTS 4.625 DUE 11-15-2009 REG<br>CUSIP: 912828FX3                          | 12,455,000.000 | 12,507,005.270       | 12,416,078.130       |
| US TSY 4.875 31MAY08 CUSIP: 912828FG0  | 1,170,000.000  | 1,163,601.560        | 1,169,451.270        |
| UTD STATES TREAS NTS 3.75 NTS<br>15/05/2008USD1000 3.75 DUE 0 CUSIP:<br>912828DT4  | 5,000,000.000  | 4,913,085.940        | 4,923,440.000        |
| <b>Total United States USD</b>   |                | <b>88,127,151.41</b> | <b>87,805,198.78</b> |
| <b>Total U.S. Government Securities</b>  |                | <b>88,127,151.41</b> | <b>87,805,198.78</b> |

## Schedule H, Line 4(i)

## Schedule of Assets Held for Investment Purposes

| (A)   | (B)                             | (C)                 | (D)                 | (E) |
|---|---------------------------------|---------------------|---------------------|-----|
| Identity of Issuer, Borrower,<br>Lessor or Similar Description                    | Description<br>of<br>Investment | Cost                | Current<br>Value    |     |
| <i>Corporate Debt Instruments Preferred</i>                                       |                                 |                     |                     |     |
| <b>Canada USD</b>   |                                 |                     |                     |     |
| CHEVRONTEXACO CAP CO<br>CHEVRONTEXACO CORPORATION 3.5<br>DU CUSIP: 166760AA6      | 250,000.000                     | 247,925.000         | 247,066.750         |     |
| <b>Total Canada USD</b>   |                                 | <b>247,925.00</b>   | <b>247,066.75</b>   |     |
| <b>Netherlands USD</b>  |                                 |                     |                     |     |
| DEUTSCHE TELEKOM INTL FIN B V NT<br>3.875 DUE 07-22-2008/07- CUSIP: 25156PAE3     | 500,000.000                     | 492,600.000         | 489,364.000         |     |
| DEUTSCHE TELEKOM INTL FIN B V NT<br>5.375% DUE 03-23-2011 REG CUSIP:<br>25156PAG8 | 500,000.000                     | 502,245.000         | 498,485.500         |     |
| <b>Total Netherlands USD</b>  |                                 | <b>994,845.00</b>   | <b>987,849.50</b>   |     |
| <b>United Kingdom USD</b>   |                                 |                     |                     |     |
| CMO GRANITE MASTER ISSUER PLC 2006-2<br>NT CL A1 DUE 04-20-20 CUSIP: 38741YBQ1    | 793,572.630                     | 793,572.630         | 792,620.340         |     |
| DIAGEO CAP PLC GLOBAL NT 3.375% DUE<br>03-20-2008 BEO CUSIP: 25243YAF6            | 250,000.000                     | 244,462.500         | 244,162.250         |     |
| VODAFONE GROUP PLC NEW VODAFONE<br>GROUP PLC 1/30/2008 3.95 CUSIP:<br>92857WAC4   | 1,150,000.000                   | 1,140,471.500       | 1,132,812.100       |     |
| <b>Total United Kingdom USD</b>   |                                 | <b>2,178,506.63</b> | <b>2,169,594.69</b> |     |
| <b>United States USD</b>  |                                 |                     |                     |     |
| AL PWR CO SR NT SER G 5.375 DUE<br>10-01-2008 BEO CUSIP: 010392DK1                | 855,000.000                     | 895,706.550         | 854,937.590         |     |
| AL PWR CO SR NT SER X 3.125 DUE<br>05-01-2008 REG CUSIP: 010392EH7                | 250,000.000                     | 242,607.500         | 242,903.250         |     |
| ALABAMA PWR CO BD 3.5% DUE<br>11-15-2007/11-16-2 CUSIP: 010392EN4                 | 600,000.000                     | 599,832.000         | 590,386.200         |     |
| <i>Corporate Debt Instruments Preferred</i>                                       |                                 |                     |                     |     |
| <b>United States USD</b>  |                                 |                     |                     |     |

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|   |               |               |               |
|---|---------------|---------------|---------------|
| ALCOA INC NT 2007 4.25 DUE 08-15-2007<br>BEO CUSIP: 013817AG6                   | 500,000.000   | 500,892.500   | 495,394.000   |
| AMERICAN GEN FIN CORP MEDIUM TERM<br>SR NTS-BOOK ENTRY MTN CUSIP:<br>02635PSV6  | 1,040,000.000 | 1,037,140.000 | 1,028,428.960 |
| AMERICREDIT AUTOMOBILE<br>RECEIVABLES TR SER 2005-AX CL A-4<br>CUSIP: 03061NHX0 | 1,100,000.000 | 1,099,802.770 | 1,083,193.100 |
| AMERICREDIT AUTOMOBILE<br>RECEIVABLES TR SER 2005-DA CL A2<br>CUSIP: 03061NJQ3  | 167,058.910   | 166,693.470   | 167,026.170   |
| AMERICREDIT AUTOMOBILE<br>RECEIVABLES TR 20SER 2006-BG CL A<br>CUSIP: 03062XAD8 | 1,000,000.000 | 999,756.100   | 1,001,229.000 |
| AMERIQUEST MTG SECS INC 2004-FR1 AST<br>BKDCTF CL A-5 4.455 D CUSIP: 03072SQN8  | 1,100,000.000 | 1,082,984.370 | 1,081,326.400 |
| AMERITECH CAP FDG CORP 6.15 DUE<br>01-15-2008 REG CUSIP: 030955AL2              | 250,000.000   | 261,950.000   | 251,159.250   |
| AMERN GEN FIN CORP MEDIUM TERM SR<br>NTS TRANCHE # TR 00385 CUSIP:<br>02635PSA2 | 750,000.000   | 739,860.000   | 745,640.250   |
| AMERN GEN FIN CORP MEDIUM TERM SR<br>NTS TRANCHE # TR 00390 CUSIP: 02635PSF1    | 475,000.000   | 464,683.000   | 463,543.480   |
| AT&T INC NT FLTG RATE VAR RT DUE<br>05-15-2008 CUSIP: 00206RAA0                 | 1,000,000.000 | 1,000,409.000 | 1,000,531.000 |
| AT&T WIRELESS SVCS INC NT 7.5% DUE<br>05-01-2007 BEO CUSIP: 00209AAH9           | 500,000.000   | 525,595.000   | 503,027.500   |
| BAY VIEW 2005-3 OWNER TR 2005-3 CL A-4<br>5.01% DUE 06-25-20 CUSIP: 07262NAD9   | 700,000.000   | 691,468.750   | 695,867.200   |

