

Reuters

Motorola shares rise on rumors CEO may step down
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NEW YORK (Reuters) - Shares of Motorola Inc. (NYSE:[MOT](#) - [News](#)) rose almost 3 percent on Wednesday on speculation that Chief Executive Ed Zander could be about to resign, amid a new campaign by an activist investor to oust the executive.

Zander, whose management of the No. 2 mobile phone maker came under heavy criticism from billionaire investor Carl Icahn earlier this year, now faces fresh pressure from activist shareholder Eric Jackson, who published a statement online entitled "Motorola Plan B" this week.

Jackson became the figurehead for widespread shareholder dissatisfaction at Yahoo Inc. (NasdaqGS:[YHOO](#) - [News](#)) after standing up at the company's annual meeting in June and asking then-Chief Executive Terry Semel to apologize to shareholders. A week later, Semel was replaced.

"There are rumors Zander may be resigning," said Charter Equity Research analyst Ed Snyder. "This would increase confidence that a serious restructuring is afoot."

Motorola shares rose 34 cents to \$17.96 at mid-afternoon on the New York Stock Exchange as investors, who have been disappointed by weakening handset sales at the company, reacted to rumors about Zander.

A Motorola representative declined to comment.

Motorola, whose shares have lost about a third of their value since mid-October on disappointing results, posted a first-quarter loss due to weak handset sales caused by a lack of advanced phones and tough price competition.

Since Zander took the helm in 2004, "shareholder returns have been 13.5 percent," said Jackson, comparing this to returns of 37.8 percent from Finland's Nokia (Helsinki:[NOK1V.HE](#) - [News](#)), Motorola's biggest rival, in his statement.

"His past performance and the currently articulated strategy for a turnaround are neither sufficient or acceptable," Jackson said referring to Zander.

Jackson said in an email that he is in contact with large institutional shareholders and already has support from 18 individual investors with a collective stake worth just under \$1 million in Motorola shares.

Based on Wednesday's share price and a share count of 2.3 billion, Motorola's market capitalization is \$41 billion.

Earlier this year, Zander withstood pressure from Icahn, who failed to win enough shareholder votes for a board seat.

Speculation about a Motorola management change also circulated in the options markets. Paul Foster, options strategist at Web information site theflyonthewall.com in Chicago, cited "unconfirmed chatter" that Zander would step down.

Foster said the company's second-quarter earnings report, expected in coming weeks, could be another factor.

According to market research firm Track Data, 50,293 calls compared to 13,123 puts changed hands in Motorola, far outpacing its normal volume of 24,621 contracts during the first half of the session.

Investors often use equity calls in hopes of profiting from a share price rise, and puts to speculate on potential stock weakness.

(Additional reporting by Doris Frankel in Chicago)