

Freescale Semiconductor, Inc. and Subsidiaries
EBITDA
(Unaudited)
(In millions)

We believe that earnings before interest, income taxes, depreciation and amortization (EBITDA) is a useful financial metric to assess our ability to generate cash from operations sufficient to pay taxes, to service debt and to undertake capital expenditures. Given the significant investments that we have made in the past in property, plant and equipment, depreciation and amortization expense comprises a meaningful portion of our cost structure. We believe that EBITDA will provide investors with a useful tool for assessing the comparability between periods of our ability to generate cash from operations sufficient to pay taxes, to service debt and to undertake capital expenditures because it eliminates depreciation and amortization expense attributable to our historically higher levels of capital expenditures. The term EBITDA is not defined under generally accepted accounting principles in the U.S., or U.S. GAAP, and EBITDA is not a measure of operating income, operating performance or liquidity presented in accordance with U.S. GAAP. In addition, EBITDA is impacted by reorganization of businesses and other restructuring-related charges. When assessing our operating performance or our liquidity, you should not consider this data in isolation, or as a substitute for, our net cash from operating activities or other cash flow data that is calculated in accordance with U.S. GAAP. In addition, our EBITDA may not be comparable to EBITDA or similarly titled measures utilized by other companies since such other companies may not calculate EBITDA in the same manner as we do. A reconciliation of net earnings, the most directly comparable U.S. GAAP measure, to EBITDA for each of the respective periods indicated is as follows:

	Three Months Ended		
	April 1, 2005	April 3, 2004	Dec 31, 2004
	(Consolidated)	(Combined)	(Consolidated)
(in millions)			
Net earnings	\$ 85	\$ 106	\$ 5
Interest expense, net	6	21	5
Income tax expense	9	26	1
Depreciation expense	168	187	177
Amortization expense	16	14	14
EBITDA	\$ 284	\$ 354	\$ 202

Note: Amortization expense has increased from prior presentation for each period presented as a result of reclassifications of \$14 million, \$11 million and \$12 million, respectively.

Freescale Semiconductor, Inc. and Subsidiaries
Reconciliation of Non-GAAP Measures
(Unaudited)
(In millions)

	Three Months Ended		
	April 1, 2005	April 3, 2004	Dec 31, 2004
Net sales	\$ 1,442	\$ 1,396	\$ 1,428
Gross margin	\$ 580	\$ 507	\$ 514
Add: Reorganization of businesses expenses (reversals)	3	(1)	33
Adjusted gross margin	<u>\$ 583</u>	<u>\$ 506</u>	<u>\$ 547</u>
Reorganization and Separation Expenses (Reversals):			
Reorganization of business expenses (reversals) included in cost of sales	\$ 3	\$ (1)	\$ 33
Reorganization of business expenses (reversals) included in operating expenses	10	(7)	46
Total reorganization of business expenses (reversals)	\$ 13	\$ (8)	\$ 79
Separation expenses	5	9	5
Total reorganization of business and separation expenses	<u>\$ 18</u>	<u>\$ 1</u>	<u>\$ 84</u>
Net earnings	\$ 85	\$ 106	\$ 5
Add: Total reorganization and separation expenses	18	1	84
Less: Reversal of liability	-	54	-
Less: Gains on sales of investments and business, net	-	41	-
Add: Income Tax (benefit) expense	(2)	11	(17)
Adjusted net earnings	<u>\$ 101</u>	<u>\$ 23</u>	<u>\$ 72</u>
Diluted shares	416	N/A	412
Adjusted net earnings per diluted share	\$ 0.24	N/A	\$ 0.17
Pro Forma diluted shares	N/A	278	N/A
Adjusted net earnings per diluted share	N/A	\$ 0.08	N/A
	April 1, 2005		Dec 31, 2004
Cash and cash equivalents	<u>\$ 318</u>		<u>\$ 382</u>
Short-term investments	2,031		1,992
Total cash, cash equivalents and short-term investments	<u>\$ 2,349</u>		<u>\$ 2,374</u>