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Schedule H, Line 4(i)

Schedule of Assets Held for Investment Purposes

| (A) | (B)  | (C)<br>Description<br>of<br>Investment | (D)                        | (E)                        |                            |
|-----|--|--|----------------------------|----------------------------|----------------------------|
|     | Identity of Issuer, Borrower,<br>Lessor or Similar Description                     |  | Cost                       | Current<br>Value           |                            |
|     | BERKSHIRE HATHAWAY FIN CORP SR NT<br>3.375% DUE 10-15-2008 REG CUSIP:<br>084664AC5 |  | 1,000,000.000              | 968,245.000                | 969,172.000                |
|     | BOEING CAP CORP NT 4.75 DUE<br>08-25-2008/08-24-2 CUSIP: 097014AJ3                 |  | 250,000.000                | 248,455.000                | 248,098.250                |
|     | CAP 1 BK MEDIUM TERM SR BK NTS BOOK<br>ENTRY MTN 4.25 DUE CUSIP: 14040EHJ4         |  | 600,000.000                | 585,402.000                | 588,156.600                |
|     | CAP 1 BK MEDIUM TERM SR BK NTS BOOK<br>ENTRY NT 5 DUE 06- CUSIP: 14040EHL9         |  | 250,000.000                | 247,180.000                | 248,578.750                |
|     | CAP 1 PRIME AUTO RECEIVABLES TR<br>2006-2 CL A-4 4.940000057 CUSIP:<br>14042CAD6   |  | 730,000.000                | 729,876.270                | 726,953.710                |
|     | CAPITAL ONE MULTI-ASSET EXECUTION<br>TR SER2003-C4 CL C4 3.65 CUSIP:<br>14041NAW1  |  | 1,000,000.000              | 989,531.250                | 975,948.000                |
|     | CARMAX AUTO OWNER SER 2006-2 CL A-3<br>5.15 DUE 02 CUSIP: 14312DAC9                |  | 1,000,000.000              | 1,002,109.380              | 999,746.000                |
|     | CATERPILLAR FINL SVCS CORP<br>CATERPILLAR FINL SERVICESCORP CUSIP:<br>14911RAF6    |  | 650,000.000                | 619,248.500                | 625,702.350                |
|     | CATERPILLAR FINL SVCS CORP MEDIUM<br>TERM NTRANCHE # TR 0076 CUSIP:<br>14912LZ61   |  | 1,000,000.000              | 999,200.000                | 998,002.000                |
|     | CENTEX HOME EQUITY LN TR 200<br>SEN_FIX_CAP04/25/ 10-25-2035 CUSIP:<br>152314PF1   |  | 735,000.000                | 729,028.130                | 729,714.620                |
|     | CHEVRONTEXACO CAP CO<br>CHEVRONTEXACO CP 3.375 DUE 02-15-20<br>CUSIP: 166760AB4    |  | 250,000.000                | 245,200.000                | 245,035.250                |
|     | CIT GROUP INC NEW SR NT 4.125% DUE<br>11-03-2009 CUSIP: 125581AM0                  |  | 650,000.000                | 637,500.500                | 630,367.400                |
|     | CITIBANK CR CARD ISSUANCE TR SER<br>2004-A1CL A1 2.55% DUE 01 CUSIP:<br>17305ECA1  |  | 1,110,000.000              | 1,109,689.200              | 1,108,442.670              |
|     | CITIBANK CR CARD ISSUANCE TR 2006-A2<br>NT 4.84999990463% DUE CUSIP: 17305EDA0     |  | 860,000.000                | 859,759.200                | 855,493.600                |
|     | CITIGROUP INC 5.625 DUE 08-27-2012 BEO<br>CUSIP: 172967BP5                         |  | 1,000,000.000              | 1,054,620.000              | 1,014,469.000              |
|     | CMO BANC AMER COML MTG INC SER<br>2002-PB2 CL A-3 DUE 06-11-2 CUSIP:<br>05947UER5  |  | 840,000.040<br>261,400.660 | 869,957.810<br>256,336.120 | 853,981.840<br>259,128.040 |

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|   |             |             |             |
|---|-------------|-------------|-------------|
| CMO CHASE MTG FIN TR SER 2005-A1 CL<br>3A1 FLT RT DUE 12-25-2 CUSIP: 16162WPJ2    |             |             |             |
| CMO CITIGROUP MTG LN TR 2006-AR1<br>MTG BKDNT CL I-A1 DUE 10- CUSIP:<br>17307G2Z0 | 381,203.890 | 376,915.350 | 377,285.500 |
| CMO COML MTG ACCEP CORP CML MTG<br>PASS SER 1998-C2 CL A-3 CUSIP: 201728DL3       | 365,000.000 | 367,865.820 | 367,352.430 |
| CMO COMMERCIAL MTG ASSET TR CMAT<br>99-C2 A1 7.285% DUE 11-1 CUSIP: 201730AV0     | 346,416.060 | 350,137.320 | 349,196.740 |

*Corporate Debt Instruments Preferred*

**United States USD**

|   |               |               |               |
|---|---------------|---------------|---------------|
| CMO CR SUISSE 1ST BSTN MTG SECS<br>CORP SER2002-5 CL 1A44 CUSIP:<br>22540VZD7     | 164,642.500   | 163,510.590   | 164,260.040   |
| CMO CWALT INC 2004-35T2 MTG<br>PASSTHRU CTFCL A-1 6% DUE 02-2 CUSIP:<br>12667FM51 | 267,976.290   | 267,641.320   | 267,908.220   |
| CMO GE COML MTG CORP 2006-1 A-1<br>5.45839738846% DUE CUSIP: 36828QRU2            | 729,582.890   | 731,406.040   | 731,114.280   |
| CMO HARBORVIEW MTG LN TR 2005-4<br>MTG PASSTHRU CTF CL 3- CUSIP:<br>41161PMX8     | 466,431.230   | 460,675.030   | 462,583.170   |
| CMO INDYMAC INDA MTG LN TR SER<br>2006-AR3 CL 1A1 DUE 12-25-2 CUSIP:<br>45662FAA8 | 430,545.760   | 427,922.120   | 428,669.870   |
| CMO MERRILL LYNCH MTG INVS INC ML<br>SER 2006-A1 CL I-A1 DU CUSIP: 59020U5U5      | 108,915.840   | 108,252.150   | 109,828.880   |
| CMO MORGAN STANLEY CAP I INC SER<br>2006-HQ8 CL A1 FLT CUSIP: 617451FF1           | 680,205.120   | 680,202.390   | 677,481.580   |
| CMO POPULAR ABS INC 2005-3 CL AF-3<br>4.43699979782% DUE CUSIP: 73316PDM9         | 1,080,000.000 | 1,060,003.130 | 1,062,288.000 |
| CMO RESDNTL ACCREDIT LNS INC MTG<br>PASS TH2004-QS11 CL A-3 CUSIP:<br>76110HWW5   | 464,644.400   | 461,449.970   | 461,271.080   |
| CMO RESDNTL FDG MTG SECS II INC 2005<br>HS1HOME LN NT CL A CUSIP: 76110VRU4       | 401,379.120   | 401,379.120   | 400,241.610   |
| CMO STRUCTURED ADJ RATE MTG LN TR<br>SER 2006-1 CL 5-A1 DUE CUSIP: 863579P85      | 306,223.220   | 303,783.930   | 304,143.050   |
| CMO USAA AUTO OWNER TR 2006-2 CMO<br>USAOT 5.31% DUE 03-15-20 CUSIP:<br>903277AB7 | 695,000.000   | 694,975.620   | 695,010.430   |
| CMO WA MUT MTG PASS-THRU CTFS WMA<br>CL 3-A-3 VAR RATE DUE CUSIP: 93935BAD2       | 990,000.000   | 990,000.000   | 993,218.490   |

