

Motorola Mobility Holdings, Inc
Form 10-Q
October 27, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the period ended October 1, 2011

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 001-34805

MOTOROLA MOBILITY HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

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DELAWARE

27-2780868

(State of Incorporation)

(I.R.S. Employer Identification No.)

600 N. U.S. Highway 45

60048

Libertyville, Illinois 60048

(Zip Code)

(Address of principal executive offices)

Registrant's telephone number, including area code:

(847) 523-5000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of each of the issuer's classes of common stock as of the close of business on October 1, 2011:

Class	Number of Shares
Common Stock; \$.01 Par Value	299,487,006

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Part I Financial Information**Motorola Mobility Holdings, Inc. and Subsidiaries****Condensed Consolidated Statements of Operations****(Unaudited)**

<i>(In millions, except per share amounts)</i>	<i>Three Months Ended</i>		<i>Nine Months Ended</i>	
	<i>October 1, 2011</i>	<i>October 2, 2010</i>	<i>October 1, 2011</i>	<i>October 2, 2010</i>
Net revenues	\$3,259	\$2,946	\$9,628	\$8,035
Costs of sales	2,415	2,155	7,165	5,985
Gross margin	844	791	2,463	2,050
Selling, general and administrative expenses	426	385	1,299	1,141
Research and development expenditures	390	373	1,142	1,112
Other charges (income)	33	27	86	(153)
Operating earnings (loss)	(5)	6	(64)	(50)
Other income (expense):				
Interest income (expense), net	7	(11)	10	(40)
Gains on sales of investments	2		12	
Other, net	(6)	(2)	(28)	(24)
Total other income (expense)	3	(13)	(6)	(64)
Loss before income taxes	(2)	(7)	(70)	(114)
Income tax expense	30	28	99	55
Net loss	(32)	(35)	(169)	(169)
Less: Loss attributable to non-controlling interests		(1)		(3)
Net loss attributable to Motorola Mobility Holdings, Inc.	\$(32)	\$(34)	\$(169)	\$(166)
<i>Loss per common share (Note 3):</i>				
Basic	\$(0.11)	\$(0.12)	\$(0.57)	\$(0.56)
Diluted	\$(0.11)	N/A	\$(0.57)	N/A
<i>Weighted average common shares outstanding:</i>				
Basic	297.7	294.3	296.1	294.3
Diluted	297.7	N/A	296.1	N/A

See accompanying notes to condensed consolidated financial statements (unaudited).

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Motorola Mobility Holdings, Inc. and Subsidiaries**Condensed Consolidated Balance Sheets****(Unaudited)**

<i>(In millions)</i>	<i>October 1, 2011</i>	<i>December 31, 2010</i>
ASSETS		
Cash and cash equivalents	\$3,078	\$
Accounts receivable, net	1,774	1,571
Inventories, net	746	843
Deferred income taxes	147	110
Other current assets	605	595
Total current assets	6,350	3,119
Cash deposits	160	
Property, plant and equipment, net	803	806
Investments	125	137
Deferred income taxes	50	49
Goodwill	1,431	1,396
Other assets	558	697
Total assets	\$9,477	\$6,204
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$1,708	\$1,731
Accrued liabilities	2,234	2,115
Total current liabilities	3,942	3,846
Other liabilities	587	603
<i>Stockholders' Equity</i>		
Common stock: \$.01 par value;	3	
Authorized shares: 900.0		
Issued shares: 300.0		
Outstanding shares: 299.5		
Additional paid-in capital	5,217	
Accumulated other comprehensive loss	(103)	(345)
Retained earnings (accumulated deficit)	(169)	
Owner's net investment, prior to Separation		2,077
Total Motorola Mobility Holdings, Inc. stockholders' equity	4,948	1,732
Non-controlling interests		23
Total stockholders' equity	4,948	1,755
Total liabilities and stockholders' equity	\$9,477	\$6,204

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See accompanying notes to condensed consolidated financial statements (unaudited).

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Motorola Mobility Holdings, Inc. and Subsidiaries**Condensed Consolidated Statement of Stockholders' Equity****(Unaudited)**

<i>(In millions)</i>	Shares	<i>Accumulated Other Comprehensive Income (Loss)</i>							<i>Comprehensive Earnings (Loss)</i>
		<i>Common Stock and Additional Paid-in Capital</i>	<i>Fair Value Adjustment to Available for Sale Securities, Net of Tax</i>	<i>Foreign Currency Translation Adjustments, Net of Tax</i>	<i>Retirement Benefits Adjustments, Net of Tax</i>	<i>Retained Earnings (Accumulated Deficit)</i>	<i>Owner's Net Investment, Prior to Separation</i>	<i>Non-Controlling Interests</i>	
Balances at December 31, 2010		\$	\$14	\$(349)	\$(10)	\$	\$2,077	\$23	
Capital contribution from Former Parent							3,200		
Separation-related adjustments			(5)	346	(4)		(300)	(23)	
Reclassification of Owner's Net Investment to Common Stock and Additional Paid-in Capital in connection with Separation	294.3	4,977					(4,977)		
Deferred Contribution from Former Parent		75							
Net loss							(169)		(169)
Impact of sale of securities, net of tax of \$5			(9)						(9)
Foreign currency translation adjustments				(86)					(86)
Issuance of common stock and stock options exercised	5.2	48							
Share-based compensation expense									