



Effective August 2011

Investment Fund Overview

Freescale Semiconductor 401(k)
Retirement Savings Plan



freescale.com



Freescale Semiconductor 401(k) Retirement Savings Plan Investment Funds

Stable Value Fund

Fixed Income Bond Fund

Global Bond Fund

Balanced Fund

Large Company Value Fund

S&P 500 Index Fund 1

Large Company Growth Fund

International Value Fund

International Growth Fund

Small/Medium Company Value Fund

Small/Medium Company Growth Fund

Emerging Markets Value Fund

Self-Directed Brokerage Account

Access at Your Fingertips

Manage your Freescale Semiconductor 401(k) Retirement Savings Plan account online or by telephone. You can change your contribution elections, make transfers between investment options, get investment advice, confirm your beneficiaries and more.

Online

freescale.com/rewards

Telephone

888-FSL-BENS (375-2367)

Outside the U.S. +1 847-883-2029

General Plan Information

The Freescale Semiconductor 401(k) Retirement Savings Plan (the Plan) offers you the opportunity to save for your retirement. The more you can save during your working years, the more freedom, flexibility and comfort you can expect to enjoy later in life.

Plan Highlights

- **Eligibility**—You are eligible to participate as soon as you are hired as a regular full-time employee or, if you are hired as a part-time employee, as soon as you complete 1,000 hours of service within a 12-consecutive-month period.
- **Pre-Tax Contributions**—Contributing on a pre-tax basis reduces your current year taxable earnings and corresponding income tax obligations.
- **Roth (After-Tax) Contributions**—Roth contributions come from your pay on an after-tax basis. You do not save on taxes when you make Roth contributions, but under current tax law Roth contributions and their associated investment earnings are not taxable when you properly receive them as a benefit from the Plan.
- **“Catch-up” Contributions**—Those who either already are age 50 and above, or who will be turning age 50 during the current calendar year are eligible to make “catch-up” contributions (subject to annual IRS contribution dollar limits). Catch-up contributions may be made on either a pre-tax or Roth (after-tax) basis, but not both.
- **Contribution Limits**—You may contribute up to 75% of your pay, not to exceed the annual IRS contribution dollar limits.
- **Company Matching Contributions**—Freescale will contribute a dollar-for-dollar company match on up to the first 5% of your eligible compensation that you contribute to the Plan, including “catch-up” contributions.
- **Vesting**—You are immediately 100% vested in both your contributions to the Plan and company matching contributions.
- **Investment Flexibility**—You can invest your account in any combination of the 12 core investment options, as well as the Self-Directed Brokerage Account.
- **Investment Advice and Account Management**—Through the GuidedChoice online application GuidedSavings, you can receive advice regarding your Plan investments or, if you choose, you may have GuidedChoice manage your Plan investments for you.
- **Investment Management and Plan Administration Expenses**—By participating in the Plan, you are able to benefit from competitive expense levels. This allows you to experience better investment returns over time so that your account has the opportunity to grow even larger. For the 2010 Plan year, overall Plan expenses, including investment management and Plan administration, were 0.46% of total Plan assets. This expense level is competitive with industry averages for plans of similar size to the Plan. For a participant with an average account balance in the Plan of \$160,000, overall Plan expenses of 0.46% represent approximately \$61 a month that this participant is paying for investment management and Plan administration services. The amount you are paying in expenses may be less than or greater than this average amount based upon your account balance, investment allocation and level of account activity.
- **Account Portability**—When you retire or leave Freescale, you have various account options, including a full distribution of your account from the Plan.
- **Account Access**—You have access to your account and Plan information through either the Freescale Rewards website at freescale.com/rewards, or over the phone at 888-FSL-BENS (375-2367).

Additional Plan Information

For employees new to Freescale, if you do not elect otherwise within 30 days of being eligible, you will automatically be enrolled to contribute 5% of your eligible compensation to the Plan and your contribution will automatically be invested in the GuidedSavings Managed Account option with GuidedChoice. An enrollment confirmation will be mailed to your home address shortly after your hire date, showing the date the automatic 5% contribution to the GuidedSavings Managed Account option will take effect.

If you do not want to participate in the Plan or if you do want to be enrolled in the GuidedSavings Managed Account option, you can update your elections either online at freescale.com/rewards, or by calling Freescale Rewards Customer Service at 888-FSL-BENS (375-2367).

401(k) Retirement Savings Plan Trading Policy

Freescale's 401(k) Retirement Savings Plan is designed to help you accumulate the financial resources necessary to sustain your preferred lifestyle after you retire by building your wealth through long-term savings. Market timing or excessive trading is not consistent with the intended purpose of the Plan and is considered harmful to the long-term strategy of the investment options under the Plan. Moreover, excessive trading can be harmful to Plan participants in general by diluting share values, increasing fund transaction costs, interfering with a fund's portfolio management, incurring taxable gains and forcing funds to hold excess levels of cash in order to maintain sufficient liquidity to accommodate shareholder purchase and sale activity.

To help protect the long-term best interest of the participants in the Plan, Freescale has instituted a general trading policy that applies to all funds under the Plan, except the Stable Value Fund and the Self-Directed Brokerage Account.

Under the trading policy, if a participant redeems out of a fund, that participant will have to wait 30 days before they can re-enter that fund. The recordkeeper will monitor exchanges and block any purchase that violates this policy. This restriction applies to purchases only; a participant will be allowed to transfer out of a fund. Any systematic contributions or withdrawals (i.e., regular payroll contributions, loan payments, withdrawals, automatic rebalancing, etc.) are excluded from the Plan's trading monitoring and will be allowed.

Under federal law, investment managers have the right to monitor trade activity to determine if short-term trading practices may be occurring and to restrict or prohibit a participant's transfers if it is believed that the participant is participating in short-term trading, market timing or abusive transfer practices that it believes are detrimental to the investment option and to other investors in the option. All investment managers reserve the right to reject any purchase or exchange transactions at any time as provided for in the fund's prospectuses and other governing documents. To the extent a fund provided under the Plan maintains an excess trading policy that is stricter than the Plan's policy described above, the manager of the fund can direct the Plan to apply its excessive trading restrictions to participant's accounts. For more information on the funds' excessive trading policies, please consult the funds' prospectuses.

Restrictions on Transfers from the Stable Value Fund to the Self-Directed Brokerage Account

The Plan does not allow transfers of money directly from the Stable Value Fund to the Self-Directed Brokerage Account. You may transfer money from the Stable Value Fund to any of the Plan's other investment options (the "core funds"), but the value of the funds transferred from the Stable Value Fund must remain in the Plan's core funds for at least 90 days. After 90 days, the restriction on the value of the transferred funds ends.

The Plan continues to reserve the right to amend its excessive trading rules in the future.

Would You Like Assistance with Your Investment Decisions?

Financial Advice and Account Management

GuidedChoice, an independent investment advice service chosen by Freescale, can help you choose your Plan investments using their online application, GuidedSavings. You have the option to choose your own investments based upon the GuidedSavings recommendations, or allow GuidedChoice to manage your account for you by electing GuidedSavings Managed Account. Fees will apply if you choose a managed account.

You can access GuidedChoice directly through the Freescale Rewards website at freescale.com/rewards. You may also call GuidedChoice Customer Service at 800-242-6182 (M–F, 10 a.m.–7 p.m. Central time) for additional information on the services offered and applicable fees.

GuidedSavings advice is based on Modern Portfolio Theory, developed by one of GuidedChoice's founders, Harry Markowitz, Ph.D., Nobel laureate. Modern Portfolio Theory proposes that there is a "perfect" mix of asset classes (different types of stocks and bonds) that you can invest in at different risk levels that will get you to your maximum return over the long run. Using a proprietary process, GuidedSavings combines economic data and fund style analysis with personal factors (such as your age, salary, savings rate, retirement age, standard mortality tables plus 10 years, etc.) and your retirement income goal to determine your investment mix.

Summary

This document summarizes certain terms and conditions of the Plan. In the event of any conflict between those terms and conditions and the summaries contained herein, the terms and conditions of the Plan shall prevail.

Freescale will provide, without charge to any participant in the Plan, a copy of the Plan document and any other documents required to be delivered to such persons pursuant to applicable law. Such requests should be directed to the attention of Benefits Department, Freescale Semiconductor, Inc., 6501 West William Cannon Drive, Mail drop: OE331, Austin, Texas, 78735, phone (512) 895-2439.

The Plan is intended to constitute a plan described in Section 404(c) of the Employee Retirement Income Security Act (ERISA) and Section 2550.404c-1 of Title 29 of the Code of Federal Regulations ("404(c) Regulations"). The fiduciaries of the Plan may be relieved of liability for any losses that are the direct and necessary result of investment decisions made, and investment instructions given, by you as a Plan participant or beneficiary with respect to the investment of money in your accounts in the Plan's various funds. In other words, because you select how your account balance is invested among the available options, you are responsible for the losses that are the direct and necessary result of your investment instructions.

Additional information concerning the Plan, including any fund restrictions, can be found on the Freescale Rewards website at freescale.com/rewards, or in the current Summary Plan Description.

The Investment Funds

You can invest your contributions in any one or more of the 12 core investment options in 1% increments. You may also invest your account in the Self-Directed Brokerage Account. A summary of the investment funds is listed in the chart that follows from lowest to highest risk. As with any investment you make, there are no guarantees against losses. Each investment fund is subject to increases and decreases in dollar value as the financial markets respond to economic, social and political conditions.

At any given time, your account balance may have decreased in value rather than increased. In general, the “riskier” funds are more likely to have greater “ups and downs” than the less risky funds, but may have a greater potential for higher positive returns over the long term. Historical investment returns of the funds are available in this Investment Fund Overview, as well as online at freescale.com/rewards.

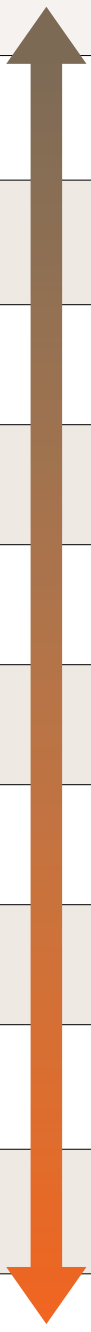
Note: Historical performance of a fund can only give you an idea of the risk level involved. It does not tell you how the fund will perform in the future.

In most cases, the funds are managed by one or more investment managers, which are identified in the general descriptions of each fund. Fund operating expenses vary depending on the type of fund. The largest component of operating expense is the fee paid to the fund’s investment manager and/or advisor. A fund’s fees may also be used to defray certain Plan-related expenses. These fees are taken out of a fund’s assets and lower the return to a fund’s investors. A measure of what it costs an investment company to operate a fund offered under the Plan is reflected in the fund’s “expense ratio” (also known as the “management expense ratio” or “management fee”).

With each fund description, you will find its annual expense ratio (expressed as a percentage of average net assets). These fees may change from time to time. The Plan committee reviews the expenses related to each fund offered under the Plan on a periodic basis to ensure that fees paid by the Plan participants for the investments under the Plan are reasonable in light of various factors, including the returns for each fund.



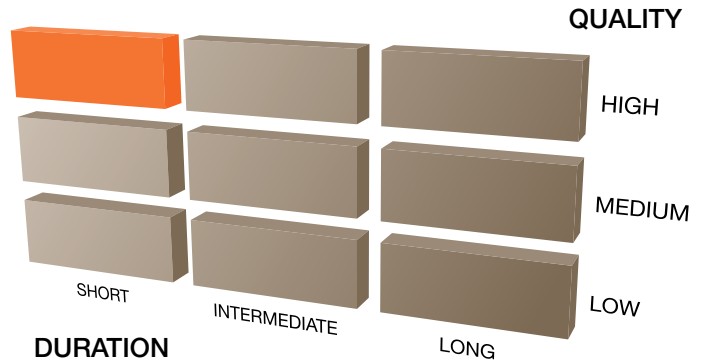
Plan Investment Fund Options

Type of Fund	Investment Fund Descriptions	Risk	
Stable Value Fund (Deutsche Asset Management)	Combination of short-term, fixed income securities such as U.S. Treasury bills, guaranteed insurance contracts and bank investment contracts. Seeks growth through short-term income.	 <p>Lowest</p>	
Fixed Income Bond Fund (PIMCO Moderate Duration)	Combination of U.S. Treasury bills, certificates of deposit, corporate bonds, government bonds, mortgage and asset backed securities. Seeks long-term growth through short- to long-term income.		
Global Bond Fund (PIMCO Diversified Income)	Consists of a range of fixed income sectors including global investment grade and high yield corporates, emerging market debt and other global credit spread sectors. Seeks long-term growth through intermediate to longer term income.		
Balanced Fund (Oakmark Equity & Income)	Combination of stocks, bonds and cash equivalents. Seeks long-term growth through capital appreciation and income.		
Large Company Value Fund (NFJ Dividend Value)	A diversified portfolio of large capitalization common stocks, with potential to provide dividend income and capital appreciation through value-oriented stocks.		
S&P 500 Index Fund¹ (Vanguard)	Contains large capitalization domestic common stocks seeking to replicate the S&P 500 Index.		
Large Company Growth Fund (Janus Capital Management)	A diversified portfolio of large capitalization common stocks, that seeks to provide capital appreciation through growth-oriented stocks.		
International Value Fund (Manning & Napier)	Equity securities of non-U.S. common stock with potential of providing dividend income and capital appreciation through value-oriented stocks.		
International Growth Fund (Artio Global Management)	Equity securities of non-U.S. common stock with potential of providing capital appreciation through growth-oriented stocks.		
Small/Medium Company Value Fund (Wells Capital Management and Buckhead Capital)	Combination of two investment managers investing in medium and small capitalization common stocks that seek to provide dividend income and capital appreciation through value-oriented stocks.		
Small/Medium Company Growth Fund (Calamos Investments and Driehaus Capital Management)	Combination of two investment managers investing in medium and small capitalization common stocks that seek to provide capital appreciation through growth-oriented stocks.		
Emerging Markets Value Fund (Dimensional Fund Advisors)	A diversified portfolio of international common stocks solely invested in emerging market countries that seeks to provide capital appreciation through emerging market value-oriented stocks.		Highest
Self-Directed Brokerage Account (Hewitt Financial Services)	Provides the opportunity to invest in a broad range of investments including individual company stocks and access to mutual funds from more than 300 fund families.		

Stable Value Fund

Overview

The Stable Value Fund consists of short-term, fixed income securities such as U.S. Treasury bills, guaranteed insurance contracts and bank investment contracts. The objective of this fund is to offer a low-risk investment option that provides participants with competitive, stable returns without fluctuation of principal.