## Schedule H, Line 4(i)

## Schedule of Assets Held for Investment Purposes

| (A) | (B)   | (C)                             | (D)           | (E)              |
|-----|---|---------------------------------|---------------|------------------|
|     | Identity of Issuer, Borrower,<br>Lessor or Similar Description                    | Description<br>of<br>Investment | Cost          | Current<br>Value |
|     | CMO WACHOVIA BK COML MTG TR<br>2006-C23 CL A-1 5.203% DUE 01-<br>92976BDP4        | CUSIP:<br>92976BDP4             | 688,476.870   | 686,271.680      |
|     | CMO WAMU MTG PASS THRU CTFS SER<br>2006-AR16 CL 1-A1 CUSIP: 92925GAA1             | 92925GAA1                       | 528,247.650   | 528,541.880      |
|     | CMO WAMU MTG PASS THRU CTFS SER<br>2006-AR18 CL 1-A1 CUSIP: 933637AA8             | 933637AA8                       | 545,000.000   | 546,030.050      |
|     | CMO WAMU MTG PASS THRU CTFS SER<br>2006 AR8CL 1-A4 VAR RATE D CUSIP:<br>93362FAD5 | 93362FAD5                       | 321,482.350   | 323,809.880      |
|     | CMO WAMU MTG PASS-THROUGH CTFS<br>2005-AR121-A8 VAR 4.84623% CUSIP:<br>92922F3N6  | 92922F3N6                       | 1,156,896.710 | 1,143,675.690    |
|     | CMO WAMU MTG PASS-THRU CTFS 2003-S7<br>MTG PASSTHRU CTF CL A- CUSIP:<br>92922FBK3 | 92922FBK3                       | 363,618.450   | 350,477.280      |
|     | CMO WELLS FARGO MTG BACKED SECS<br>2006-AR10 TR CL VA CUSIP: 94983YAK5            | 94983YAK5                       | 440,270.700   | 440,697.320      |
|     | CMO WELLS FARGO MTG BACKED SECS<br>2003-1 TR SER 2003-1 CL-2 CUSIP:<br>94980HAU3  | 94980HAU3                       | 420,241.940   | 418,845.480      |
|     | CMO WELLS FARGO MTG BACKED SECS<br>2006-AR8CL III-A-2 VAR 5.2 CUSIP:<br>94983VAP0 | 94983VAP0                       | 700,000.000   | 698,450.200      |
|     | CMO WELLS FARGO MTG BKD SECS<br>2005-AR16 TR CL III-A-1 DUE CUSIP:<br>94981QAE8   | 94981QAE8                       | 1,009,953.800 | 1,001,214.670    |
|     | CMO 1ST UN NATL BK COML MTG TR<br>2002-C1 MTG PASSTHRU CTF C CUSIP:<br>33736XFS3  | 33736XFS3                       | 1,315,499.440 | 1,320,831.160    |
|     | CONSUMERS FDG LLC 2001-1<br>SECURITIZATION BD CL A-5 5.43% DU<br>CUSIP: 210523AE6 | 210523AE6                       | 1,250,000.000 | 1,265,967.500    |
|     | COUNTRYWIDE HOME LNS INC MEDIUM<br>TERM NTS TR#00292 4.25 CUSIP: 22237LND0        | 22237LND0                       | 1,250,000.000 | 1,236,683.750    |
|     | COUNTRYWIDE HOME LNS INC MEDIUM<br>TERM NTS# TR 00309 2.87 CUSIP:<br>22237LNW8    | 22237LNW8                       | 800,000.000   | 797,760.800      |
|     | COUNTRYWIDE HOME LNS INC MEDIUM<br>TERM NTSTRANCHE # TR 00 CUSIP:<br>22237LPM8    | 22237LPM8                       | 720,000.000   | 699,253.920      |
|     |   |                                 | 389,681.990   | 392,345.860      |



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|   |               |               |               |
|---|---------------|---------------|---------------|
| CR SUISSE 1ST BSTN MTG SECS CORP SER<br>97-C2 CL A3 6.55 P CUSIP: 22540AES3<br>CWABS INC 2005-1 ASSET BKD CTF CL AF-3<br>FLTG RATE 09-25-20 CUSIP: 126673WA6    | 1,313,780.940 | 1,301,464.250 | 1,303,542.650 |
| CWHEQ HOME EQUITY LN TR SER 2006-S6<br>ASSET BACKED CTF C CUSIP: 126684AA7<br>DAIMLERCHRYSLER AUTO TR 2003-A A4<br>2.88% DUE 10-08-2009 BEO CUSIP:<br>23383VBZ2 | 1,369,363.680 | 1,369,363.680 | 1,369,428.040 |
|   | 323,022.200   | 326,782.370   | 322,312.520   |

