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Motorola Mobility warns of Q4 revenue shortfall

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(Reuters) - Motorola Mobility Holdings Inc warned that its fourth-quarter 2011 revenue would miss Wall Street expectations as it was weighed down by tough competition and legal expenses in what is usually the best quarter of the year.

The company, which has agreed to be bought by Google Inc, forecast fourth-quarter sales of \$3.4 billion, below analyst expectations for revenue of \$3.88 billion, according to Thomson Reuters I/B/E/S.

Motorola Mobility said it expects to report "modest profitability" on a non-GAAP basis in the quarter. It shipped about 10.5 million mobile devices in the quarter, including about 5.3 million smartphones, which run on Google software.

Charter Equity Research analyst Ed Snyder noted that part of Motorola's weak performance may come from employee distraction due to the upcoming Google deal.

But Snyder said the results were "really bad" and could also be a bad omen for demand in the broader cellphone market especially after wireless chip maker RF Micro Devices inc posted weak quarterly revenue.

Motorola Mobility said it is still working with Google on gaining approval for their proposed deal, which they still expect to close early this year.

It said its revenue forecast includes \$900 million in sales for the home business, which makes television set-top boxes.

The company said that the results were hurt by higher legal costs associated with ongoing intellectual property litigation.

Motorola shares fell slightly to \$38.30 in after hours trading, after closing at \$38.46 on the New York Stock Exchange. Investors have focused less on its operations than on the Google deal since it was announced on August.

(Reporting by [Sinead Carew](#); Editing by [Gary Hill](#) and Carol Bishopric)



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