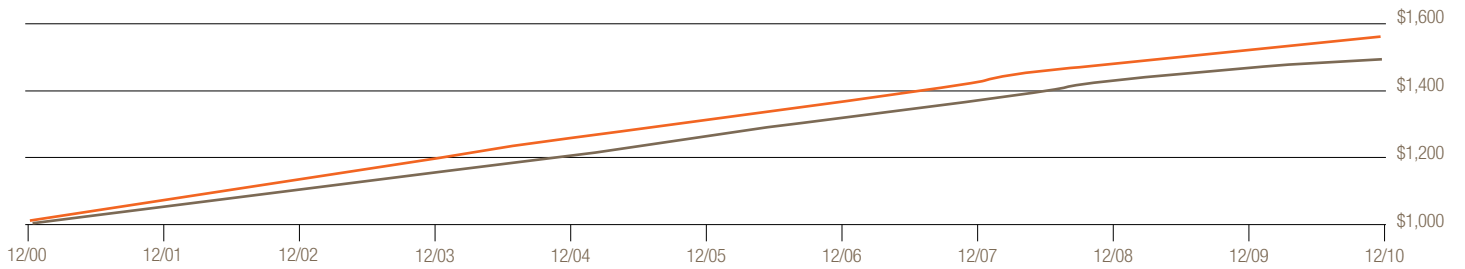


VOLATILITY ANALYSIS

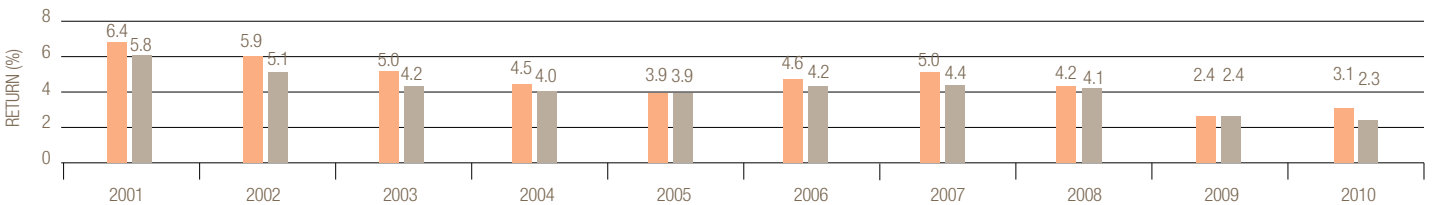


Performance (As of 12/31/2010):

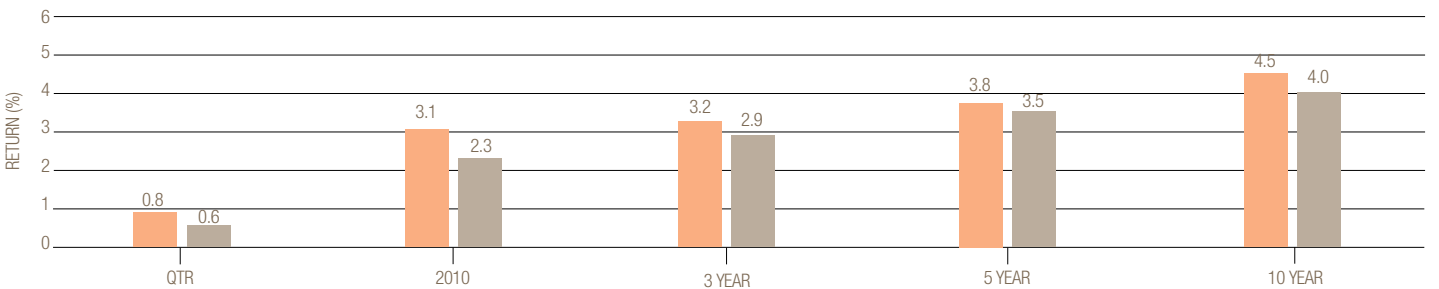
Growth of \$1,000



Annual Returns



Total Returns



Stable Value Fund

Stable Value Universe

Note: Performance is illustrative and is not indicative of future results.

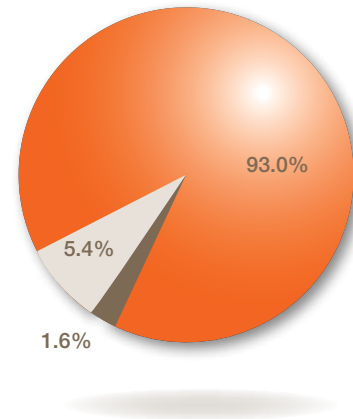
Stable Value Fund

Portfolio Snapshot

Issuer Allocation	S&P/Moody's	% of Portfolio
Synthetic GICs		93.0%
Bank of America	A+/Aa3	29.2%
Natixis Financial	A+/Aa3	26.8%
Monumental Life Ins.	AA-/A1	37.0%
Jackson National Life Insurance Co.	AA/A1	1.6%
Cash Equivalents		5.4%

Security Type	% of Portfolio
Agency	6%
Asset Backed	3%
Commercial Mortgage Backed	13%
Corporate	23%
Mortgage	24%
Short-Term Investment Fund	6%
U.S. Treasury	23%
Wrapper Exposure	0%
Traditional	2%
Government Related	0%

PORTFOLIO COMPOSITION



■ Synthetic
 ■ Traditional
 ■ Cash

Portfolio Characteristics	Stable Value Fund
Duration	3.3 yrs
Yield-to-Maturity	3.4%
Average Quality	AA

Other Information	Stable Value Fund
Number of Holdings	1,270
Management Fee	0.10%
Total Fund Assets (\$,B)	\$23.7

Note: Portfolio snapshot information is provided by the investment manager.

Stable Value Fund

Overview

The Stable Value Fund is the most conservative investment option. For this reason, the investment manager must employ an approach that emphasizes care, diligence and safety of principal. The fund is managed by DB Advisors, located in New York, New York. The Stable Value Fund is designed to deliver safety and stability by preserving principal and accumulated earnings. It is similar to a money market fund, but offers considerably higher returns. The returns make it comparable to intermediate bonds, only with less volatility.

Investment Strategy

The Stable Value Fund will typically generate positive returns in all market cycles and provide two major benefits to investors. Those benefits are returns that are generally higher over the long term than money market funds and less risk to principal than most bond funds. Stable value funds provide higher returns because they hold intermediate-maturity investments plus companion wrapper agreements that provide protection of principal and accumulated earnings for investors. As a result, stable value funds tend to produce returns over the long term roughly similar to intermediate-maturity bond funds. Unlike bond funds, however, stable value funds do not fluctuate in principal with changes in interest rates, so their volatility or risk is substantially less than that of a bond fund.

While the overall process of providing consistent and stable returns is complex, the fund is managed to a very disciplined investment process. At the core of the investment process are the underlying fixed income securities. DB Advisors employs a rigorous, bottom-up research philosophy focusing on in-depth, fundamental and technical analysis. The process is augmented by structural, legal and relative value analysis down to the security-specific level. The fixed income team seeks incremental returns based on four key components: sector rotation, issue selection, yield curve positioning and duration management.

Trading Policy

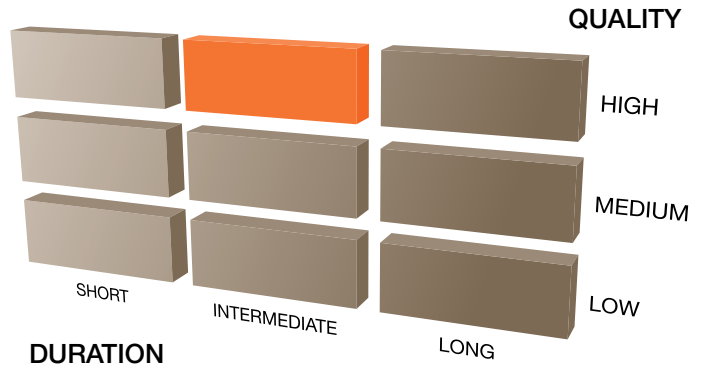
Freescale's 401(k) Retirement Savings Plan is designed to help you build wealth through long-term savings. Market timing or excessive trading is not consistent with the intended purpose of the Plan and is considered harmful to the long-term strategy of the investment options under the Plan and Plan participants in general.

Under the Freescale 401(k) Retirement Savings Plan Trading Policy, participants are not allowed to transfer money directly from the Stable Value Fund to the Self-Directed Brokerage Account. A participant may transfer money from the Stable Value Fund to any of the Plan's other investment options (the "core funds"), but the value of the funds transferred from the Stable Value Fund must remain in the Plan's core funds for at least 90 days. After 90 days, the restriction on the value of the transferred funds ends. You can read the complete Trading Policy on page two of this document.

Fixed Income Bond Fund

Overview

This fund consists of U.S. Treasury Bills, certificates of deposit and commercial paper as well as longer maturity fixed income instruments such as corporate bonds, government bonds, and mortgage and asset backed securities. The objective of this fund is to offer an income oriented investment vehicle.

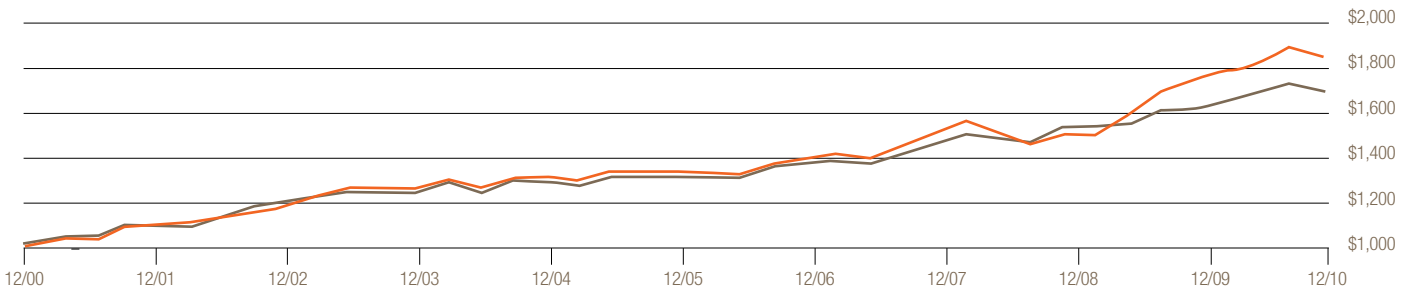


VOLATILITY ANALYSIS

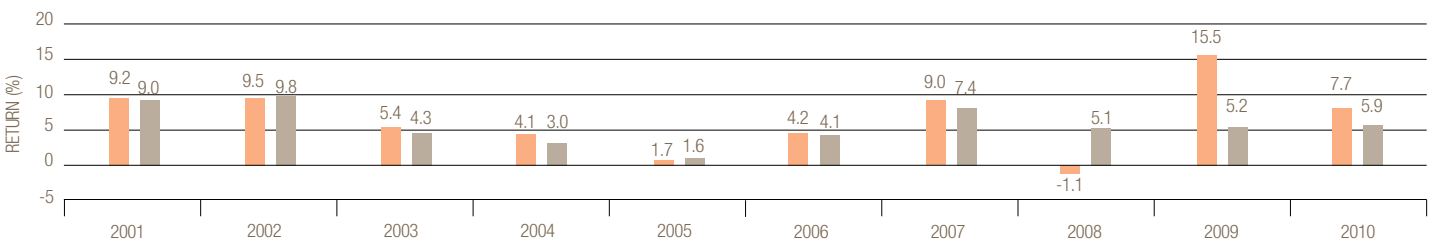


Performance (As of 12/31/2010):

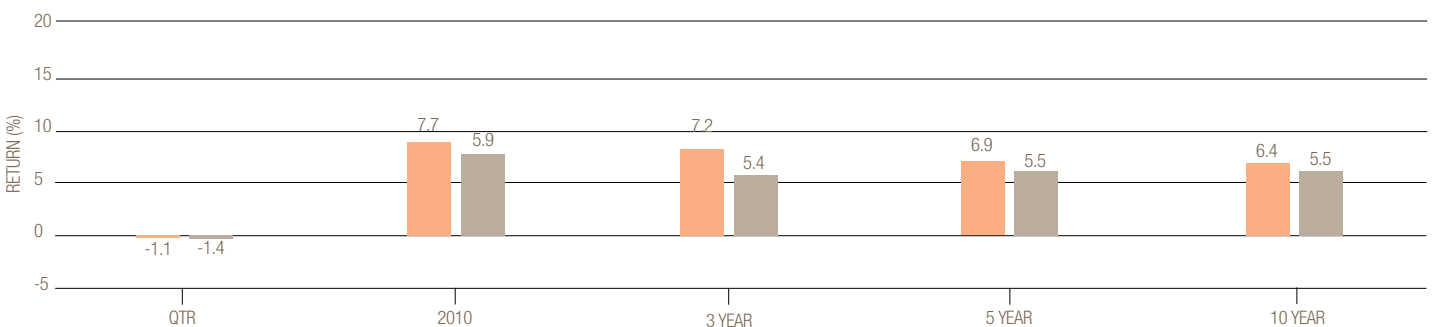
Growth of \$1,000



Annual Returns



Total Returns



Fixed Income Bond Fund

Barclays Intermediate Govt/Credit Index

Note: Performance is illustrative and is not indicative of future results.

Fixed Income Bond Fund

Portfolio Snapshot

Portfolio Characteristics	Fixed Income Bond Fund	Barclays Intern. Govt/Credit
Duration	4.4 yrs	3.9 yrs
Average Maturity	6.0 yrs	4.4 yrs
Average Quality	A	AA
Current Yield	3.8%	2.1%
Yield-to-Maturity	4.0%	2.1%

Quality Breakdown	Fixed Income Bond Fund	Barclays Int. Govt/Credit
AAA	29%	71%
AA	13%	6%
A	23%	13%
BBB	24%	10%
Below Investment Grade	11%	0%

Other Information	Fixed Income Bond Fund
Number of Holdings	640
Management Fee	0.21%
Total Fund Assets (\$,B)	\$8.2

Sector Allocation	Fixed Income Bond Fund	Barclays Int. Govt/Credit
U.S. Treasury/Cash	32%	55%
Direct Agency	4%	15%
Agency Mortgages	7%	0%
Non-Agency Mortgages	2%	0%
Asset-Backed	0%	0%
Investment Grade Credit	30%	26%
Non-Invest. Grade Credit	9%	0%
Municipals	0%	1%
Other	16%	3%

Maturity Breakdown	Fixed Income Bond Fund	Barclays Int. Govt/Credit
0-1 Years	0%	0%
1-3 Years	14%	39%
3-5 Years	42%	25%
5-10 Years	41%	36%
10-20 Years	3%	0%
20+ Years	0%	0%

Note: Portfolio snapshot information is provided by the investment manager.