*Corporate Debt Instruments Preferred***United States USD**

|   |             |             |             |
|---|-------------|-------------|-------------|
| DAIMLERCHRYSLER AUTO TR 2004-B<br>ASSET BKDNT CL A-3 3.18%<br>DU CUSIP: 23383VCN8 | 141,087.780 | 141,080.020 | 140,442.590 |
| DAIMLERCHRYSLER AUTO TR 2006-A AST<br>BKD CTF CL A-3 VAR RAT CUSIP:<br>23383VDJ6  | 850,000.000 | 849,906.760 | 847,803.600 |
| DEERE JOHN CAP CORP MEDIUM TERM<br>NTS-BOOKTRANCHE # CUSIP: 24422EPW3             | 525,000.000 | 517,692.000 | 518,876.930 |
| DOW CHEM CO SR NT DTD 11/22/2002 5<br>DUE 11-15-2007 BEO CUSIP: 260543BU6         | 500,000.000 | 507,512.500 | 497,885.000 |
| DU PONT E I DE NEMOURS & CO 6.75 DUE<br>09-01-2007 REG CUSIP: 263534BF5           | 250,000.000 | 265,295.000 | 252,002.500 |
| FORD CR AUTO OWNER TR 2006 C NT CL A<br>3 5.15999984741 DUE CUSIP: 34528CAD7      | 775,000.000 | 774,851.670 | 774,966.680 |
| FORD CR FLOORPLAN MASTER OWNER TR<br>A SERIES 2006-3 CLAS CUSIP: 34528QAA2        | 750,000.000 | 750,000.000 | 750,644.250 |
| G E EQUIP SMALL TICKET LLC SER 2005-2<br>CLA-3 10-22-2009 BEO CUSIP: 36159MAH7    | 750,000.000 | 751,201.170 | 746,844.750 |
| GEN DYNAMICS CORP NT 3 DUE<br>05-15-2008/05-14-2 CUSIP: 369550AJ7                 | 250,000.000 | 241,997.500 | 242,064.500 |
| GEN ELEC CAP CORP MEDIUM TERM NTS<br>BO TRANCHE # TR 00576 CUSIP: 36962GZZ0       | 250,000.000 | 250,880.000 | 247,725.750 |
| GILLETTE CO GILLETTE CO 2.875 2.875 DUE<br>03-15-2008 BEO CUSIP: 375766AL6        | 250,000.000 | 241,542.500 | 242,474.250 |
| GMACM HOME EQUITY LN TR 2004-HE5 NT<br>CL A-3 3.97% DUE 09-2 CUSIP: 361856DV6     | 561,978.440 | 553,021.910 | 556,726.190 |
| GMACM HOME EQUITY LN TR 2006-HE2 CL<br>A-1 6.30999994278% DUE CUSIP: 38011AAA2    | 572,715.150 | 572,715.150 | 573,127.500 |
| GOLDMAN SACHS GROUP INC SR NT 5<br>DUE 01-15- CUSIP: 38141GEF7                    | 560,000.000 | 554,612.800 | 555,297.680 |

## Schedule H, Line 4(i)

## Schedule of Assets Held for Investment Purposes

| (A) | (B)  | (C)   | (D)           | (E)              |
|-----|--|---|---------------|------------------|
|     | Identity of Issuer, Borrower,<br>Lessor or Similar Description | Description<br>of<br>Investment                                   | Cost          | Current<br>Value |
|     | GOLDMAN SACHS GROUP INC  | SR NT DTD<br>01/13/2004 3.875% CUSIP: 38143UAA9                   | 1,000,000.000 | 974,175.000      |
|     | GREEN TREE FINL CORP   | 1995-3 MFD HSG<br>SR/SUB PASSTHRU CL CUSIP: 393505GH9             | 225,477.020   | 230,311.700      |
|     | GS AUTO LN TR SER  | 2004-1 CL A4 2.65%<br>DUE05-16-2011 BEO CUSIP: 36292RAM3          | 445,865.070   | 441,426.480      |
|     | HARLEY-DAVIDSON MOTORCYCLE TR                                  | SERIES 2003-1 CLASS-A2 2. CUSIP:<br>41283AAV1                     | 305,207.610   | 301,089.440      |
|     | HARLEY-DAVIDSON MOTORCYCLE TR                                  | 2006-2 CL A-1 5.36 DUE 10-15 CUSIP:<br>41283BAA5                  | 520,191.370   | 520,333.380      |
|     | HARTFORD FINL SVCS GROUP INC                                   | SR NT<br>DTD 08/29/2002 4.7 DUE CUSIP: 416515AG9                  | 1,000,000.000 | 995,018.000      |
|     | HOME LN TR   | 2006-HI4 HOME LN BKD NT<br>CL A-1 09-25-2036 REG CUSIP: 43718MAA2 | 614,871.910   | 614,898.960      |
|     | HONDA AUTO RCVBLS  | 2006-3 OWNER TR<br>ABS NT CL A-4 5.11 CUSIP: 43812RAD0            | 980,000.000   | 977,109.980      |
|     | HONDA AUTO RECEIVABLES GRANTOR TR                              | SER 2005-1 CL A3 3.53% CUSIP: 43812VAC3                           | 212,859.170   | 211,396.190      |
|     | HONDA AUTO RECEIVABLES   | 2003-4<br>OWNER TR AST BKD NT CL A-4 CUSIP:<br>43812HAD2          | 288,154.600   | 285,466.410      |
|     | HONDA AUTO RECEIVABLES   | 2005-2<br>OWNER TR SER 2005-2 CL A3 3 CUSIP:<br>43812YAC7         | 515,704.500   | 512,242.060      |
|     | HONDA AUTO RECEIVABLES   | 2005-5 TR NT<br>CL A-3 4.61% DUE 08-1 CUSIP: 43812MAC3            | 430,000.000   | 427,695.630      |
|     | HOUSEHOLD FIN CORP   | NT DTD 01/27/1994<br>6.45% DUE 02-01-20 CUSIP: 441812FF6          | 500,000.000   | 510,690.500      |
|     | HSBC AUTOMOTIVE TR USA   | 2006-3 ASSET<br>BACKED NT CL A-2 5 CUSIP: 40431CAB4               | 735,000.000   | 735,584.330      |
|     | HSBC HOME EQTY LN TR USA                                       | 06-4<br>CLOSED-ENDASTBKD CTF A-1F 5. CUSIP:<br>40430VAA5          | 540,000.000   | 539,962.200      |
|     | HYUNDAI AUTO RECEIVABLES TR                                    | 2006-A<br>NT A-3 5.13% DUE 06-1 CUSIP: 449182BR4                  | 575,000.000   | 574,189.830      |
|     | HYUNDAI AUTO RECEIVABLES TR                                    | 2006-B<br>5.11%DUE 04-15-2011 CUSIP: 44920DAC0                    | 945,000.000   | 944,390.480      |
|     | IMC HOME EQTY LN TR SER  | 1998-3<br>PASSTHRU CTF CL A-8 6.34 DU CUSIP:<br>449670EQ7         | 83,037.270    | 82,813.900       |

