

Motorola Phoning It In

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Everything old is new again as **Motorola** (MOT) tries to shine up its image for mobile-phone fans.

As promised, CEO Ed Zander showcased five phones at a "Mobile Experience" show in New York on Tuesday. Each phone will be launched this year, and as expected there was nothing truly surprising in the lineup. In fact, four of the phones are new versions of existing models.

At the top of the list is the "new Razr," cleverly named Razr 2 and featuring a bigger, brighter screen. The phone also offers enhancements including 3G compatibility so it will work with the telcos' high-speed wireless networks. The flagship phone will be available in unspecified markets in July.

Zander, whose leadership of the Schaumburg, Ill., tech shop has come under fire from activist investor Carl Icahn, said Motorola is sticking with the Razr brand. Zander said during his presentation that the Razr 2 will "take the Razr to the next level."

As investors know, Motorola's business has ridden the highs and lows of Razr's popularity. Many industry observers blame the company's handling of the Razr brand for a lot of the current trouble.

Motorola slashed prices and participated in promotions that had dangled the Razr as a freebie for telcos to lure new service subscribers. The giveaways quickly eroded the phone's cachet.

"The fact that Razr remains the anchor of Motorola's phone offering and a big part of today's event is evidence of the lack of a new platform, which is what we believe is necessary to turn around the company's handset business," Charter Equity Research analyst Ed Snyder wrote in a note Tuesday.

Also getting major makeovers was the BlackBerry challenger Q phone, a new Rokr music phone and the touch-screen Ming phone that was introduced in Asia early last year.

The only phone even vaguely new was the Z8, which will be available in Europe in June. Motorola calls the device its "media monster." It features a slide-open phone that doubles as a camera and a video player. The phone was unveiled earlier this year in Europe, where the company calls it the kick slider.

Though the event lacked a real blockbuster candidate to help lift Motorola out of its slump, observers were encouraged by the company's entry, albeit late, to 3G -- and by some of the software improvements like Linux operating systems and Java support.

Nokia (NOK) has a good one year jump on Motorola in the multimedia arena in Europe, and Samsung and Sony Ericsson are also well ahead with similar products. Clearly Motorola hopes its Z8 will help answer the challenge ahead next month when Apple starts selling its iPhone. But Motorola offered no time frame for the Z8's U.S. availability.

Motorola shares fell 18 cents to \$17.98 in midday trading Tuesday.

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