

Motorola Sharpens Attack in Handsets

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Motorola (MOT) has been sharpening its edge in the handset market, as the Razr phone continues to cut through with consumers.

So much of the Schaumburg, Ill., wireless titan's recent turnaround success has ridden the popularity of the super-thin silver metal phone. Now, Wall Street sees little letup ahead as the company gets set to report fourth-quarter results after the bell Thursday.

Motorola certainly has the momentum. The new black and pink versions of the Razr are expected build on the brand's success.

Verizon Wireless -- the fastest growing U.S. cell-phone service, jointly owned by **Verizon** (VZ) and **Vodafone** (VOD) -- started selling Razrs last quarter. And new models like the ultrathin Slvr should help spread the love.

Meanwhile, there's another uninspiring lineup of phones from No. 1 **Nokia** (NOK). With No. 3 **Samsung** only now offering a Blade to rival the Razr, some industry watchers predict another blowout quarter for Motorola.

We think "this will be another record quarter for Motorola, as sales of the new Slvr and Pebl phones add to strong demand for Razr in a record holiday selling season," said Charter Equity Research analyst Ed Snyder in a note Monday.

Though some analysts say a glitch in deliveries may delay sales until the current quarter, most expect Motorola to have shipped about 45 million or more phones in the quarter ended in December. Snyder estimates Motorola added to its market share by taking 19% of the total industry's business in the latest quarter, up from 18.7% in the prior quarter.

Razrs made up about 10 million of the 45 million units sold last quarter, up from the 6.5 million in the prior quarter. And at an average selling price of \$200 apiece, Razr accounts for nearly one-third of Motorola's total handset revenue.

To view Robert Martorana's video preview of Motorola's earnings, click here .

Overall, analysts are expecting Motorola to post an adjusted net income of 34 cents a share on \$10.5 billion in sales in the fourth quarter, according to a Thomson First Call tally. Those numbers compare with a profit of 27 cents on \$8.84 billion in revenue in the year-ago quarter.

Looking ahead, analysts expect a seasonal decline, with first-quarter net income of 28 cents a share on sales of \$9.33 billion. That is almost a 10% dip on the top line sequentially.

But not everyone is buying into the customary post-holiday-slump scenario. Some are looking for a mere 6% decline in first-quarter sales as cell-phone popularity expands worldwide and a big sales season this month ahead of the Chinese New Year on Jan. 29.

Motorola shares are up 17% from a year ago and about \$1.50 below their four-year high of \$24.99, hit in November.

Some of the recent declines in Motorola's stock are due to market speculation that the tech shop was sniffing around Internet gearmaker **Juniper** (JNPR), looking to spend a fortune to add routers to its product line.

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