*Corporate Debt Instruments Preferred***United States USD**

|  |               |               |               |
|--|---------------|---------------|---------------|
| INTL BUSINESS MACHS CORP MEDIUM<br>MTN 3.8 DUE 02-01-2008 CUSIP: 45920QET7         | 1,000,000.000 | 999,610.000   | 984,250.000   |
| LEHMAN BROTHERS HLDGS INC MEDIUM<br>TERM NTS BOOK ENTRY MTN CUSIP:<br>52517PXT3    | 1,000,000.000 | 958,500.000   | 966,615.000   |
| LONG BEACH ACCEP AUTO RECEIVABLES<br>TR 2005-B CL A-3 4.40 CUSIP: 542391CD7        | 750,000.000   | 741,064.450   | 744,568.500   |
| M & I MARSHALL & ILSLEY BK MILW WI<br>MTN 3.95 DUE 08-14-200 CUSIP: 5525V0AM8      | 475,000.000   | 461,225.000   | 459,561.550   |
| MARSHALL & ILSLEY CORP M AND I CORP<br>NTS 4.375% DUE 08-01-2 CUSIP: 571834AE0     | 1,000,000.000 | 976,250.000   | 978,049.000   |
| MBNA CR CARD MASTER NT TR 2006-A1<br>NT CL A 4.90000009537% D CUSIP:<br>55264TDP3  | 1,099,999.990 | 1,098,850.720 | 1,096,511.890 |
| MERRILL LYNCH & CO INC MEDIUM TERM<br>NTS BTRANCHE # TR 0031 CUSIP:<br>59018YNZ0   | 250,000.000   | 249,467.500   | 247,133.000   |
| MERRILL LYNCH & CO INC MEDIUM TERM<br>NTS BTRANCHE # TR 0035 CUSIP:<br>59018YQU8   | 750,000.000   | 726,922.500   | 733,835.250   |
| MERRILL LYNCH & CO INC MEDIUM TERM<br>NTS BTRANCHE # TR 0048 CUSIP:<br>59018YWD9   | 500,000.000   | 500,000.000   | 496,149.000   |
| MORGAN STANLEY & CO INC SR NT DTD<br>05/07/2003 4.25 DU CUSIP: 61744AAN0           | 660,000.000   | 647,559.000   | 637,826.640   |
| NATIONAL CITY CORP 3.2% DUE 04-01-2008<br>BEO CUSIP: 635405AN3                     | 1,000,000.000 | 961,380.000   | 971,755.000   |
| NATL RURAL UTILS COOP FIN CORP COLL<br>TR BD 3.875 DUE 02-15 CUSIP: 637432CY9      | 250,000.000   | 247,555.000   | 246,130.250   |
| NAVISTAR FINL 2003-B OWNER TR ASSET<br>BKD NT CL A-4 3.25% DU CUSIP:<br>63936XAD6  | 500,000.000   | 499,880.150   | 491,655.500   |
| NEW CENTY HOME EQUITY LN TR SER<br>2005-A CL A2 08-25-2035 R CUSIP:<br>64352VLW9   | 216,372.620   | 214,377.930   | 214,533.670   |
| NISSAN AUTO RECEIVABLES GRANTOR TR<br>4.19% DUE 07-15-2009 BEO CUSIP:<br>65475BAC8 | 530,000.000   | 529,956.750   | 524,917.300   |

## Schedule H, Line 4(i)

## Schedule of Assets Held for Investment Purposes

| (A) | (B)   | (C)                             | (D)           | (E)              |
|-----|---|---------------------------------|---------------|------------------|
|     | Identity of Issuer, Borrower,<br>Lessor or Similar Description                    | Description<br>of<br>Investment | Cost          | Current<br>Value |
|     | NISSAN AUTO RECEIVABLES 2006-A<br>OWNER TR CL A-3 4.74 DUE 09 CUSIP:<br>654921AC9 |                                 | 400,000.000   | 397,737.200      |
|     | NISSAN AUTO RECEIVABLES 2006-B<br>OWNER TR 2006-B A3 5.16% DU CUSIP:<br>65475CAC6 |                                 | 339,999.990   | 339,542.350      |
|     | OWNIT MTG LN TR SER 2006-1 CL AF-1<br>09-25-2029 REG CUSIP: 69121PCG6             |                                 | 581,990.630   | 578,897.930      |
|     | PG&E ENERGY RECOVERY FDG LLC<br>SERIES 2005-1 CLASS-A2 3. CUSIP:<br>693401AB7     |                                 | 701,682.590   | 689,922.390      |
|     | PNC FDG CORP SUB NT 7.5 DUE 11-01-2009<br>BEO CUSIP: 693476AP8                    |                                 | 725,000.000   | 765,627.550      |
|     | POPULAR ABS INC 2005-2 MTG PASSTHRU<br>CTF AF-2 04-25-2035 RE CUSIP: 73316PCB4    |                                 | 1,100,000.000 | 1,088,956.000    |
|     | PRAXAIR INC NT 2.75 DUE<br>06-15-2008/06-14-2 CUSIP: 74005PAM6                    |                                 | 500,000.000   | 482,743.000      |
|     | PVTPL ASSET BKD CTF CL A-3 144A 5.49%<br>DUE 04-15-2011 BEO CUSIP: 262073AC3      |                                 | 700,000.000   | 702,129.400      |
|     | PVTPL CMO MORGAN STANLEY CAP I INC<br>SER 1997-WF1 CL E 144A CUSIP: 61745MBA0     |                                 | 365,000.000   | 366,539.210      |
|     | PVTPL MONUMENTAL GLOBAL FDG II SR<br>SECD NT 144A 3.85% DUE CUSIP:<br>615322AN4   |                                 | 400,000.000   | 392,584.400      |
|     | REGIONS FINL CORP NEW BD 4.5% DUE<br>08-08-2008 BEO CUSIP: 7591EPAA8              |                                 | 1,020,000.000 | 1,007,171.460    |
|     | RENAISSANCE HOME EQTY LN TR 2006-4<br>MTG PASS THRU CTF CL A CUSIP:<br>75970HAD2  |                                 | 360,000.000   | 360,000.000      |
|     | RESDNTL AST MTG PRODS INC 2004-RS4<br>MTG PAS CL A-I-3 4.003 CUSIP: 7609852V2     |                                 | 155,771.140   | 155,048.830      |
|     | RESDNTL AST SEC CORP MTG PA 4.704<br>A/BKD 25/10/2031 USD1000 CUSIP:<br>76110WSY3 |                                 | 1,041,120.900 | 1,032,633.680    |
|     | RESIDENTIAL ASSET MTG PRODS INC SER<br>2004-RS4 CL A-I-4 CUSIP: 7609852W0         |                                 | 1,105,000.000 | 1,094,536.760    |
|     | SBC COMMUNICATIONS INC SBC<br>COMMUNICATIONS INC CUSIP: 78387GAD5                 |                                 | 500,000.000   | 516,205.000      |
|     | SECURITIZED ASSET BACKED<br>RECEIVABLES LLCTR SER 2006-CB1 CL<br>CUSIP: 81375WHG4 |                                 | 423,190.300   | 421,149.680      |

