



Freescall's new CEO optimistic

Beyer plans to focus on new-product development and growth

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Freescall Semiconductor Corp., whose roots and 3,000 employees are in the Phoenix area, announced Wednesday that Chairman and CEO Michel Mayer would be replaced next month by Rich Beyer, currently the chief executive at Silicon Valley chipmaker Intersil Corp.

Mayer joined Freescall in 2004 and led the company through its spinoff from Motorola Inc., its initial public-stock offering and its subsequent acquisition by private equity investors in 2006 for \$17.6 billion.

Mayer submitted his resignation unexpectedly on Friday, saying he would stay on until a successor was found.

Mayer's resignation came a week after the chipmaker reported respective fourth-quarter and year-end losses of \$525 million and \$1.6 billion.

"They had a rough year," noted Jim Feldhan, president of Semico Research, a Phoenix semiconductor industry research firm.

In an interview Wednesday, Beyer said he was not brought in to "turn things around" or restructure the company.

"My job is to identify all the growth vectors that we can build on," he said.

He noted that the company is financially sound and maintains leadership positions in many markets.

Freescall makes semiconductors that perform various functions in automobiles, cellphones, home appliances, computer networks, power tools and many other products.

"When you are a dominant force in a market, it is yours to exploit," Beyer said.

Besides leveraging Freescall's market dominance, Beyer will focus on new-product development, business alliances and acquisitions.

Earlier this month, Freescall agreed to buy Austin, Texas-based MP3 chipmaker SigmaTel Inc. for \$110 million in cash.

Beyer, who guided high-performance analog semiconductor maker Intersil through a number of acquisitions, said he believes buying rather than developing growth and new products can be an important strategy.

Beyer acknowledged that Freescall continues to operate under a heavy debt load stemming from the 2006 leveraged buyout by a private-equity consortium led by the Blackstone Group. But he said the company has demonstrated it can make its debt payments, invest in research and development and still have cash to make acquisitions.

"This is a company with tremendous growth opportunities," he said.

He added that Freescale's Phoenix-based radio frequency division is a key element in the company's future growth plans and that there is no intention to move any of the operations out of the area.

Freescale, formerly Motorola's Semiconductor Products Sector, moved its headquarters to Austin from Phoenix in 1997, causing huge job losses.

Beyer did not dismiss the possibility of closing some company-owned production facilities in favor of outsourced chip fabrication overseas. Freescale has put a facility in Scotland up for sale and may sell a small 100-employee plant it operates in Tempe.

But he said there would be no general exodus.

"It's important to maintain a mix of internal and external production facilities," he said.

Feldhan, of Semico, believes Beyer is right for the position at Freescale.

"He has experience growing a spinoff into a successful company, and Intersil is in many of the same market segments as Freescale," Feldhan said.

In 2007, Freescale was hit hard by troubles at Motorola, which accounts for about 20 percent of its business. Motorola has struggled to come up with a successor to its popular Razr cellphone.

Freescale also has been hurt by problems at U.S. auto makers to which it is the largest supplier of the growing number of chips found in U.S. cars.

Mayer, who came to Freescale from IBM, had been working to reduce the company's dependence on Motorola and the U.S. auto industry. But analysts believe the private-equity investors were unhappy with the progress.

The third-quarter loss included a \$449 million charge to reflect diminished value of its Motorola-dependent wireless business.

Motorola CEO Ed Zander left at the first of the year and the company is now talking about spinning off its now third-ranked cellphone business. Motorola was once the undisputed market leader in wireless communications.

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Babes pay's so well (along with the fringe benefits) Yeah
right :(

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