

Freescale Semiconductor Announces Second Quarter 2007 Results

AUSTIN, Texas, July 19, 2007 -- Freescale Semiconductor Holdings I, Ltd. today announced financial results for the second quarter ended June 29, 2007.

Highlights for the quarter include:

- Net sales of \$1.38 billion;
- Adjusted EBITDA of \$367 million;
- Cash, cash equivalents and short-term investments of \$541 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 second quarter of 2007 were \$1.38 billion, compared to \$1.60 billion in the second quarter of 2006. "The continued weakness in unit sales and demand from our largest wireless customer impacted our results," said Michel Mayer, chairman and CEO. "However, the flexibility of our business model allowed us to moderate the impact on profitability and cash flow."

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. In addition, during the second quarter of 2007 the company incurred a charge of \$38 million, primarily for severance costs associated with a workforce reduction.

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 and net losses for the second quarter of 2007 were \$268 million and \$288 million, respectively. EBITDA for the second quarter of 2007 was \$273 million.

Excluding the aforementioned expenses, operating earnings were \$159 million and EBITDA was \$311 million. This compares to operating earnings of \$251 million and EBITDA of \$413 million in the second quarter of 2006.

The company also uses Adjusted EBITDA to measure compliance with certain of its debt covenants. Adjusted EBITDA for the second quarter of 2007 was \$367 million. Adjusted EBITDA for the 12 months ended June 29, 2007 was \$1.7 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 \$684 million in the second quarter of 2007, compared to \$697 million in the second quarter of 2006. EBITDA for the second quarter was \$185 million, or 27% of net sales.

The Networking and Computing Systems segment reported net sales of \$328 million in the second quarter of 2007, compared to \$370 million in the second quarter of 2006. EBITDA for the second quarter was \$104 million, or 32% of net sales.

The Wireless and Mobile Solutions segment reported net sales of \$353 million in the second quarter of 2007, compared to \$514 million in the second quarter of 2006. Net sales were negatively impacted by lower shipments to the segment's largest customer. EBITDA for the second quarter was \$29 million, or 8% of net sales.

Liquidity Highlights

Cash, cash equivalents and short-term investments were \$541 million on June 29, 2007. Capital expenditures were \$72 million or 5% of net sales for the second 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 July 19, 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/A filed with the SEC on June 22, 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 Statements of Operations
(Unaudited)

(in millions)	Successor		Predecessor
	Three months ended June 29, 2007	Three months ended March 30, 2007	Three months ended June 30, 2006
Net sales	\$ 1,376	\$ 1,361	\$ 1,599
Cost of sales	809	1,217	864
Gross margin	567	144	735
Selling, general and administrative	165	160	185
Research and development	286	290	296
Amortization expense for acquired intangible assets	346	345	3
Reorganization of businesses and other	38	-	-
Merger expenses	-	3	-
Operating (loss) earnings	(268)	(654)	251
Other (expense) income, net	(188)	(198)	6
(Loss) earnings before income taxes	(456)	(852)	257
Income tax (benefit) expense	(168)	(313)	(3)
Net (loss) earnings	\$ (288)	\$ (539)	\$ 260

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

	Successor	Predecessor
(in millions)	Six months ended June 29, 2007	Six months ended June 30, 2006
Net sales	\$ 2,737	\$ 3,125
Cost of sales	2,026	1,699
Gross margin	711	1,426
Selling, general and administrative	325	372
Research and development	576	590
Amortization expense for acquired intangible assets	691	6
Reorganization of businesses and other	38	-
Merger expenses	3	-
Operating (loss) earnings	(922)	458
Other (expense) income, net	(386)	17
(Loss) earnings before income taxes and cumulative effect of accounting change	(1,308)	475
Income tax (benefit) expense	(481)	10
(Loss) earnings before cumulative effect of accounting change	(827)	465
Cumulative effect of accounting change	-	7
Net (loss) earnings	\$ (827)	\$ 472

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

(in millions)	Successor		Predecessor
	Three months ended June 29, 2007	Three months ended March 30, 2007	Three months ended June 30, 2006
Adjusted gross margin	\$ 605	\$ 594	\$ 735
Inventory step-up recognition	-	(416)	-
Incremental depreciation and amortization expense	(38)	(34)	-
Gross margin	\$ 567	\$ 144	\$ 735
Adjusted operating earnings	\$ 159	\$ 149	\$ 254
Inventory step-up recognition	-	(416)	-
Incremental depreciation and amortization expense	(43)	(39)	-
Amortization expense for acquired intangible assets	(346)	(345)	(3)
Reorganization of businesses and other	(38)	-	-
Merger expenses	-	(3)	-
Operating (loss) earnings	\$ (268)	\$ (654)	\$ 251

Adjusted gross margin and adjusted operating earnings represent gross margin and operating (loss) earnings adjusted for the following as necessary: inventory fair value step-up recognition, incremental depreciation expense for property, plant and equipment fair value step-up, amortization of acquired intangible assets, reorganization of businesses and other charges and merger expenses. Adjusted gross margin and adjusted operating earnings are not recognized terms under generally accepted accounting principles (GAAP). Adjusted gross margin and adjusted operating earnings do not represent gross margin or operating (loss) earnings, as those terms are defined under GAAP, and should not be considered as alternatives to gross margin or operating (loss) earnings as an indicator of our operating performance. We have included information concerning adjusted gross margin and adjusted operating earnings because we use such information when evaluating gross margin and operating (loss) earnings to better evaluate the underlying performance of the Company. Adjusted gross margin and adjusted operating earnings as presented herein are not necessarily comparable to similarly titled measures.

