

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

	<u>Three Months Ended</u>			<u>Year Ended</u>	
	<u>Dec 31,</u> <u>2004</u>	<u>Dec 31,</u> <u>2003</u>	<u>Oct 2,</u> <u>2004</u>	<u>Dec 31,</u> <u>2004</u>	<u>Dec 31,</u> <u>2003</u>
<b>Net sales</b>	\$ 1,428	\$ 1,373	\$ 1,430	\$ 5,715	\$ 4,864
Gross margin	\$ 514	\$ 455	\$ 558	\$ 2,140	\$ 1,413
Add: Reorganization of businesses	33	16	-	32	22
Adjusted gross margin	<u>\$ 547</u>	<u>\$ 471</u>	<u>\$ 558</u>	<u>\$ 2,172</u>	<u>\$ 1,435</u>
<b>Reorganization and Separation Expenses:</b>					
Reorganization of business expenses included in cost of sales	\$ 33	\$ 16	\$ -	\$ 32	\$ 22
Reorganization of business expenses included in operating expenses	46	10	(1)	36	63
Total reorganization of business expenses	\$ 79	\$ 26	\$ (1)	\$ 68	\$ 85
Separation expenses	5	-	19	74	-
Total reorganization of business and separation expenses	<u>\$ 84</u>	<u>\$ 26</u>	<u>\$ 18</u>	<u>\$ 142</u>	<u>\$ 85</u>
Net earnings (loss)	\$ 5	\$ 98	\$ 57	\$ 211	\$ (366)
Add: Total reorganization and separation expenses	84	26	18	142	85
Less: Gains on sales of investments and business, net	-	(89)	-	(41)	(106)
Less: Tax effect	(17)	(10)	(4)	(20)	(3)
Adjusted net earnings (loss)	<u>\$ 72</u>	<u>\$ 25</u>	<u>\$ 71</u>	<u>\$ 292</u>	<u>\$ (390)</u>
Diluted shares	412	NA	390	200	NA
Adjusted net earnings per diluted share	\$ 0.17	NA	\$ 0.18	\$ 1.46	NA
Pro Forma diluted shares	412	NA	390	339	NA
Adjusted net earnings per diluted share	\$ 0.17	NA	\$ 0.18	\$ 0.86	NA