

Freescale Semiconductor Announces First Quarter 2007 Results

AUSTIN, Texas, April 25, 2007 -- Freescale Semiconductor Holdings I, Ltd. today announced financial results for the first quarter ended March 30, 2007.

Highlights for the quarter include:

- Net sales of \$1.36 billion;
- Adjusted EBITDA of \$335 million;
- Cash, cash equivalents and short-term investments of \$637 million.

A description of Adjusted EBITDA and the reconciliations to our GAAP results are included in this press release and the accompanying tables.

Net Sales

Net sales for the first quarter of 2007 were \$1.36 billion, compared to \$1.53 billion in the first quarter of 2006. Net sales were negatively impacted in the quarter by a sales decline in the company's Wireless and Mobile Solutions segment. The decline in sales resulted from lower demand at the segment's largest customer.

"Our Transportation and Networking segments continue to generate solid sales and operational profitability," said Michel Mayer, chairman and CEO. "However, the challenging market conditions in the wireless market negatively impacted our overall first quarter results."

Operating Highlights

Operating earnings, net earnings and Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) now include non-cash purchase accounting expenses related to the company's acquisition by a private equity consortium in December 2006. The company believes that providing operating earnings and EBITDA exclusive of these expenses is a more meaningful representation of the company's ongoing financial performance. Including the aforementioned expenses, the operating, net and EBITDA losses for the first quarter of 2007 were \$654 million, \$539 million and \$119 million, respectively. Excluding these expenses, operating earnings were \$149 million and EBITDA was \$300 million. This compares to operating earnings of \$207 million and EBITDA of \$371 million in the first quarter of 2006.

The company also uses Adjusted EBITDA to measure compliance with certain of its debt covenants. Adjusted EBITDA for the first quarter of 2007 was \$335 million. Adjusted EBITDA for the 12 months ended March 30, 2007 was \$1.75 billion.

A table describing EBITDA and Adjusted EBITDA and reconciling net income to these measures is included in this press release.

Segment Results

The Transportation and Standard Products segment reported net sales of \$665 million in the first quarter of 2007, compared to \$653 million in the first quarter of 2006. First quarter 2007 sales benefited from growth in the company's sensor and analog products along with growth in the non-U.S. automotive business. EBITDA for the first quarter was a loss of \$8 million. Excluding non-cash purchase accounting items, EBITDA was \$178 million, or 27% of sales.

The Networking and Computing Systems segment reported net sales of \$320 million, compared to \$351 million in the first quarter of 2006. First quarter 2006 sales included revenue from product lines that have since been discontinued. Adjusting for these sales, revenues were essentially flat with the prior year. Net sales benefited from higher demand for the company's Digital Home solutions offset by slower sales into the wireless infrastructure markets. EBITDA for the first quarter was a loss of \$88 million. Excluding non-cash purchase accounting items, EBITDA was \$90 million, or 28% of sales.

The Wireless and Mobile Solutions segment reported net sales of \$364 million in the first quarter of 2007, compared to \$506 million in the first quarter of 2006. Net sales were negatively impacted by lower shipments to the segment's largest customer. EBITDA for the first quarter was a loss of \$24 million. Excluding non-cash purchase accounting items, EBITDA was \$28 million, or 8% of sales.

Liquidity Highlights

Cash, cash equivalents and short-term investments were \$637 million on March 30, 2007. Capital expenditures were \$92 million or 7% of net sales for the first quarter of 2007.

Conference Call and Webcast

Freescale's quarterly earnings call is scheduled to begin at 4 p.m. Central Daylight Time (USA) on April 25, 2007. The company will offer a live webcast of the conference call over the Internet at www.freescale.com/investor.

Caution Regarding Forward-looking Statements

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to, among other things, revenues, earnings, cash flows, capital expenditures, working capital and other financial items. These statements also relate to our business strategy, goals and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. We have used the words "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will" and similar terms and phrases to identify forward-looking statements in this release.

Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. Our

operations involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct.