*Corporate Debt Instruments Preferred***United States USD**

|   |               |               |               |
|---|---------------|---------------|---------------|
| SIMON PPTY GROUP L P SIMON PPTY<br>GROUP LP6.375 DUE 11-15-20 CUSIP:<br>828807AJ6 | 500,000.000   | 504,175.000   | 503,851.500   |
| SLM CORP MEDIUM TERM NTS BOOK<br>ENTRY MTN 4 DUE 01-15-2009 CUSIP:<br>78442FBK3   | 1,000,000.000 | 972,191.100   | 977,794.000   |
| SLM CORP MEDIUM TERM NTS TR 00013<br>3.625 DUE 03-17-2008 CUSIP: 78442FAN8        | 600,000.000   | 583,470.000   | 587,593.200   |
| TARGET CORP TARGET NEW DEAL 3.375%<br>DUE 03-01-2008/02-28-2 CUSIP: 87612EAL0     | 1,050,000.000 | 1,019,424.000 | 1,027,807.200 |
| TEXTRON FINL CORP MEDIUM TERM NTS<br>BOOK ETRANCHE # TR 0063 CUSIP:<br>88319QG98  | 550,000.000   | 539,374.000   | 542,279.650   |
| TOYOTA AUTO RECEIVABLES 2003-B<br>OWNER TR SER 2003-B CL A4 2 CUSIP:<br>89232YAD0 | 1,116,804.750 | 1,116,625.360 | 1,115,686.830 |
| TRIAD AUTO RECEIVABLES TR 2006-A<br>ASSET BKD NT CL A-3 4.77 CUSIP:<br>895787AW9  | 750,000.000   | 749,888.990   | 745,578.750   |
| TRIAD AUTOMOBILE RECEIVABLES TR<br>2006-B A3 5.41 DUE 08-12- CUSIP:<br>89578VAC0  | 850,000.000   | 849,972.550   | 852,677.500   |
| TRIAD AUTOMOBILE RECEIVABLES<br>TRUST 2005-A CL A-4 4.22 CUSIP:<br>89578SAN3      | 1,000,000.000 | 980,742.190   | 982,518.000   |
| U S BK NATL ASSN CIN OH MEDIUM<br>TRANCHE #TR 00205 2.4 DUE CUSIP:<br>90331HJN4   | 1,200,000.000 | 1,202,388.000 | 1,192,585.200 |
| UNITEDHEALTH GROUP INC SR NT 3.3%<br>DUE 01-30-2008/12-03-2 CUSIP: 91324PAF9      | 500,000.000   | 486,730.000   | 489,052.000   |
| USAA AUTO OWNER TR 2006-1 ASSET<br>BACKED NT CL A-3 5.01% DU CUSIP:<br>903278CQ0  | 700,000.000   | 699,900.210   | 698,431.300   |
| USAA AUTO OWNER TR 2006-4 AST<br>BACKED NT CL A-4 4.98 DUE 10 CUSIP:<br>90327LAD2 | 550,000.000   | 549,833.300   | 548,289.500   |
| VERIZON GLOBAL FDG CORP NT 4 DUE<br>01-15-2008 BEO CUSIP: 92344GAU0               | 250,000.000   | 247,287.500   | 246,654.750   |
| WA MUT BK FA CHATSWORTH CAL GL<br>TRANCHE #SR 00030 DUE 11-0 CUSIP:<br>93933VBF4  | 1,000,000.000 | 999,835.000   | 999,189.000   |
| WA MUT INC NT 4 DUE 01-15-2009 REG<br>CUSIP: 939322AL7                            | 250,000.000   | 242,457.500   | 243,745.750   |

## Schedule H, Line 4(i)

## Schedule of Assets Held for Investment Purposes

| (A) | (B)  | (C)                             | (D)                    | (E)                    |
|-----|--|---------------------------------|------------------------|------------------------|
|     | Identity of Issuer, Borrower,<br>Lessor or Similar Description                     | Description<br>of<br>Investment | Cost                   | Current<br>Value       |
|     | WELLS FARGO & CO NT 3.5 DUE<br>04-04-2008 BEO CUSIP: 949746EX5                     | 1,000,000.000                   | 966,360.000            | 979,293.000            |
|     | WELLS FARGO FINL AUTO OWNER TR<br>2004-A CLA-4 2.67 % DUE 08-1 CUSIP:<br>949785AD1 | 1,416,353.360                   | 1,416,187.780          | 1,397,430.880          |
|     | WELLS FARGO MTG BACKED SECS<br>2006-AR10 TRMTG PASSTHRU CTF<br>CUSIP: 94983YAQ2    | 520,687.640                     | 517,840.130            | 520,754.810            |
|     | WFS FINL 2004-4 OWNER TR CL C 3.21%<br>DUE 05-17-2012 REG CUSIP: 92927TAF0         | 427,680.920                     | 419,461.420            | 419,411.710            |
|     | WYETH 4.375% DUE 03-01-2008/02-28-2008<br>BEO CUSIP: 983024AB6                     | 500,000.000                     | 499,570.000            | 494,752.000            |
|     | <b>Total United States USD</b>   |                                 | <b>97,850,934.600</b>  | <b>97,555,546.690</b>  |
|     | <b>Total Corporate Debt Instruments<br/>Preferred</b>                              |                                 | <b>101,272,211.230</b> | <b>100,960,057.630</b> |
|     | <i>Corporate Debt Instruments Other</i>  |                                 |                        |                        |
|     | <b>Mexico USD</b>  |                                 |                        |                        |
|     | PVTPL BANCO MERCANTILE DEL<br>NORTE S A GRAND CAY 6.135 DU<br>CUSIP: 05960AAB0     | 278,000.000                     | 278,000.000            | 278,093.130            |
|     | <b>Total Mexico USD</b>  |                                 | <b>278,000.000</b>     | <b>278,093.130</b>     |
|     | <b>United States USD</b>   |                                 |                        |                        |
|     | ALLIED CAP CORP NEW NT DTD<br>12/07/2006 6% DUE 04-01-2012 CUSIP:<br>01903QAB4     | 455,000.000                     | 454,617.800            | 448,458.470            |
|     | AMVESCAP PLC SR NT 5.9% DUE<br>01-15-2007/01-14-2 CUSIP: 03235EAH3                 | 1,000,000.000                   | 1,043,910.000          | 1,000,094.000          |
|     | <i>Corporate Debt Instruments Other</i>  |                                 |                        |                        |
|     | <b>United States USD</b>   |                                 |                        |                        |
|     | AOL TIME WARNER INC AOL TIME<br>WARNER INC.6.15% DUE 05-01-20 CUSIP:<br>00184AAE5  | 250,000.000                     | 259,742.500            | 250,492.500            |

