

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

(in millions)	Successor		Predecessor
	Three months ended September 28, 2007	Three months ended June 29, 2007	Three months ended September 29, 2006
Adjusted gross margin	\$ 623	\$ 605	\$ 746
Incremental depreciation and amortization expense	46	38	-
Gross margin	\$ 577	\$ 567	\$ 746
Adjusted operating earnings	\$ 195	\$ 159	\$ 270
Incremental depreciation and amortization expense	51	43	-
Amortization expense for acquired intangible assets	346	346	3
Reorganization of businesses and other	-	38	(5)
Merger expenses	-	-	7
Operating (loss) earnings	\$ (202)	\$ (268)	\$ 265

Adjusted gross margin and adjusted operating earnings represent gross margin and operating (loss) earnings adjusted for the following as necessary: incremental depreciation expense for property, plant and equipment fair value step-up and associated with reduction in lives of certain manufacturing assets, 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)

(in millions)	Successor	Predecessor
	Nine months ended September 28, 2007	Nine months ended September 29, 2006
Adjusted gross margin	\$ 1,822	\$ 2,172
Inventory step-up recognition	416	-
Incremental depreciation and amortization expense	118	-
Gross margin	\$ 1,288	\$ 2,172
Adjusted operating earnings	\$ 503	\$ 734
Inventory step-up recognition	416	-
Incremental depreciation and amortization expense	133	-
Amortization expense for acquired intangible assets	1,037	9
Reorganization of businesses and other	38	(5)
Merger expenses	3	7
Operating (loss) earnings	\$ (1,124)	\$ 723

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 and associated with reduction in lives of certain manufacturing assets, 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		
	September 28, 2007	June 29, 2007	September 29, 2006
Net sales:			
Transportation and Standard Products	\$ 653	\$ 684	\$ 682
Networking and Computing Systems	315	328	369
Wireless and Mobile Solutions	468	353	540
Other	10	11	28
Segment totals	<u>\$ 1,446</u>	<u>\$ 1,376</u>	<u>\$ 1,619</u>
EBITDA:			
Transportation and Standard Products	\$ 177	\$ 185	\$ 207
Networking and Computing Systems	103	104	134
Wireless and Mobile Solutions	71	29	91
Other	2	(45)	(4)
Segment totals	<u>\$ 353</u>	<u>\$ 273</u>	<u>\$ 428</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		
	September 28, 2007	June 29, 2007	September 29, 2006
Transportation and Standard Products	\$ 177	\$ 185	\$ 207
Networking and Computing Systems	103	104	134
Wireless and Mobile Solutions	71	29	91
Other	2	(7) (a)	3 (b)
Segment totals	<u>\$ 353</u>	<u>\$ 311</u>	<u>\$ 435</u>

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

(b) Adjustment reflects add back of \$7 million related to transaction expenses arising from the merger.

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

(in millions)

	Nine Months Ended	
	September 28, 2007	September 29, 2006
Net sales:		
Transportation and Standard Products	\$ 2,002	\$ 2,032
Networking and Computing Systems	963	1,090
Wireless and Mobile Solutions	1,185	1,560
Other	33	62
Segment totals	\$ 4,183	\$ 4,744
EBITDA:		
Transportation and Standard Products	\$ 354	\$ 601
Networking and Computing Systems	119	383
Wireless and Mobile Solutions	76	272
Other	(42)	(44)
Segment totals	\$ 507	\$ 1,212

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

(in millions)

	Nine Months Ended	
	September 28, 2007	September 29, 2006
Transportation and Standard Products	\$ 540 (a)	\$ 601
Networking and Computing Systems	297 (b)	383
Wireless and Mobile Solutions	128 (c)	272
Other	(1) (d)	(37) (e)
Segment totals	\$ 964	\$ 1,219

(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.

(e) Adjustment reflects add back of \$7 million related to transaction expenses arising from the merger.

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 September 28, 2007	Twelve months ended September 28, 2007
Net (loss)	\$ (261)	\$ (3,811)
Interest expense, net	196	630
Income tax (benefit)	(135)	(744)
Depreciation and amortization*	553	1,911
EBITDA	353	(2,014)
Non-cash stock-based employee compensation (1)	11	357
Other non-cash charges (2)	-	2,820
Non-recurring/one-time items (3)	5	255
Cost savings (4)	6	54
Other defined terms (5)	21	98
Adjusted EBITDA	\$ 396	\$ 1,570

* 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 September 28, 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.
Reconciliation of Non-GAAP Measures
(Unaudited)

(in millions)	Three months ended September 28, 2007
Free cash flow	\$ 235
Capital expenditures	73
Proceeds from sales of property, plant, and equipment and assets held for sale	(1)
Payments for other assets	28
Cash flow provided by operations	<u>\$ 335</u>

Free cash flow is a non-GAAP financial measure which we define as cash flow provided by operations less capital expenditures. The most directly comparable GAAP measure is cash flow provided by operations. We use free cash flow to evaluate financial performance and in strategic planning, specifically, for investing and financing decisions. We believe free cash flow is a useful measure because it reflects the performance of overall operations more accurately than cash flow provided by operations and because it provides investors with the same results that we used as the basis for making decisions about the business. Free cash flow is not an indicator of residual cash available for discretionary spending because it does not take into account mandatory debt service or other non-discretionary spending requirements which are not deducted in the calculation of free cash flow. We take these limitations into account when using free cash flow to make investing and financing decisions.