

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

(in millions)	Three months ended	
	September 26, 2008	June 27, 2008
Free cash flow	\$ 114	\$ 19
Proceeds from sales of strategic investments and businesses	(14)	-
Capital expenditures	53	74
Proceeds from sales of property, plant, and equipment and assets held for sale	(1)	(140)
Payments for other assets	13	18
Payments for Acquisition	-	94
Cash flow provided by operations	\$ 165	\$ 65

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.