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

	Successor	Predecessor
(in millions)	Six months ended June 29, 2007	Six months ended June 30, 2006
Adjusted gross margin	\$ 1,199	\$ 1,426
Inventory step-up recognition	(416)	-
Incremental depreciation and amortization expense	(72)	-
Gross margin	\$ 711	\$ 1,426
Adjusted operating earnings	\$ 308	\$ 464
Inventory step-up recognition	(416)	-
Incremental depreciation and amortization expense	(82)	-
Amortization expense for acquired intangible assets	(691)	(6)
Reorganization of businesses and other	(38)	-
Merger expenses	(3)	-
Operating (loss) earnings	\$ (922)	\$ 458

Adjusted gross margin and adjusted operating earnings represent gross margin and operating (loss) earnings adjusted for the following as necessary: inventory fair value step-up recognition, incremental depreciation expense for property, plant and equipment fair value step-up, amortization of acquired intangible assets, reorganization of businesses and other charges and merger expenses. Adjusted gross margin and adjusted operating earnings are not recognized terms under generally accepted accounting principles (GAAP). Adjusted gross margin and adjusted operating earnings do not represent gross margin or operating (loss) earnings, as those terms are defined under GAAP, and should not be considered as alternatives to gross margin or operating (loss) earnings as an indicator of our operating performance. We have included information concerning adjusted gross margin and adjusted operating earnings because we use such information when evaluating gross margin and operating (loss) earnings to better evaluate the underlying performance of the Company. Adjusted gross margin and adjusted operating earnings as presented herein are not necessarily comparable to similarly titled measures.

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

(in millions)	Three Months Ended		
	June 29, 2007	March 30, 2007	June 30, 2006
Net sales:			
Transportation and Standard Products	\$ 684	\$ 665	\$ 697
Networking and Computing Systems	328	320	370
Wireless and Mobile Solutions	353	364	514
Other	11	12	18
Segment totals	<u>\$ 1,376</u>	<u>\$ 1,361</u>	<u>\$ 1,599</u>
EBITDA:			
Transportation and Standard Products	\$ 185	\$ (8)	\$ 205
Networking and Computing Systems	104	(88)	134
Wireless and Mobile Solutions	29	(24)	84
Other	(45)	1	(10)
Segment totals	<u>\$ 273</u>	<u>\$ (119)</u>	<u>\$ 413</u>

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

(in millions)	Three Months Ended		
	June 29, 2007	March 30, 2007	June 30, 2006
Transportation and Standard Products	\$ 185	\$ 178 (b)	\$ 205
Networking and Computing Systems	104	90 (c)	134
Wireless and Mobile Solutions	29	28 (d)	84
Other	(7) (a)	4 (e)	(10)
Segment totals	<u>\$ 311</u>	<u>\$ 300</u>	<u>\$ 413</u>

(a) Adjustment reflects add back of \$38 million related to reorganization expenses.

(b) 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.

(c) 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.

(d) 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.

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

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

(in millions)

	Six Months Ended	
	June 29, 2007	June 30, 2006
Net sales:		
Transportation and Standard Products	\$ 1,349	\$ 1,350
Networking and Computing Systems	648	721
Wireless and Mobile Solutions	717	1,020
Other	23	34
Segment totals	<u>\$ 2,737</u>	<u>\$ 3,125</u>
EBITDA:		
Transportation and Standard Products	\$ 177	\$ 394
Networking and Computing Systems	16	249
Wireless and Mobile Solutions	5	181
Other	(44)	(40)
Segment totals	<u>\$ 154</u>	<u>\$ 784</u>

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

(in millions)

	Six Months Ended	
	June 29, 2007	June 30, 2006
Transportation and Standard Products	\$ 363 (a)	\$ 394
Networking and Computing Systems	194 (b)	249
Wireless and Mobile Solutions	57 (c)	181
Other	(3) (d)	(40)
Segment totals	<u>\$ 611</u>	<u>\$ 784</u>

(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 and \$38 million related to reorganization expenses.

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

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

(in millions)	Three months ended June 29, 2007	Twelve months ended June 29, 2007
(Loss) earnings	\$ (288)	\$ (3,293)
Interest expense (income), net	190	428
Income (benefit) tax expense	(168)	(599)
Depreciation and amortization*	539	1,523
EBITDA	273	(1,941)
Non-cash stock-based employee compensation (1)	11	382
Other non-cash charges (2)	2	2,824
Non-recurring/one-time items (3)	36	262
Cost savings (4)	16	69
Other defined terms (5)	29	90
Adjusted EBITDA	\$ 367	\$ 1,686

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

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

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

(3) Reflects costs associated with Predecessor debt extinguishment, one-time Merger expenses and our reorganization of business program.

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

(5) 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 June 29, 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)

	June 29, 2007 (unaudited)	December 31, 2006
ASSETS		
Cash and cash equivalents	\$ 228	\$ 177
Short-term investments	313	533
Accounts receivable, net	538	635
Inventory	878	1,188
Other current assets	279	317
Total current assets	2,236	2,850
Property, plant and equipment, net	3,024	3,232
Goodwill	5,312	5,313
Intangible assets, net	4,972	5,654
Other assets, net	596	690
Total assets	\$ 16,140	\$ 17,739
LIABILITIES AND STOCKHOLDER'S EQUITY		
Notes payable and current portion of long-term debt and capital lease obligations	\$ 87	\$ 85
Accounts payable	451	558
Accrued liabilities and other	545	716
Total current liabilities	1,083	1,359
Long-term debt	9,398	9,415
Deferred tax liabilities	1,347	1,858
Other liabilities	397	390
Stockholder's equity	3,915	4,717
Total liabilities and stockholder's equity	\$ 16,140	\$ 17,739