

INFORMATION FOR CANADIAN SHAREHOLDERS OF MOTOROLA, INC.

March 1, 2006

Motorola, Inc., a Delaware corporation (“Motorola”) received the following letter (the “CRA Letter”) from the Canada Revenue Agency (“CRA”) in response to Motorola’s application letter (the “Application Letter”) filed to enable Motorola’s eligible Canadian shareholders to elect treatment under section 86.1 of the Canadian Income Tax Act with respect to their receipt of shares of class B common stock of Freescale Semiconductor, Inc., a Delaware corporation, pursuant to the Distribution (as defined in the Application Letter, a copy of which is posted elsewhere on Motorola’s Investor Relations website). In response to the CRA Letter, Motorola contacted the CRA on several occasions to discuss the status of the Application Letter. Pursuant to those discussions the CRA requested Motorola submit a response to the CRA Letter (the “Motorola Response Letter”), a copy of which is set forth herein after the CRA Letter. The CRA Letter and the Motorola Response Letter are set forth hereafter for informational purposes only and do not constitute tax advice. **You are urged to consult your own tax advisor as to the specific tax consequences of the Distribution to you.**



November 16, 2005

NOV 28 2005

Ray A. Dybala
Senior Vice President
Finance-Tax, Corporate
Motorola, Inc.
1303 E. Algonquin Road
Schaumburg IL 60196

Dear Sir:

Re: Spin-off of Freescale Semiconductor, Inc. by Motorola, Inc.

We are writing to advise you of our final decision on your submission for us to consider the above noted spin-off to be an eligible distribution pursuant to section 86.1 of the Income Tax Act, Canada.

Since we last wrote to you, we have been in contact with the Internal Revenue Service in an attempt to determine whether the spin-off was tax-free to shareholders resident in the United States. Having received their reply, we have concluded that information satisfactory to the Minister establishing that the distribution is not taxable under the United States Internal Revenue Code has not been provided as required under paragraph 86.1(2)(e). Therefore, the distribution is not an eligible distribution and shareholders resident in Canada will not be eligible to elect pursuant to section 86.1.

Thank you for your patience in this matter.

Yours truly,

Sylvie Chenette
International Auditor
International Tax Division
Quebec Taxation Services Office
Canada Revenue Agency
165 de la Pointe-aux-Lièvres
4th Floor
Quebec (Quebec) G1K 7L3
(418) 649-4993, ext. 4197



February 28, 2006

VIA FEDERAL EXPRESS

International Tax Division
Quebec Taxation Services Office
Canada Revenue Agency
Attention: Ms. Sylvie Chenette
165 de la Pointe-aux-Lievers
4th Floor
Quebec (Quebec) G1K7L3
Canada

Re: Spin-off of Freescale Semiconductor, Inc. by Motorola, Inc. (the "Spin-Off")

Dear Ms. Chenette:

Per your request, Motorola is writing to request that the Canada Revenue Agency ("CRA") confirm that it has not rendered a final decision with respect to the submission dated January 18, 2005 (the "Submission") that Motorola filed to enable its Canadian shareholders to elect treatment under section 86.1 of the Canadian Income Tax Act with respect to the Spin-Off. The circumstances giving rise to the foregoing request are discussed in more detail below.

Pursuant to a letter dated January 18, 2005, Motorola filed the Submission with the CRA. As required by Section 86.1(2)(e) of the Canadian Income Tax Act, the Submission contained evidence of the tax-free treatment of the Spin-Off for U.S. Federal income tax purposes. Such evidence consisted of a copy of the Information Statement sent to Motorola shareholders describing the anticipated U.S. Federal income tax treatment of the Spin-Off. Additionally, Motorola stated that it obtained an opinion of counsel regarding the U.S. Federal income tax treatment of the transaction. Further, Motorola indicated that it did not, nor did it intend to, obtain a Private Letter Ruling from the U.S. Internal Revenue Service (the "IRS") with respect to the tax-free treatment of the Spin-Off.

By letter dated, April 15, 2005, the CRA responded to the Submission and indicated that Motorola had not provided sufficient evidence that the distribution of shares pursuant to the Spin-Off was tax-free for U.S. Federal income tax purposes. The letter explained that unless an IRS Private Letter Ruling was provided to the CRA, the CRA would seek to confirm the U.S. Federal income tax treatment of the Spin-Off from the IRS directly by invoking the Exchange of Information provisions of the Canada-US Income Tax Convention.

In response to the April 15th letter, Motorola contacted the CRA to discuss the status of the Submission and determine whether Motorola could otherwise provide satisfactory evidence of the U.S. Federal income tax treatment of the Spin-Off. Pursuant to those discussions Motorola offered to provide the CRA with a copy of the opinion of counsel referenced in the Information Statement. Motorola explained such opinion would be relied upon by Motorola in filing its applicable U.S. Federal income tax return and that such opinion formed the basis for the discussion contained in the Information Statement. Motorola further explained that it expected

that Motorola's U.S. shareholders filed their tax returns in a manner consistent with such discussion.