Actual results and trends in the future may differ materially from those suggested or implied by the forward-looking statements depending on a variety of factors, which are described in greater detail under "Risk Factors" in our Registration Statement on Form S-4 filed with the SEC on March 8, 2007. All future written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the previous statements. We undertake no obligation to update any information contained herein or to publicly release the results of any revisions to any forward-looking statements that may be made to reflect events or circumstances that occur, or that we become aware of, after the date of this release.

About Freescale Semiconductor

Freescale Semiconductor is a global leader in the design and manufacture of embedded semiconductors for the automotive, consumer, industrial, networking and wireless markets. The privately held company is based in Austin, Texas, and has design, research and development, manufacturing or sales operations in more than 30 countries. Freescale is one of the world's largest semiconductor companies with 2006 sales of \$6.4 billion (USD). www.freescale.com

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Freescale Semiconductor Holdings I, Ltd.
Consolidated and Combined Statements of Operations
(Unaudited)

(in millions)	Successor		Predecessor
	Three months ended March 30, 2007	Combined (1) Three months ended December 31, 2006	Three months ended March 31, 2006
Net sales	\$ 1,361	\$ 1,615	\$ 1,526
Cost of sales	1,217	1,053	835
Gross margin	144	562	691
Selling, general and administrative	160	176	187
Research and development	290	319	294
Amortization expense for acquired intangible assets	345	108	3
In-process research and development	-	2,260	-
Reorganization of businesses and other	-	(7)	-
Merger and separation expenses	3	515	-
Operating earnings (loss)	(654)	(2,809)	207
Other income (expense), net	(198)	(42)	11
Earnings (loss) before income taxes and cumulative effect of accounting change	(852)	(2,851)	218
Income tax (benefit) expense	(313)	(128)	13
Earnings (loss) before cumulative effect of accounting change	(539)	(2,723)	205
Cumulative effect of accounting change, net of income tax expense of \$1	-	-	7
Net earnings (loss)	\$ (539)	\$ (2,723)	\$ 212

(1) Although Freescale continues as the same legal entity after the Merger, the consolidated and combined financial statements for the three months ended December 31, 2006 are presented on a combined basis and include two distinct periods: September 30 through December 1, 2006 (the "Predecessor Period" or "Predecessor," as context requires) and December 2 through December 31, 2006 (the "Successor Period" or "Successor," as context requires), which relate to the period preceding the Merger and the period succeeding the Merger, respectively. The combined presentation does not comply with U.S. GAAP, but is presented because we believe it provides the most meaningful comparison of our results. The consolidated and combined financial statements for the Successor Period reflect the acquisition of Freescale under the purchase method of accounting in accordance with SFAS No. 141, "Business Combinations". The results of the Successor are not comparable to the results of the Predecessor due to the difference in the basis of presentation of purchase accounting as compared to historical cost.

Freescale Semiconductor Holdings I, Ltd.
Reconciliation of Non-GAAP Measures
(Unaudited)

(in millions)	Successor		Predecessor
	Three months ended March 30, 2007	Combined (1) Three months ended December 31, 2006	Three months ended March 31, 2006
Gross margin	\$ 144	\$ 562	\$ 691
Inventory step-up recognition	416	141	-
Incremental depreciation expense	34	10	-
Adjusted gross margin	\$ 594	\$ 713	\$ 691
Operating earnings (loss)	\$ (654)	\$ (2,809)	\$ 207
Inventory step-up recognition	416	141	-
Incremental depreciation expense	39	11	-
Amortization expense for acquired intangible assets	345	108	3
In-process research and development	-	2,260	-
Reorganization of businesses and other	-	(7)	-
Merger expenses	3	515	-
Adjusted operating earnings	\$ 149	\$ 219	\$ 210

Adjusted operating earnings represents operating earnings (loss) adjusted for inventory fair value step-up recognition, incremental depreciation expense for property, plant and equipment fair value step-up, amortization of acquired intangible assets, in-process research and development charge, reorganization of businesses and other, and merger expenses. Adjusted operating earnings is not a recognized term under generally accepted accounting principles (GAAP). Adjusted operating earnings does not represent operating earnings (loss), as that term is defined under GAAP, and should not be considered as an alternative to operating earnings (loss) as an indicator of our operating performance. We have included information concerning adjusted operating earnings because we use such information when evaluating operating earnings (loss) to better evaluate the underlying performance of the Company. Adjusted operating earnings as presented herein is not necessarily comparable to similarly titled measures.