Fixed Income Bond Fund

Overview

The Fixed Income Bond Fund is a diversified portfolio of fixed income securities. The fund is managed by Pacific Investment Management Company (PIMCO), one of the largest bond managers in the country, located in Newport Beach, California. The firm's philosophy revolves around the principal of diversification and believes that no single risk should dominate returns. By diversifying strategies, or relying on multiple sources of value, they feel they will be able to generate a solid track record with a high degree of consistency. The objective of this fund is to offer an income-oriented investment vehicle..

Investment Strategy

PIMCO looks to add value through the use of top down strategies such as their exposure to interest rates or duration, changing volatility, yield curve positioning and sector rotation. They also employ bottom up strategies involving analysis and selection of specific securities. By combining perspectives from both the portfolio level and the security level, they feel they can consistently add value over time while incurring acceptable levels of portfolio risk.

PIMCO's size allows them to gain access to a corporation's top management, which they feel is integral to the evaluation process. They meet with management as they deem necessary to remain current on the financial and operating conditions of the company. They concentrate their efforts on companies who have strong underlying businesses, a strong competitive position within their industries and financial flexibility. They focus their investments in those issues that show improving credit profiles, the potential for upgrade by the rating agencies and, therefore, greater potential for capital appreciation.

The typical portfolio has an average AA credit rating, although overall portfolio quality may vary from AA to AAA depending upon their outlook on interest rates and quality spreads. The fund permits a maximum allocation of 20% to below investment grade fixed income securities.

Trading Policy

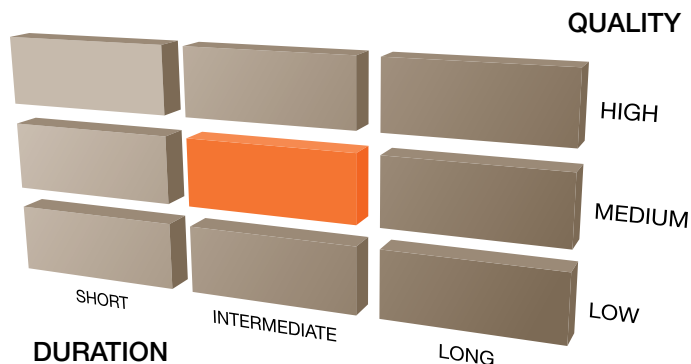
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Under the Freescale 401(k) Retirement Savings Plan Trading Policy, if a participant redeems out of this fund, the participant will have to wait 30 days before they can re-enter the fund. This restriction applies to purchases only; a participant will be allowed to transfer out of this fund. Any systematic contributions or withdrawals (i.e., regular payroll contributions, loan payments, withdrawals, automatic rebalancing, etc.) are excluded from the Plan's trading monitoring and will be allowed. You can read the complete Trading Policy on page two of this document.

Global Bond Fund

Overview

The Global Bond Fund consists of a range of fixed income sectors including global investment grade and high yield corporates, emerging market debt, and other global credit and spread sectors. The objective of this fund is to invest in areas of the fixed income markets that have traditionally provided higher levels of yield than treasury and agency bonds.

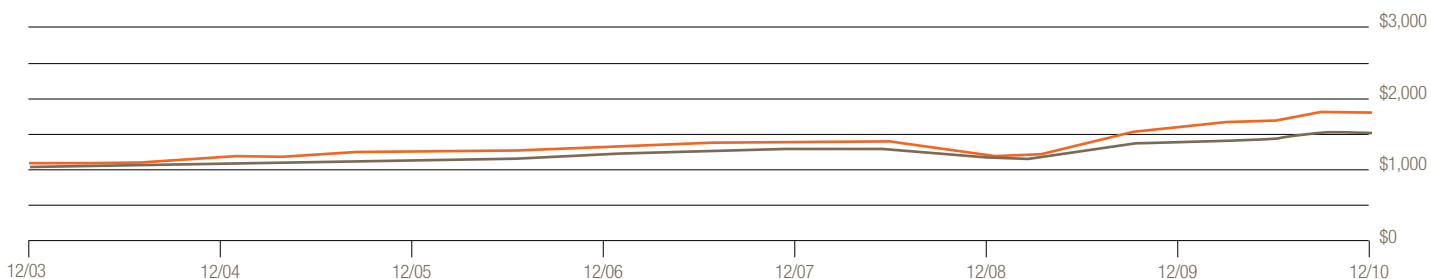


VOLATILITY ANALYSIS

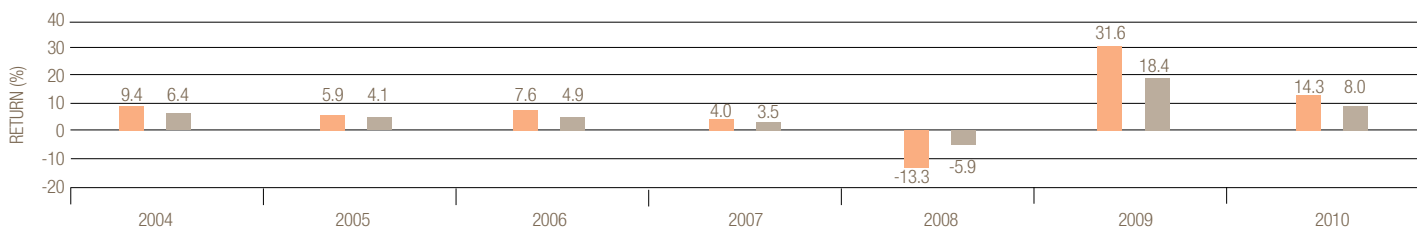


Performance (As of 12/31/2010):

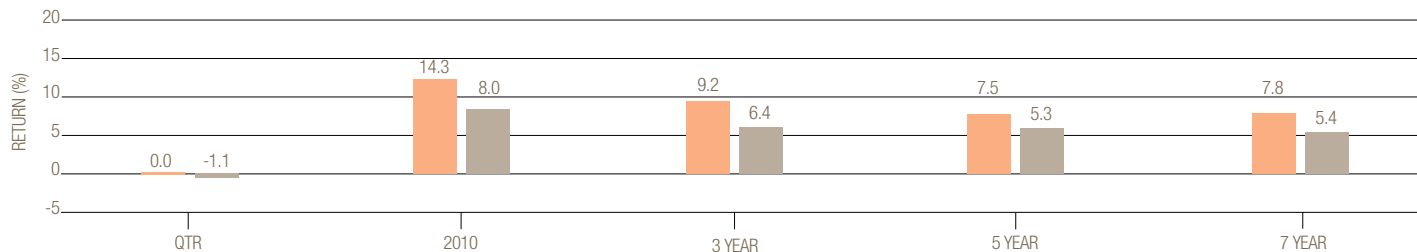
Growth of \$1,000



Annual Returns



Total Returns



Global Bond Fund

Barclays Global Credit Index

Note: Performance is illustrative and is not indicative of future results.

Global Bond Fund

Portfolio Snapshot

Portfolio Characteristics	Global Bond Fund	Barclays Global Credit
Duration	6.0 yrs	5.4 yrs
Average Maturity	10.2 yrs	7.8 yrs
Yield-to-Maturity	4.9%	4.3%
Current Yield	6.2%	5.4%
Average Quality	BB	A

Maturity Breakdown	Global Bond Fund	Barclays Global Credit
0-1 Years	0%	0%
1-3 Years	0%	23%
3-5 Years	36%	24%
5-10 Years	43%	35%
10-20 Years	12%	18%
20+ Years	9%	0%

Quality Breakdown	Global Bond Fund	Barclays Global Credit
AAA	0%	13%
AA	0%	18%
A	0%	32%
BBB	50%	22%
Below Investment Grade	50%	15%

Sector Allocation	Global Bond Fund	Barclays Global Credit
Government-Related ⁽¹⁾	4%	9%
Mortgage-Backed	6%	0%
Investment Grade Corporate	22%	76%
High Yield Corporate	23%	0%
Non-US Developed	14%	5%
Emerging Market Debt	42%	0%
Net Cash Equivalents ⁽²⁾	-23%	0%
Municipal	8%	3%
Other	4%	7%

Other Information	Global Bond Fund
Number of Holdings	1,310
Expense Ratio	0.75%
Total Fund Assets (\$,B)	\$4.0

(1) Government-Related includes nominal and inflation protected treasuries, agencies, interest rate swaps and Treasury futures and options.

(2) Net Cash Equivalents includes any investment grade security with a duration under 1 year. A negative Net Cash Equivalent figure indicates that net liabilities temporarily exceed cash and cash equivalents. The presence of liabilities can be attributed primarily to the portfolio's use of derivatives such as forwards, futures and swaps.

Note: Portfolio snapshot information is provided by the investment manager.

Global Bond Fund

Overview

The Global Bond Fund provides diversification and exposure to a broad universe of fixed income instruments in the global credit markets. The fund is managed by Pacific Investment Management Company (PIMCO), one of the largest bond managers in the country, located in Newport Beach, California. The firm's philosophy revolves around the principal of diversification and believes that no single risk should dominate returns. By diversifying strategies, or relying on multiple sources of value, they feel they will be able to generate a solid track record with a high degree of consistency. The objective of this fund is to invest in areas of the fixed income markets that have traditionally provided higher levels of yield than treasury and agency bonds.

Investment Strategy

PIMCO begins the investment process by evaluating the portfolio's neutral target weighting of one-third total assets in global investment grade corporate bonds, one-third high yield corporate bonds and one-third emerging market bonds. Based on PIMCO's current investment outlook, the fund's allocation to each category is adjusted accordingly. PIMCO's corporate bond selection is driven by fundamental research on companies within industries they find attractive. The team's philosophy is centered on economic and credit fundamentals as determinants of value. Some of the factors considered include: growth, debt, exports, reserves and liability management for both the company and country under consideration.

In emerging markets, the team first identifies countries with strong underlying credit fundamentals. Then, the team considers the impact of PIMCO's global outlook on these countries with final consideration to technical conditions of the country to identify upside potential.

The typical portfolio has a BB/BBB credit rating, which is at or slightly below investment grade level. The Fund permits a maximum allocation of 10% to below single B rated securities.

Trading Policy

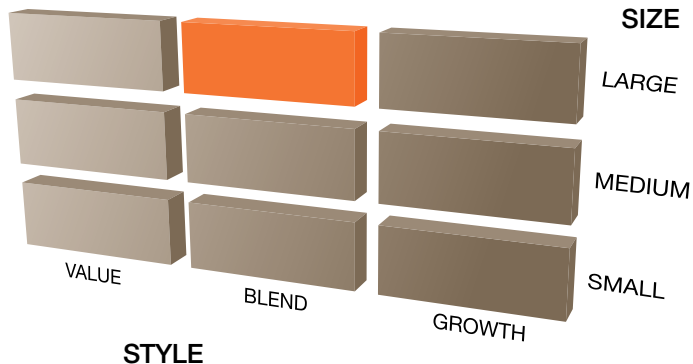
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Balanced Fund

Overview

The Balanced Fund consists of a combination of stocks, bonds and cash equivalents. The objective of this fund is to provide long-term growth through a combination of capital appreciation and income.

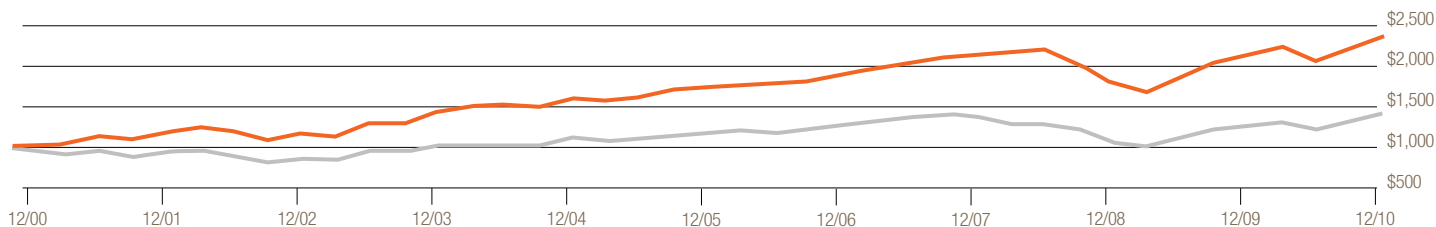


VOLATILITY ANALYSIS

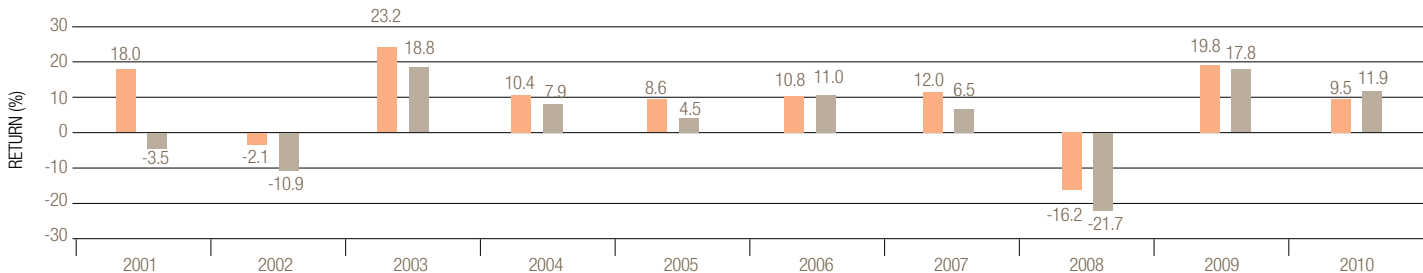


Performance (As of 12/31/2010):

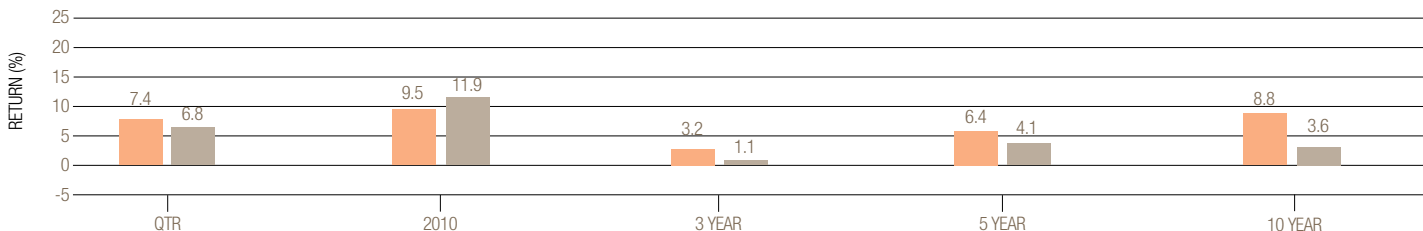
Growth of \$1,000



Annual Returns



Total Returns



Balanced Fund 60% Wilshire 5000 – 40% ML 1–3 Yr. Treasury

Note: Performance is illustrative and is not indicative of future results.

