

Motorola to split into two publicly traded companies in 2011

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A customer checking out Motorola phones at a store. Motorola announced plans Thursday to split into two publicly traded companies in 2011 with one focusing on mobile devices and set-top boxes and the other on professional equipment such as two-way radios and safety systems.

Motorola, the biggest US cellphone maker, said Thursday it will split into two companies next year, one focusing on handsets and TV set-top boxes and the other on professional safety equipment.

The Schaumburg, Illinois-based company, which has been struggling to keep up with other cellphone manufacturers, said it was targeting the first quarter of 2011 for the separation into two publicly traded companies.

Motorola said one company would be made up of its Mobile Devices and

Home businesses, which include cellphones and home digital entertainment devices such as the TV set-top boxes.

The other would comprise its Enterprise Mobility Solutions and Networks businesses, which include two-way radios, mobile computers, secure public safety systems, scanners and wireless network infrastructure.

Both companies will retain the Motorola brand.

Motorola said that effective immediately, Sanjay Jha, Motorola's co-chief executive, will serve as CEO of Motorola's Mobile Devices and Home businesses unit.

Greg Brown, Motorola's other co-chief executive, will head the Enterprise Mobility Solutions and Networks businesses, the company said.

Jha was hired by Motorola in 2008 to turn around and spin off its cellphone division from the rest of the company but the move was repeatedly delayed.

"The combination of Mobile Devices and our Home business brings together two highly complementary and innovative organizations," Jha said in a statement. "Together we will be best positioned to lead in the convergence of mobility, media, and the Internet.

"Our expanding portfolio of smartphones and end-to-end video content delivery capabilities will enable us to provide advanced mobile media solutions and multi-screen experiences for our customers," he said.

Motorola chairman David Dorman said the separation "provides significant operational and strategic flexibility for both companies,

positions them for future success, and enhances long-term shareholder value."

Motorola enjoyed success with its popular Razr phone launched in 2005 but has been losing ground since then to Apple and Research in Motion, maker of the Blackberry, as well as to other major cellphone manufacturers such as Nokia, Samsung and Sony Ericsson.

Motorola has been betting on Google's open-source Android mobile phone operating system to try to revive the company and has released a series of Android-powered handsets recently including the "Droid" smartphone.

Motorola released another Android-powered smartphone, the Cliq, in September.

Motorola's decision to split into two companies was welcomed by the market with Motorola shares up 3.76 percent at 6.90 dollars in after-hours electronic trading.

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