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Freescale Semiconductor Holdings I, Ltd.
Condensed Consolidated Segment Information
(Unaudited)
(in millions)

	Three Months Ended		
	March 30, 2007	Combined (1) December 31, 2006	March 31, 2006
Net sales:			
Transportation and Standard Products	\$ 665	\$ 677	\$ 653
Networking and Computing Systems	320	342	351
Wireless and Mobile Solutions	364	576	506
Other	12	20	16
Segment totals	<u>\$ 1,361</u>	<u>\$ 1,615</u>	<u>\$ 1,526</u>
EBITDA:			
Transportation and Standard Products	\$ (8)	\$ (713)	\$ 189
Networking and Computing Systems	(88)	(716)	115
Wireless and Mobile Solutions	(24)	(594)	97
Other	1	(500)	(30)
Segment totals	<u>\$ (119)</u>	<u>\$ (2,523)</u>	<u>\$ 371</u>

Freescale Semiconductor Holdings I, Ltd.
Segment EBITDA Excluding the Effects of Purchase Accounting
Non-GAAP Basis
(Unaudited)
(in millions)

	Three Months Ended		
	March 30, 2007	Combined (1) December 31, 2006	March 31, 2006
Segment EBITDA Excluding the Effects of Purchase Accounting:			
Transportation and Standard Products	\$ 178 (a)	\$ 180 (e)	\$ 189
Networking and Computing Systems	90 (b)	104 (f)	115
Wireless and Mobile Solutions	28 (c)	94 (g)	97
Other	4 (d)	15 (h)	(30)
Segment totals	<u>\$ 300</u>	<u>\$ 393</u>	<u>\$ 371</u>

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(a) Adjustment reflects add back of \$186 million from incremental expense related to the recognition of the step-up of inventory to fair value at the merger date.

(b) Adjustment reflects add back of \$178 million from incremental expense related to the recognition of the step-up of inventory to fair value at the merger date.

(c) Adjustment reflects add back of \$52 million from incremental expense related to the recognition of the step-up of inventory to fair value at the merger date.

(d) Adjustment reflects add back of \$3 million related to transaction expenses arising from the merger.

(e) Adjustment reflects add back of \$830 million related to a non-cash purchase accounting charge for in-process research and development and \$63 million from incremental expense related to the recognition of the step-up of inventory to fair value at the merger date.

(f) Adjustment reflects add back of \$760 million related to a non-cash purchase accounting charge for in-process research and development and \$60 million from incremental expense related to the recognition of the step-up of inventory to fair value at the merger date.

(g) Adjustment reflects add back of \$670 million related to a non-cash purchase accounting charge for in-process research and development and \$18 million from incremental expense related to the recognition of the step-up of inventory to fair value at the merger date.

(h) Adjustment reflects add back of \$515 million related to stock-based compensation expense and transaction expenses arising from the merger.

Freescale Semiconductor Holdings I, Ltd.
Adjusted EBITDA
(Unaudited)
(in millions)

Provided below is a reconciliation of net loss to EBITDA to Adjusted EBITDA:

	Three months ended March 30, 2007	Combined (1) Three months ended December 31, 2006	Three months ended March 31, 2006	Twelve months ended March 30, 2007
Earnings (loss) before cumulative effect of accounting change	\$ (539)	\$ (2,723)	\$ 205	\$ (2,745)
Interest (income) expense, net	197	47	(12)	229
Income tax (benefit) expense	(313)	(128)	13	(434)
Depreciation and amortization*	536	283	165	1,149
EBITDA	(119)	(2,521)	371	(1,801)
Non-cash stock-based employee compensation (2)	10	325	30	406
Other non-cash charges (3)	416	2,402	9	2,826
Non-recurring/one-time items (4)	3	211	14	242
Cost savings (5)	-	-	11	12
Other defined terms (6)	25	23	9	67
Adjusted EBITDA	\$ 335	\$ 440	\$ 444	\$ 1,752

* Excludes amortization of debt issuance costs, which are included in interest (income) expense, net.