Balanced Fund

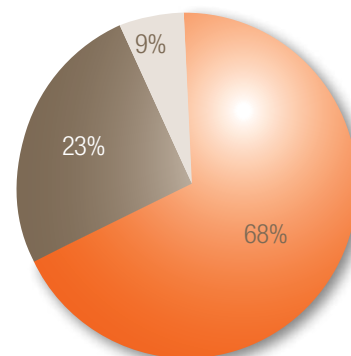
Portfolio Snapshot

Equity Characteristics	Balanced Fund	Wilshire 5000
Market Cap (\$,B)	\$39.2	\$71.1
P/E	16.5x	16.0x
P/B	2.7x	2.2x
Dividend Yield	1.6%	1.7%

Fixed Income Characteristics	Balanced Fund	ML 1-3 Yr. Treasury
Duration	2.5 yrs	1.9 yrs
Average Maturity	2.5 yrs	1.9 yrs
Average Quality	AA+	AAA
Yield-to-Maturity	0.7%	0.6%
Current Yield	1.5%	0.6%

Other Information	Balanced Fund
Number of Equity Holdings	58
Annual Turnover	40%
Expense Ratio	0.85%
Total Fund Assets (\$,B)	\$20.4

PORTFOLIO COMPOSITION



Equity Fixed Income Cash

Sector Allocation	Balanced Fund	Wilshire 5000
Consumer Disc	12%	10%
Consumer Staples	16%	10%
Energy	14%	11%
Financials	3%	15%
Health Care	20%	13%
Industrials	22%	11%
Information Tech	9%	19%
Materials	4%	4%
Telecom	0%	3%
Utilities	0%	4%

Note: Portfolio snapshot information is provided by the investment manager.

Balanced Fund

Overview

The Balanced Fund is a diversified portfolio of domestic common stocks and fixed income securities. The portfolio has an approximate exposure of 60% equity and 40% fixed income with an objective of providing long-term growth through a combination of capital appreciation and income. The fund is managed by Harris Associates and is based out of Chicago, Illinois. Harris is a value investor, which means that they invest in companies that they believe are trading at a significant discount to intrinsic business value.

Investment Strategy

Harris is typically a patient investor not looking to time the market. They believe that, over time, the price of a stock will rise to reflect the value of the underlying company; in practice, they generally expect to hold a stock at least three years. Every stock purchase is viewed as if they were buying a piece of a business, not just a stock certificate.

Harris uses their proprietary research to build focused portfolios, sufficient for diversification, but concise enough so that their best ideas have a meaningful impact on investment performance. An important part of their approach is a thorough assessment of a company's management team. Field visits and interviews are an integral part of the research process. They believe that investing in companies with proven, capable managers reduces risk and enhances the likelihood of strong investment returns. This typically yields a portfolio of 20–40 stocks, a range they believe provides adequate diversification.

The fixed income portion of the portfolio is also fairly concentrated, employing a laddered bond strategy with an aggregate bond focus. Harris strategically uses U.S. Government/Agencies, Investment Grade Corporates, Asset and Mortgage Backed securities and non-dollar bonds. The overall quality of the underlying bonds is high and must be AAA rated.

Trading Policy

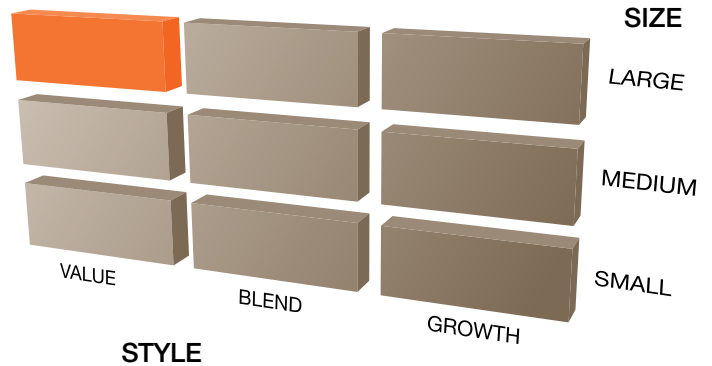
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Large Company Value Fund

Overview

The Large Company Value Fund is invested in a diversified portfolio comprised primarily of large capitalization common stocks, most of which provide dividend income. The fund invests in stocks of companies that the investment manager believes are undervalued in the marketplace and are of high quality.

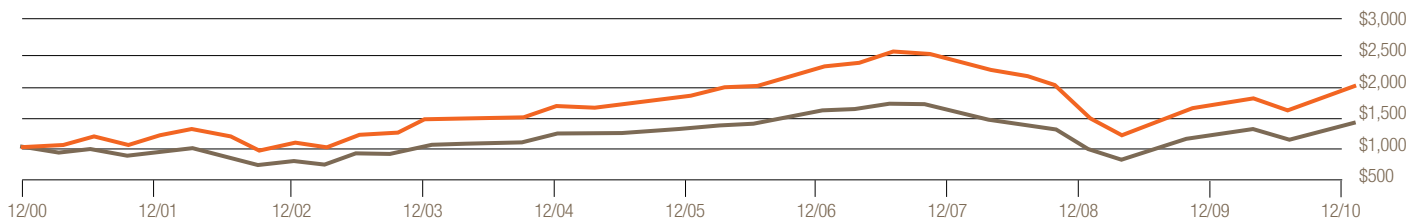


VOLATILITY ANALYSIS

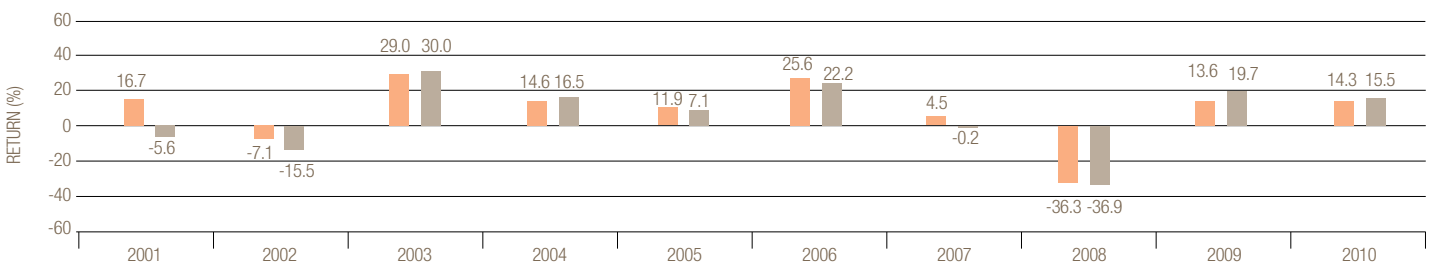


Performance (As of 12/31/2010):

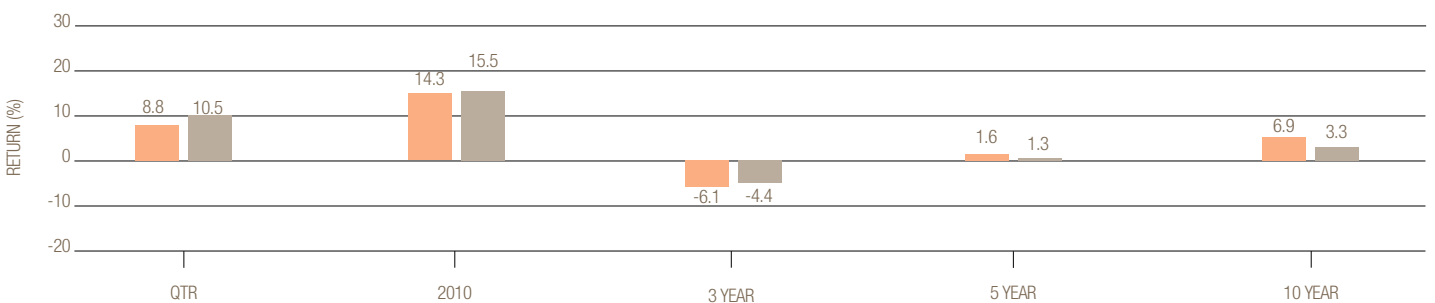
Growth of \$1,000



Annual Returns



Total Returns



Note: NFI Investment Group has served as an investment manager for the Freescale Large Company Value Fund since December 2005 and has served as the sole investment manager for the Large Company Value Fund since January 2008. Performance shown above prior to December 2005 are NFI's illustrative results. Performance results for the previous investment managers are not shown above.

Note: Performance is illustrative and is not indicative of future results.

Large Company Value Fund

Portfolio Snapshot

Portfolio Characteristics	Large Company Value	Russell 1000 Value
Market Cap (\$,B)	\$69.1	\$77.9
P/E	12.7x	16.0x
P/B	1.7x	2.0x
Dividend Yield	3.8%	2.2%

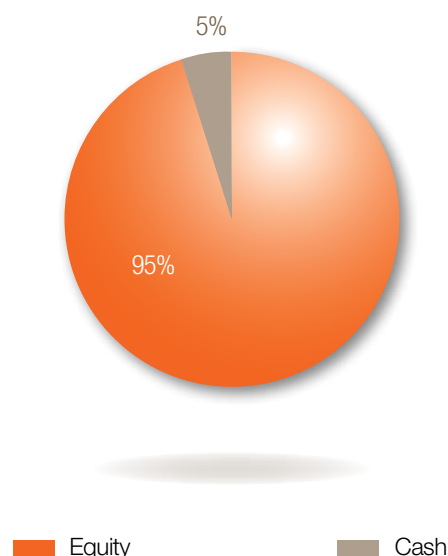
Sector Allocation	Large Company Value	Russell 1000 Value
Consumer Disc	3%	11%
Consumer Staples	9%	10%
Energy	20%	12%
Financials	20%	16%
Health Care	14%	11%
Industrials	8%	11%
Information Tech	12%	18%
Materials	4%	4%
Telecom	6%	3%
Utilities	4%	4%

Other Information	Large Company Value
Number of Holdings	45
Annual Turnover	43%
Expense Ratio	0.47%
Total Fund Assets (\$,B)	\$17.0

Note: Portfolio snapshot information is provided by the investment manager.

freescale.com/rewards

PORTFOLIO COMPOSITION



Top Ten Holdings	% of Portfolio
1. ConocoPhillips	4.1%
2. Intel Corp.	3.7%
3. Pfizer Inc.	3.5%
4. Diamond Offshore Drilling Inc.	3.0%
5. Total S.A. ADS	3.0%
6. New York Community Bancorp	2.7%
7. Annaly Capital Management Inc.	2.6%
8. Reynolds American Inc.	2.4%
9. General Electric Co.	2.3%
10. Chevron Corp.	2.3%
Total	29.6%

Large Company Value Fund

Overview

The Large Company Value Fund is managed by NFJ Investment Group, headquartered in Dallas, Texas. This fund invests primarily in domestic large capitalization common stocks that provide dividend income. The fund does allow for exposure to international common stocks on an opportunistic basis (typically less than 20%). The investment manager looks to identify companies that are perceived to be undervalued with strong financial positions and responsible management.

Investment Strategy

NFJ Investment Group's investment objective is to develop a well diversified portfolio comprised of companies that are undervalued relative to the overall stock market. NFJ seeks to produce current income with long-term growth of capital as a secondary objective. They conduct in-depth research and analysis on all the securities in the portfolio and look for stocks that exhibit strong quality characteristics based on both a quantitative and qualitative assessment. NFJ carefully analyzes the balance sheet, cash flow and earnings history of each company under consideration for inclusion in the portfolio. The portfolio is typically constructed with 40–50 stocks diversified across numerous industry groups.

Trading Policy

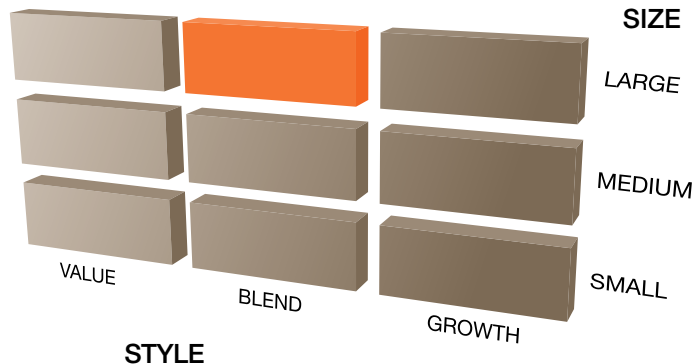
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S&P Index Fund 1

Overview

The S&P 500 Index fund employs a “passive management”—or indexing—investment approach designed to track the performance of the Standard & Poor’s 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies.