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|   |               |               |               |
|---|---------------|---------------|---------------|
| CAP 1 FINL CORP NT 8.75 DUE 02-01-2007<br>BEO CUSIP: 14040HAF2                    | 1,250,000.000 | 1,364,912.500 | 1,253,058.750 |
| CAPITAL ONE AUTO FIN TR 2006-A NT<br>CL A-35.33% DUE 11-15-20 CUSIP:<br>14041GCU8 | 1,000,000.000 | 995,273.440   | 1,001,028.000 |
| CELULOSA ARAUCO Y CONSTITUCION S<br>A NT 7.75% DUE 09-13-20 CUSIP:<br>151191AJ2   | 425,000.000   | 462,918.500   | 460,283.080   |
| CHASE AUTO OWNER TR 2006-A ASSET<br>BACKED NT CL A-2 5.37% DU CUSIP:<br>161445AA9 | 350,000.000   | 349,994.810   | 350,091.000   |
| CMO ABFC 2006-OPT3 TR ASSET BKD<br>CTF CL A-3A FLTG DUE 11-2 CUSIP:<br>00075VAC5  | 438,053.160   | 438,053.160   | 438,099.590   |
| CMO BANC AMER FDG CORP SER 2005-E<br>CL 4-A-1 DUE 03-20-20 CUSIP: 05946XXQ1       | 875,470.180   | 857,276.820   | 862,614.780   |
| CMO BEAR STEARNS ARM TR 2006-1<br>MTG BKD NT CL A-1 DUE 02-2 CUSIP:<br>07387AGZ2  | 918,340.590   | 900,784.540   | 902,286.160   |
| CMO FIRST HORIZON MTG PASS THRU<br>TR 2006 FA5 CL A-3 6.25% D CUSIP:<br>32052TAC0 | 441,761.790   | 442,106.910   | 442,208.850   |
| CMO GMACM MTG LN TR 2004-J1 CL<br>A-15 5.25% DUE 04-25-20 CUSIP:<br>36185NU81     | 327,272.420   | 324,204.240   | 325,497.290   |
| CMO GNMA 2006-066 REMIC PASSTHRU<br>CTF CL A 4.087 DUE 11-30- CUSIP:<br>38373MWH9 | 708,920.350   | 687,652.740   | 689,465.450   |
| CMO GNMA 2006-068 REMIC PASSTHRU<br>CTF CL A 3.888 DUE 07-16- CUSIP:<br>38375JCF0 | 1,500,000.000 | 1,455,000.000 | 1,452,439.500 |
| CMO GNMA 2006-67 REMIC PASSTHRU<br>CTF CL A3.947 DUE 10-06-2 CUSIP:<br>38374N7X9  | 3,000,000.000 | 2,925,001.800 | 2,925,000.000 |
| CMO J P MORGAN MTG TR 2004-S2 MTG<br>PASSTHRU CTF CL 2- CUSIP: 466247JD6          | 511,952.070   | 509,151.160   | 507,876.930   |
| COMCAST CABLE COMMUNICATIONS<br>INC EXCHANGE NT 8.375% CUSIP:<br>20029PAF6        | 250,000.000   | 280,315.000   | 252,313.000   |
| COMWLTH EDISON CO COMWLTH<br>EDISON NT 3.7 DUE 02-01-2008/01- CUSIP:<br>202795HF0 | 275,000.000   | 269,758.500   | 269,559.680   |

## Schedule H, Line 4(i)

## Schedule of Assets Held for Investment Purposes

| (A) | (B)   | (C)                             | (D)           | (E)              |
|-----|---|---------------------------------|---------------|------------------|
|     | Identity of Issuer, Borrower,<br>Lessor or Similar Description                    | Description<br>of<br>Investment | Cost          | Current<br>Value |
|     | DAIMLERCHRYSLER AUTO TR 2006-B<br>2006-B AST BKD NT CL A-2 CUSIP:<br>23383WAB4    |                                 | 736,462.590   | 736,408.090      |
|     | DAIMLERCHRYSLER N AMER HLDG<br>CORP GTD NT 06/04/2003 4.05 DU CUSIP:<br>233835AV9 |                                 | 250,000.000   | 244,659.250      |
|     | DAIMLERCHRYSLER N AMER HLDG<br>CORP MED TRANCHE # TR 00040 CUSIP:<br>23383FBR5    |                                 | 525,000.000   | 525,747.080      |
|     | DEUTSCHE MTG&AST RECEIVING CO<br>COML PSTRUCTF 1998-1 CL A-2 CUSIP:<br>251562AC8  |                                 | 689,105.500   | 693,662.550      |
|     | DOMINION RES INC DEL SR NT SER D<br>5.125% DUE 12-15-2009/12- CUSIP:<br>257469AH9 |                                 | 1,000,000.000 | 993,617.000      |
|     | GMAC COML MTG SEC INC SER 1998-C1<br>CL D 6.974 PASSTHRU CTF CUSIP:<br>361849DJ8  |                                 | 435,000.000   | 442,600.760      |
|     | GS AUTO LN TR 2005-1 NT CL A-2 4.32%<br>DUE 05-15-2008 REG CUSIP: 36292RAT8       |                                 | 138,259.030   | 138,152.990      |
|     | LB COML CONDUIT MTG TR SER<br>1998-C1 CL A-3 6.48 PASSTHRU CUSIP:<br>501773BB0    |                                 | 632,867.950   | 635,936.730      |
|     | MTG CAP FDG INC SER 1997-MC2 CL D<br>7.117 MTG PASS THRU CTF CUSIP:<br>61910DDF6  |                                 | 365,000.000   | 365,344.560      |
|     | NATL CY BK CLEV OH MEDIUM TERM<br>BK NTS BOOK ENTRY MTN 3.3 CUSIP:<br>634902LC2   |                                 | 1,150,000.000 | 1,130,358.000    |
|     | POPULAR N AMER INC MEDIUM TERM<br>NTS BOOK ENTRY 4.7 DUE 06-3 CUSIP:<br>73318EAL7 |                                 | 375,000.000   | 367,090.130      |
|     | POPULAR NORTH AMER INC MEDIUM<br>TERM NTS BOOK ENTRY MTN 5.2<br>CUSIP: 73318EAN3  |                                 | 1,000,000.000 | 996,685.000      |
|     | PVTPL MTG CAP FDG INC SER 97-MC2<br>7.214 MTG PASSTHRU CTF D CUSIP:<br>61910DDH2  |                                 | 750,000.000   | 752,176.500      |
|     | SOUNDVIEW HOME LN TR SER 2006-A<br>CL A 11-25-2035 BE CUSIP: 83612GAA8            |                                 | 425,211.560   | 425,180.940      |
|     | SPRINT CAP CORP GTD NT DTD<br>05/06/1999 6.375% DUE 05-01-2 CUSIP:                |                                 | 1,000,000.000 | 1,020,022.000    |