In response to the foregoing offer, the CRA indicated that Motorola need not submit a copy of the opinion because the CRA did not believe that it could rely on such an opinion in rendering a decision on the Submission. The CRA indicated that it interpreted the statute to require that CRA receive direct confirmation from the IRS of the tax-free nature of the Spin-Off in order to issue a favorable ruling on the Submission. The CRA indicated that this was their interpretation of the statute despite the facts that the statute contains no such explicit requirement and at the time the guidance published on the CRA website provided that "a copy of the ruling letter issued by the IRS confirming that the distribution is not taxable to U.S. residents should be provided if one was obtained." (underline added). The underlined language was recently deleted from the CRA website.

Motorola explained that the IRS recently changed its policy regarding the issuance of Private Letter Rulings for spin-offs and had issued substantial guidance clarifying the law in this area. As a result of such change in policy, it was more likely that U.S. taxpayers would not seek or be able to seek Private Letter Rulings with respect to U.S. spin-offs unless they presented novel issues. Accordingly, if the CRA insisted upon its interpretation of section 86.1 of the Canadian Income Tax Act, a predictable result would be that Canadian shareholders of U.S. companies that engage in spin-off transactions raising novel U.S. tax issues would be more likely to obtain favorable tax treatment in Canada than Canadian shareholders of U.S. companies whose spin-off transactions do not raise novel U.S. tax issues because in the former case the U.S. company is more likely to obtain an IRS Private Letter Ruling. Further, in situations such as Motorola's, where a U.S. company consummates a spin-off on the basis of an opinion of counsel because the transaction does not raise novel U.S. tax issues, resolution of the Canadian income tax treatment of the Canadian shareholders of the U.S. company might not be forthcoming until the IRS audits the transaction. It could be years before such an audit is completed. In some cases an audit might never be conducted, in which case, presumably the Canadian shareholders would never be eligible for favorable Canadian tax treatment despite the fact that their U.S. counterparts treated the transaction as tax-free for U.S. Federal income tax purposes. The CRA acknowledged that it was generally unaware of the change in IRS practice and U.S. law and recognized the potential problem Motorola illustrated. Additionally, the CRA conceded that it might explain why CRA had recently received several submissions under section 86.1 that did not contain IRS Private Letter Rulings.

Motorola explained that the IRS would not begin an audit of Motorola's U.S. Federal income tax return for the taxable year that included the Spin-Off for several more years. Therefore, in the absence of a Private Letter Ruling with respect to the Spin-Off, the IRS could not confirm the U.S. Federal income tax treatment of the Spin-Off for several years.

The CRA indicated that it intended to follow its interpretation of the law and its internal procedures that required it to seek direct confirmation of the U.S. Federal income tax treatment of the Spin-Off from the IRS by invoking the Exchange of Information provisions of the Canada-US Income Tax Convention. The CRA invoked such procedures and as a result thereof, the IRS informed Motorola of the CRA's request. The IRS informally indicated to Motorola that because it had not audited the taxable year in question and because Motorola had not obtained a Private Letter Ruling on the subject, the IRS could not confirm the tax treatment of the Spin-Off to the CRA.

Pursuant to a letter dated November 16, 2005, the CRA informed Motorola that it contacted the IRS and that the IRS could not confirm the U.S. Federal income tax treatment of the Spin-Off. Based upon the foregoing, the CRA determined that Motorola provided insufficient evidence of the tax-free nature of the Spin-Off for U.S. Federal income tax purposes. Therefore, the CRA purported to render a decision that Motorola's Canadian shareholders were ineligible to elect treatment under Section 86.1 of the Canadian Income Tax Act with respect to the Spin-Off.


In response to such letter, Motorola contacted the CRA to discuss the status of the Submission. Pursuant to those discussions, Motorola explained that the IRS had in fact contacted Motorola regarding the Spin-Off, but because the taxable year in question was not currently under audit and because Motorola had not obtained a Private Letter Ruling with respect to the tax-free nature of the Spin-Off, the IRS could not provide any opinion regarding the U.S. Federal income tax treatment of the Spin-Off at this time. Motorola clarified that the IRS simply has not reviewed the Spin-Off. Motorola's taxable year that includes the Spin-Off will eventually be audited but such audit will not commence for several more years. Once the IRS completes its audit of the Spin-Off it will be in a position to provide the CRA direct confirmation of the U.S. Federal income tax treatment of the Spin-Off.

Based on the foregoing, the CRA indicated that it misinterpreted the correspondence received from the IRS and indicated that its decision regarding the Submission was not final. The CRA requested that Motorola submit this letter to assist the CRA in formalizing that decision. Accordingly, Motorola hereby requests that the CRA confirm that (i) its decision regarding the Submission is not final and (ii) the CRA will not render a final decision with respect to the Submission until such time as the IRS has reviewed and confirmed the U.S. Federal income tax treatment of the Spin-Off.

In addition to the foregoing, in order to obtain a favorable final resolution of this matter for Motorola's Canadian shareholders, Motorola respectfully requests that the CRA reconsider its interpretation of Section 86.1 of the Canadian Income Tax Act and render a favorable decision with respect to Motorola's Submission on the basis of Motorola's opinion of counsel. Such a decision would further the policy goal underlying Section 86.1 of providing the same basic income tax treatment to Canadian shareholders of a U.S. company that engages in a tax-free spin-off as such shareholders would have received had they been U.S. residents.

If you have any questions regarding the foregoing, please do not hesitate to contact me directly.

Very Truly Yours,


Ray A. Dybala
Senior Vice President
Finance Tax, Corporate
Motorola, Inc.