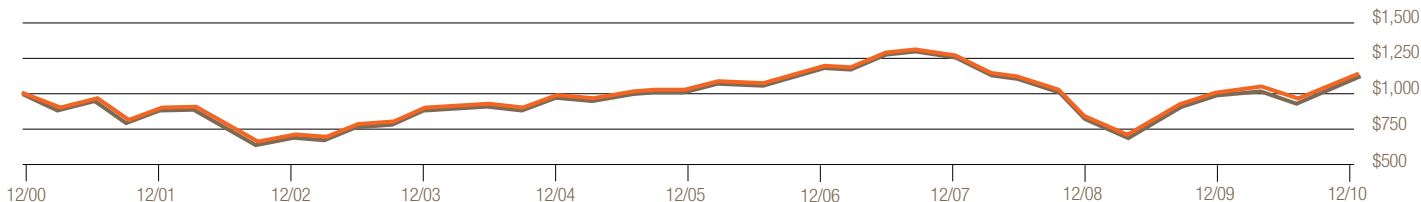


VOLATILITY ANALYSIS

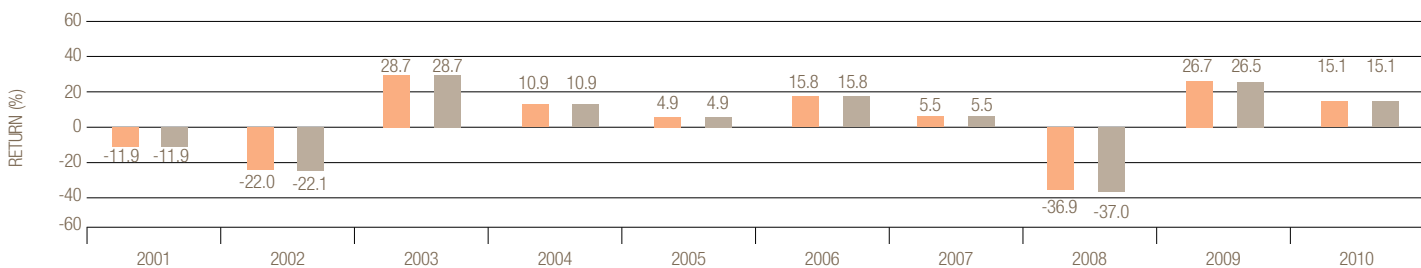


Performance (As of 12/31/2010):

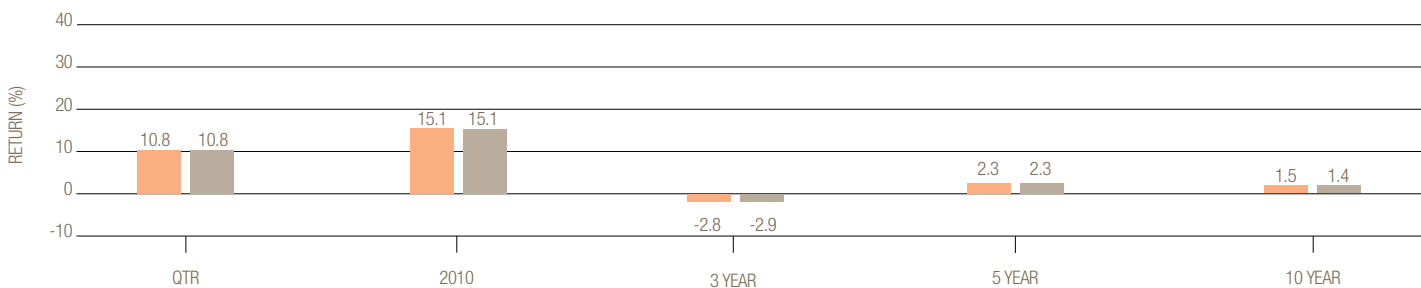
Growth of \$1,000



Annual Returns



Total Returns



S&P 500 Index Fund 1 S&P 500 Index

Note: The Vanguard Group has served as an investment manager for the Freescale S&P 500 Fund since February 2009 and has served as the sole investment manager for the S&P 500 Fund since November 2010. Performance shown above prior to February 2009 are Vanguard’s illustrative results. Performance results for the previous investment manager are not shown above. Note: Performance is illustrative and is not indicative of future results.

S&P Index Fund 1

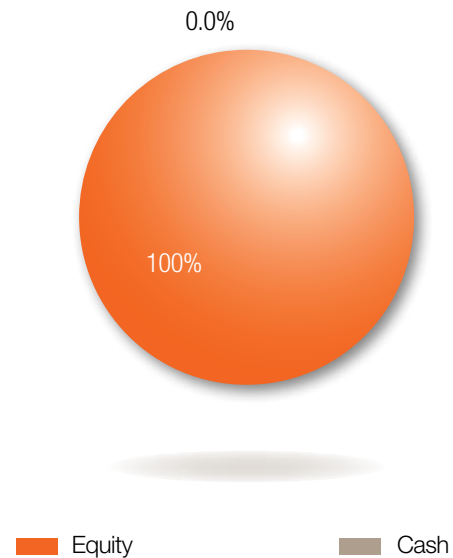
Portfolio Snapshot

Portfolio Characteristics	S&P 500 Index Fund 1	S&P 500 Index
Market Cap (\$,B)	\$88.8	\$88.8
P/E	15.5x	15.5x
P/B	2.2x	2.2x
Dividend Yield	1.8%	1.8%

Sector Allocation	S&P 500 Index Fund 1	S&P 500 Index
Consumer Disc	11%	11%
Consumer Staples	10%	10%
Energy	12%	12%
Financials	16%	16%
Health Care	11%	11%
Industrials	11%	11%
Information Tech	19%	19%
Materials	4%	4%
Telecom	3%	3%
Utilities	3%	3%

Other Information	S&P 500 Index Fund 1
Number of Holdings	507
Annual Turnover	11%
Expense Ratio	0.05%
Total Fund Assets (\$,B)	\$76.2

PORTFOLIO COMPOSITION



Top Ten Holdings	% of Portfolio
1. Exxon Mobil Corp.	3.3%
2. Apple Inc.	2.6%
3. Microsoft Corp.	1.9%
4. General Electric Co.	1.7%
5. IBM	1.6%
6. Chevron Corp.	1.6%
7. Procter & Gamble Co.	1.6%
8. AT&T Inc.	1.5%
9. Johnson & Johnson	1.5%
10. JPMorgan Chase & Co.	1.5%
Total	18.7%

Note: Portfolio snapshot information is provided by the investment manager.

S&P Index Fund 1

Overview

The S&P 500 Index Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks. The fund is managed by The Vanguard Group whose team is based out of its Valley Forge, Pennsylvania office.

Investment Strategy

The fund employs a “passive management”—or indexing—investment approach designed to track the performance of the Standard & Poor’s 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting within the index. The fund remains fully invested in equities at all times. Vanguard has the ability to employ securities lending in an attempt to offset management fees.

Trading Policy

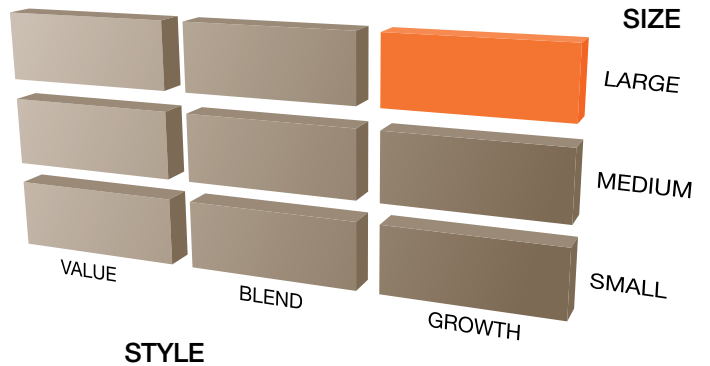
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Large Company Growth Fund

Overview

The Large Company Growth Fund is invested in a diversified portfolio comprised primarily of large capitalization common stocks, most of which provide capital appreciation. The fund invests in stocks of companies that the investment manager believes have above-average prospects for continued earnings growth, strong industry positions and skilled management teams.

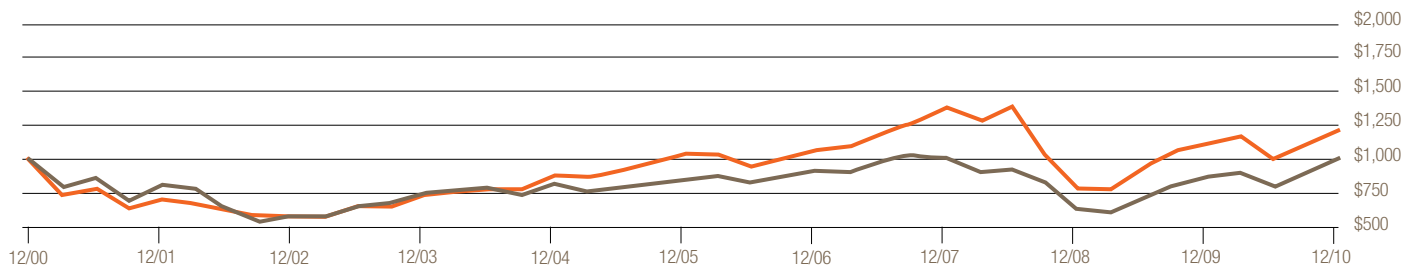


VOLATILITY ANALYSIS

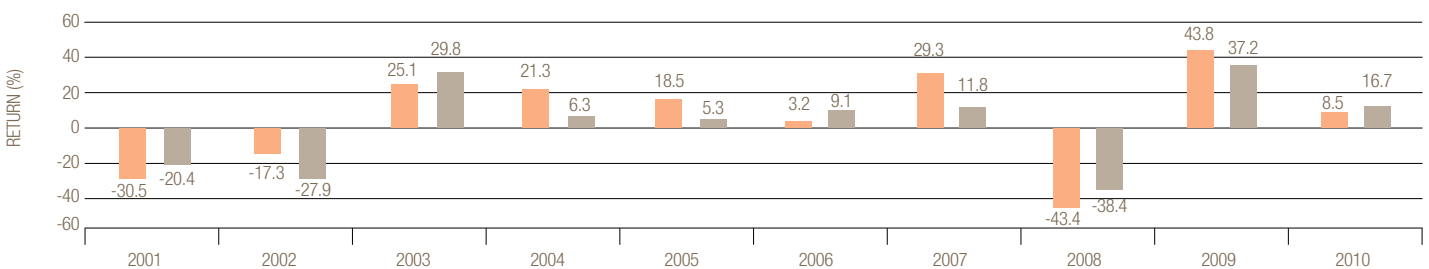


Performance (As of 12/31/2010):

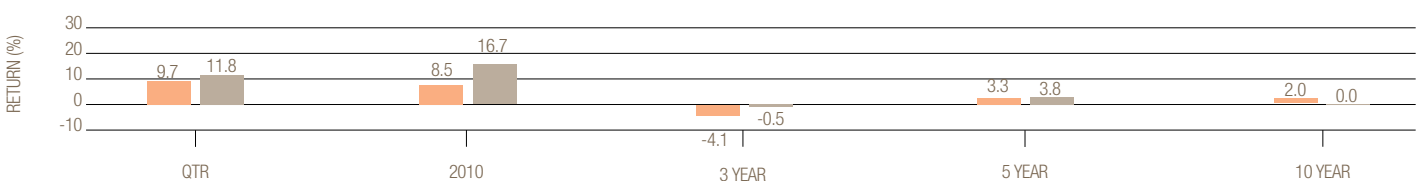
Growth of \$1,000



Annual Returns



Total Returns



Large Company Growth Fund

Russell 1000 Growth Index

Note: Janus Capital Management has served as the investment manager for the Freescale Large Company Growth Fund since June 2008. Performance shown above prior to June 2008 are Janus' illustrative results. Performance results for the previous investment manager are not shown above.

Note: Performance is illustrative and is not indicative of future results.

Large Company Growth Fund

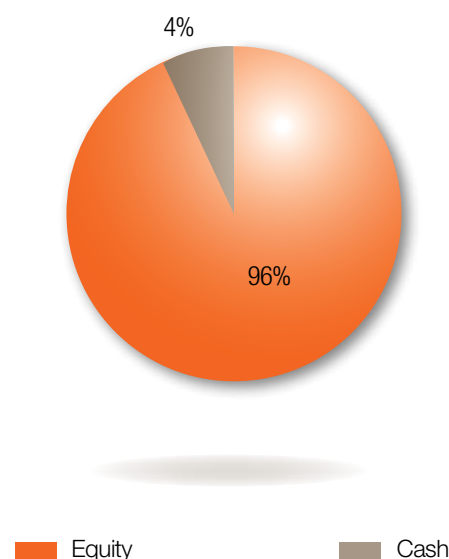
Portfolio Snapshot

Portfolio Characteristics	Large Company Growth Fund	Russell 1000 Growth
Market Cap (\$,B)	\$91.2	\$85.0
P/E	18.3x	18.1x
P/B	2.5x	3.6x
Dividend Yield	0.8%	1.4%

Sector Allocation	Large Company Growth Fund	Russell 1000 Growth
Consumer Disc	10%	15%
Consumer Staples	7%	9%
Energy	2%	11%
Financials	19%	5%
Health Care	10%	10%
Industrials	8%	13%
Information Tech	39%	31%
Materials	2%	5%
Telecom	3%	1%
Utilities	0%	0%

Other Information	Large Company Growth Fund
Number of Holdings	39
Annual Turnover	36%
Management Fee	0.52%
Total Fund Assets (\$,B)	\$22.4

PORTFOLIO COMPOSITION



Top Ten Holdings	% of Portfolio
1. Apple Inc.	11.3%
2. Celgene Corp.	6.6%
3. Oracle Corp.	6.0%
4. eBay Inc.	4.5%
5. Bank of America Corp.	4.2%
6. Google Inc. (CI A)	4.2%
7. Cisco Systems Inc.	4.0%
8. CME Group Inc. (CI A)	3.5%
9. United Parcel Service Inc. (CIB)	3.4%
10. Yahoo inc.	3.1%
Total	50.9%

Note: Portfolio snapshot information is provided by the investment manager.

Large Company Growth Fund

Overview

The Large Company Growth Fund is managed by Janus Capital Management, headquartered in Denver, Colorado. This fund invests in a diversified portfolio comprised of primarily large capitalization common stocks, most of which provide capital appreciation. The fund does allow for exposure to international common stocks on an opportunistic basis (typically less than 30%). The fund typically invests in companies that have high revenue growth, low debt structure and a strong brand name.

Investment Strategy

Janus Capital's investment objective is to identify strong businesses with sustainable competitive advantages that offer the greatest growth potential. They conduct in-depth research on all companies in the portfolio to understand key drivers of a business' performance. The team conducts rigorous financial modeling (income statement and balance sheet analysis) to identify the portion of the business model that will drive value creation.

The portfolio is typically comprised of 20 to 40 stocks with a maximum position size of 10%. The top ten holdings generally account for 50% to 60% of the portfolio. Due to relatively large weightings of the top 10 holdings, the portfolio manager emphasizes diversity among these positions.

Trading Policy

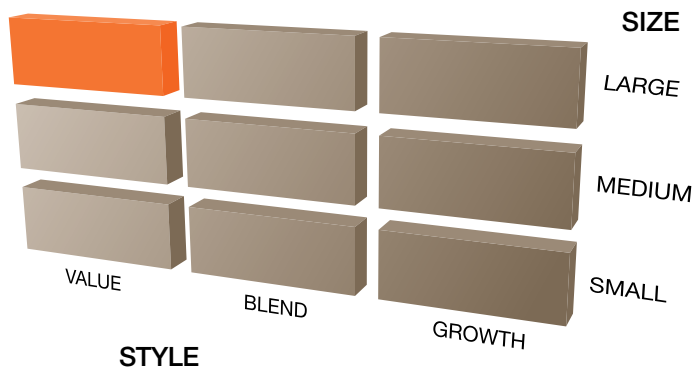
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International Value Fund

Overview

The International Value Fund is a diversified portfolio of international common stocks, which may be located in both developed and in emerging markets. The Fund looks to provide long term growth by investing primarily in companies that management believes to be undervalued and that are well established in the international marketplace.