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852060AF9  
 TELECOM ITALIA CAP GTD SR NT 6.2%  
 DUE 07-18-2011 BEO CUSIP: 87927VAS7 700,000.000 716,520.000 710,340.400

*Corporate Debt Instruments Other*

**United States USD**

UN PAC CORP UNP 5.75 DUE  
 10-15-2007/10-14-2 CUSIP: 907818CM8 250,000.000 258,815.000 250,135.750  
 US UNWIRED INC SECOND PRIORITY SR  
 SECD NT 10% DUE 06-15-2 CUSIP:  
 90338RAG9 366,000.000 403,515.000 402,600.000  
 VIACOM INC SR NT 5.75% DUE  
 04-30-2011/10-18-2 CUSIP: 925524AZ3 600,000.000 603,558.000 600,306.600  
 WEYERHAEUSER CO NT 6.125% DUE  
 03-15-2007/09-15-2 CUSIP: 962166BM5 42,000.000 45,090.770 42,029.820  
 1ST MD BANCORP SUB NT DTD  
 07/01/1997 7.2 DUE 07-01-2007 REG CUSIP:  
 320806AG7 960,000.000 1,078,387.200 966,686.400

**Total United States USD 26,639,344.180 26,270,607.580**

**Total Corporate Debt Instruments Other 26,917,344.180 26,548,700.710**

*Corporate Stock Common*

**United States USD**

MOTOROLA INC COM CUSIP:  
 620076109 29,104,032.000 478,767,040.920 598,378,897.920

**Total United States USD 478,767,040.920 598,378,897.920**

**Total Corporate Stock Common 478,767,040.920 598,378,897.920**

## Schedule H, Line 4(i)

## Schedule of Assets Held for Investment Purposes

| (A)  | (B)                             | (C)             | (D)                    | (E)                    |
|--|---------------------------------|-----------------|------------------------|------------------------|
| Identity of Issuer, Borrower,<br>Lessor or Similar Description | Description<br>of<br>Investment | Cost            | Current<br>Value       |                        |
| <i>Participant Loans</i>                                       |                                 |                 |                        |                        |
| <b>United States USD</b>                                       |                                 |                 |                        |                        |
| &&&MOTOROLA LOAN<br>ASSET                                      | CUSIP: 000101469                |                 |                        | 56,822,384.030         |
| <b>Total United States USD</b>                                 |                                 |                 |                        | <b>56,822,384.030</b>  |
| <b>Total Participant Loans</b>                                 |                                 |                 |                        | <b>56,822,384.030</b>  |
| <i>Value of Interest in Common/Collective<br/>Trusts</i>       |                                 |                 |                        |                        |
| <b>International Region USD</b>                                |                                 |                 |                        |                        |
| MFB NTGI-QM COLTV DAILY EAFE<br>INDEX FD LENDING               | CUSIP:<br>658991450             | 1,545,304.840   | 450,712,944.300        | 632,292,381.380        |
| <b>Total International Region USD</b>                          |                                 |                 | <b>450,712,944.300</b> | <b>632,292,381.380</b> |
| <b>United States USD</b>                                       |                                 |                 |                        |                        |
| COLTV SHORT TERM INVT<br>FD                                    | CUSIP: 195998AC3                | 20,778,426.540  | 20,778,426.540         | 20,778,426.540         |
| COLTV STIF   | CUSIP: 195997KU4                | 212,082,593.280 | 212,082,593.280        | 212,082,593.280        |
| MFB NTGI-QM COLLECTIVE DAILY<br>S&P MIDCAP 400 EQUITY INDEX F  | CUSIP: 194992715                | 20,907,977.260  | 421,494,173.420        | 583,771,633.080        |
| MFB NTGI-QM COLTV DAILY<br>AGGREGATE BD INDEX FD-LNDG          | CUSIP: 66585W103                | 689,719.210     | 218,465,983.320        | 234,383,140.820        |
| MFB NTGI-QM COLTV DAILY<br>RUSSELL 2000 EQTY INDEX FD-LEND     | CUSIP: 658991377                | 361,542.110     | 255,177,117.350        | 333,730,844.730        |
| <i>Value of Interest in Common/Collective<br/>Trusts</i>       |                                 |                 |                        |                        |
| <b>United States USD</b>                                       |                                 |                 | 302,055.480            | 808,735,073.570        |
|  |                                 |                 |                        | 1,160,459,095.170      |

MFB NTGI-QM COLTV DAILY S&P 500  
 EQTY INDEX  
 FD-LENDING CUSIP: 658991294

**Total United States USD 1,936,733,367.480 2,545,205,733.620**

**Total Value of Interest in  
 Common/Collective Trusts 2,387,446,311.780 3,177,498,115.000**

*Value of Interest in Master Trusts*

**United States USD**

MFO MOTOROLA BD POOL  
 UNITS CUSIP: 62008A984 47,103,741.350 585,357,436.860 722,940,450.120

MFO MOTOROLA STK POOL UNITS  
 CUSIP: 62008A992 98,933,343.790 886,590,164.650 1,175,503,038.380

**Total United States USD 1,471,947,601.510 1,898,443,488.500**

**Total Value of Interest in Master Trusts 1,471,947,601.510 1,898,443,488.500**

**Total 4,554,477,661.030 5,946,456,842.570**

\* Party in-interest

See accompanying Report of Independent Registered Public Accounting Firm

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Retirement Benefits Committee of the Motorola 401(k) Plan has duly caused this Annual Report to be signed on its behalf by the undersigned thereunto duly authorized.

MOTOROLA 401(k) PLAN

Date: June 28, 2007

By: /s/ Ronald T. Miller

Ronald T. Miller  
Corporate Vice President and Director of  
Global Total Rewards, Motorola, Inc. and a  
Senior Management Member of the  
Retirement Benefits Committee of the  
Motorola 401(k) Plan

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