

Motorola to break into 2 on Jan. 4

November 30 2010, By PETER SVENSSON , AP Technology Writer

(AP) -- Motorola Inc. will split into two companies effective Jan. 4, finalizing the breakup of one of the founders of the U.S. electronics industry.

Motorola is splitting its consumer-oriented side, which makes cell phones and cable set-top boxes, from the side that sells police radios and barcode scanners to government and corporate customers.

Shareholders of record on Dec. 21 will receive shares in both the consumer business, [Motorola](#) Mobility, and the professional business, Motorola Solutions.

The breakup is motivated by the desire to present two simple stories to investors, rather than one complicated one.

Motorola set the breakup plan in motion in 2008 after prodding from activist investor Carl Icahn. The goal was to complete the separation by 2009, but the [economic downturn](#) and the continuing collapse of Motorola's phone sales prompted it to postpone the plan. Motorola announced the new date Tuesday.

One big piece of Motorola won't make it to separation: The company is selling a division that makes network equipment for cell phone companies to [Nokia Siemens Networks](#), a Finnish-German joint venture. The deal is expected to close before the end of the year.

Motorola's phone division has continued to shrink, but cost-cutting and a

focus on smart phones such as the Droid X allowed it to post an operating profit for the July-to-September quarter. It was the first profitable quarter in three years.

Once the second-largest phone maker in the world, Motorola is now the seventh-largest and sells fewer phones than either Apple Inc. or [Research In Motion](#) Ltd., the maker of the BlackBerry.

On Jan. 4, shareholders will receive one share of Motorola Mobility for every eight shares of Motorola Inc. Motorola Inc. share will then go through a 1-for-7 reverse stock split, as the company renames itself Motorola Solutions. Both stocks will trade on the New York Stock Exchange.

Shares of Motorola, which is based in Schaumburg, Ill., closed Tuesday at \$7.66, down 11 cents.

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