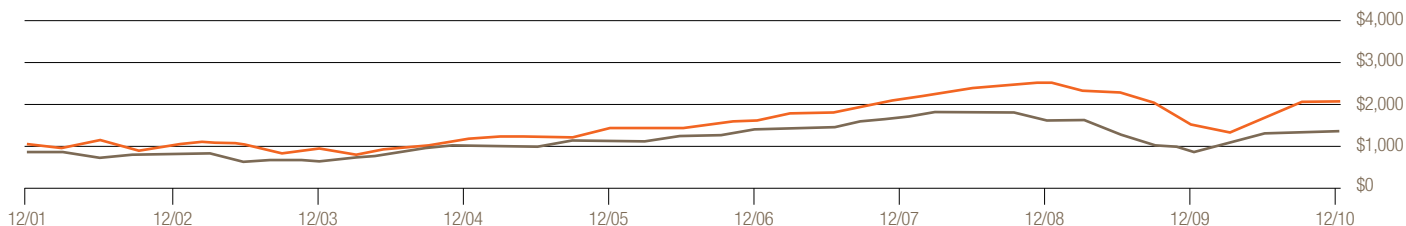


VOLATILITY ANALYSIS

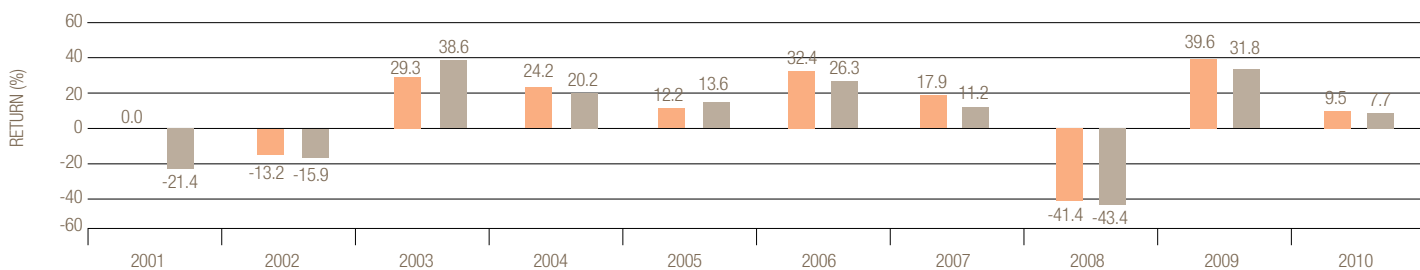


Performance (As of 12/31/2010):

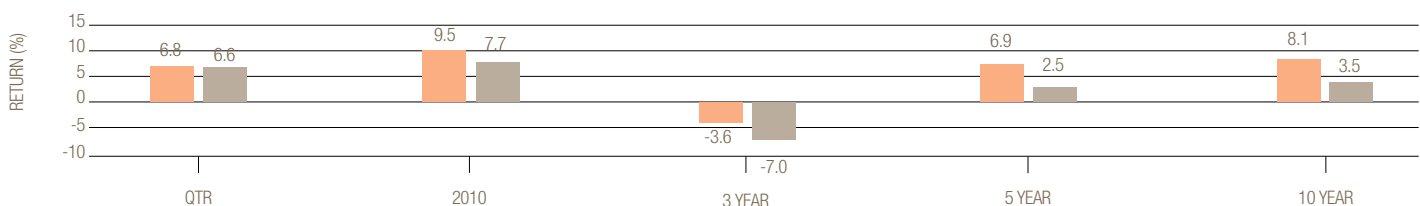
Growth of \$1,000



Annual Returns



Total Returns



International Value Fund (orange bar) MSCI EAFE Index (grey bar)

Note: Manning & Napier has served as the investment manager for the Freescale International Value Fund since August 2011. Performance shown above prior to August 2011 is Manning & Napier's illustrative results. Prior to Manning & Napier, Morgan Stanley served as the investment manager for the International Value Fund from December of 2004 through April of 2007 and Alliance Bernstein served from May of 2007 through July of 2011. (Morgan Stanley and Alliance Bernstein performance results are not shown on this page).

Note: Performance is illustrative and is not indicative of future results.

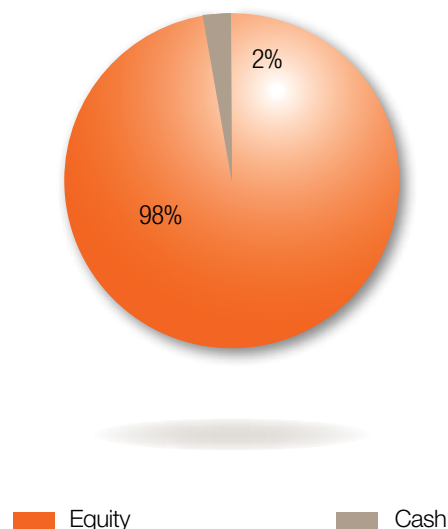
International Value Fund

Portfolio Snapshot

Country Diversification	International Value Fund	MSCI EAFE
Australia/New Zealand	5%	9%
Emerging Markets	7%	0%
Europe	44%	41%
Far East	0%	5%
Japan	8%	22%
Middle East	0%	1%
North America	21%	0%
United Kingdom	15%	22%

Top Ten Holdings	% of Portfolio
1. Amdocs Ltd.	4.1%
2. Lonza Group AG-REG	3.5%
3. Compagnie Generale De Geophysiqu	2.9%
4. TNT NV	2.8%
5. Sonic Healthcare Ltd.	2.8%
6. Schlumberger Ltd.	2.8%
7. Ryanair Holdings PLC-SP ADR	2.7%
8. Unilever PLC-Sponsored ADR	2.6%
9. Tesco PLC	2.5%
10. Talisman Energy	2.5%
Total	29.2%

PORTFOLIO COMPOSITION



Other Information	International Value Fund
Number of Holdings	76
Annual Turnover	36%
Expense Ratio	0.74%
Total Fund Assets (\$,B)	\$1.3

Note: Portfolio snapshot information is provided by the investment manager.

International Value Fund

Overview

The International Value Fund is a diversified portfolio of international common stocks, that provide for a combination of capital appreciation and dividend income. The portfolio has exposure to small, medium, and large sized companies. The fund is managed by Manning & Napier Advisors and is based out of their New York office. The fund relies on a combination of top-down macroeconomic analysis and bottom-up industry analysis and security selection. The fund is a relatively aggressive yet diversified way to participate in the non-U.S. stock market's long term potential. This vehicle is appropriate for building assets to meet medium to long range financial goals.

Investment Strategy

The team's investment strategy is based upon a combination of qualitative security selection strategies and strict pricing disciplines. The team looks closely at top-down macroeconomic issues such as political risk, currency issues, inflation, and economic growth. This analysis coupled with the bottom-up research, in which the team focuses heavily on pricing as well as building cash flow models, forms the outline of the investment strategy.

Manning & Napier is focused on identifying companies with one of the following attributes: 1) companies that are well-positioned for future growth but the stock price does not reflect future potential growth, 2) strong companies in depressed sectors, or 3) companies that are extremely cheap that are often times trading at a 50% discount based upon Manning's analysis of the company.

When evaluating a company for inclusion in the portfolio, the team spends significant time determining the current fair value and target price of each company under consideration using a dividend discount model or discounted cash flow model. The team generally models stocks over a 3 to 5 year period with the expectation that the stock, on average, will be held from 3 to 5 years when added to the portfolio.

The portfolio is well diversified with approximately 70-80 holdings across the entire market capitalization space, invested in approximately 22 countries.

Trading Policy

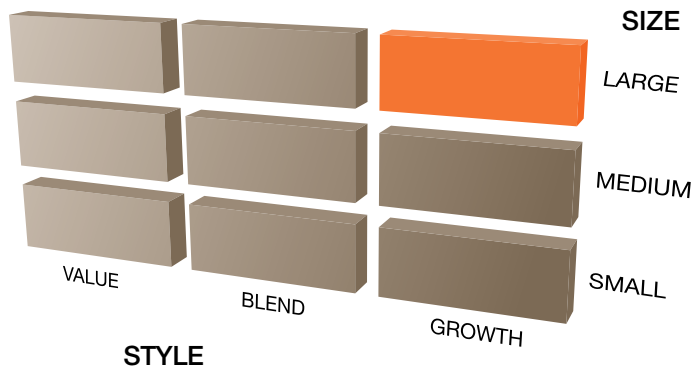
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International Growth Fund

Overview

The International Growth Fund is a diversified portfolio that seeks long-term growth of capital by investing in a wide range of international stocks and other securities. The fund focuses on companies that are dominant competitors or are in dynamic transition, and are attractively valued with room to grow in a favorable competitive environment.

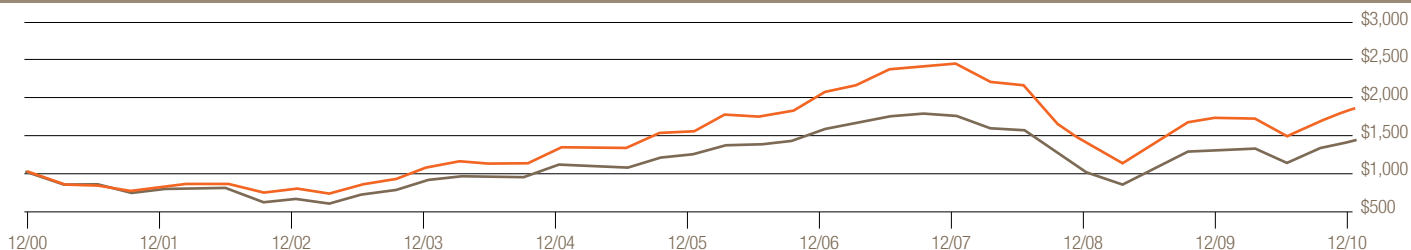


VOLATILITY ANALYSIS

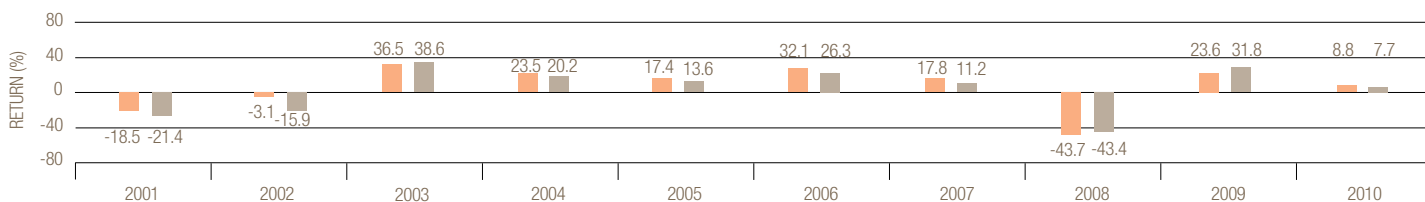


Performance (As of 12/31/2010):

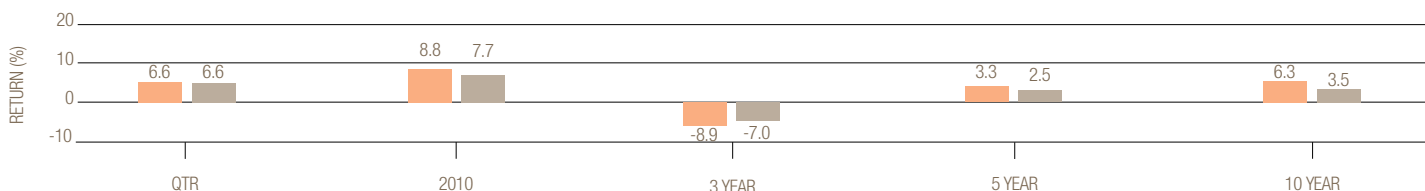
Growth of \$1,000



Annual Returns



Total Returns



Note: Performance is illustrative and is not indicative of future results.

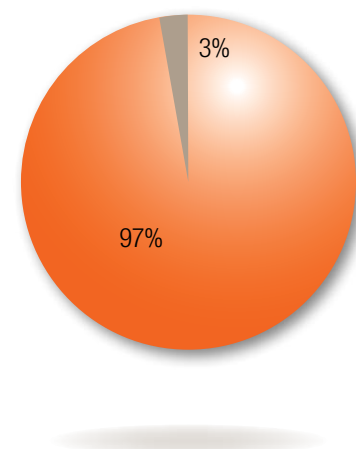
International Growth Fund

Portfolio Snapshot

Country Diversification	International Growth Fund	MSCI EAFE
Australia/New Zealand	2%	9%
Emerging Markets	32%	0%
Europe	26%	41%
Far East	5%	5%
Japan	9%	22%
Middle East	0%	1%
North America	8%	0%
United Kingdom	18%	22%

Top Ten Holdings	% of Portfolio
1. Rio Tinto PLC	2.8%
2. Market Vectors ETF Gold Miners	2.4%
3. Xstrata PLC	2.1%
4. Fraport AG	1.7%
5. Sberbank	1.7%
6. Barrick Gold Corp.	1.7%
7. Hang Lung Properties Ltd.	1.6%
8. BHP Billiton PLC	1.3%
9. Unilever N.V.	1.2%
10. Komerčni Banka A.S.	1.2%
Total	17.7%

PORTFOLIO COMPOSITION



Equity

Cash

Other Information	International Growth Fund
Number of Holdings	279
Annual Turnover	159%
Expense Ratio	0.95%
Total Fund Assets (\$,B)	\$19.2

Note: Portfolio snapshot information is provided by the investment manager.

International Growth Fund

Overview

The International Growth Fund is a diversified portfolio of international common stocks, most of which provide capital appreciation. The fund is managed by Artio Global Management and is based out of New York, New York. The fund typically invests in companies that they believe have above-average prospects for continued earnings growth, strong industry positions and skilled management teams in both developed and emerging markets in countries outside the United States. It also may invest in companies with below-average current earnings but bright prospects for earnings growth.

Investment Strategy

Artio believes that a diversified core portfolio driven by dynamic, fundamental competitive analysis is the key to delivering consistently superior risk-adjusted, long-term performance in the international equity markets. Artio has a unique approach when viewing the global economy. Within the developed markets, determining fair market value of sectors and companies is critical to their buy/sell decision. The drivers of their assessment include: industry and company fundamentals, growth expectations, assessment of management, valuation and risk. Within the emerging market segment of the economy, Artio takes a more quantitative approach analyzing currency/interest rate risk, the political environment, growth rates and structural reforms. Within Japan, a country they consider unique, they employ both metrics in their evaluation.