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(2) Reflects non-cash stock-based employee compensation expense under the provisions of SFAS No. 123(R), *Share-based Payments*.

(3) Reflects the non-cash charges related to purchase accounting adjustments for in-process research and development, inventory and other non-cash items.

(4) Reflects costs associated with Predecessor debt extinguishment and one-time Merger expenses.

(5) Reflects cost savings that we expect to achieve from certain initiatives where actions have begun or have already been completed.

(6) Reflects other adjustments required in calculating our debt covenant compliance.

Adjusted earnings before cumulative effect of accounting change, interest, taxes, depreciation and amortization (EBITDA) is a non-U.S. GAAP measure used to determine our compliance with certain covenants contained in the Credit Facilities and the indentures governing the Senior Notes and Senior Subordinated Notes. Adjusted EBITDA is defined as EBITDA adjusted to add back certain non-cash, non-recurring and other items that are included in EBITDA and/or net income (loss), as required by various covenants in the indentures and the Credit Facilities. We believe that the presentation of Adjusted EBITDA for the twelve months ended March 30, 2007 is appropriate to provide additional information to investors to demonstrate compliance with our financing covenants. Our ability to engage in activities such as incurring additional indebtedness, making investments and paying dividends is tied to ratios based on Adjusted EBITDA.

Adjusted EBITDA does not represent, and should not be considered an alternative to, net income (loss), operating income (loss), or cash flow from operations as those terms are defined by U.S. GAAP and does not necessarily indicate whether cash flows will be sufficient to fund cash needs. While Adjusted EBITDA and similar measures are frequently used as measures of operations and the ability to meet debt service requirements by other companies, our use of Adjusted EBITDA is not necessarily comparable to such other similarly titled captions of other companies. The definition of Adjusted EBITDA in the indentures and the Credit Facilities allows us to add back certain charges that are deducted in calculating EBITDA and/or net income (loss). However, some of these expenses may recur, vary greatly and are difficult to predict. Further, our debt instruments required that Adjusted EBITDA be calculated for the most recent four fiscal quarters. As a result, the measure can be disproportionately affected by a particularly strong or weak quarter. Further, it may not be comparable to the measure for any subsequent four-quarter period or any complete fiscal year.

Freescale Semiconductor Holdings I, Ltd.
Condensed Consolidated Balance Sheets
(in millions)

	Successor	
	March 30, 2007 (unaudited)	December 31, 2006
ASSETS		
Cash and cash equivalents	\$ 181	\$ 177
Short-term investments	456	533
Accounts receivable, net	543	635
Inventory	875	1,188
Other current assets	314	317
Total current assets	<u>2,369</u>	<u>2,850</u>
Property, plant and equipment, net	3,132	3,232
Goodwill	5,315	5,313
Intangible assets, net	5,312	5,654
Other assets, net	676	690
Total assets	<u>\$ 16,804</u>	<u>\$ 17,739</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
Notes payable and current portion of long-term debt and capital lease obligations	\$ 88	\$ 85
Accounts payable	508	558
Accrued liabilities and other	694	716
Total current liabilities	<u>1,290</u>	<u>1,359</u>
Long-term debt	9,406	9,415
Deferred tax liabilities	1,517	1,858
Other liabilities	402	390
Stockholder's equity	<u>4,189</u>	<u>4,717</u>
Total liabilities and stockholder's equity	<u>\$ 16,804</u>	<u>\$ 17,739</u>