The portfolio's country and sector weighting are byproducts of both their bottom-up and top-down stock selection process. Their overall objective is to maintain a highly diversified portfolio of securities, one which includes holdings of approximately 200–350 of the most relatively attractive positions. They tend to have 20–30 countries represented in their portfolios, which emerging market securities may represent 30% of the total.

Trading Policy

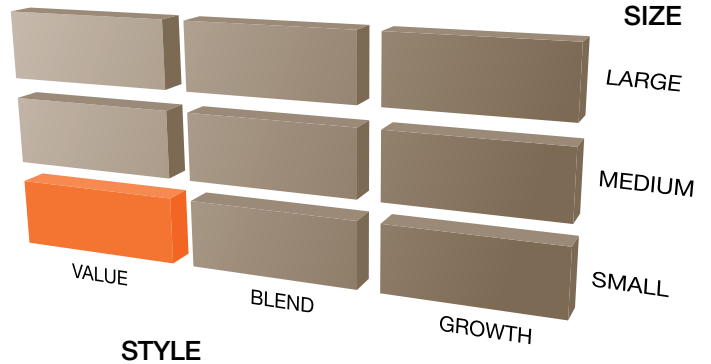
Freescale's 401(k) Retirement Savings Plan is designed to help you build wealth through long-term savings. Market timing or excessive trading is not consistent with the intended purpose of the Plan and is considered harmful to the long-term strategy of the investment options under the Plan and Plan participants in general.

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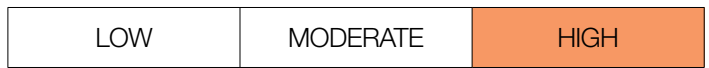
Small/Medium Company Value Fund

Overview

The Small/Medium Company Value Fund is a combination of two investment managers that generally invest in a diversified portfolio comprised of medium and small capitalization domestic common stocks, most of which may be considered undervalued in the market place. The fund invests primarily in companies that management believes to be undervalued and to have strong financial positions and responsible management. The fund is a relatively aggressive yet diversified way to participate in the stock market's long-term potential.

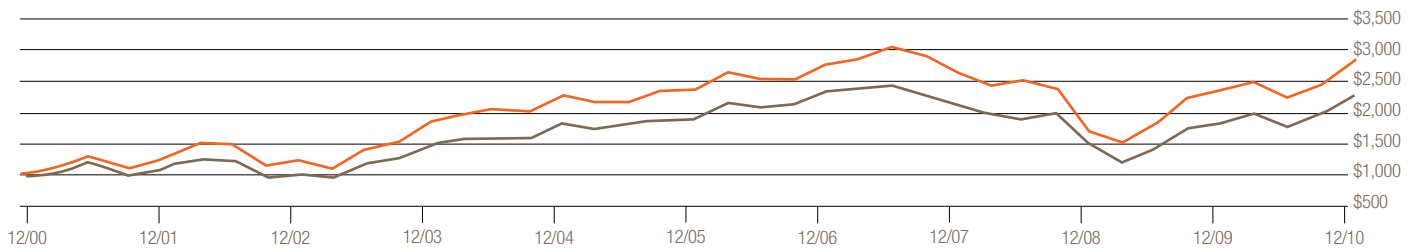


VOLATILITY ANALYSIS

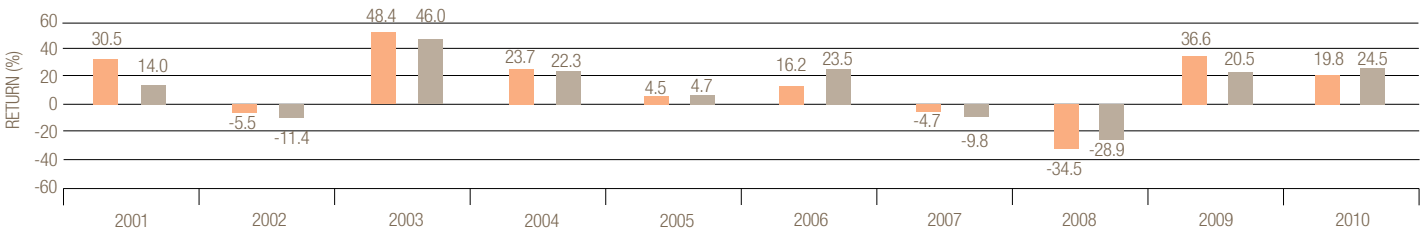


Performance (As of 12/31/2010):

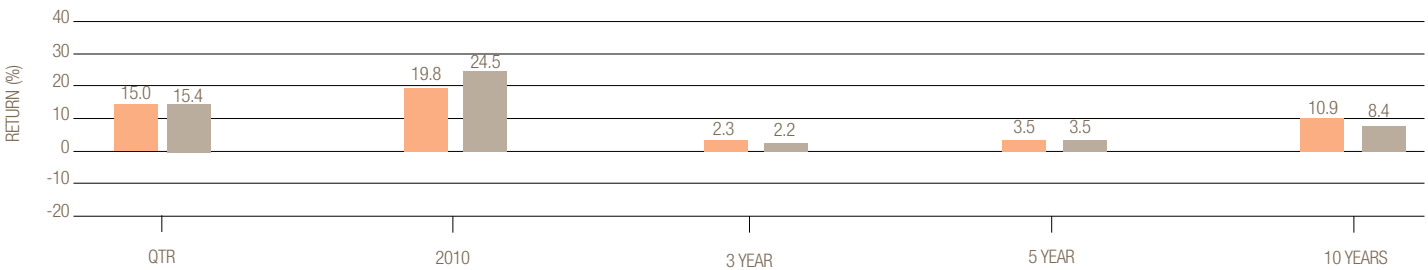
Growth of \$1,000



Annual Returns



Total Returns



Note: Performance is illustrative and is not indicative of future results.

Small/Medium Company Value Fund

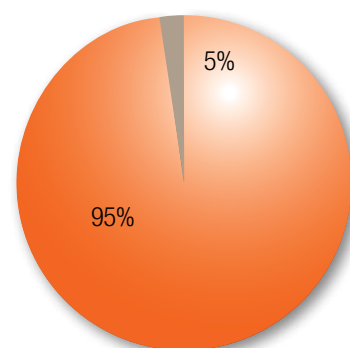
Portfolio Snapshot

Portfolio Characteristics	Small/Medium Company Value Fund	Russell 2000 Value
Market Cap (\$,B)	\$2.0	\$1.1
P/E	17.0x	14.3x
P/B	1.6x	1.3x
Dividend Yield	1.3%	1.9%

Sector Allocation	Small/Medium Company Value Fund	Russell 2000 Value
Consumer Disc	13%	10%
Consumer Staples	4%	3%
Energy	17%	7%
Financials	26%	37%
Health Care	4%	6%
Industrials	16%	15%
Information Tech	12%	9%
Materials	6%	6%
Telecom	2%	1%
Utilities	0%	6%

Other Information	Small/Medium Company Value Fund
Number of Holdings	169
Annual Turnover	33%
Management Fee	0.97%
Total Fund Assets (\$,B)	\$1.3

PORTFOLIO COMPOSITION



Equity

Cash

Top Ten Holdings	% of Portfolio
1. InterOil Corporation	3.1%
2. Rangold Resources Ltd. ADR	2.4%
3. Tidewater, Inc.	2.1%
4. ON Semiconductor Corporation	1.9%
5. IBERIABANK Coporation	1.9%
6. Chimera Investment Corporation	1.9%
7. American Greetings Corporation	1.8%
8. First Horizon National	1.6%
9. Kennametal Inc.	1.6%
10. Coinstar, Inc.	1.6%
Total	19.9%

Note: Portfolio snapshot information is provided by the investment manager.

Small/Medium Company Value Fund

Overview

The Small/Medium Company Value Fund is a combination of two equally weighted investment managers that generally invest in a diversified portfolio comprised of medium and small capitalization domestic common stocks, most of which may be considered undervalued in the market place. The managers do have the discretion to invest in international common stocks on an opportunistic basis but this is generally a small percentage of the portfolio. The two investment managers are Buckhead Capital Management based in Atlanta, Georgia, and Wells Capital Management located in New York, New York. The two products offer complementary styles that allow for greater diversification benefits within small and mid cap value areas. The fund invests primarily in equity securities issued by companies that the managers believe to be undervalued and have strong financial positions and responsible management. The fund is a relatively aggressive yet diversified way to participate in the stock market's long-term potential. This vehicle is appropriate for building assets to meet medium- to long-range financial goals.

Investment Strategy

Both managers look to invest in companies that are selling at what they feel are significant discounts to their intrinsic value. They try to identify these types of companies by conducting fundamental research and utilizing sound judgment. Buckhead Capital Management's research focuses on finding companies that possess multiple catalysts for change or improvements in business momentum. They do this by use of a proprietary, multi-factor model that scores and ranks their universe of stocks by 14 different variables. The model looks to identify companies with the best valuation measures, operating fundamentals and business momentum. This typically yields a portfolio of 45–50 stocks.

Wells Capital Management looks for stocks that have a positive dynamic for change that has not yet been reflected in the share price. Due to the large universe of stocks within the small to mid cap area, Wells Capital narrows their field down to a more manageable number using several quantitative metrics. These screens also help them to identify which categories of ideas may be positioned to add value, and enables the team to further focus its research efforts. The watch list contains about 200–250 companies. The team then performs fundamental analysis on its watch list to identify themes inherent in their strategy. If they are convinced that those themes are present, then the company will likely be a candidate for inclusion in the portfolio. This generally results in a portfolio of 90–105 companies.

Trading Policy

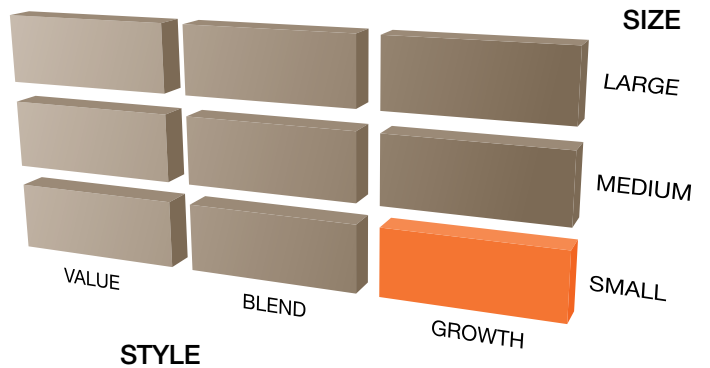
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Small/Medium Company Growth Fund

Overview

The Small/Medium Company Growth Fund is a combination of two investment managers that generally invest in a diversified portfolio comprised of medium and small capitalization domestic common stocks that look to provide capital appreciation. These companies are believed to have above-average growth potential due to superior products or services, operating characteristics and financing capabilities. The fund is a relatively aggressive yet diversified way to participate in the stock market's long-term potential.

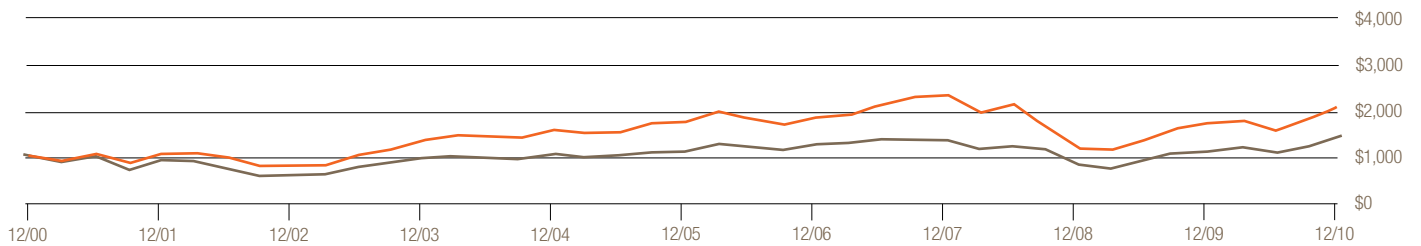


VOLATILITY ANALYSIS

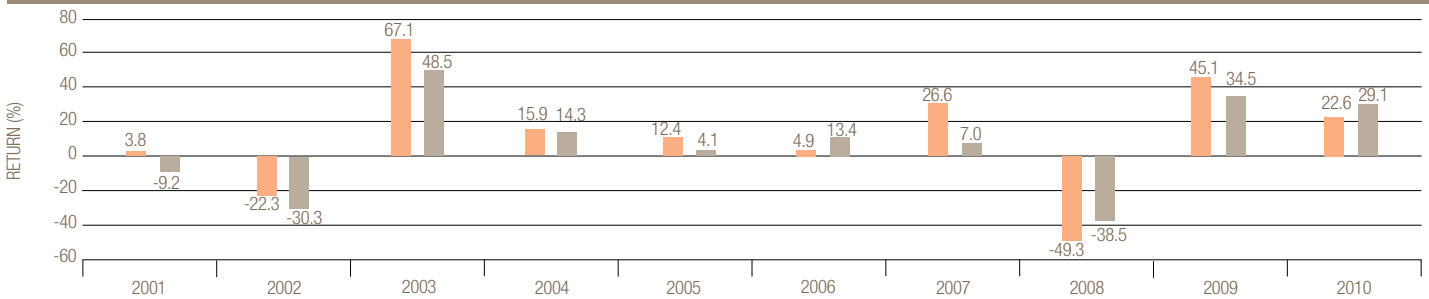


Performance (As of 12/31/2010):

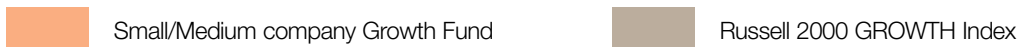
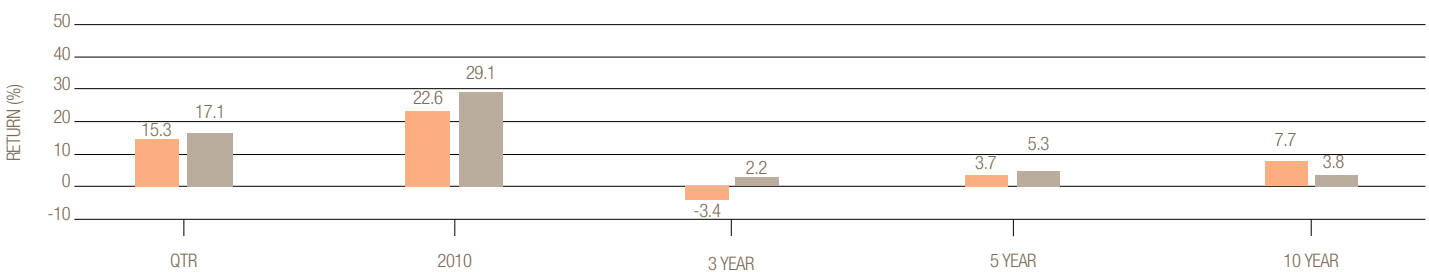
Growth of \$1,000



Annual Returns



Total Returns



Note: Performance is illustrative and is not indicative of future results.

Small/Medium Company Growth Fund

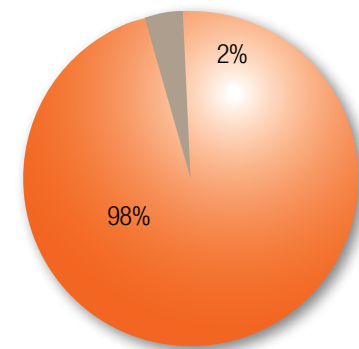
Portfolio Snapshot

Portfolio Characteristics	Small/Medium Company Growth Fund	Russell 2000 Growth
Market Cap (\$,B)	\$2.9	\$1.4
P/E	25.6x	20.5x
P/B	2.8x	3.3x
Dividend Yield	0.3%	0.5%

Sector Allocation	Small/Medium Company Growth Fund	Russell 2000 Growth
Consumer Disc	18%	17%
Consumer Staples	1%	4%
Energy	10%	4%
Financials	3%	6%
Health Care	9%	24%
Industrials	15%	15%
Information Tech	37%	25%
Materials	6%	3%
Telecom	1%	2%
Utilities	0%	0%

Other Information	Small/Medium Company Growth Fund
Number of Holdings	143
Annual Turnover	169%
Management Fee	0.90%
Total Fund Assets (\$,B)	\$11.6

PORTFOLIO COMPOSITION



Equity

Cash

Top Ten Holdings	% of Portfolio
1. Titan International, Inc.	1.5%
2. James River Coal Company	1.3%
3. Emergent BioSolutions, Inc.	1.2%
4. Finisar Corporation	1.1%
5. Cyberonics, Inc.	1.1%
6. OmniVision Technologies, Inc.	1.1%
7. support.com, Inc.	1.1%
8. Zix Corporation	1.1%
9. ShoreTel, Inc.	1.1%
10. Cepheid	1.1%
Total	11.7%

Note: Portfolio snapshot information is provided by the investment manager.

Small/Medium Company Growth Fund

Overview

The Small/Medium Company Growth Fund is a combination of two equally weighted investment managers that invest in a diversified portfolio comprised of medium and small capitalization domestic common stocks that look to provide capital appreciation. The managers do have the discretion to invest in international common stocks on an opportunistic basis but this is generally a small percentage of the portfolio. The two investment managers are Calamos Advisors based in Naperville, Illinois, and Driehaus Capital Management located in Chicago, Illinois. The two products offer complementary styles that allow for greater diversification benefits within small and mid cap value area. The fund invests in companies that have above-average growth potential due to superior products or services, operating characteristics and financing capabilities. The fund is a relatively aggressive yet diversified way to participate in the stock market's long-term potential. This vehicle is appropriate for building assets to meet medium- to long-range financial goals.

Investment Strategy

Both managers have a fairly unique approach to investing in the small and mid cap universe of securities. Driehaus' process is based on the philosophy that earnings growth is the primary motive of all business and the principal factor in determining common stock prices over the long term. In managing their portfolio the investment team is willing to overweight both stocks and sectors where they feel the opportunity for superior performance is present. The team uses accelerating sales and earnings growth rates, strong earnings momentum and positive earnings surprises as the fundamental criteria for selecting common stocks. Those factors, combined with high earnings quality and market timeliness, are the principal criteria for security selection. This generally yields a portfolio of 55–65 securities.

Calamos' investment approach assumes that if one properly assesses the value of a business, one can properly assess the value of any security issued by that company. Calamos analyzes businesses as if they were going to buy the whole company, scouring financial statements to fully understand both sides of the ledger. Only after determining the actual cash flow, its sustainability, credit risk and the rate at which the company will likely grow, are they then able to apply a valuation to the business. They look to buy a security when valuation and acceleration factors point to an opportunity, when expected return is greater than 20%, sustainable growth is supported and there is an industry catalyst.

Trading Policy

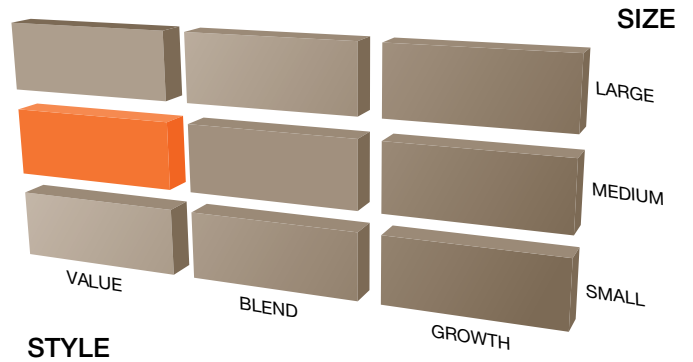
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Emerging Markets Value Fund

Overview

The Emerging Markets Value Fund is a diversified portfolio of international common stocks solely invested in emerging market countries. This may include investments in countries such as Brazil, Russia, India and China. The fund is diversified from a size standpoint as well, as there is exposure to small, medium and large sized companies. The fund invests in companies that are believed to be attractively valued. This fund exhibits a high degree of volatility, but provides exposure and diversification to emerging economies and businesses.

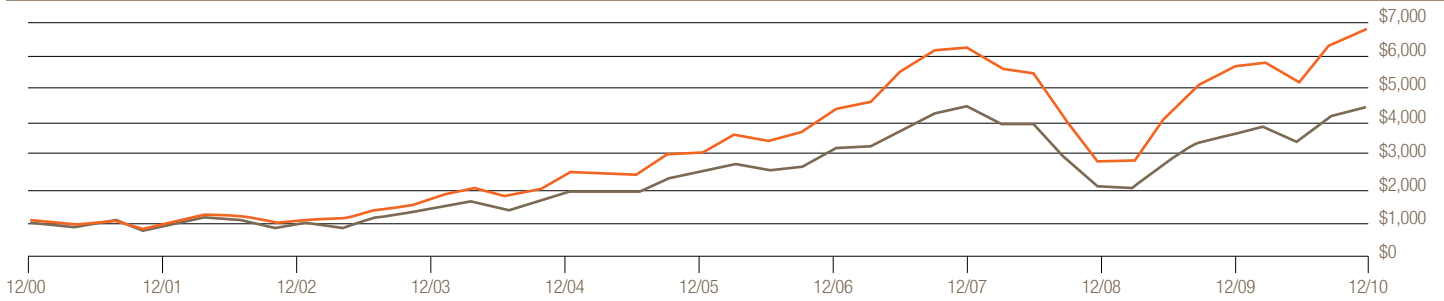


VOLATILITY ANALYSIS

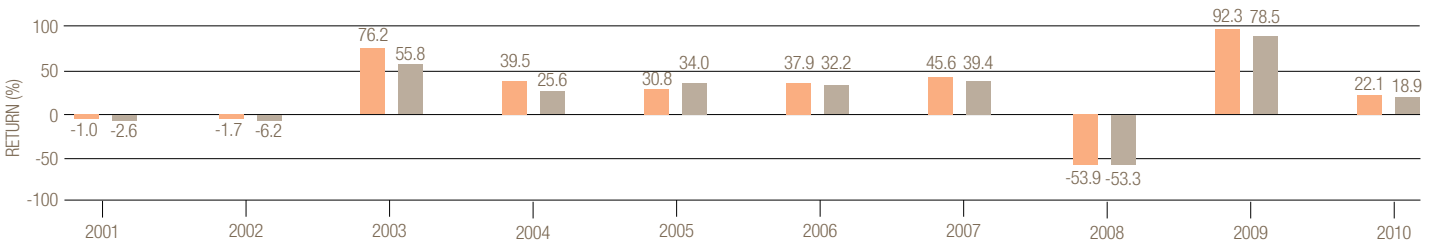


Performance (As of 12/31/2010):

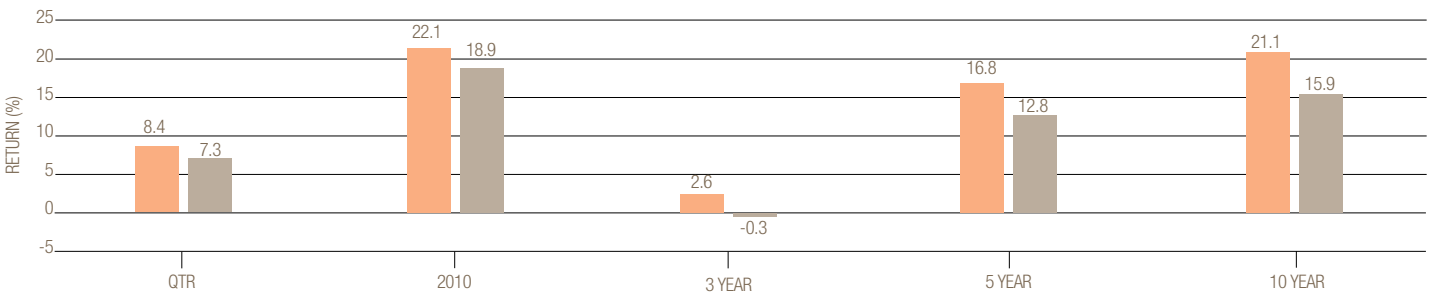
Growth of \$1,000



Annual Returns



Total Returns



Emerging Markets Value Fund

MSCI Emerging Markets Index

Note: Performance is illustrative and is not indicative of future results.

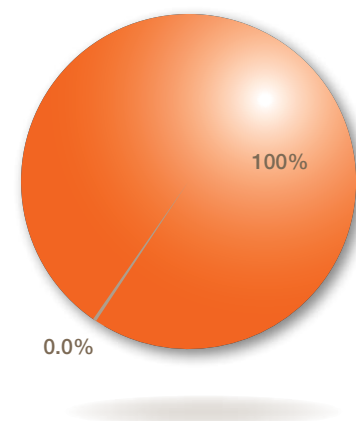
Emerging Markets Value Fund

Portfolio Snapshot

Region	Emerging Markets Value Fund	MSCI Emerging Markets Index
Africa/Middle East	11%	10%
China	11%	17%
Developed Markets	1%	0%
Eastern Europe	8%	9%
Far East	48%	41%
Frontier Markets	0%	0%
Latin America	21%	23%

Top Ten Holdings	% of Portfolio
1. Gazprom OAO ADS	3.8%
2. Bank of China Ltd.	2.1%
3. BM&F Bovespa S/A Bolsa de	1.4%
4. Reliance Industries Ltd.	1.4%
5. ICICI Bank Ltd. ADS	1.4%
6. Gold Fields Ltd. ADS	1.1%
7. Hyundai Motor Co. Ltd.	1.1%
8. Banco Santander (Brasil) S/A ADS	1.1%
9. KB Financial Group Inc. ADS	1.1%
10. Lukoil Holdings ADS	1.0%
Total	15.6%

PORTFOLIO COMPOSITION



Equity

Cash

Other Information	Emerging Markets Value Fund
Number of Holdings	2,076
Annual Turnover	24%
Management Fee	0.60%
Total Fund Assets (\$,B)	\$23.9

Emerging Markets Value Fund

Overview

The Emerging Markets Value Fund is a diversified portfolio of international common stocks solely invested in emerging market countries. The fund is managed by Dimensional Fund Advisors (DFA) whose team is based out of its Austin and Santa Monica offices. The fund invests in companies that management believes to be undervalued in approximately 20 emerging market countries. The fund exhibits a high degree of volatility but provides exposure and diversification to emerging economies and business.

Investment Strategy

DFA believes that attractively valued companies, medium to smaller capitalization companies and companies displaying positive price momentum outperform the broad market over time. As such, DFA builds a portfolio based on a quantitative process that seeks to provide broad exposure to the emerging markets while overweighting value stocks, small capitalization stocks and stocks displaying positive price momentum.

DFA uses quantitative screens to rank order stocks from most attractive to least attractive based on valuation and technical factors. It then employs a qualitative overlay to eliminate stocks for reasons such as extreme volatility. The DFA team also places extreme importance on trading to build a portfolio with reduced trading costs. The portfolio is extremely well diversified with approximately 2,000 holdings invested in approximately 20 countries.

Trading Policy

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Self-Directed Brokerage Account

If you want to take even more control over investing your 401(k) Retirement Savings Plan account, you can transfer a portion of your account balance to a self-directed brokerage account with Hewitt Financial Services.

Keep in mind that the 401(k) Retirement Savings Plan is designed to help you save for retirement. Therefore, you'll want to continue to make investment choices that will help you meet your retirement savings goals.

A self-directed brokerage account offers many advantages:

- **Flexibility**—You can invest in a broad range of securities, including individual company stocks and mutual funds from more than 300 fund families.
- **Cost savings**—You will receive discount brokerage prices, plus waived front-end sales charges and no transaction fees on a wide variety of traditional load and no load mutual funds (other fees and expenses may apply).
- **Comprehensive information services**—You will have access to mutual fund analysis from Morningstar, as well as mutual fund and stock search tools.

If you open a self-directed brokerage account, you must keep at least \$1,000 in the Plan core investment funds. All transfers to your self-directed brokerage account must be at least \$1,000.

The Plan does not allow transfers of money directly from the Stable Value Fund to the self-directed brokerage account. You may transfer money from the Stable Value Fund to any of the Plan's other investment options (the "core funds"), but the value of the funds transferred from the Stable Value Fund must remain in the Plan's core funds for at least 90 days. After 90 days, the restriction on the value of the transferred funds ends.

If you maintain a self-directed brokerage account, you will be charged an ongoing quarterly account maintenance fee of \$20. This fee is deducted from your core investment options. Additional brokerage fees may apply to investment purchases and sales made in your account (excluding cash transfers to and from your core Plan investment funds). Please contact Hewitt Financial Services directly for more information and for a schedule of all applicable brokerage charges.

Please see "Manage Brokerage Account" at reescale.com/rewards or call Hewitt Financial Services directly at 800-890-3200 for additional information on the services offered and applicable fees.

To establish a self-directed brokerage account, please complete the enrollment form found under "Open Brokerage Account" at reescale.com/rewards.

Before investing in any stock or mutual fund, please research carefully to ensure it is an appropriate investment for your portfolio.

A mutual fund prospectus will include information about risk considerations, fees and other expenses.



For more information, visit freescale.com/rewards

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